

Waqf as a Sustainable Economic Institution for Community Welfare

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Abstract

Sustainable waqf property calls for the sustained yield, benefits, and enhanced value, aligned with donors' intentions and recipients' benefits under waqf trusteeship. As much research on waqf concentrates on adapting the UN SDGs, this study performs an SLR to explore the potential for future research, apart from the well-established link to the UN SDGs as prevalent in the literature. SLR was limitedly performed on 'waqf' AND 'sustainability', in the Scopus database, analysing seven articles following a rigorous selection process. Findings revealed two relevant themes: waqf sustainability activities and enablers, reflecting future research opportunities within the subject of waqf and sustainability.

Keywords: enabler, sustainability, systematic literature review (SLR), waqf

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1.0 Introduction

Waqf, derived from the Arabic term meaning "to restrain" or "to stop," is a charitable endowment in Islamic law in which an individual donates property for religious, educational, or social objectives. This concept is founded in the Islamic tradition of charity and serves as a means to bring continual benefits to the society. Upon establishment of waqf, the property is inalienable, guaranteeing its continuous availability for philanthropic purposes. The donor, cedes ownership of the assets, which are then administered by a custodian (mutawalli). Sustainable waqf property reflects on its productivity, benefits and increased value, in parallel with the donors' intention and beneficiaries' advantage, under the stewardship of waqf trustee (Ishak et al., 2023). Undeniably, waqf functions as an effective instrument for promoting the United Nation's (UN) Sustainable Development Goals (SDGs) by emphasising philanthropy, community empowerment, and sustainable resource management, potentially tackling urgent global issues while promoting economic development and social fairness by strategically utilising waqf assets for social welfare initiatives. Researchers, including Karimah et al. (2023) and Ima et al. (2024), have concluded that waqf is well aligned with the UN SDGs, validating the impact of waqf on society and the environment. In addition, waqf is highlighted as a Value-based Intermediary (VBI) avenues, combining the principles of Islamic finance and social responsibility to create sustainable value for the society (Ishak et al., 2024), as contained in the Value-based Intermediation Financing and Investment Impact Assessment Framework Guidance, endorsed by Malaysia Central Bank in 2019.

Waqf requires the waqf asset and benefits generated from it to be sustained perpetually to ensure constant rewards and benefits for the donors and beneficiaries, respectively. However, much research highlighted the adaptation of the UN SDGs on the concept of waqf, which has been well-acknowledged (Karimah et al., 2023; Ima et al., 2024). At present, the SDGs are the buzzword, and many

policies, regulations, research proposals, and curriculum development are drafted or revised in line with the SDGs. A bibliometric analysis by Qurrata et al. (2024) highlighted that while interest in waqf sustainability is growing, the studies are not well integrated, making it challenging to draw comprehensive conclusions that can lead to overlapping findings such as the mapping of waqf to SDGs. The area needs clear consensus or potential direction that prepares avenues for future research. Hence, this article is designed to conclude on other relevant avenues related to waqf and sustainability, apart from the UN SDGs. For that purpose, Systematic Literature Review (SLR) approach is applied to enlist the important elements arising from the subject of waqf and sustainability.

2.0 Literature Review

Waqf is inherently sustainable because it creates continuous benefits from its assets. The income generated from waqf properties can indefinitely fund various social services and community projects, contributing to long-term societal welfare (Laluddin et al., 2021), which aligns well with the SDGs. Waqf supports community development by providing essential services that improve quality of life. For instance, waqf-funded educational institutions, microfinance initiatives, and healthcare facilities enhance human capital and public health, fostering sustainable economic growth and providing individuals access to life and economic improvement.

By dedicating resources to specific charitable purposes rather than allowing them to be consumed or sold, waqf optimises the use of assets for societal benefit. This approach helps preserve resources for future generations while meeting current community needs (Ismail et al., 2023). Waqf promotes social equity by redistributing wealth through charitable activities. It provides support to marginalised groups and individuals, ensuring that resources are allocated to those in need, which is a fundamental aspect of sustainability (Amrullah et al., 2022). Hence, contemporary developments in waqf include cash waqf, corporate waqf, and hybrid waqf models that leverage modern financial instruments to enhance sustainability. These innovations allow greater flexibility in funding community projects while adhering to Islamic principles (Ismail et al., 2023).

The concept of waqf significantly contributes to achieving the Sustainable Development Goals (SDGs). Waqf is vital in reducing poverty by providing financial assistance and resources to underserved communities. Through various waqf-funded programs, such as microfinance initiatives and educational scholarships, individuals can access opportunities that improve their economic situation, tackling SDG1 of poverty alleviation. For instance, waqf institutions have been instrumental in providing maternity insurance and empowerment programs that lift people out of poverty (Karimah et al., 2023; Ima et al., 2024).

Waqf can support food security initiatives by funding agricultural projects and providing food assistance, supporting SDG2 of zero hunger. Programs that utilise waqf resources for community gardens or food distribution help ensure that vulnerable populations have access to nutritious food (Karima et al., 2023; Ima et al., 2024; Ishak et al., 2025), aligning with efforts to combat hunger and improve nutrition. Consequently, waqf contributes to health care by establishing hospitals, clinics, and programs that provide affordable medical care (Karima et al., 2023; Ima et al., 2024) that aligns well with SDG 3: good health and well-being. Initiatives funded by waqf resources can enhance public health infrastructure and access to essential health services, improving overall community well-being.

Waqf has a long-standing tradition of supporting educational institutions like schools and universities. By funding scholarships, educational programs, and infrastructure development, waqf enhances access to quality education for all, particularly for marginalised groups (Karimah et al., 2023), as put forward in SDG 4. Waqf also fosters economic development by funding small businesses and entrepreneurship initiatives (Ima et al., 2024), providing productive capital for businesses, creating employment, and stimulating economic growth, in line with SDG8. In addition, waqf also facilitates SDG9 as it can be utilized to support public infrastructures that, in turn, encourage innovation and resilience (Karimah et al., 2023). Similarly, waqf can fund urbanisation initiatives (Ima et al., 2024), creating sustainable living environments that benefit community members as targeted in SDG11. This is in line with the implementation of istibdal, leased waqf and government funding assistance that are employed in waqf property development and facilitate the projects' productivity and sustainability (Ishak, et al., 2023). In addition, the emerging concept of Green Waqf emphasises environmental sustainability by utilising waqf assets for ecological projects such as reforestation or renewable energy initiatives, aligning well with SDG13.

In conclusion, the existing literature has associated SDG1, SDG2, SDG3, SDG4, SDG8, SDG9, SDG11, and SDG13 with the concept of waqf and sustainability, excluding SDG5, SDG6, SDG7, SDG10, SDG12, SDG14, SDG15, SDG16 and SDG17. As the link between waqf and sustainability has been well established through the lenses of SDGs, this article analyses other elements such as the programs, activities, or the enablers that facilitate achievement of the SDGs. Hence, this study employed SLR to derive other elements of sustainability embedded in waqf, apart from the SDGs. The following section presents the methodology involved in completing SLR analysis to answer the research question.

3.0 Methodology

This study employs a qualitative SLR approach via content analysis of selected articles. An SLR is a review of an existing body of literature that follows a transparent and reproducible methodology in searching, assessing its quality, and synthesising it with a high level of objectivity (Kraus et al., 2020). SLR selects articles based on certain criteria, assesses their quality, and performs systematic focused analysis. SLR is adapted in this study as it has high objectivity and produces confined findings according to the objective stipulated at the initial stage (Mohamad Shaffril et al., 2021).

Kraus et al. (2020) state that the first stage is understanding the need to perform SLR. In this study, SLR is done to understand the existing discussion on waqf and sustainability as the research question and to look for avenues of further research on the subject matter. Researchers commonly use SLR to provide an overall overview of a topic, an understanding of the present gaps, or recommendations

for future research related to the topic. This study follows Mohamad Shaffril et al. (2021) complete SLR process involving seven stages: development of review protocol, formulation of research questions, systematic searching strategies, quality appraisal, data extraction, data synthesis, and data demonstration, as summarised in Fig. 1.

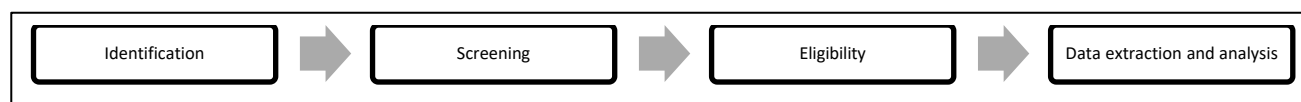


Fig.1 The SLR Process
Source: Author

Determining the topic will lead to selecting keywords and search platforms before screening and eligibility analysis of the articles. This study's search keyword is limited to 'waqf' AND 'sustainability' in the Scopus platform, generating 97 articles. This would be followed by systematic searching strategies whereby the articles are screened using the limitations (exclusions and inclusions) as provided by the search platform. Hence, this SLR is only confined to journal articles written in English and published within five years between 2020-2024, leaving 43 articles. Then, a further appraisal is made to select only three subject areas: business, management and accounting, social science, and economics and finance, excluding humanities and environmental science, leaving only 16 articles. Then, this study only selected articles with a published status and provided open access for easy retrieval, leaving only seven articles for data extraction, data synthesis, and data demonstration, which will be elaborated on in the following section. There is no established minimum number of articles in SLR, as it depends on the research topic, as well as the process of screening and eligibility (Papaioannou et al., 2010).

4.0 Findings and Discussion

Based on the seven selected articles, the words waqf and sustainability are repeatedly mentioned at different numbers. The first article by al-Isawi (2024) is very general, discussing Islamic banking and finance, the institutions, contracts, products, functions, and implications, and the word 'sustainability' has been minimally used, only once. The article by Hussin et al. (2024) highlights the role of waqf and tahfiz centres, repeating the word 'sustainability' twice. This is followed by Laallam et al. (2020) conceptually highlight the significance of IC in the sustainability of waqf institutions, repeating 'sustainability' five times, and Jannah et al. (2020) nine times in a study on the legalization of waqf forests in Indonesia. The study by Ibrahim et al. (2021) analyses the importance of urgency and performance in the sustainability of waqf projects, repeating 'sustainability' 24 times. Laila et al. (2023) studied waqf intention among SMEs, repeating sustainability only twice. The most considerable repetition of 'sustainability' is 64 times by Sapuan et al. (2021), quantitatively analysing the effect of efficient waqf management on sustainability.

Al-Isawi (2024) discusses the role of waqf in Islamic financial inclusion and sustainability. The author highlighted the need to fulfil financial inclusiveness by providing interest-free micro-financing mechanisms for Muslims who are in needful situations or 'unbankable' to improve their economic conditions and sustain themselves in the future. Micro-financing mechanisms should also cater to the need for risk protection and attractive savings instruments, ensuring productive income generation. Hence, microfinance institutions should be equipped or operate side-by-side with micro-takaful institutions based on the waqf concept. The research also suggests that integrating zakat, sedekah, and waqf increases the likelihood of repayment in a microfinance initiative. This comprehensive article covers a wide area of Islamic banking and finance and minimally discusses waqf and sustainability.

Qualitative research by Hussin et al. (2024) highlights waqf as an ideal instrument for the sustainability of educational institutions, particularly tahfiz (memorisation of the Quran) centres, mainly due to the eternal benefit and reward of waqf. Several tahfiz centres are operationally funded by the waqf, besides receiving assistance from governmental funding. Their research suggests the proper arrangement of waqf land from the beginning of the tahfiz centre establishment to settle any future dispute regarding land status. This research proposed the strategic integration of waqf with zakat, particularly under the fisabilah group of zakat recipients, to ensure the sustainability of tahfiz centres. Furthermore, the demand for systematic tahfiz centres is increasing as parents are willing to pay for such education, which parallels the increasing number of tahfiz centres.

A study by Laila et al. (2023) assesses SME owners' intentions to participate in waqf involving two countries, Malaysia and Indonesia, using the theory of planned behaviour. Based on randomly obtained data from 175 SME owners from Malaysia and Indonesia, knowledge and attitude significantly impact SME owners' intentions to participate in waqf. At the same time, religiosity does not significantly impact the intentions of Malaysian and Indonesian SME owners to participate in waqf. The government aims to promote a sustainable Islamic financial system, improve governance policy and halal industry for SMEs, strengthen the development of Malay Reserve land, provide financial independence to higher learning institutions, and invest in digitalisation and advanced technology through waqf funds. SMEs should support these targets via waqf contributions. Hence, knowledge related to waqf should be disseminated by the relevant parties to attract and increase the participation of SMEs in waqf.

The research by Ibrahim et al. (2021) is built on the issue of poor performance of SMEs, suggesting a possible solution from the collaboration between Waqf and Microfinance institutes. Based on the dataset provided by 153 Waqf institutions personnel, this study reports a positive significant relationship between urgency and the performance of Waqf project collaborations. The study also discovers that the relationship between urgency and performance of Waqf project collaborations is positively mediated by sustainability. Hence, sustainability is a significant mediating variable in the relationship between urgency and the performance of waqf-microfinance project

collaboration. Therefore, cross-sector collaborations between waqf and microfinance institutions are considered an ideal and strategic choice to foster socioeconomic growth and sustainable performance.

The research completed by Sapuan et al. (2021) quantitatively analyses the effect of efficient waqf management on the sustainability of waqf institutions. For that purpose, five determinants of waqf efficiency have been selected: strengthening relevant policies and legislations, enhancing the capacity and capability of human capital, intensifying entrepreneur financing programs, strengthening enabling infrastructure, and effective governance. Based on the SEM-PLS analysis collected from 99 respondents of waqf institutions in Malaysia, this study reveals four determinants of waqf efficiency that positively influence the sustainability of Waqf institutions for long-term growth. The four determinants are financing programs, enhancing human capital, enabling infrastructure, and effective governance. However, the research discovers that strengthening relevant policies negatively influences waqf sustainability. This might be due to the nature of waqf affairs vested under state leaders' jurisdiction as stipulated in the Ninth Schedule of the Malaysia Federal Constitution.

The study performed by Laallam et al. (2020) conceptually analyses intellectual capital (IC) in the context of NPOs, particularly waqf institutions. IC is a broad concept that considers knowledge, learning abilities, and available skills within the organisation as among the key factors in economic development rather than focusing solely on physical and other resources, which is vital in determining the sustainability of organisations. The study suggests the consideration of knowledge and IC in NPS operations, particularly waqf institutions, via human capital proficiency, operational efficiency and effectiveness, and performance sustainability. Lack of qualified and trained labour for waqf management results in low productivity of the awqaf, which consequently affects the continuity and sustainability of the investments in the sector. As elaborated by Laallam et al. (2020), IC has become a contributing factor in developing and enhancing competitiveness for both profit-seeking and non-profit organisations. IC can later be translated into enhancing an organisation's activities and performance, allowing it to gain a competitive advantage. In tandem with increasing recognition of IC across various industries, waqf institutions are suggested to strategise IC initiatives accordingly for future improvement and sustainability.

The study by Jannah et al. (2020) discusses the process to legalise waqf forests based on Indonesian laws and regulations. The process involves three Indonesian government agencies: the Ministry of Religion, the Ministry of Agrarian Affairs and Spatial Planning (National Land Agency), and the Ministry of Environment and Forestry. Legalising waqf of forest begins with making a waqf pledge deed at the local Office of Religious Affairs, followed by creating a waqf land certificate at the local Land Offices. The waqf forest legalisation will guarantee the sustainability of forests in the country despite increasing development activities and urbanization that may involve deforestation. Waqf forest is crucial in sustaining the future for the next generations.

In summary, as structured in Table 1, two sustainability themes can be identified based on an analysis of the seven articles: activities and enablers. The waqf activities target environmental sustainability via waqf forest, education sustainability via tahfiz centres, and SME sustainability via microfinancing and financial inclusion. In addition, sustainable waqf enabler can be explained in 7 elements: governance, human capital, supporting policies, financing programs, strategic partnership, and knowledge and information enhancement. It can be concluded that waqf institutions need to engage in projects sustainably to benefit the beneficiaries in perpetuity. These activities target community welfare via the sources of waqf, physical assets, or human capital to initiate relevant sustainability projects and ensure a well-available set of enablers.

Table 1: The summary of SLR analysis

Themes	Elements	Explanation/ examples	Sources
1. Sustainable waqf activities	Environmental	-Waqf forest	Jannah et al. (2020)
	Education centres	-Sustained education opportunities	Hussin et al. (2024)
	SMEs sustainability	- Microfinancing institution, financial inclusion	Ibrahim et al. (2021), al-Isawi (2024)
2. Sustainable waqf enabler	Governance	-Responsibilities of Nazir in board reporting -Balanced, fair and trustworthy arrangement -Urgency in the process -Proper reporting (systematic, comprehensive, updated, transparent) -Improved accountability	Jannah et al. (2020), Ibrahim et al. (2021), Sapuan et al. (2021)
	Human capital	-Intellectual capital -Upskilling/ reskilling -Knowledgeable and expert -Enhanced knowledge and expertise	Laallam et al. (2020), Sapuan et al. (2021)
	Supporting policies and legislation	-Uniform legislative system -Easy reference -Proper registration system to settle any dispute	Jannah et al. (2020), Hussin et al. (2024)
	Financing program	-Intensive and sufficient	Sapuan et al. (2021)
	ICT Infrastructure	-Updated and improved database, system, storage	Sapuan et al. (2021)
	Strategic Partnership	-Waqf and microfinance institutes, increase -SMEs collaborations -Integration with zakat	Ibrahim et al. (2021), al-Isawi (2024), Laila et al. (2023), Hussin et al. (2024)
	Knowledge and information enhancement	-Increased intention to participate in waqf	Laila et al. (2023)

5.0 Conclusion & Recommendations

Conceptually, waqf is a known synonym for sustainability, as the waqf trustee is responsible for ensuring the sustainability of waqf assets and benefits. In practice, waqf can be a resource to sustain the environment, education centres, and businesses, particularly SMEs. Hence, it can be concluded that waqf institutions play a significant role as sustainable economic institutions for community welfare. Nevertheless, as this SLR is only performed limitedly in the Scopus search engine, future studies can expand to include quality articles established in other indexing platforms such as Web of Science (WoS) or MyCite. Based on data extraction and synthesis, this article concluded on two waqf sustainability themes: activities and enablers, that opens up opportunities for future research apart from the SDGs that have been widely associated in the literature. The activities refer to the utilisation of waqf that targets sustainability. In contrast, the enablers refer to the necessary elements that permit waqf activities to sustain, generating productive and sustainable output or yield, in tandem with the fundamentals of waqf, as summarised in Table 1.

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Paper Contribution to Related Field of Study

This work significantly enhances research on waqf and sustainability agenda, while enhancing the relevant adaption of SLR as a rigorous tool for investigating future research prospects.

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