Where To Use the Fund? Analysing Preference of Waqf Fund Usage for Uitm Terengganu, Malaysia

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ABSTRACT

The Malaysia Education Blueprint 2015-2025 emphasizes financial self-sufficiency for public universities, prompting institutions to explore diversified revenue streams like waqf (Islamic charitable endowment). This study investigates the preferences of the Universiti Teknologi MARA (UiTM) Terengganu community for allocating educational waqf funds. Utilizing a purposive sampling method, data were collected from 261 students, staff, and alumni via a survey. Respondents ranked eight potential waqf-funded projects. Findings indicate that "education for student development" is the most prioritized project, followed by "infrastructure development" and "mosque development." Projects related to "trade and commerce" and "environment" were the least preferred. The results reveal significant demographic variations; for instance, younger students favored immediate, tangible benefits, while older respondents prioritized health and social welfare. The study concludes that to optimize waqf fund utilization and enhance donor engagement, university administrators should prioritize projects aligned with these community preferences, primarily focusing on student-centric initiatives. The findings offer valuable insights for UiTM Terengganu's policy development and serve as a reference for other higher education institutions pursuing financial sustainability through waqf.

Keyword: Waqf, Education, University, Endowment, Fund

INTRODUCTION

The pursuit of financial sustainability, designated as "Shift Five" in the Malaysia Education Blueprint 2015-2025, aims to foster self-reliance among public universities and diminish their dependence on government funding (Ministry of Education, 2012). To operationalize this goal, the Ministry of Education introduced the University Transformation Programme Purple Book in 2016, which serves as a guide for public universities to embark on income-generating ventures and suggests ways to diversify their revenue streams. This recommendation is driven by the escalating cost of education, a particular challenge for public universities that depend significantly on government financial support, as emphasized by the Ministry of Higher Education Malaysia (Ministry of Higher Education, 2021).

In response, several public universities, such as Universiti Putra Malaysia (UPM), the National University of Malaysia (UKM), and the International Islamic University of Malaysia (IIUM), among others, have begun to formally integrate waqf instruments into their financial systems. For instance, Universiti Teknologi MARA (UiTM) has launched several initiatives, including the "Projek Wakaf Dusun Ilmu" at its Melaka campus and a development fund in Perlis. These funds are designed to alleviate financial constraints and support the universities' core academic and research missions.

As a constituent of this public university system, the Universiti Teknologi MARA (UiTM) Terengganu branch is committed to achieving excellence in both academia and research. This commitment is coupled with a significant responsibility to support its student body, many of whom come from low-income backgrounds, necessitating the acquisition of substantial financial resources each year. At the UiTM Terengganu branch, current fundraising activities—such as hosting conferences, renting out facilities, and small-scale commercial ventures—are limited in scope and fail to produce adequate independent revenue. Consequently, the campus remains largely reliant on government grants, falling short of the national strategic goal for public universities to achieve financial self-sufficiency.

To address this gap, UiTM Terengganu has recognized waqf as a pivotal fundraising mechanism. A well-managed waqf fund could finance facility upgrades, student welfare programs, and research projects. More importantly, it would provide a channel for the university community, including alumni, staff, students, and local residents to contribute directly to the institution's development.

However, with finite resources in a waqf fund, it becomes critical to identify which projects potential donors prioritize. Understanding these preferences is essential for administrators to allocate funds effectively to the most needed areas. This targeted approach not only ensures efficient use of resources but can also foster a greater sense of ownership and connection among contributors, potentially encouraging larger and more frequent donations.

This research focuses on educational waqf, a concept that extends beyond academic advancement to address social welfare and community needs. As a social financial mechanism, waqf is critically needed to tackle the growing challenge of education funding, particularly for underprivileged students. This research adds to the existing body of knowledge by evaluating potential donors' priorities for waqf fund usage. The findings will empower policymakers to direct a larger portion of resources toward the most favored projects. Furthermore, the study offers insights into marketing strategies that could attract more donors to educational waqf funds. While focused on UiTM Terengganu, the resulting project rankings could serve as a valuable reference for other institutions.

The subsequent sections of this paper will review the literature on waqf, detail the research methodology, and present an analysis of the results. The paper concludes by discussing the principal findings and their implications for policy development.

LITERATURE REVIEW

The waqf is a foundational institution within the Islamic socio-economic framework, having served a critical function throughout history. As noted by Cizakca (2002), historical evidence demonstrates that waqf institutions successfully delivered social welfare services at a level that many modern states find difficult to achieve. The proliferation of waqf across the Muslim world was fundamentally driven by piety—a benevolent act of devotion to God. During the Ottoman era, as Baskan (2002) documents, the entire financing of health, education, and welfare services was delegated to the waqf system.

Waqf is an inalienable charitable endowment where ownership of an asset is transferred to God, making it permanent and non-transferable, while its usufruct is dedicated to benefit humanity (Mohd Noor et al., 2014). The core principle is that the donor relinquishes ownership, which subsequently serves the public good in perpetuity (Mohsin, 2016; Siraj, 2012).

The historical success of waqf in supporting institutions like universities underscores its potential as a financial solution for modern higher education institutions (HEI). With governments reducing allocations due to public debt, HEIs are increasingly reliant on philanthropic tools like waqf and endowments (Hasbullah & Ab Rahman, 2021). Asuhaimi et al., (2017) note its active implementation in Malaysia, while other scholars emphasize that proper and accountable fund management is key to its success.

The development of HEIs based on waqf has been thoroughly discussed by Shaifull Anuar et al., (2019). The establishment of waqf funds in HEIs provides the opportunity for the public to be close to Allah (SWT) under the concept of nearness or taqqarub; given it lessens the burden of the government (Mahamood & Ab Rahman, 2015).

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An analogous concept is the endowment model of universities like Oxford and Cambridge ("Oxbridge"). These eleemosynary corporations have been sustained by charitable benefactions for centuries. Their appointed fellows act as both trustees and beneficiaries, responsible for stewarding the funds to fulfill the institution's charitable objectives (Acharya & Dimson, 2007).

From an economic standpoint, waqf constitutes the allocation of capital and assets into productive properties. The returns or usufruct generated are dedicated to supporting future needs for individuals or communities (Pirasteh & Abdolmaleki, 2007). Similarly, Kahf (1998) characterizes it as an act of investing for the future, involving the accumulation of productive wealth to benefit subsequent generations. It is thus an endowment with significant economic potential to drive societal growth and prosperity (Yalawae & Tahir, 2003).

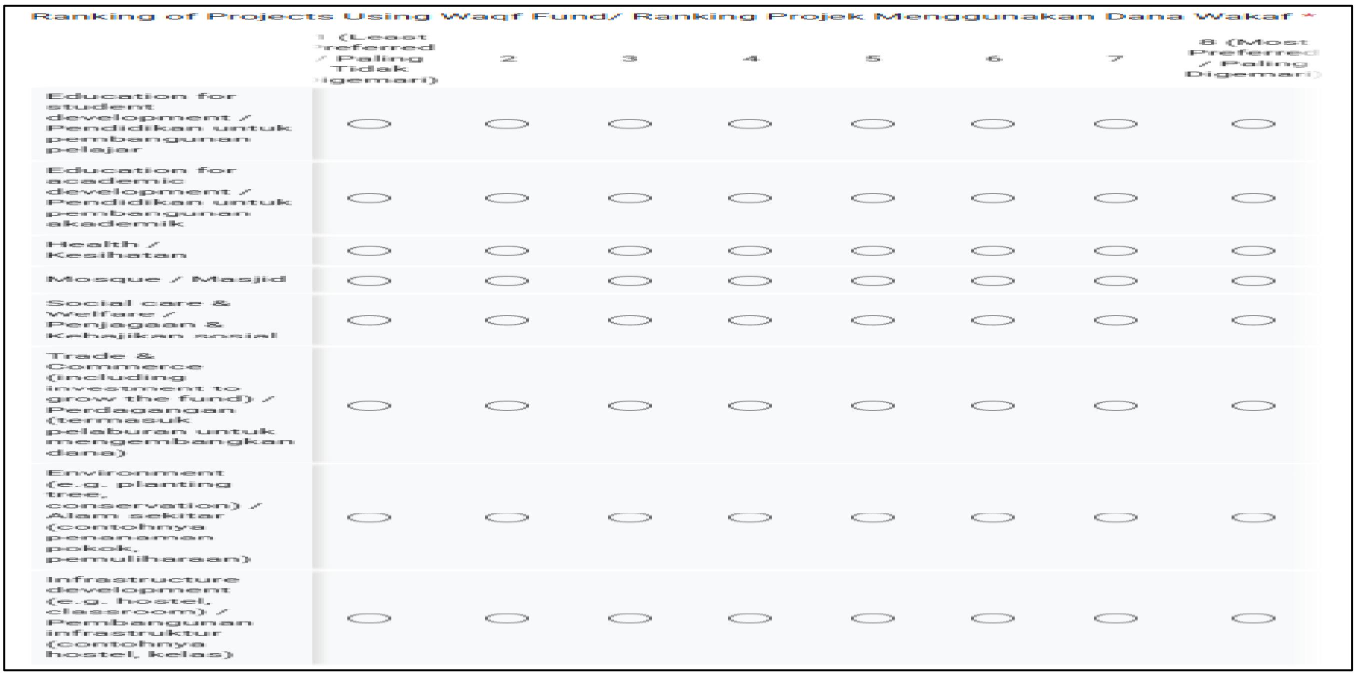
Operating within the voluntary sector, waqf finances welfare-enhancing services for society through the investment of its dedicated resources. Consequently, the waqf sector serves as a powerful mechanism for wealth redistribution, helping to bridge the gap between affluent and impoverished groups and to mitigate socioeconomic inequality (Md Zuki, 2012).

RESEARCH METHODOLOGY

This study uses purposive non-probability sampling method, by collecting data from a sample of UiTM Terengganu community. The respondents are selected based upon the criteria that they must be current students, staffs, lecturers, or alumni of UiTM Terengganu. The data are collected via Google form.

We adapted survey questions based on the conditions of using the AHP as method for analysis based on Anwar Allah et al., (2014). In this survey, the respondents are required to rank their preferences for the projects from 1 being the least preferred project, to 8 as the most preferred project. The projects listed are education for student development, education for academic development, health, mosque, social care and welfare, trade and commerce, environment, and infrastructure development. In total, 261 responses were recorded. The survey is overwhelmingly dominated by young respondents (25 or under), who constitute 90% of the sample. There is a significant gender imbalance, with females representing over three-quarters of respondents. Most of the respondents are current students of UiTM Cawangan Terengganu, representing more than 90% of the responses. The vast majority of respondents (more than 89%) are pursuing or have completed tertiary education. Figure 1 outline the questionnaires used in this research.

Figure 1: Sample Question for Respondents. Source: Author's Own


Ranking of Projects Using Waqf Fund/ Ranking Projek Menggunakan Dana Wakaf *

	1 (Least Preferred / Paling Tidak Digemari)	2	3	4	5	6	7	8 (Most Preferred / Paling Digemari)
Education for student development / Pendidikan untuk pembangunan pelajar	○	○	○	○	○	○	○	○
Education for academic development / Pendidikan untuk pembangunan akademik	○	○	○	○	○	○	○	○
Health / Kesihatan	○	○	○	○	○	○	○	○
Mosque / Masjid	○	○	○	○	○	○	○	○
Social care & Welfare / Penjagaan & Kebajikan sosial	○	○	○	○	○	○	○	○
Trade & Commerce (including investment to grow the fund) / Perdagangan (termasuk pelaburan untuk mengembangkan dana)	○	○	○	○	○	○	○	○
Environment (e.g. planting tree, conservation) / Alam sekitar (contohnya penanaman pokok, pemuliharaan)	○	○	○	○	○	○	○	○
Infrastructure development (e.g. hostel, classroom) / Pembangunan infrastruktur (contohnya hostel, kelas)	○	○	○	○	○	○	○	○

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Analysis

Table 1 depicted the ranking preference of projects utilizing the waqf fund. Mean, variance and standard deviation of each project is calculated to determine the ranking. The result suggested that education for student development as the most preferred initiative that should be prioritized by the waqf administration, followed by infrastructure development, mosque development, education for academic development, health, social care & welfare, environment, and trade & commerce as the least preferred initiative. In summary, education-focused projects dominate the top preferences, with student development being the clear favorite. Infrastructure and religious facilities (mosque) are also highly prioritized. Economic projects (trade & commerce) and environmental initiatives receive the lowest priority.

Table 1: Ranking preference of projects utilizing waqf fund

Rank	Project	Mean	Variance	Standard Deviation	Description
1	Education for student development	6.24	2.79	1.67	Most frequently ranked as 8 (most preferred) Lowest variance among top preferences, indicating strong consensus
2	Infrastructure development	5.43	3.29	1.81	Strong preference for physical facilities like hostels and classrooms
3	Mosque	4.97	3.26	1.81	Consistent moderate-to-high preference across respondents
4	Education for academic development	4.89	3.29	1.81	Slightly lower than student development but still highly valued
5	Health	4.13	3.54	1.88	Middle-ground preference
6	Social care & Welfare	4.04	3.58	1.89	Similar to health services in preference level
7	Environment	3.17	3.73	1.93	Lower preference for environmental projects
8	Trade & Commerce	2.93	3.77	1.94	Least preferred option, with highest variance indicating mixed opinions

Based on these preferences, funds should be primarily allocated to student development programs, infrastructure improvements, mosque maintenance/development, and academic development initiatives. This analysis reflects the collective preferences of all 261 respondents and can guide strategic decision-making for waqf fund utilization. The variance increases for lower-ranked projects, suggesting more disagreement about less preferred options. While the overall preference for education for student development is consistent, significant variations emerge when analyzing demographic segments. Key differentiators include age and status; whereby younger students strongly prefer immediate, tangible benefits (infrastructure, student development), while older lecturers and alumni show greater concern for health and social welfare. When looking into the gender perspective; females show a slightly stronger preference for educational projects, while males rank infrastructure and mosque projects relatively higher. Looking further into the education status, postgraduate respondents prioritize health and social welfare more than their tertiary-level counterparts.

This demographic profile confirms that the survey results primarily represent the views of young, female, tertiary-educated students, which should be considered when interpreting the preference rankings for waqf fund allocation. Within this context, the current findings are most applicable to student-focused initiatives. The preferences strongly reflect student needs and priorities, which are the main stakeholder and beneficiary of the waqf fund. Although that is a positive matter, the perspective of other stakeholders should be considered. To address these shortcomings, future research could be conducted that target underrepresented groups such as staffs, alumni, and male respondents. In addition to that, further research could consider stratified sampling to ensure balanced demographic representation.

CONCLUSION

This research set out to identify the priority projects for waqf fund allocation as perceived by the UiTM Terengganu community. The findings provide a clear hierarchy of preferences, with education-focused initiatives—particularly direct student development—emerging as the unequivocal top priority. This is complemented by a strong preference for infrastructure development and mosque-related projects. The low ranking for economic and environmental ventures suggests that the university community views the waqf's primary role as directly supporting the core academic and religious mission of the institution.

However, the analysis also uncovers that these aggregate rankings are not monolithic. Demographic segmentation reveals crucial nuances: the preferences of the dominant respondent group (young, female students) lean heavily towards immediate benefits that directly impact their campus experience. In contrast, the perspectives of staff, alumni, and older respondents, though underrepresented, indicate a broader concern for health and social welfare. This highlights that stakeholder preferences are not uniform and are influenced by the respondent's position and relationship with the university.

The primary implication for UiTM Terengganu's policymakers and waqf administrators is the need to strategically align fund allocation with the clearly expressed community priorities to ensure efficient resource use and foster a stronger sense of ownership among potential donors. Allocating a significant portion of waqf resources to student development programs, infrastructure upgrades, and mosque facilities is likely to generate the highest donor satisfaction and engagement.

A key limitation of this study is its demographic skew, as the sample predominantly represents the views of young, tertiary-educated students. To obtain a more holistic and balanced understanding of waqf project priorities, future research should employ stratified sampling techniques to ensure adequate representation from staff, alumni, and male stakeholders. Despite this limitation, the study successfully establishes a foundational preference ranking that can immediately guide strategic decision-making and offers a replicable methodology for other institutions seeking to leverage waqf for financial sustainability.

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