

Integrity-Driven Innovation in Waqf Management

Khairul Ikhwan Haziq Khairuzi¹, Ruzian Markom^{2*}, Mohd Fakhrurrazi Mohd Hanapi³

Centre for International Law and Siyar, Faculty of Law, Universiti Kebangsaan Malaysia

*Corresponding Author

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ABSTRACT

Waqf institutions in Malaysia have introduced various innovations, including cash waqf, corporate waqf, digital waqf, service waqf, and waqf sukuk, to enhance socio-economic development. However, challenges relating to accounting practices, asset valuation, disclosure, internal controls, and legal differences across states raise questions about whether these innovations are implemented consistently with Islamic integrity principles. This qualitative documentary study examines selected State Waqf Enactments, institutional annual reports, JAWHAR publications, the Piawaian Perakaunan Islam bagi Baitulmal, Zakat dan Wakaf (PPIBZW), relevant legislation, fatwas, and scholarly literature. The documents were purposively selected based on relevance, authenticity, timeliness, and comparative value and analysed using thematic and comparative analysis. The findings identify five major waqf innovations and six integrity gaps: inconsistent treatment of specific cash waqf, non-recognition or nominal valuation of waqf assets, limited disclosure of waqf-specific transactions, weak internal control mechanisms, legal inconsistencies across states, and limited integration of dual accountability. The study proposes an Integrity-Driven Waqf Management Model comprising five interconnected components: core integrity principles, governance structure, innovation management process, integrity assurance mechanisms, and a reporting framework aligned with PPIBZW. The model provides an integrated framework for aligning waqf innovation with Islamic integrity, institutional accountability, and sustainable waqf management.

Keywords: Waqf management, integrity, innovation, maqasid al-Shariah, Malaysia, PPIBZW.

INTRODUCTION

Waqf is a significant Islamic economic institution with considerable potential to contribute to the socio-economic development and well-being of the Muslim community. Linguistically, *waqf* refers to restraining or withholding. From a Shariah perspective, it involves the preservation of the corpus (*'ain*) of an endowed property while dedicating its benefits to designated charitable purposes. The institution of waqf dates back to the time of Prophet Muhammad SAW, as illustrated by the hadith concerning 'Umar's waqf of land in Khaibar (narrated by Muslim). This foundational principle establishes waqf as a form of *sadaqah jariah* intended to generate continuing benefits for society across generations.

In Malaysia, waqf administration falls within state jurisdiction under Article 74(2) of the Federal Constitution. State Islamic Religious Councils (MAIN) serve as the sole trustees of waqf properties, including general (*waqf am*) and specific (*waqf khas*) waqf (JAWHAR, 2010). Several states, including Selangor, Perak and Negeri Sembilan, have also established specialised institutions to strengthen waqf administration and development. At the federal level, the Department of Waqf, Zakat and Hajj (JAWHAR) and Yayasan Wakaf Malaysia (YWM) undertake coordinating and developmental functions.

Against this institutional background, Malaysian waqf management has evolved through various forms of innovation, including cash waqf, corporate waqf, waqf shares, digital waqf (*E-Waqf*), service waqf (*waqf al-khadamat*), and waqf sukuk. These innovations seek to broaden public participation, enhance resource mobilisation, and facilitate more productive development of waqf assets (JAWHAR, 2018; Md Salleh et al.,

2022). While such developments create opportunities for greater efficiency and sustainability, they also introduce new governance, accounting, disclosure, and Shariah-related considerations.

Existing studies have identified several challenges in Malaysian waqf management. These include inconsistencies in accounting and reporting practices among MAIN (Md Salleh et al., 2016; Abdullah Abdul Ghani et al., 2018), weaknesses in internal control mechanisms (Mahmood et al., 2017), and differences in legal provisions across state enactments (Md Salleh et al., 2022). Such variations may affect the consistency of asset recognition, financial reporting, disclosure, and institutional accountability, particularly as waqf institutions adopt increasingly diverse and innovative management practices.

More importantly, the literature indicates a gap between waqf innovation and Islamic integrity. Although contemporary instruments have expanded how waqf can be collected, managed, and developed, limited attention has been given to how such innovations can be systematically assessed against Islamic integrity principles, including *amanah*, transparency, *'adl*, *sidq*, Shariah compliance and dual accountability. The development of the Piawaian Perakaunan Islam bagi Baitulmal, Zakat dan Wakaf (PPIBZW) by the Accountant General's Department represents an important development in strengthening Islamic accounting and reporting practices. Nevertheless, an integrated framework that connects waqf innovation with institutional integrity, governance, assurance and reporting remains limited.

Therefore, this study examines contemporary waqf management innovations in Malaysia and assesses their alignment with Islamic integrity principles. It further identifies integrity gaps arising from existing management, accounting, governance, and legal practices and proposes an Integrity-Driven Waqf Management Model to integrate integrity into the governance and implementation of waqf innovation. The proposed model is intended to provide a structured framework for supporting responsible innovation while safeguarding the *amanah* of waqf, strengthening institutional accountability and promoting sustainable waqf management.

Statement of The Problem

Several interrelated issues continue to affect the effective, accountable and sustainable management of waqf in Malaysia. First, the underutilisation of waqf land remains a longstanding concern, particularly in relation to funding, registration, governance and development constraints (Puad et al., 2014). Unregistered or underutilised waqf land may expose endowed assets to ownership disputes, ineffective utilisation and governance risks, thereby raising concerns regarding the preservation of the waqf corpus (*'ain*).

Second, inconsistencies in accounting, reporting and asset valuation practices have been identified across waqf institutions. These include differences in the recognition of specific cash waqf, the measurement of waqf assets, including nominal valuation and fair-value approaches, and the disclosure of waqf-related information (Md Salleh et al., 2018; Sawandi et al., 2020). Such inconsistencies may reduce the comparability and usefulness of financial information and create challenges for transparency and accountability. Existing accounting approaches may also have limitations in addressing waqf-specific transactions, including *istibdal*.

Third, weaknesses in internal control, governance and legal arrangements present further challenges. Previous research has identified gaps in control environments, human resources, reporting systems and financial management within waqf institutions (Mahmood et al., 2017). At the legal level, differences among State Waqf Enactments may result in variations in matters such as *istibdal*, land vesting and the protection and development of waqf assets (Md Salleh et al., 2022). These differences may complicate efforts to establish consistent governance, accountability and reporting practices across states.

Fourth, and more fundamentally, there remains a gap between waqf innovation and Islamic integrity. Contemporary innovations such as cash waqf, corporate waqf, waqf shares and digital waqf have expanded the mechanisms through which waqf can be mobilised and managed. However, existing scholarship has largely examined innovation, accounting, governance, legal issues, and Shariah considerations as separate areas. Limited attention has been given to how these innovations can be systematically assessed and operationalised

through an integrated Islamic integrity framework encompassing amanah, transparency, ‘adl, sidq, Shariah compliance and dual accountability.

The central problem addressed by this study is therefore not the absence of waqf innovation, but the limited integration of Islamic integrity principles into the governance, implementation, assurance and reporting of contemporary waqf innovations. Without such integration, innovation may enhance resource mobilisation or operational efficiency without providing a corresponding framework for safeguarding waqf assets, fulfilling waqf intentions, ensuring reliable reporting and strengthening institutional accountability. This gap provides the basis for developing an Integrity-Driven Waqf Management Model for Malaysian waqf institutions.

Research Objectives

Accordingly, this study has three objectives:

1. To identify contemporary forms of waqf management innovation in Malaysia and examine documented management practices in selected waqf institutions;
2. To examine Islamic integrity principles relevant to waqf innovation based on Shariah and maqasid al-Shariah, and assess the alignment of existing innovations with these principles; and
3. To propose an Integrity-Driven Waqf Management Model based on the documentary analysis of waqf innovations, governance practices, and identified integrity gaps.

LITERATURE REVIEW

Waqf: Concept, Principles And Contemporary Forms

Waqf is an Islamic institution founded on the preservation of endowed assets and the dedication of their benefits for designated religious, charitable, and socio-economic purposes. The term waqf originates from the Arabic verb waqafa, meaning to stop, restrain, or withhold. In classical Islamic jurisprudence, the schools of law differ in their treatment of ownership and legal effects, but share the fundamental principle of preserving the endowed corpus (‘ain) and dedicating its benefits to intended purposes (al-Zuhaili, 1995). This principle establishes the foundational amanah underlying waqf management, as the waqf institution is required to preserve the endowed asset and fulfil the intention of the waqif.

The classical framework of waqf is generally structured around four pillars: the waqif (endower), mawquf (endowed property), mawquf ‘alayh (beneficiary), and sighah (declaration). The conditions governing these elements emphasise valid ownership, identifiable beneficiaries, Shariah-compliant purposes, and the preservation of the endowed property (JAWHAR, 2006; JAWHAR, 2018). These foundational requirements remain relevant to contemporary waqf management because innovation must operate within the fundamental objectives and conditions of waqf.

Waqf may be broadly classified into waqf ahli (family waqf) and waqf khairi (charitable waqf), with the latter encompassing waqf am (general waqf) and waqf khas (specific waqf). Contemporary waqf management has expanded beyond conventional immovable property to include cash waqf, corporate waqf, waqf shares, digital waqf, service waqf, and emerging mechanisms such as waqf sukuk (JAWHAR, 2018; Md Salleh et al., 2022). This transformation broadens the potential of waqf but also creates new requirements for governance, accounting, disclosure, Shariah oversight, and accountability.

The Shariah foundation of waqf is reflected in the Qur’anic encouragement to spend from what one loves (Surah Ali ‘Imran, 3:92) and in the hadith concerning ‘Umar’s waqf of land in Khaibar, which establishes the principle of preserving the corpus and dedicating its benefits for charitable purposes. These foundations reinforce the enduring nature of waqf and the responsibility of its managers to protect the endowed asset and ensure that its benefits are directed towards the intended purposes.

Waqf Governance and Legal Framework in Malaysia

In Malaysia, waqf administration falls within state jurisdiction under the State List of the Ninth Schedule to the Federal Constitution. State Islamic Religious Councils (SIRC) serve as trustees of waqf properties within their respective jurisdictions, while several states have established specialised institutions to support waqf administration and development. At the federal level, JAWHAR and Yayasan Wakaf Malaysia (YWM) undertake coordinating and developmental functions (JAWHAR, 2010; Md Salleh et al., 2022).

The state-based structure has resulted in differences in legal and administrative arrangements. Variations have been identified in areas including registration, land vesting, istibdal, asset development, and the protection of waqf property. Md Salleh et al. (2022) highlight differences among selected states concerning istibdal provisions, while the institutional structure for waqf administration also varies across jurisdictions. Such legal and institutional diversity is relevant to integrity because the effectiveness of amanah, accountability, and asset protection depends partly on the clarity and consistency of the governing framework.

The trustee or mutawalli is responsible for preserving waqf property, managing its income, developing its productive potential and ensuring that benefits are distributed to entitled beneficiaries (JAWHAR, 2018; Mahmood et al., 2017 & Ali & Markom, 2020). The exercise of these responsibilities therefore extends beyond administrative management to encompass fiduciary, ethical and Shariah obligations. Effective governance consequently requires institutional mechanisms capable of translating these responsibilities into appropriate oversight, control and reporting practices.

Contemporary Waqf Innovation and Management Challenges

The development of contemporary waqf instruments reflects efforts to broaden participation and improve resource mobilisation. Cash waqf enables contributions through monetary endowments, while corporate waqf and waqf shares provide mechanisms for linking corporate resources and shareholding structures to waqf objectives. Digital waqf facilitates online contributions and electronic payment, record-keeping, and communication. Service waqf extends the concept of contribution to professional expertise and services, while waqf sukuk represents an emerging mechanism for mobilising resources for waqf development (JAWHAR, 2009; JAWHAR, 2018; Muhamad Firdaus et al., 2020; Md Salleh et al., 2022).

However, innovation also creates management and integrity challenges. Cash waqf, for example, raises questions concerning the appropriate treatment of specific and general contributions. Differences in the recognition and measurement of waqf assets may affect the reliability and comparability of financial information, while limited disclosure of waqf-specific transactions such as istibdal may restrict stakeholder understanding of how endowed assets are managed. Digital platforms introduce additional concerns relating to data integrity, cybersecurity and accessibility. Corporate and share-based structures may require stronger governance to address conflicts of interest and related-party transactions, while service waqf raises questions concerning valuation and reporting of non-financial contributions. Waqf sukuk, as an emerging mechanism, requires particular attention to Shariah compliance, governance and preservation of the waqf corpus.

These challenges indicate that the success of waqf innovation cannot be assessed solely by increased collection, participation or asset utilisation. It also requires consideration of whether the institutional arrangements surrounding innovation preserve the underlying purposes and obligations of waqf.

Islamic Integrity, Maqasid al-Shariah and Accountability

Integrity in Islamic institutions is fundamentally associated with amanah, which requires entrusted resources to be preserved and managed according to the purposes for which they were entrusted. The Qur'anic command to "render trusts to whom they are due" (Surah al-Nisa', 4:58) provides an important normative foundation for institutional integrity. In the context of waqf, amanah encompasses the preservation of endowed assets, fulfilment of the waqif's intentions, and responsible administration of benefits.

The principles of maqasid al-Shariah provide a broader normative basis for evaluating institutional conduct. The protection of religion (din), life (nafs), intellect ('aql), lineage (nasl) and property (mal) identified in the classical maqasid framework provides a basis for considering whether institutional arrangements protect the interests and resources entrusted to waqf institutions (Md Salleh et al., 2016; Zaharuddin, 2016). In particular, the protection of property (hifz al-mal) is directly relevant to the preservation, development, and responsible management of waqf assets.

Within Islamic accounting and governance literature, transparency and accountability serve as important mechanisms for operationalising ethical responsibility. Islamic accountability extends beyond institutional or stakeholder accountability to include a vertical dimension of responsibility towards Allah SWT and a horizontal dimension towards society (Haniffa & Hudaib, 2002; Abdul Rahman, 2010; Shahul, 2000). For waqf institutions, this dual accountability is particularly significant because the mutawalli is responsible not only to donors, beneficiaries, and regulators but also for fulfilling the religious and ethical obligations attached to the amanah of waqf.

Research Gap and Conceptual Framework

Existing literature has generated substantial knowledge on waqf governance, accounting, disclosure, legal arrangements, and contemporary innovation. However, these areas have largely developed as separate strands of inquiry. Studies on accounting have focused on recognition, measurement and reporting practices, while governance and legal studies have examined institutional structures and regulatory differences. Research on contemporary innovations has generally concentrated on their operational, financial, or developmental potential. Consequently, limited attention has been given to how different forms of waqf innovation can be systematically evaluated through an integrated Islamic integrity framework.

This gap is particularly relevant in Malaysia, where state-based waqf administration produces variations in legal provisions, governance arrangements, accounting treatment, asset valuation and disclosure. The challenge is therefore not simply to introduce innovative mechanisms, but to ensure that innovation remains consistent with the foundational values and objectives of waqf.

Accordingly, this study conceptualises Islamic integrity through six interconnected dimensions: amanah, transparency, 'adl, sidq, Shariah compliance and dual accountability. These dimensions provide the analytical benchmarks for examining documented waqf practices and identifying integrity gaps associated with contemporary innovations. The identified gaps subsequently inform the development of an Integrity-Driven Waqf Management Model comprising core integrity principles, governance structure, innovation management process, integrity assurance mechanisms, and a reporting framework aligned with PPIBZW.

The conceptual relationship can therefore be expressed as:

Waqf Innovation → Islamic Integrity Assessment → Integrity Gaps → Integrity-Driven Waqf Management Model

This framework provides the conceptual basis for examining how innovation can be integrated with governance, assurance, and reporting mechanisms while preserving the amanah of waqf.

RESEARCH METHODOLOGY

Research Design

This study adopts a qualitative documentary research design based on Bowen (2009). It is non-interventionist and relies on the systematic analysis of publicly available documents. The approach is appropriate for identifying waqf innovations, assessing their alignment with Islamic integrity principles, identifying integrity gaps, and developing an Integrity-Driven Waqf Management Model. No interviews, surveys, or other human-participant data were involved.

Data Sources and Document Selection

The study draws on primary and secondary documentary sources. Primary sources include State Waqf Enactments from Selangor (2015), Negeri Sembilan (2005), Melaka (2005), Johor (2003), and Sabah (2018); the Piawai Perakatan Islam bagi Baitulmal, Zakat dan Wakaf (PIBZW) issued by the Accountant General's Department of Malaysia in 2023; relevant JAWHAR manuals; and annual reports of selected waqf institutions for 2020–2024, including Perbadanan Wakaf Selangor, MAIJ, MAINS, MAIM, MUIS, and YWM. Relevant federal legislation, Shariah texts, and fatwas were also consulted. Secondary sources comprise peer-reviewed journal articles, books, conference proceedings, and selected media reports.

Documents were selected purposively based on four criteria: (i) relevance to waqf innovation, governance, accounting, disclosure, law, or integrity; (ii) authenticity as recognised institutional or scholarly sources; (iii) timeliness, with emphasis on recent institutional reports; and (iv) comparative value across different state-level governance contexts.

Coding Framework and Analytical Procedure

A coding framework was developed to systematically examine the selected documentary materials. The use of coding provides a structured means of identifying, categorising, and interpreting recurring patterns within qualitative documentary data (Saldaña, 2021). Consistent with the documentary analysis approach adopted in this study (Bowen, 2009), the coding framework was derived from the conceptual and normative foundations of maqasid al-Shariah and Islamic integrity principles.

Six dimensions were used as analytical benchmarks: amanah, transparency, ‘adl, sidq, Shariah compliance, and dual accountability. The framework was applied to documentary evidence concerning waqf innovation, governance, accounting, disclosure, legal provisions, and integrity mechanisms.

Each relevant documentary passage was coded according to the integrity dimension most directly reflected in its content. Recurring patterns across the coded materials were then grouped into broader themes and integrity gaps. The resulting themes were subsequently examined comparatively across the selected state enactments, waqf institutions, and institutional documents. This process enabled the study to move from individual documentary observations to broader patterns concerning waqf innovation, integrity risks, and governance requirements.

Table 1. Coding framework for Assessing Waqf Integrity.

Integrity Dimension	Analytical Focus
Amanah	Preservation of waqf assets and fulfilment of waqif intentions
Transparency	Disclosure of collection, utilisation, and management
‘Adl	Fairness to beneficiaries and stakeholders
Sidq	Accuracy and honesty in reporting
Shariah compliance	Adherence to Shariah requirements
Dual accountability	Accountability to Allah SWT and society

Thematic and Comparative Analysis

Following the coding process, thematic analysis was undertaken to identify recurring patterns, relationships and areas of convergence or divergence within the documentary evidence (Braun & Clarke, 2006). The analysis focused particularly on the treatment of cash waqf, recognition and valuation of waqf assets, disclosure practices, internal controls, legal arrangements and accountability mechanisms.

Comparative analysis was subsequently used to examine differences and similarities across the selected State Waqf Enactments, waqf institutions and reporting documents. The documentary findings were also considered against the requirements and guidance contained in PIBZW and relevant JAWHAR materials. This analytical process facilitated the identification of six major integrity gaps and provided the basis for linking each gap to the corresponding component of the proposed Integrity-Driven Waqf Management Model.

FINDINGS AND DISCUSSION

Waqf Management Innovations in Malaysia

The documentary analysis identifies five major forms of contemporary waqf management innovation in Malaysia: cash waqf, corporate waqf and waqf shares, digital waqf, service waqf, and waqf sukuk. These innovations differ in their underlying mechanisms, but collectively seek to broaden participation, mobilise resources, improve accessibility, and enhance the productive use of waqf assets.

Table 2. Documentary Evidence of Waqf Innovations and Integrity Considerations

Waqf innovation	Documentary Evidence	Principal integrity consideration
Cash waqf	Used by selected waqf institutions and distinguished between specific and general cash waqf	Amanah, sidq and accounting treatment
Corporate waqf and waqf shares	Waqaf Corporation model	Governance, transparency and ‘adl
Digital waqf	Online platforms, mobile applications and electronic payment systems	Transparency, accountability and digital risks
Service waqf	Contribution of professional expertise and services	‘Adl, valuation and reporting
Waqf sukuk	Proposed/emerging mechanism for waqf development	Shariah compliance, governance and preservation of waqf

Evaluation Against Islamic Integrity Principles

The findings indicate that innovation does not automatically produce institutional integrity. Each innovation creates opportunities for improved waqf management while simultaneously generating specific governance, accounting, disclosure, or Shariah-related risks.

Cash waqf provides wider opportunities for public participation because contributions can be made in relatively small amounts. However, the distinction between specific and general cash waqf has direct implications for accountability and accounting treatment. The documentary analysis identifies the treatment of specific cash waqf as an important integrity issue where funds designated for a particular purpose may be treated differently from general waqf funds.

Corporate waqf and waqf shares provide mechanisms for generating sustainable income while preserving the underlying endowed interests. The Corporate model illustrates the use of corporate shareholding within a waqf structure. Nevertheless, the analysis identifies potential governance concerns relating to conflicts of interest, related-party transactions, and concentration of decision-making authority. These issues directly engage the principles of transparency, ‘adl, and dual accountability.

Digital waqf increases accessibility and facilitates electronic collection, record-keeping, and reporting. The use of digital platforms can strengthen traceability and transparency. At the same time, cybersecurity, data manipulation and digital exclusion introduce new integrity considerations. Accordingly, Shariah compliance must extend beyond the waqf contract to the payment system, fund-management process and platform governance.

Service waqf expands the concept of waqf to professional knowledge, skills and services. However, non-financial contributions create practical challenges concerning verification, valuation and reporting. This makes transparency and ‘adl particularly relevant because institutions must demonstrate how services are recognised, allocated and reported.

Waqf sukuk represents an emerging mechanism for mobilising resources for large-scale waqf development. Its implementation requires careful attention to Shariah compliance, disclosure, governance and preservation of the perpetual character of waqf. The underlying study notes that significant issuance was not identified in the annual

reports reviewed; therefore, waqf sukuk should be understood in this study primarily as an emerging/proposed innovation rather than an extensively implemented practice.

Integrity Gaps in Waqf Management

The comparative analysis identifies six interrelated integrity gaps. These gaps provide the documentary analytical basis for the proposed Integrity-Driven Waqf Management Model.

Gap 1: Inconsistent Treatment of Specific Cash Waqf

The first gap concerns the accounting treatment of specific cash waqf. Where funds are donated for a designated purpose, the underlying study identifies the need to distinguish such funds from unrestricted or general waqf contributions. Treating a designated contribution as revenue before its intended purpose is fulfilled may obscure the institution's continuing obligation towards the waqf and intended beneficiaries.

This issue primarily affects amanah and sidq, because accurate recognition should reflect the institution's actual obligation. The problem is therefore not merely an accounting technicality; it has implications for donor trust and accountability. The documentary literature reviewed in the study identifies instances of inconsistent treatment of specific cash waqf.

Gap 2: Non-Recognition or Nominal Valuation of Waqf Assets

The second gap concerns differences in the recognition and measurement of waqf assets. The comparative framework identifies differences between fair-value measurement, nominal valuation such as RM1, and non-recognition.

Such differences reduce comparability between institutions and may limit the usefulness of financial information for stakeholders. From an integrity perspective, appropriate recognition and measurement are particularly related to amanah, transparency, and sidq, as stakeholders require reliable information concerning the resources entrusted to waqf institutions.

Gap 3: Limited Disclosure of Waqf-Specific Transactions

The third gap relates to the limited disclosure of transactions specifically associated with waqf management, including istibdal. Waqf transactions may involve distinctive legal and Shariah considerations that are not adequately captured through generic financial reporting.

Greater disclosure is therefore necessary to enable waqif, beneficiaries, and other stakeholders to understand how endowed assets are managed, replaced, or developed. This gap principally engages transparency, sidq, and dual accountability.

Gap 4: Weak Internal Control Mechanisms

The fourth gap concerns internal controls and institutional governance. The underlying documentary analysis identifies weaknesses relating to control environments, human resources, reporting systems, and financial management.

Internal controls are particularly important because integrity cannot depend solely on individual ethical conduct. Amanah must be supported by institutional mechanisms that prevent misuse, detect irregularities, and ensure that waqf resources are managed according to their intended purposes.

Gap 5: Legal Inconsistencies Across States

The fifth gap arises from differences between State Waqf Enactments and administrative arrangements. The selected states provide a useful comparative setting because waqf governance is exercised within different state-

level legal environments.

The documentary analysis identifies differences relating to matters such as istibdal, land vesting, and protection of waqf assets. These differences may create uneven governance requirements and complicate the development of consistent management and reporting practices. The issue therefore engages Shariah compliance, amanah, and dual accountability.

Gap 6: Limited Integration of Dual Accountability

The sixth gap is conceptual as well as institutional. Waqf management involves accountability not only to donors, beneficiaries, and regulators but also to Allah SWT as the ultimate source of the ethical obligation represented by amanah.

The documentary analysis suggests that conventional governance and reporting mechanisms may emphasise horizontal accountability without explicitly integrating its vertical dimension. An integrity-driven model therefore needs to connect institutional accountability to both Allah SWT and society.

From Integrity Gaps to The Proposed Model

The six gaps demonstrate that the principal issue is not the absence of innovation but the need to ensure that innovation is accompanied by appropriate integrity mechanisms.

Table 3. Mapping Integrity Gaps to Model Components

Integrity gap	Primary integrity concern	Proposed model response
Specific cash waqf treatment	Amanah, Sidq	Reporting framework
Asset non-recognition/nominal valuation	Amanah, Transparency	Reporting framework
Limited istibdal disclosure	Transparency, Dual accountability	Reporting framework + assurance
Weak internal controls	Amanah, Sidq	Integrity assurance mechanisms
Legal inconsistencies	Shariah compliance, Amanah	Governance structure
Limited dual accountability	Dual accountability	Core integrity principles and governance

The proposed Integrity-Driven Waqf Management Model therefore consists of five interconnected components:

1. Core Integrity Principles – Amanah, Transparency, ‘Adl, Sidq, Shariah compliance and Dual accountability;
2. Governance Structure – clear institutional roles, responsibilities, and oversight;
3. Innovation Management Process – assessment of integrity and Shariah implications before and during adoption of new waqf instruments;
4. Integrity Assurance Mechanisms – internal controls, audit, risk management, Shariah oversight and whistleblowing mechanisms; and
5. Reporting Framework – reporting and disclosure aligned with PPIBZW and capable of communicating waqf-specific information.

The model thus establishes a progression from normative principles to governance mechanisms, operational innovation, assurance and reporting. This addresses the central finding that innovation should not be evaluated solely according to its ability to increase collection or asset utilisation, but also according to whether the institutional arrangements surrounding it preserve the integrity of the waqf.

Implications of The Study

Implications for Waqf Governance

The findings indicate that waqf innovation requires governance arrangements that ensure financial, technological and organisational developments remain consistent with Islamic integrity principles. The proposed Integrity-Driven Waqf Management Model therefore places integrity at the centre of governance through clear institutional responsibilities, effective oversight, Shariah supervision and appropriate accountability mechanisms. This is particularly relevant in Malaysia given the variations in governance arrangements across states.

Implications for Accounting and Financial Reporting

The findings highlight the importance of consistent accounting, measurement and disclosure practices in strengthening waqf integrity. The treatment of specific cash waqf, together with differences in the recognition and valuation of waqf assets, may affect the usefulness and comparability of financial information. Greater alignment with PPIBWZ, particularly in relation to recognition, measurement and waqf-specific disclosure, could strengthen transparency and accountability.

Meaningful reporting should extend beyond financial statements to include information on restricted funds, preservation and development of waqf assets, istibdal transactions and the distribution of benefits. Such disclosure would enable waqif, beneficiaries and other stakeholders to better understand how entrusted resources are managed.

Implications for Legal Harmonisation

The findings also highlight the governance implications of differences among State Waqf Enactments. Variations relating to istibdal, vesting, development and asset protection may complicate efforts to establish consistent governance and accountability practices.

Legal harmonisation does not necessarily require identical institutional structures across states. Rather, a coordinated framework could establish common minimum standards for waqf accounting, disclosure, internal control, Shariah oversight and accountability while allowing flexibility for state-specific arrangements.

Implications for Innovation Management

The findings suggest that waqf innovation should be assessed not only in terms of collection, participation or financial returns, but also according to its Shariah, legal, governance and integrity implications. The proposed model therefore incorporates an integrity assessment before and during the implementation of new waqf instruments.

This is particularly relevant to digital waqf and emerging mechanisms such as waqf sukuk. Digital platforms may enhance accessibility and transaction traceability but also introduce cybersecurity and digital-access concerns. Waqf sukuk, meanwhile, requires appropriate Shariah governance, disclosure, and asset-preservation mechanisms given its emerging and structurally complex nature.

Accordingly, the study proposes that waqf innovation should be integrity-tested alongside innovation-tested.

Implications for Accountability and Public Trust

The findings support a broader understanding of accountability in waqf management. In addition to accountability to waqif, beneficiaries and regulators, waqf institutions carry a vertical accountability to Allah SWT arising from the amanah of waqf and a horizontal accountability to society through transparency, reporting and demonstrable social outcomes.

Operationalising these two dimensions may enhance stakeholder understanding of whether waqf institutions are fulfilling their financial, social and Shariah-related responsibilities. Potential mechanisms include non-financial performance indicators, social impact reporting and stakeholder feedback. These mechanisms can complement financial reporting by providing a broader account of institutional performance and the fulfilment of waqf objectives.

CONCLUSION

Waqf management in Malaysia is undergoing significant transformation through the adoption of financial, corporate, digital and service-based innovations. The documentary analysis undertaken in this study identifies five major forms of innovation: cash waqf, corporate waqf and waqf shares, digital waqf, service waqf, and waqf sukuk. These developments demonstrate the capacity of waqf institutions to diversify resource mobilisation, broaden public participation and explore alternative approaches to waqf asset development.

Nevertheless, the findings indicate that innovation alone does not necessarily ensure effective, accountable and trustworthy waqf management. Six interconnected integrity gaps were identified: inconsistent accounting treatment of specific cash waqf; non-recognition or nominal valuation of waqf assets; limited disclosure of waqf-specific transactions; weaknesses in internal control mechanisms; legal inconsistencies across states; and limited operationalisation of dual accountability. These gaps indicate that the challenges associated with contemporary waqf innovation extend beyond the introduction of new instruments and technologies to the institutional arrangements governing their implementation, assurance and reporting.

The study therefore proposes an Integrity-Driven Waqf Management Model comprising five interconnected components: core integrity principles, governance structure, innovation management process, integrity assurance mechanisms, and a reporting framework aligned with PPIBZW. At its normative core are the principles of amanah, transparency, 'adl, sidq, Shariah compliance, and dual accountability. These principles are supported by institutional and operational mechanisms designed to translate Islamic integrity values into governance, innovation, internal control, assurance, and reporting practices.

The principal contribution of this study lies in integrating contemporary waqf innovation with an explicit Islamic integrity framework. The study moves beyond an approach in which integrity is treated merely as an outcome of effective management. Instead, it positions integrity as a foundational requirement for responsible waqf innovation, whereby new instruments, technologies and management practices should be assessed against Shariah requirements, waqf intentions, asset preservation, stakeholder interests and accountability obligations.

The findings also have implications for the future development of waqf governance in Malaysia. As waqf institutions increasingly adopt digital platforms, alternative financing mechanisms and innovative forms of asset mobilisation, governance and reporting mechanisms need to evolve correspondingly. In this context, the proposed model provides a conceptual basis for integrating innovation, integrity, governance, assurance and reporting within a coherent management framework. Its application may also support greater consistency in institutional practices while accommodating the existing state-based structure of waqf administration.

Ultimately, sustainable waqf development requires more than the creation of innovative instruments. It requires institutional capacity to ensure that innovation remains faithful to the purposes of waqf, the intentions of the waqf, the requirements of Shariah and the legitimate interests of beneficiaries and society. An integrity-driven approach consequently offers a basis for strengthening accountability and public trust while enabling Malaysian waqf institutions to pursue innovation in a responsible and sustainable manner.

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