

INSTITUTIONAL PRESSURES ON WAQF UNIT TRUST FUNDS IN ISLAMIC SOCIAL FINANCE: THE ASNB WAKALAH MODEL FOR SOCIAL AND ECONOMIC IMPACT

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ABSTRACT

Waqf, as a perpetual charitable endowment, serves as a cornerstone for promoting social welfare and equitable wealth distribution within Islamic finance. Its integration into modern financial instruments, such as the Amanah Saham Nasional Berhad (ASNB) Wakalah Waqf Unit Trust, reflects a growing trend toward aligning Islamic capital market innovation with Islamic social finance objectives in Malaysia. This study examines the application of institutional theory in understanding the distribution of *waqf* benefits by ASNB *Wakalah*, focusing on how institutional pressures shape its governance, implementation, and social outcomes. Employing a qualitative document analysis approach, the research reviews policy documents, Islamic rulings (*fatwas*), prospectuses, annual reports, academic journals, books, and relevant online sources to evaluate ASNB's *waqf* governance and distribution strategies. Despite ASNB's pioneering role in developing a *Wakalah*-based *waqf* model, there remains limited scholarly attention to the institutional forces, such as regulatory frameworks, Shariah governance standards, and societal expectations that influence its operationalisation and impact. The findings reveal that ASNB's *waqf* model is deeply embedded within Malaysia's institutional environment, where compliance, legitimacy, and stakeholder expectations collectively shape its governance and distribution mechanisms. The study contributes to the growing body of knowledge on Islamic social finance and institutional theory. It also offers practical insights for policymakers and Islamic financial institutions to strengthen transparency, governance, and the social impact of

waqf-based investment schemes in line with institutional norms, ethical investment principles and *Maqasid al-Shariah* (*Shariah objectives*).

Keywords: *Institutional theory; waqf unit trust funds; ethical investment; Maqasid al-Shariah; Islamic finance*

1. INTRODUCTION

Waqf is defined as the act of dedicating a property, whether immovable, such as land and buildings, or movable, such as cash, books, or laptops, by preventing its consumption with the objective of utilising its usufruct repetitively for the benefit of specific beneficiaries or the public as a whole (Kahf, 1999; Cizakca, 2000). From an economic perspective, *waqf* carries the notion of sustainability, as the usufruct or income generated from the *waqf* assets can be enjoyed at the current time as well as for future use by targeted beneficiaries or groups.

In general, the utilisation of *waqf* can serve both religious and non-religious purposes. Religious applications include the building of mosques or cemeteries, while non-religious uses encompass initiatives such as healthcare, education, or economic empowerment institutions, all aimed at achieving the overall *maslahah* (benefit) of the *ummah* (society). The beneficiaries of *waqf* are multi-fold and not limited to particular groups like zakat recipients; it can be enjoyed by the whole community, whether Muslim or non-Muslim, to promote general well-being.

The individual entrusted with the responsibility of overseeing, administering, and safeguarding *waqf* properties endowed by the *waqif* (the founder or donor) is known as the *mutawalli*. The *mutawalli* ensures that the endowed assets are managed and distributed according to the conditions set forth in the *waqf* deed by the *waqif* and in conformity with *Shariah* principles (Al-Mawardi, 1999; Al-Nawawi, 1991; Ibn Qudāmah, 1997; Kahf, 2011). The *waqf* deed is entirely noble that it cannot be simply altered as per the injunction in the divine revelation (*nusus al-shari'*). Imam Subki (Al-Subki, n.d) confirmed this by saying:

يقول السبكي: بل يجب اتباع شرط الواقف نصًا، كان أو ظاهرًا، والفقهاء يقولون: شروط الواقف كنصوص الشارع

Translation:
Al-Subki said:

Indeed, it is obligatory to adhere to the condition of the waqif (endower), whether

explicit or implicit. Jurists state that the conditions of the waqf are like the texts of the Lawgiver (Shariah).

Historically in Malaysia, *waqf* was predominantly created for religious purposes, such as for building mosques, *suraus* (small mosques), and burial grounds (Mahamood, 2006). At the outset, *waqf* properties were often managed by local leaders, such as the *penghulu* (village heads) or imams. However, the absence of a formalised documentation system in the pre-colonial period resulted in many historical *waqf* transactions remaining unrecorded and untraceable. (Abdul Manaf *et. al*, 2019). Over time, several issues emerged, including disputes over the status of *waqf* assets by the heirs due to inadequate record-keeping and documentation. This led to the institutionalisation of *waqf* management *waqf* under a centralised authority. The surge in *waqf* institutionalisation was also due to cases of mismanagement by dishonest *mutawallis*, *nazirs*, or *waqf* managers (Dahlan, 2014).

The institutional theory is a framework for understanding how organisations and institutions are shaped by broader social, cultural, and political forces. It examines how the structures, processes, and behaviours of organisations are influenced by the institutional environment in which they operate, including formal and informal rules, norms, and values. Institutional theorists suggest that organisations cope with and adapt to the external environment through social processes to gain legitimacy, reduce inefficiency, and minimise any constraints imposed on them by institutional pressures. If there are insufficient variables to facilitate change, the institutionalisation of a new practice will not occur (Norhayati & Siti Nabiha, 2009).

Institutional isomorphism became a buzzword as the World Bank and many other organisations used the concept to describe successful policy implementation, particularly in developing nations (Pritchett & De Weijer, 2011). It is a method in which one organisation undergoes organisational transformation by undertaking actions that are similar to those of another organisation in terms of procedure and outlook but differ in outcome. The term “isomorphism” (or “isomorphic mimicry”) is derived from biological evolution, in which one species obtains survival abilities by seemingly having the features of other animals that offer survival value (Pritchett & De Weijer, 2011). A major tenet of the institutional theory is the assumption that “organisations sharing the same environment will employ similar practices and thus become ‘isomorphic’ with one another” (Kostova & Roth, 2002). It is said that organisations are influenced by three primary mechanisms: coercive, mimetic, and normative pillars. However, Kontinen and Onali (2017) views that this process of homogenisation may result in a loss of creativity and innovation within these organisations.

Despite the increasing call to develop *waqf* properties in a more innovative manner, very little investigation has been done on the institutional behaviour of private corporations in promoting *waqf* initiative. This paper delves into the institutional dynamics within the Amanah Saham Nasional Berhad (ASNB) *Wakalah* model, exploring the mechanisms through which this innovative *waqf*-philanthropic framework has been able to generate significant social and economic impact in Malaysia.

Thus, this study aims to investigate the current state of ASNB as a corporate institution integrating the *waqf* initiative in its organisational objectives. In the context of Malaysia, the Waqf model of ASNB has emerged as a unique application of the *waqf*-philanthropic framework, aiming to harness the power of perpetual charitable giving for tangible societal impact.

1.2 Research Background

The institutional theory provides a valuable framework for understanding how organisations maintain authority, legitimacy, and influence by adhering to established norms, regulatory frameworks, and professional standards (DiMaggio and Powell, 1983). The theory focuses on understanding how institutions, norms, and rules shape the behaviour of organisations. It provides a perspective for exploring how entities adopt certain practices to gain legitimacy and align with societal expectations.

Organisations are influenced by three primary mechanisms: coercive, mimetic, and normative pillars. These isomorphic processes are particularly relevant to Shariah-based institutions, where governance structures must align with Shariah principles while also meeting modern regulatory requirements. For example, a Shariah Committee plays a pivotal role in overseeing Islamic financial institutions and their adherence to Shariah guidelines, particularly in contract approvals and corporate structure oversight (Ab Ghani *et al.*, 2023; Tashkandi, 2023). Despite the extensive application of the institutional theory in previous studies on various sectors, limited research exists on the theory's role in Islamic finance, specifically within the *waqf* sector (Abu Talib *et al.*, 2020). Ercanbrack and Ali (2024) examined how the institutional framework of the Malaysian state has influenced the interpretation and application of Islamic contract law, particularly in the standard-setting for Islamic finance in the country. This aligns with the concept of institutional isomorphism which explains how institutions evolve under external pressures to resemble one another in structure and behaviour.

In the context of *waqf*, the institutional theory provides a valuable framework for understanding the dynamic evolution of *waqf* institutions in modern

contexts. Traditionally grounded in Islamic philanthropy, *waqf* must now respond to a variety of external pressures to maintain both religious legitimacy and organisational relevance. Coercive isomorphism arises when *waqf* institutions are influenced by governmental or regulatory bodies mandating compliance with financial reporting standards, legal statutes, or Shariah governance frameworks. This is evident in how certain state religious authorities standardise governance mechanisms and reporting requirements, pushing *waqf* institutions toward formalisation to meet accountability expectations (Abu Talib *et al.*, 2020).

In contexts where ambiguity or a lack of clear guidelines exists, mimetic isomorphism comes into play. *Waqf* organisations, particularly those with limited resources or managerial capacity, often imitate the practices of successful peers or corporate *waqf* models. This imitation helps reduce uncertainty and enhances perceived legitimacy.

Normative isomorphism is driven by professional standards and ethical norms, particularly those enforced by Shariah scholars, Islamic finance practitioners, and accounting bodies. The increasing involvement of Islamic finance professionals, accountants, and Shariah scholars has led to greater standardisation in *waqf* practices. However, the pressure to conform also reveals tension, particularly in harmonising accounting practices and reporting formats across different jurisdictions, such as Malaysia's diverse state Islamic religious councils which operate according to varying procedures (Mohaiyadin *et al.*, 2022; Abu Talib *et al.*, 2020).

Collectively, these institutional pressures shape how *waqf* institutions evolve, influencing their structures, reporting mechanisms, and overall legitimacy. Applying the institutional theory to this transformation helps reveal how *waqf* can remain resilient, sustainable, and aligned with both modern governance standards and Islamic objectives. While such adaptation is necessary for ensuring relevance, it also highlights the challenge of balancing religious legitimacy with the demands of modern governance.

The existing literatures that discuss the relevant connection between *waqf* and the institutional theory is limited and thus lack the recommendation to further unleash the transformative potential of the *waqf*-philanthropic framework in the Malaysian environment.

This research aims to bridge the gap by exploring the ASNB Wakaf model in Malaysia, offering insights into how institutional dynamics shape the modern *waqf*-philanthropy landscape. Malaysia serves as an ideal setting for this study, thanks to its strong Islamic financial ecosystem and the growing influence of

corporate *waqf* institutions, such as ASNB Wakalah, in driving socio-economic progress. While previous literature highlights the role of the institutional theory in fostering organisational reputation, achieving religious legitimacy, and promoting regulatory compliance (Karbhari *et. al*, 2020), this study explores how coercive, normative, and mimetic isomorphism influence ASNB Wakalah's governance structure, operational practices, distribution, and impact *waqf*.

2. LITERATURE REVIEW

2.1 *Institutional Dynamics and Regulatory Considerations in Waqf Administration*

After colonisation, the British centralised *waqf* management in several Malaysian states before the country gained independence (Cizakca, 2000). For instance, in Selangor, the authority for managing *waqf* was granted to the Majlis Agama Islam Selangor (State Islamic Religious Council of Selangor) under the Laws for the Administration of the Religion of Islam 1952. Since then, within the Malaysian context, *waqf*, zakat, and other personal Islamic religious matters have been placed under the jurisdiction of the 13 individual states in Malaysia. The institutionalised *waqf* administration under the authority of the State Islamic Religious Councils (*Majlis Agama Islam Negeri*) ensures centralised oversight and more robust governance of *waqf* properties.

Under Malaysia's legal framework, the institutionalisation of Islamic religious affairs is explicitly assigned to the State List in the Ninth Schedule of the Federal Constitution of Malaysia. In line with this, each of the 13 State Islamic Religious Councils has been designated as the sole trustee of *waqf* assets, as stipulated by the respective Laws for the Administration of the Religion of Islam (for example, Section 8 (a) of the Administration of the Religion of Islam [State of Selangor] Enactment 1952). As the sole trustee, SIRC has the power to designate any person or body to serve as its representative in carrying out the administrative responsibilities of the *waqf* property trusteeship.

Despite this institutionalisation, *waqf* development in Malaysia has faced numerous challenges, particularly the underutilisation and underdevelopment of *waqf* assets. To effectively manage, organise, and develop the scattered *waqf* properties in Malaysia, the need for a central *waqf* institution is crucial (Abu Talib *et.al.*, 2020). In response, significant initiatives have been implemented by federal agencies such as the Department of Awqaf, Zakat and Hajj (JAWHAR) and the Waqf Foundation Malaysia (YWM), in partnership with the State Islamic Religious Councils (SIRCs) and Islamic finance institutions, to revitalise dormant *waqf* assets. These efforts emphasise modern governance models,

financial innovation, and strategic collaborations, aligning *waqf* development with Malaysia's Islamic finance and Value-Based Intermediation (VBI) agenda. *Waqf* assets can now benefit from the expertise, professional management, and financial oversight provided by institutional nazir or corporate trustees. Through this modernised governance framework, *mutawallis* such as the SIRC's, along with other agencies or entities authorised by the SIRC's, have introduced diverse mechanisms that enable Muslims to create and dedicate their *waqf* assets more effectively. These include cash *waqf*, share *waqf*, unit trust *waqf*, and other contemporary instruments that integrate Shariah principles with modern financial management practices (Syahnaz *et.al*, 2024). This institutional approach not only enhances the sustainability and impact of *waqf* administration but also broadens public participation in *waqf*-based philanthropy through structured, transparent, and professionally managed channels. Various cash *waqf* models have been developed across both Muslim-majority and minority Muslim communities, demonstrating the versatility and adaptability of the cash *waqf* mechanism in addressing diverse socio-economic contexts (Pitchay *et al.*, 2018; Aldeen, 2021).

The *waqf* institution is also increasingly being recognised as a social finance intermediary capable of mobilising long-term social savings and directing them toward development-oriented services such as education, healthcare, and poverty alleviation (Shaikh *et al.*, 2017). This expanding body of literature situates *waqf* not merely as a religious endowment, but also as an innovative and sustainable philanthropic financing model aligned with the objectives of *Maqasid al-Shariah* and the global Sustainable Development Goals (SDGs).

2.2 Development and Institutional Landscape of Waqf in Malaysia

In contemporary Malaysia, the evolving trend positions *waqf* as a dynamic socio-economic instrument that contributes meaningfully to poverty alleviation, healthcare provision, human capital empowerment, and environmental sustainability. The development of *waqf* in Malaysia is facilitated through a multi-institutional ecosystem operating at both the federal and state levels, reflecting a structured and collaborative approach to governance, investment, and social impact. The primary categories of *waqf* institutions can be summarised as follows:

2.2.1 State Islamic Religious Councils (SIRC's) and Federal Agencies

The State Islamic Religious Councils (Majlis Agama Islam Negeri) serve as the sole *mutawalli* (trustees) of *waqf* assets within their respective jurisdictions. At the federal level, institutions such as the Department of Awqaf, Zakat and Hajj (JAWHAR) and the *Waqf* Foundation Malaysia (Yayasan Waqaf

Malaysia, YWM) play pivotal roles in policy formulation, coordination, and nationwide *waqf* development initiatives.

2.2.2 *Waqf Corporations and Subsidiary Entities*

Many SIRC's have established corporate subsidiaries to professionalise *waqf* management and enhance the economic viability of *waqf* properties. Examples include Perbadanan Wakaf Selangor (PWS), Waqaf An-Nur Corporation (WANCorp), Wakaf Pulau Pinang, and Wakaf Perak. These entities focus on asset development, property management, and income-generating projects, ensuring that *waqf* resources contribute directly to social and economic advancement.

2.2.3 *Regulatory and Enabling Institutions*

Key financial regulators such as Bank Negara Malaysia (BNM) and the Securities Commission Malaysia (SC) have provided regulatory support and enabling frameworks that facilitate the integration of *waqf* into the broader Islamic finance ecosystem. The *Waqf-Featured Fund Framework* (2020) and the *Maqasid al-Shariah* Guidance for the Islamic Capital Market (2023) exemplify this institutional commitment to aligning financial innovation with Shari'ah and socio-economic objectives.

2.2.4 *University-Linked and Private Sector Waqf Collaborations*

Several universities and private institutions have collaborated with the SIRC's and YWM to operationalise project-based and investment-linked *waqf* models. Notable examples include ASNB Wakalah, Maybank Asset Management, Bank Islam Investment, Perbadanan Tabung Pendidikan Tinggi Nasional (PTPTN), and Hong Leong MSIG Takaful (HLMT). These partnerships highlight the growing role of the private sector and educational institutions in advancing professional *waqf* management, transparency, and community outreach.

2.2.5 *Digitalisation and the MyWakaf Initiative*

The move towards digital transformation has further accelerated *waqf* development. The MyWakaf platform, initiated by the Association of Islamic Banking and Financial Institutions Malaysia (AIBIM) in collaboration with Islamic banks, serves as a centralised digital platform that connects donors, institutions, and beneficiaries (Association of Islamic Banking and Financial Institutions of Malaysia (AIBIM), n.d.). Through partnerships with various SIRC's, MyWakaf channels resources into impact-driven projects in education,

healthcare, and economic empowerment. This digital innovation not only enhances transparency and public trust, but also broadens participation in *waqf* activities, contributing to a more inclusive and sustainable *waqf* ecosystem.

2.3 Progressive Fatwa on the Waqf-Based Unit Trusts

The permissibility of utilising unit trust instruments as objects of *waqf* has been affirmed through authoritative fatwa, both internationally and nationally. The 19th session of the International Islamic Fiqh Academy (IIFA) in 2009 resolved that Shariah-compliant financial instruments such as shares, sukuk, and unit trusts may constitute valid *waqf* assets, provided that the capital is preserved and able to generate continuous benefits (*ma yuntafa'u bihi ma'a baqā' ayn*) (International Islamic Fiqh Academy, 2009). In Malaysia, the National Fatwa Committee in its 111th meeting (2017) endorsed the permissibility of endowing Shariah-compliant unit trusts (JAKIM, 2017). Several Malaysian States including Perak (Section. 10, *Waqf* Enactment (Perak) 2015) and Terengganu (Section. 2, *Waqf* Enactment (Terengganu) 2016) have subsequently adopted similar rulings and incorporated unit trust instruments into their *waqf* Enactments.

The fixed-price unit trust model has been proposed as a Shariah-compliant structure that ensures the preservation of *waqf* capital by maintaining a stable unit price (Sulaiman & Hasan, 2020). Under this model, only the income or dividends generated are utilised for charitable and socio-economic purposes, while the capital remains intact. This mechanism satisfies the requirement of *ta'bid al-ayn* (perpetuity of the *waqf* corpus) and has been implemented within ASNB Wakalah products to ensure sustainability and transparency in *waqf*-linked investments.

To further enhance accessibility and governance, the *waqf*-linked unit trust model was introduced as a framework enabling contributors to endow unit trust units or their returns into a *waqf* pool managed by SIRC or appointed trustees. The model promotes inclusive public participation in *waqf* whilst adhering to structured investment and distribution procedures (Sulaiman, Hamzah, & Hasan, 2022).

In addition, Hasan and Sulaiman (2016) discussed the potential of the *Waqf* Real Estate Investment Trusts (*Waqf* REITs) as an effective vehicle to monetise and institutionalise *waqf* assets through Shariah-compliant capital market instruments. This structure involves the securitisation of income-generating *waqf* properties into tradable REITs units, with returns either distributed to beneficiaries or reinvested to support the sustainability of *waqf*. The model offers a viable approach for mobilising institutional and private-sector

participation in *waqf* development, aligning the objectives of Islamic social finance with those of capital market growth.

Collectively, these fatwa-backed frameworks demonstrate that *waqf* can be effectively operationalised through contemporary Islamic financial instruments. The models discussed reflect the compatibility of classical jurisprudential principles with modern investment practices, thereby contributing to the revitalisation of *waqf* as a sustainable and impactful tool within the Islamic social finance ecosystem.

2.4 Socio-economic Impacts of Waqf

Waqf investment funds play a crucial role in strengthening socio-economic stability. By promoting public welfare and reducing reliance on government assistance, the funds create a more self-sufficient society diminishing dependence on government assistance (Al-Mehsen, 2024). The transformative potential of *waqf* investment funds in tackling socio-economic challenges is well-documented. Research has demonstrated how these funds merge Islamic commercial and social financing to improve overall community welfare. Beneficiaries often experience financial success linked to core Islamic values, such as generosity, brotherhood, and social cohesion. In Egypt, Islamic investment funds have shown the potential to enhance profitability while simultaneously uplifting communities, offering tangible benefits to individuals and markets alike (Mohamed Hashem, 2023).

Public participation in *waqf* investment funds has also proven to be a game-changer in Saudi Arabia (Elmahgop *et al.*, 2025). Studies show that when people actively engage in *waqf* investments, it expands the reach of *waqf* initiatives, encourages individual contributions, and nurtures a strong sense of solidarity. This ultimately leads to broader societal progress. In Turkey, *waqf*-based funding solutions have been instrumental in driving sustainable development and fostering a green economy, and in return helping communities embrace environmentally friendly initiatives (Ari & Koc, 2021).

Innovative applications of *waqf* have emerged in diverse settings. In Malaysia, *waqf* funds have embraced venture capital principles, driving innovation and corporate growth (Alias *et al.*, 2012). Similarly, Nigeria has explored a combination of microfinance and *waqf*, providing financial inclusion and boosting personal incomes, particularly in rural and underserved areas. Malaysian unit trust funds incorporating *waqf* elements have also had a meaningful impact, encouraging charitable contributions, increasing personal earnings, and indirectly supporting economic expansion (Sulaiman *et al.*, 2024).

Waqf's ability to stabilise income, especially during economic downturns, is another significant advantage. In Indonesia, *waqf* has helped address financial hardships by enhancing welfare and ensuring individual income stability. The *waqf* of shares or stocks by Johor Corporation (JCorp) managed by Waqaf An-Nur Corporation Berhad has further reinforced Islamic economic principles, raised personal income levels, and contributed to poverty reduction.

2.5 *Waqf-Philanthropic Impact Investing in Malaysia: The Wakaf ASNB Model*

Amanah Saham Nasional Berhad (ASNB) is the largest unit trust management company in Malaysia. ASNB is a Government-Linked Investment arm and a wholly owned subsidiary of Permodalan Nasional Berhad (PNB) which is responsible for managing a total of 18 units of trust funds or mutual funds in Malaysia, with a total entrusted fund amount of RM276.48 billion as of December 31, 2023. Entrusted by PNB, ASNB manages these funds as part of its mandate to provide the public with accessible investment opportunities, ensuring operational transparency and adherence to sound governance principles. The PNB investment activities are thoroughly overseen by their dedicated Shariah Advisory Committee to confirm that they adhere to Islamic principles. The committee comprises experts in the field of Islamic finance and Shariah law. A Shariah-compliant investment structure ensures that all investment activities adhere to Islamic legal and ethical principles, thereby promoting integrity, fairness, and social responsibility. Such adherence enhances investor confidence and makes these instruments particularly appealing to Muslim investors who prioritise ethical and value-based investment practices.

The ASNB Wakaf model represents an innovative instrument in the Malaysian Islamic capital landscape initiated by the largest fund manager in Malaysia, ASNB Sdn Bhd. It applies the concept of *waqf*, with the aim to create a mechanism for sustainable socio-economic development. The ASNB Wakaf model enables an investor to donate a portion of his/her unit trust investment return to a *waqf* fund which, in turn, caters to certain eligible Malaysian beneficiaries (ASNB Wakalah, 2023). Thus, the model which incorporates the principles of *waqf* into the unit trust investment vehicle provides a novel way of achieving the objective of perpetual charitable giving for social initiatives.

Sulaiman *et al.* (2019) also found that establishing a unit trust *waqf* is another way of ensuring a sustainable source of income for the *waqf* beneficiaries. This instrument is an evolution of the traditional cash *waqf* as a certain percentage or all the dividends can be channelled for *waqf* purposes. To date, four *waqf* based unit trust funds and one wholesale fund have been launched in Malaysia

(Hamzah *et al.*, 2023). This shows the encouraging momentum of the charitable impact investment from the investors, industry players as well as regulators. On 25 January 2021, ASNB Wakalah Sdn Bhd, a 100-percent owned subsidiary of ASNB, which is also a wholly owned subsidiary of Permodalan Nasional Berhad (PNB) was established (see Figure 1 for illustration of organisational structure). ASNB Wakalah is appointed by the Wilayah Persekutuan Islamic Religious Council (Majlis Agama Islam Wilayah Persekutuan, MAIWP) as a *mutawalli* (*waqf* manager) to manage and oversee the ASNB unit trust *waqf* fund (ASNB Wakalah, 2023). ASNB Wakalah is responsible for managing the Wakaf ASNB initiative by collecting ASNB units for *waqf*, managing disbursement of *waqf* benefit funds to eligible parties through inspection and due diligence process, and ensuring the transparent and effective management of *waqf* funds in strategic collaboration with MAIWP. It is materialised under the Joint *Waqf* Distribution Committee (JPWB) that comprises Islamic finance experts, Shariah law experts, and one representative from MAIWP. This ensures that every decision is made in a transparent manner according to Shariah principles.



Figure 1. Organisational Structure of ASNB Wakalah

Source: ASNB Wakalah (2024)

Wakaf ASNB serves as a platform enabling ASNB unit holders to channel their investment dividends into *waqf*, thereby ensuring that their charitable contributions remain continuous and sustainable over time. The primary investment will remain the unit holder's *waqf* fund, and only the profits from this investment will be used to support *waqf* initiatives. As a unit trust, the Wakaf ASNB is a permanent *waqf*, or *waqf muabbad*. Thus, the *waqf* assets are perpetually beneficial as they cannot be recalled, transferred, or inherited (Amanah Saham Nasional Berhad, n.d.).

In general, ASNB Wakalah is the manager of the collection, investment, and distribution of *Waqf* funds. The following are its main functions (see Figure 2):

1. Collection of *Waqf* Contribution
ASNB Wakalah facilitates for collecting ASNB units to be endowed through Wakaf ASNB service. Donors (*waqif*) may allocate their units perpetually, ensuring that the principal remains untouched while the returns are channelled for charitable purposes.
2. Management and Administration
ASNB Wakalah is responsible for the management of the *waqf* funds, ensuring that the funds are utilised in a prudent and transparent manner. It will conduct appropriate due diligence assessments to identify eligible projects and potential recipients.
3. Distribution of Dividends
ASNB Wakalah distributes the *waqf* benefits from investments to eligible parties for projects across various sectors including healthcare, education, community empowerment, and humanitarian missions. The distribution is managed transparently and effectively through strategic partnership with MAIWP. These allocations are made in accordance with *Maqasid al-Shariah*, focusing on societal welfare.
4. Governance and Reporting
To maintain transparency and accountability, ASNB Wakalah provides annual reports to donors. These reports detail the accumulated *waqf* funds, investment returns, and the allocation of resources to charitable initiatives.



Figure 2. ASNB Wakalah primary functions

Source: Author's illustration based on ASNB Wakalah (2023)

2.6 Waqf Collection and Distribution

Table 1: *Waqf* Distribution and Categories of *Waqf* Beneficiaries

Sector	Amount (RM)	Amount (USD)	Waqf Beneficiaries
Healthcare	350,400	7,7088	3 entities 24 community
Education	130,682	28,750	56 entities 11 community
Community Empowerment	95,435	20,995	8 entities 30 community
Humanitarian Missions	22,000	4,840	200 community
Total	598,517	13,1673	332

Source: ASNB Wakalah 2023

As of 31 December 2023, 50.81-million-unit trusts have been channelled to *waqf* under ASNB, of which 18.51 million units were endowed through the branches while 1.98 million units were channelled through the digital platform (ASNB Wakalah, 2023). This shows that the branch is one of the most effective ways to entice the unit holders to perform *waqf*. More marketing strategies could be carried out to encourage the unit holders to join *waqf* through digital platform, including through the usage of the mobile app. For 2023, the amount of distribution was RM598.517 (USD13,167). The *waqf* usufruct or *manfa'ah* is distributed to projects such as healthcare, education, and community empowerment. Table 1 depicts a total of 332 *waqf* beneficiaries who enjoyed the *waqf* usufruct from ASNB Wakalah in 2023.

The largest portion of the distribution is in healthcare projects (58.5%), followed by education (21.8%), community empowerment (15.95%), and humanitarian missions (3.7%) as shown in Figure 3.

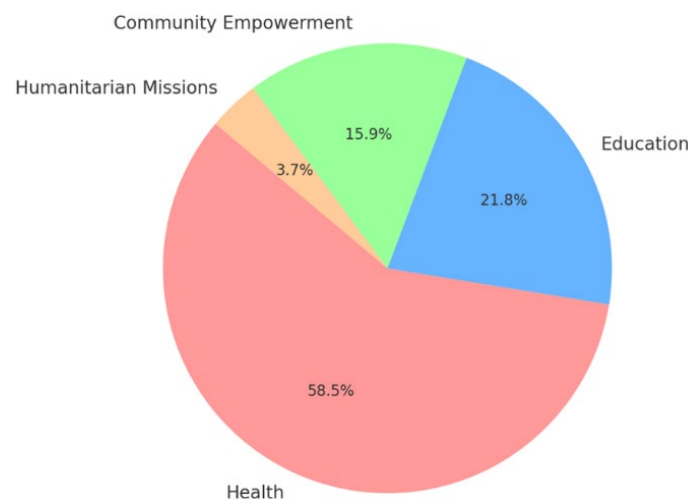


Figure 3. Distribution of Wakaf ASNB by Sector

Source: ASNB Wakalah (2023)

2.7 Institutional Theory

The institutional theory examines how institutional forces, such as the government, profession, and society surrounding the organisation, shape organisational structure and activities. According to the institutional theory, organisations' action is constrained by an array of external forces (DiMaggio and Powell, 1983). Thus, responding to external demands and expectations to preserve legitimacy is a fundamental premise of the institutional theory (Oliver, 1991). The theory emphasises the isomorphic processes of coercive, normative, and mimetic behaviour that are parallel and correlated with each other, influencing the emerging perception or culture within organisations.

DiMaggio and Powell (1991) offered a broad framework for the institutional theory that explores the idea of structural isomorphism, referred to as institutional isomorphism. This concept describes the phenomenon where organisations increasingly adopt similar practices or structures over time in reaction to shared institutional pressures, which can occur at the individual, organisational, or organisational field levels. It is thought that structural isomorphism causes organisations to appear more alike without necessarily enhancing their performance. Organisations strive for institutional legitimacy, contributing to the emergence of standardised organisational practices.

Institutional pressures compel organisations to adopt a common understanding and established practices. Therefore, the desire to integrate *waqf*

within the organisation is influenced by how these pressures are perceived. The three isomorphic mechanisms coercive (restrictive), normative (educational), and mimetic (imitative) affect organisations in achieving operational effectiveness, aligning with peers, and achieving success (DiMaggio and Powell, 1983). Coercive isomorphism occurs as a response to pressures from dependent organisations, as well as societal expectations to conform.

DiMaggio and Powell (1983) contend that an organisation's reaction is not simply a result of the need to increase efficiency but is instead motivated by the quest to align with the expectations of their organisational context. Organisations inevitably become institutionalised by the surrounding institutions (Zucker, 1987). DiMaggio and Powell's (1983) institutional theory posits that organisations face three key institutional pressures that drive the adoption of new rules or practices: coercive, normative, and mimetic influences.

Regulative/coercive

The regulative/coercive aspect underscores the importance of conformity to legal frameworks as the foundation of legitimacy. Many scholars acknowledge the regulatory dimensions of institutions, recognising their role in constraining and standardising organisational conduct. However, some take a more explicit and formal view of regulatory processes. Economists, for instance, may perceive regulatory processes such as rule systems and enforcement mechanisms as the primary drivers of institutional transformation. From the regulatory standpoint, legal obligation may be the fundamental impetus for change, with coercion and fear serving as key factors that perpetuate that change.

Mimetic

The tendency of an organisation to stay similar to its peers in order to receive a favourable assessment from the organisational environment is known as mimetic isomorphism. It is also related to organisational homogeneity, namely the quality of being similar or uniform within a certain ecosystem. According to Scott (2001) and Teo *et al.* (2003), this process reduces uncertainty, improves predictability, and benchmarks companies that are operating at or close to optimal levels.

Normative

The normative aspect highlights the moral foundations for evaluating legitimacy, where change is perceived as resulting from social responsibility

rather than just practicality. Normative frameworks consist of values related to desirable behaviour and rules that dictate how actions should be carried out, establishing legitimate methods to achieve valued goals. This paper employs the institutional theory to investigate how institutional pressures affected ASNB's decision to integrate *waqf* into its dividend distribution, ensuring the institution remains pertinent in the face of the demands and challenges posed by the Muslim society. The research builds upon the institutional theory framework developed by DiMaggio and Powell (1991) and Scott (2008) by exploring the potential influence of religion as an institutional logic from an Islamic viewpoint.

3. METHODOLOGY

This study adopts a qualitative research approach to examine how institutional pressures shape the governance, distribution, and operationalisation of the ASNB Wakalah *Waqf* model within Malaysia's Islamic capital market. The qualitative approach allows for an interpretive understanding of policy frameworks, regulatory structures, and organisational practices rather than relying on numerical data. The focus on document analysis enables the identification of institutional patterns and underlying logics embedded in fatwa resolutions, legal guidelines, and corporate reports related to *waqf* governance.

3.1 Research Design

The research is exploratory and guided by the institutional theory (DiMaggio & Powell, 1991; Scott, 2008), which provides a lens for analysing how coercive, mimetic, and normative forces influence institutional behaviour and adaptation. The study integrates thematic content analysis with the institutional theory framework to interpret the mechanisms through which ASNB navigates regulatory expectations, Shariah compliance, and social legitimacy. This design allows the researcher to link formal regulations, religious directives, and organisational strategies within a cohesive analytical structure.

3.2 Data Collection and Analysis

Data were obtained from primary and secondary documentary sources that collectively represent the institutionalisation of *waqf*-based financial instruments in Malaysia. Primary sources included authoritative fatwa resolutions, regulatory guidelines, and institutional reports that establish the Shariah and legal foundations for the ASNB Wakalah *waqf* model. Among the key documents analysed were the Islamic rulings from the International

Islamic Fiqh Academy and the Malaysia National Council for Islamic Religious Affairs (MKI) (formerly known as National Fatwa Committee), which similarly endorses unit-trust-based *waqf* in Malaysia. Other main documents were sourced from several states in Malaysia including Perak, and Terengganu which have endorsed regulatory framework through *Waqf* Enactments governing *waqf* investment.

Additional regulatory materials were obtained from the Securities Commission Malaysia (SC), notably the Unit Trust Guidelines (2020) and the *Maqasid al-Shariah* Guidance (2023). Institutional data, such as the ASNB Wakalah *Waqf* Fund Prospectus and Annual Report (2023), were analysed to capture organisational perspectives on governance, Shariah compliance, and stakeholder engagement. Additionally, institutional materials such as the ASNB Wakalah *Waqf* Fund Prospectus and Annual Report (2023) were analysed to understand how Shariah governance, stakeholder engagement, and distribution mechanisms are operationalised.

Secondary sources including academic journals, policy papers, and books were consulted to contextualise and triangulate findings from primary documents, enhancing both the credibility and depth of analysis.

The document analysis followed the thematic content analysis procedure outlined by Bowen (2009) and O'Leary (2017). All documents were reviewed repeatedly to familiarise the researcher with their content, identify institutional elements, and extract data on governance and *waqf* implementation. The data were then manually coded according to the three isomorphic dimensions of the institutional theory: coercive, mimetic, and normative pressures (DiMaggio & Powell, 1991). Additional sub-codes were inductively developed to capture contextual aspects such as Shariah governance, policy alignment, stakeholder legitimacy, and *Maqasid al-Shariah* compliance.

Finally, themes were compared across fatwa rulings, regulatory policies, and corporate reports to identify areas of convergence and divergence. The results were triangulated with scholarly literature on Islamic social finance to ensure conceptual coherence, analytical rigour, and validity. This process enabled a deeper understanding of how institutional forces interact to shape the evolution and governance of ASNB Wakalah *Waqf* within Malaysia's Shariah-compliant financial ecosystem.

The institutional theory was employed as the analytical lens to interpret the findings. This theoretical framework provides a structured way to understand how external pressures (coercive), imitation of successful practices (mimetic), and social-professional norms (normative) influence the evolution of ASNB's

waqf model. The analysis also integrated Scott's (2008) pillars of institutional legitimacy, regulative, normative, and cognitive to interpret how ASNB achieves alignment with Malaysia's Islamic finance ecosystem and societal expectations.

4. RESULTS & DISCUSSION

This study applies the institutional theory to explore how external pressures influenced ASNB's decision to incorporate *waqf* into its dividend distribution, ensuring its continued relevance in an evolving and demanding Muslim society. By examining these institutional dynamics, the research expands on the framework established by DiMaggio and Powell (1991) and Scott (2008), highlighting the role of religion as a potential institutional logic within the Islamic perspective.

The institutional theory suggests that organisations adapt to new rules or practices due to three key pressures: coercive, normative, and mimetic influences. These forces shape how institutions respond to external demands, ensuring their relevance and stability in changing environments (Meyer & Rowan, 1977). The Wakaf ASNB model fits well within this framework, demonstrating how institutions, both formal and informal play a crucial role in shaping organisational behaviour, capabilities, and the adoption of new practices.

4.1 Coercive (Regulative) Pressures

For the ASNB Wakalah model, regulative/coercive element can be seen from the legal and regulatory framework of the Malaysian financial sector and the *waqf* system. The ASNB Wakalah model operates within a structured legal and regulatory framework, shaped by Malaysia's financial sector and *waqf* system. Its development and implementation are heavily influenced by formal institutions, particularly compliance with relevant laws and policies (Alam et.al, 2024; Safieddine, 2009). In Malaysia, the Securities Commission regulating *waqf*-based investments, ensuring their accountability and sustainability.

A strong institutional and regulatory system is essential to uphold transparency and governance in *waqf*-related financial activities. Additionally, the *Waqf*-Featured Fund Framework (Chapter 14), governed by the Unit Trust Guidelines issued by the Securities Commission of Malaysia (2020), further reinforces these legal foundations. Such regulatory structures exert coercive pressures, shaping the evolution and implementation of the ASNB Wakalah model to ensure compliance and effectiveness. Accordingly, all investment activities are closely supervised by a Shariah Advisory Committee made up of

experts in Islamic finance and Shariah law. This oversight ensures that investments comply with Islamic principles, making them attractive to Muslim investors who value ethical investment practices.

4.2 *Mimetic Pressures*

Mimetic pressure in the context of the Wakaf ASNB model could be viewed by referring to the potential for other Islamic financial institutions to mimic or adopt successful elements of such a model in their own initiatives. ASNB is vested by the PNB with the management of these funds, which is offered to the public as an investment opportunity while also providing transparency in the way it operates.

Wakaf ASNB is an innovative model, exemplifying how traditional Islamic endowments can be adapted in a modern Islamic capital market to meet contemporary societal needs. As Wakaf ASNB progresses towards becoming a more innovative *waqf*-philanthropic framework, it is now the gold-standard for other nations to draw example from. Other Islamic financial institutions or *waqf*-based initiatives may engage in mimetic pressures, attempting to imitate or adopt aspects of the Wakaf ASNB model to enhance their own offerings which obviously confirmed earlier study by Alam *et al.*, (2024).

4.3 *Normative Pressures*

Normative pressures emerge from shared professional norms, ethical expectations, and religious obligations that influence institutional behaviour. In Malaysia's context, *waqf* carries profound religious and cultural significance; thus, corporate entities engaged in *waqf* must uphold Shariah integrity and demonstrate social responsibility. This is particularly relevant in the context of *waqf* philanthropy, where corporations or fund managers, such as ASNB, require a harmonious alignment of work with religious obligations. It is essential to fulfil Shariah principles while also complying with the formal governance structures mandated for financial organisations. The Wakaf ASNB model reflects how institutions evolve by adopting practices that ensure legitimacy within their respective environments. The model's success may depend on its ability to align with and legitimise itself in the eyes of key stakeholders, such as the Muslim community, regulators, and beneficiaries, by demonstrating its adherence to Islamic principles and its contribution to societal welfare. In addition, the cultural and social traditions surrounding *waqf* and Islamic philanthropy in Malaysia can influence public opinion and acceptance of the Wakaf ASNB mechanism, imposing normative pressure. Through the institutional theory domain, the organisations pursue legitimacy by conforming to institutionalised norms. The ASNB Wakalah model

embodies these normative expectations through its governance structure and operational ethics, showing that they also need to abide by *Maqasid al-Shariah* and ensure effective financial operations.

An example of this is the establishment of the Joint *Waqf* Distribution Committee (JPWB) to show how ASNB Wakalah embeds within it formal rules and Shariah compliance mechanisms which seek legitimacy from its stakeholders like religious authorities, investors, and beneficiaries. The establishment of the *Maqasid al-Shariah* Guidance of the Securities Commission of Malaysia 2023 might have a new normalisation landscape in fulfilling the Shariah objectives by the Islamic capital market players in Malaysia including ASNB Wakalah.

4.4 *Theoretical Integration*

This study offers insights into the application of the underexplored *waqf*-philanthropic framework within the literature on institutional theory. It examines how the governance structure, operating rules, and objectives of ASNB are influenced by institutional pressures. Coercive isomorphism arises from external pressures; normative isomorphism is linked to professionalisation and social norms, whilst mimetic isomorphism occurs when organisations imitate successful models to navigate uncertainty.

The findings collectively demonstrate that ASNB Wakalah's development is shaped by the interaction of coercive, mimetic, and normative forces. The organisation's adaptation to these pressures illustrates how institutional logic functions within a Shariah-governed ecosystem. The model not only complies with external regulatory frameworks but also internalises religious ethics as a form of institutional legitimacy. This legal and spiritual compliance distinguishes Islamic social finance institutions from their conventional counterparts, affirming that Shariah governance is both a regulatory requirement and a moral imperative.

4.5 *Social and Economic Impact*

The ASNB Wakalah *Waqf* model demonstrates tangible socio-economic benefits across key sectors of the Malaysian society. In 2023, ASNB generated approximately RM598,517 (USD13,167) in *waqf* funds, which were channelled to education, healthcare, and community empowerment initiatives (ASNB Wakalah, 2023). These activities operationalise *Maqasid al-Shariah* principles by preserving intellect (*hifz al-'aql*), life (*hifz al-nafs*), and wealth (*hifz al-mal*).

Education Sector

ASNB Wakalah as the *waqf* manager has been involved in the distribution of *waqf* proceeds for school renovations, scholarship donations, and institution equipment with essential learning materials at various institutions such as Yayasan Universiti Multimedia, Universiti Tenaga Nasional, and several primary and secondary schools in Malaysia. Universiti Sains Islam Malaysia (USIM) has also benefited from the ASNB Wakalah distribution project in 2024 to address transportation issue within the university campus with the *waqf* allocation of RM50,000 (ASNB Wakalah, 2024). The support from ASNB Wakalah has indeed eased the burden on students, enabling underprivileged communities to access education and fostering intellectual growth and societal progress in the long run.

Healthcare Sector

Waqf proceeds have also supported the procurement of medical equipment, hospital renovation, and financial aid for patients at institutions such as Al-Sultan Abdullah Hospital (UiTM) and the National Heart Institute (IJN). These initiatives directly serve low-income groups, improving public health infrastructure and reflecting *Maqasid al-Shariah's* emphasis on preserving life (*hifz al-nafs*).

Community Empowerment

ASNB Wakalah has further extended support to community development and livelihood enhancement projects, including disaster relief, community centre construction, and sustainable economic initiatives. A notable example is the solar dome dryer project in Kampung Seberang Alor, Kuala Perlis, which empowers fishermen and farmers to preserve produce efficiently and increase income stability.

Despite its success, ASNB faces challenges in maintaining Shariah compliance while achieving consistent investment returns. Furthermore, increasing public awareness of the benefits of this model can lead to a greater number of contributors and a more significant overall impact. The digitalisation of *waqf* contributions via the myASNB mobile application—represents a major opportunity to expand participation and transparency. This digital innovation aligns with Value-Based Intermediation (VBI) principles, offering a scalable and technology-driven model adaptable to other Muslim-majority markets.

4.6. RECOMMENDATIONS AND WAY FORWARD

To strengthen the long-term viability of the ASNB Wakalah waqf model, several strategic recommendations are proposed. First, waqf governance should be further institutionalised through a standardised national reporting framework anchored in Maqasid al-Shariah, ensuring consistent disclosure, impact measurement, and Shariah alignment across all waqf-linked financial instruments. Second, ASNB should expand its digital infrastructure by integrating real-time impact dashboards, blockchain-based traceability, and automated compliance checks to enhance transparency and public trust. Third, deeper collaboration between federal regulators, state religious authorities, and corporate waqf entities is needed to coordinate policies, share data, and co-develop high-impact projects in education, healthcare, food security, and community resilience.

Looking ahead, the way forward involves positioning ASNB Wakalah as a regional reference model for institutionalised waqf management. Future initiatives should explore cross-border waqf investment platforms, ESG-aligned waqf funds, and blended Islamic social finance structures that combine waqf, zakat, and Sadaqat for scalable social outcomes. Continued research on behavioural responses, stakeholder expectations, and long-term socio-economic returns will also be crucial in refining the model. Ultimately, strengthening governance, leveraging technology, and expanding strategic partnerships will ensure that the ASNB Wakalah waqf model remains adaptive, impactful, and capable of shaping the next generation of Islamic social finance innovation.

5 CONCLUSION

This study examined the ASNB Wakalah *waqf* model within the framework of the institutional theory, focusing on how coercive, mimetic, and normative pressures shape its governance, implementation, and social impact. Through a qualitative document analysis, the study reviewed fatwa resolutions, regulatory frameworks, and corporate disclosures to trace the evolution of *waqf*-based financial instruments in Malaysia's Islamic capital market. The findings reveal that the ASNB Wakalah *waqf* model exemplifies a hybrid institutional innovation, harmonising modern investment governance with traditional Islamic philanthropy. This synthesis ensures that the institution not only complies with regulatory mandates but also aligns its operations with Shariah principles and *Maqasid al-Shariah* objectives, thereby achieving both financial performance and social legitimacy.

Beyond theory, the study identifies measurable social and economic impacts of the ASNB Wakalah *waqf* initiative. Its contributions to education, healthcare, and community empowerment demonstrate that institutionalised *waqf* management can be both financially sustainable and socially transformative. The integration of digital tools such as the myASNB mobile application further enhances transparency, accessibility, and public participation, signalling Malaysia's transition towards technology-enabled *waqf* philanthropy. These developments affirm the potential of Islamic capital market instruments to advance Value-Based Intermediation (VBI) and Sustainable Development Goals (SDGs) through faith-based impact investment.

In conclusion, ASNB Wakalah represents a new paradigm in Islamic social finance, one that blends the moral spirit of *waqf* with the discipline of institutional governance. Its evolution reflects Malaysia's capacity to integrate faith, finance, and social responsibility into a cohesive framework of sustainable development. By demonstrating that Shariah-compliant financial instruments can deliver both economic and spiritual value, the ASNB Wakalah *waqf* model sets a benchmark for the future of Islamic capital market innovation and reaffirms Malaysia's leadership in global *waqf* governance and Islamic finance thought.

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