

Implementation of the Blue Ocean Strategy in Waqf Development in Malaysia

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Abstract

Waqf is an important instrument for socio-economic development. Blue Ocean Strategy is a global approach that combines creativity and innovation. This initiative also exists in the implementation of waqf development. The objective is to identify experts' views on the strategy's potential implementation in Malaysia's waqf development. Data collection was obtained through interviews with experts involved in managing waqf. They analyzed using the content analysis method. The study found waqf and the Blue Ocean Strategy can be combined to maximize benefits to society and the country. The integration of both strategies helps in the development of waqf assets and provides benefits.

Keywords: (Waqf, Blue Ocean Strategy, Development Waqf)

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1.0 Introduction

Waqf is one of the financial instruments in the Islamic economic institution that combines spiritual and material elements by providing welfare and economic benefits to the community and those in need (Ghazalia & Raffar, 2021). Recognizing the importance of waqf in the development of the ummah's economy, continuous efforts are being made in collaboration between the government and contemporary waqf researchers. One of these efforts is the implementation of the Blue Ocean Strategy in waqf asset development. One of the main cores and policies of the government through the Blue Ocean Strategy is to enhance the country's competitiveness and productivity toward becoming a high-income and advanced nation (Zaki & Sulong, 2019). The Blue Ocean Strategy approach allows for the fulfillment of all the needs and requirements of the people, in line with the government's desire to fulfill the promises and party manifestos made during elections. To elevate the development of waqf assets, the Blue Ocean Strategy is applied to ensure that waqf assets in Malaysia can truly maximize their benefits to society. Waqf is donating assets for charitable purposes in Islam. Waqf can potentially provide social, economic, and national development benefits. In Malaysia, waqf has been introduced as a development strategy that offers diverse benefits to society. Therefore, this study is conducted to achieve the primary objective of identifying experts' perspectives on the potential implementation of the Blue Ocean Strategy in waqf asset development in Malaysia.

2.0 Literature Review

2.1 Financing Methods in Waqf in Malaysia

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Efficiency in using waqf assets can positively impact the performance of waqf institutions. The Malaysian Islamic Religious Council (MAIN) is the sole trustee of waqf assets in Malaysia and needs to be more effective, efficient, and systematic in managing waqf properties, particularly regarding waqf financing methods. Waqf financing refers to the methods used to acquire capital for waqf development projects. According to Romli et al. (2019), the financing methods practiced by waqf mutawallis in Malaysia can be categorized into traditional and modern methods. The traditional methods involve the implementation of *Ijarah* concepts such as leasing and renting. The modern methods involve the implementation of build-operate-transfer (BOT) methods and equity-based partnerships or income-sharing ventures. They further argue that the implementation of modern methods is more suitable and systematic in the present time, aligning with technological advancements and current circumstances. The implementation of the *Ijarah* method in developing waqf assets has garnered attention from researchers such as Mohamad Akhir et al. (2021). Their study found that the implementation of the *Ijarah* concept is highly suitable for sustaining private Tahfiz schools. They argue that *Ijarah* is an appropriate method for developing and innovating waqf land. Furthermore, they highlight the urgent need for the development of waqf land in Tahfiz schools due to the increasing demand for such schools. Kamal and Seman (2017) conducted a study on the potential implementation of financing methods by MAIN in higher education institutions (IPTs). Their study identified five financing mechanisms for waqf development projects implemented by MAIN: 1) direct contributions from the public for waqf purposes, 2) collaborations and strategic partnerships with corporate companies, private entities, or government-linked companies, 3) using zakat funds to develop waqf land, 4) collaboration between government agencies, namely the Malaysia Waqf Foundation (YWM), the Wakaf, Zakat, and Hajj Department (JAWHAR), and MAIN, and 5) reusing the proceeds or benefits from developed waqf assets. They argue that these five mechanisms hold exciting potential and are suitable for implementation in IPTS. Based on Abdullah et al.'s (2021) study, waqf financing can be done directly through cash waqf, tangible waqf, and *Irsyad* waqf. These direct methods provide opportunities for a broader range of people to participate in waqf, as the collected amount is minimal and does not burden all segments of society. They further argue that this approach can help raise funds to develop waqf assets. Based on the discussions above, it can be concluded that various waqf financing methods have been implemented in Malaysia. They can be categorized into traditional and modern methods, each with their advantages. The selection of an appropriate financing method depends on the needs and capabilities of mutawallis in managing waqf development to ensure the sustainability of waqf benefits.

2.2 Integration of Waqf Development

Previous studies have found that integrating waqf with other elements can effectively enhance waqf development potential. A study conducted by Noor Syahidah (2019) found that integrating waqf with *ijarah* (leasing) for the sustainability of private Tahfiz schools can benefit multiple parties. This integration method has also been applied in Indonesia and is seen to enhance waqf development. Many Islamic boarding schools there advance their institutions by developing waqf assets through the *ijarah* method. Examples of institutions in Indonesia that utilize the *ijarah* method are the Pesantren Walisongo Ngabar (Anita, 2015) and Pesantren Miftahul Ulum al-Yasari (Hasan Asya'ari, 2016). Based on Muhamad Imam Syairozi's (2017) study, integration involves combining two elements to form a more comprehensive and beneficial innovation. His study focused on integrating waqf and sukuk methods, which are seen as having the potential to develop waqf assets through investment. Another study by Hussein 'Azeemi Abdullah Thaidi (2019) explored integrating waqf with Islamic microfinance as a special solution to assist the poor. There are also recent initiatives by Siska Lis Sulistiani (2023) to integrate waqf with Hajj investment. This research suggests that investments can be made through collaborations to achieve greater benefits for waqf development in Indonesia. Therefore, based on the findings of previous studies, this article aims to integrate waqf and the Blue Ocean Strategy. This integration can contribute to the development of waqf assets by ensuring they benefit society and promote sustainable community development in Malaysia.

2.3 Waqf Development through the Blue Ocean Strategy

Waqf development and the Blue Ocean Strategy are two distinct fields, but they share some similarities in terms of economic development. Past studies have shown that several methods can be used to harness the potential of waqf development through the Blue Ocean Strategy. Waqf and the Blue Ocean Strategy have the potential to be integrated to maximize benefits for society and the country. Previous studies have explored the concept of the Blue Ocean Strategy in the context of waqf development in Malaysia, including the issues and challenges faced, as well as the role of the strategy in strengthening waqf management and development. Based on the analysis of these past studies, it is evident that waqf and the Blue Ocean Strategy can be combined to maximize benefits for society and the country. This integration can help advance the agricultural sector of the country and develop waqf land through high-quality efforts and actions. Furthermore, the combination of these two strategies can improve the income levels and living standards of the community, as well as contribute to sustainable community development in Malaysia. Therefore, it is important to continue studying and effectively implementing this strategy to maximize benefits for society and the country.

3.0 Methodology

The research methodology employed in this study is qualitative, utilizing content analysis as the analytical method. Qualitative methods are used to address research questions exploratory and complex. Data were obtained through face-to-face interviews with experts who have authority in managing waqf property matters. The informants consisted of 3 people coded using a numbering system as P1, P2, and P3. The numbering system was implemented for three purposes. First, to maintain the confidentiality of information by the records mentioned in the interview authorization letter. Second, it was used as a strategy to build rapport between the researcher and the informants. Third, to facilitate the process of identifying codes and memos within the entire dataset. The data in this study were analyzed

using ATLAS.ti version 8.0 (PAV8) software to comprehend complex, extensive, and unstructured data. The organized data was further analyzed using content analysis. The informants of this study consisted of a group of experts classified into three categories based on their involvement in organizations holding specific positions related to the research focus. They had extensive knowledge and experience in the field of waqf, either through direct involvement in waqf management and administration in the studied state or through conducting in-depth studies and research in the relevant field, and they were responsible for matters related to the researched focus. The selection based on these three classifications aligns with the defined objectives of the study. Additionally, data were obtained from secondary sources through library research, including articles and previous studies, which were thoroughly examined and analyzed descriptively. The process of analyzing the study findings was based on data obtained from the analysis of previous studies that aligned with the research themes and were processed according to the established research objectives. Since the collected data in qualitative studies are descriptive in nature, it requires a different data analysis approach compared to quantitative methods.

4.0 Findings

The potential use of the Blue Ocean Strategy approach in waqf development is a study that focuses on the combination of waqf concepts. The potential of this approach has been applied in waqf development and has proven to enhance the effectiveness of waqf implementation, particularly in Malaysia. This implementation is in line with holistic efforts to ensure the sustainability of the benefits derived from waqf performed by waqf contributors. Therefore, waqf trustees need to strive to think of the best methods and approaches to ensure that the waqf assets under their supervision are not left neglected. Information analyzed through interviews with informants has found that there are two categories of development financing methods that are suitable for waqf land development. Interviews with informants also revealed that both categories were chosen as feasible and applicable development financing methods. This can be seen through feedback from informant P1, who explained: "If we look at the current situation, we not only develop waqf land using traditional methods, but we also strive to do it in a modern or contemporary way. The purpose today is that if we adopt modern approaches, the community will be more receptive. From there, we can think of methods to raise funds for a particular development." (P1, 2023). Based on the feedback from informant P1, it is evident that the diversity of development financing methods for waqf assets includes both traditional and contemporary categories. This was agreed upon by informant P2, who also acknowledged: "We are trying to diversify the financing methods for the development of existing waqf land. Some are developed using traditional methods. Typically, for specific waqf land, we follow the intentions of the waqf contributor. But for general waqf land, we can use modern methods. Modern methods are more contemporary. We engage in cooperation with other parties such as banks and corporate entities. This is more modern and greatly helps in developing waqf assets." (P2, 2023). The feedback from informant P2 indicates that a variety of methods in waqf asset development has been practiced in waqf management. This involves both contemporary and traditional approaches. In today's context, many modern methods of financing waqf land development have been implemented. The diversity of these methods holds potential that aligns with the implementation of the Blue Ocean Strategy approach in waqf development in Malaysia.

Table 1.1: Contemporary Methods of Waqf Development

Contemporary Development Financing Methods	
1. Lease-Based	- Build, Operate, and Transfer (B.O.T)
2. Joint Partnership	- <i>Musyarakat</i> Partnership
3. Corporate Investment	- Equity Issuance (Shareholding)
4. Direct Methods	- Cash Waqf - Wakaf Kaki - Saham Wakaf - Wakaf Saham - <i>Crowdfunding</i>

(Source: Informant Interviews (2023) and PAV8 analysis)

The strategy through Blue Ocean Strategy approach has been implemented in the development of waqf assets in Malaysia, which includes government efforts to address the funding shortage issue for waqf land development. This can be evidenced by the statement of informant P2, who explained that: "In the effort to develop waqf land, various efforts have been made. If we look at the strategy, we have collaborated with various agencies. JAWHAR has also implemented other efforts to seek alternative funding for waqf property development projects, including collaborations. Collaboration can take various forms, such as through the National Blue Ocean Strategy (NBOS) approach with government-related companies (GLCs), corporations, private companies, and financial institutions." (P2, 2023). The explanation from informant P2 above proves that this strategy has been implemented by JAWHAR as a step to strengthen the management and administration of waqf, especially in terms of waqf land development. Therefore, the suggestion from informant P3 that this strategy be used as a new mechanism in developing waqf land is seen as a relevant suggestion. The viewpoint of informant P3 is as follows: "So, I think we need a new mechanism. We can use the Blue Ocean Strategy approach like cooperation. For example, today when a university needs to establish a waqf and seek waqf funds, there is a selfish element that arises. So, an original approach needs to be taken. If we do excellent work, then the *modus operandi* should also be good. In my opinion, the best approach is to use a congregational approach." (P3, 2023). Based on the feedback from informant P3, it is stated that this strategy can be used and applied, especially in establishing cooperation to enhance the dignity of waqf institutions. The role of leaders in every organization related to waqf management needs to be nurtured to ensure that efforts to develop waqf are carried out by the proper principles of Islamic Sharia, which emphasize that waqf is a virtuous practice that is demanded. Therefore, the approach and strategy need to be adjusted. In this

context, every waqf organization and institution needs to adapt the patterns of their management practices because the traditional centralized and bureaucratic management system is no longer suitable for the demands of modern management in the era of globalization that is full of competition. The creation of innovations needs to be highlighted so that waqf development can achieve a balanced point that is in line with the times. The Blue Ocean Strategy, which focuses on finding uncontested market space, is applicable to the leadership of waqf institutions and management.

5.0 Discussion

This study indicates that the Blue Ocean Strategy approach can be used to develop waqf assets in Malaysia through the implementation of projects oriented towards the fisheries and tourism industries in coastal and maritime areas. Combining the concepts of waqf and the Blue Ocean Strategy in waqf development can help increase income and improve the standard of living of local communities and benefit the national economy through the development of high-quality fisheries and tourism sectors. Also, this combination can contribute to the development of sustainable communities responsible for the environment. In summary, the implementation of the Blue Ocean Strategy approach in waqf development in Malaysia has been carried out with various dimensions. The findings of the study indicate that this approach has been implemented through the development of waqf hotels, where the development is implemented through self-financing models and partnerships with selected corporate companies. Furthermore, the strategy through this approach has been evident in the development of waqf land as one of the government's efforts to address the funding shortage issue for waqf land development. The Department of Waqf, Zakat, and Hajj (JAWHAR) is also involved in this effort to ensure that this strategy can be utilized as a step to strengthen the management and administration of waqf, especially in terms of waqf land development. Therefore, this approach is seen as an exciting potential as a new mechanism for developing waqf land. The results show that the potential implementation of this strategy is carried out through various methods, some of which involve the integration of waqf development financing, thereby further strengthening the efforts in developing waqf assets. The transformation of using contemporary financing methods such as Waqf Financing through Public and Private Funds, where a bilateral relationship between the government and private companies exists, provides an opportunity for private companies to contribute financially to finance waqf projects as part of their corporate social responsibility. Crowdfunding and Alternative Financing Platforms are also seen as pioneering methods in the Blue Ocean Strategy effort, where the method of fundraising from various individuals or organizations through online platforms can be an effective way to gather funds for waqf projects. In the context of waqf development, the application of this concept through the strategy is considered appropriate because it brings benefits in efforts to transform diversification, even involving waqf assets, and at the same time, this strategy is an approach that looks at future effects with steps that go beyond traditional approaches.

6.0 Conclusion & Recommendations

In conclusion, this study shows that the Blue Ocean Strategy approach can be used to develop waqf assets in Malaysia and provides significant potential in waqf development management. The combination of waqf concepts and the Blue Ocean Strategy in waqf development can also help increase income, improve the standard of living of local communities, and contribute to the development of sustainable communities that are responsible for the environment. Therefore, it is important to continue studying and effectively implementing this combination to maximize the benefits to the community and the country. The development of waqf in Malaysia brings benefits to society. Through waqf, resources, and assets can be utilized to build and support social welfare programs such as education, healthcare, welfare, and social infrastructure. This positively impacts the quality of life and well-being of society. The development of waqf can also contribute to the country's economy. Through the management and development of waqf assets, productive and potential development projects can be implemented. This can stimulate economic growth, create employment opportunities, and increase the income of the people. Thus, the waqf approach through the Blue Ocean Strategy can provide benefits in strengthening public service systems such as healthcare, security, infrastructure, and public facilities. This will improve the quality of public services provided to society and enhance the sustainability of national development. In conclusion, the development of waqf in Malaysia brings diverse benefits to society, helping to enhance welfare.

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Paper Contribution to Related Field of Study

The paper contributes to the field of Islamic development and management, economics, and Waqf Financing.

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