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Waqf as a driven source for human capital development: a comparative analysis of Bangladesh and Malaysia

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ABSTRACT

This article explores the significant role of waqf in the development of human capital, focusing on Bangladesh and Malaysia. The aim of this study is to outline the importance of human capital in economic development and how waqf can be utilised to foster education, training, and skills, contributing to overall societal welfare and prosperity. It presents a qualitative research approach, employing interviews and thematic analysis to explore the effectiveness and challenges of waqf in human capital development. The study reviews theoretical underpinnings of human capital from both Western and Muslim scholars and compares the practical applications and outcomes of waqf-funded initiatives in enhancing human capital in the two countries. The findings illustrate varied perspectives and implementations in Bangladesh and Malaysia, influenced by cultural, economic, and institutional factors. The article concludes by suggesting that waqf can significantly contribute to human capital development, with implications for policy and practice in Muslim-majority countries facing similar challenges. This study uniquely examines the role of waqf in human capital development in Bangladesh and Malaysia, integrating both Western and Islamic perspectives. By comparing waqf-funded initiatives across these distinct cultural and economic contexts, it identifies key challenges and opportunities that shape effective outcomes. The findings provide valuable insights for policymakers and practitioners, suggesting ways to leverage waqf for human capital enhancement in Muslim-majority countries with similar socio-economic goals.

1. Introduction

A nation's economic prosperity hinges significantly on the provision of quality education, professional training, and proficient skills across all fields of knowledge, coupled with the effective utilisation of such knowledge for overall national development. Given that human capital, represented by skilled manpower, forms the essence of a country's gradual advancement, investing in its development emerges as a pivotal solution to enhance the well-being and prosperity of the nation. The development of human resources

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stands as a critical driver for accelerating economic growth. Facilitating education, training, and skills through initiatives like waqf can substantially uplift individual lives and economic status, fostering the overall progress of society. Human capital, in essence, addresses the needs of the population, bolstering individual income and instilling essential values such as integrity, punctuality, and empathy, thereby facilitating significant contributions to societal welfare.

Human welfare in Islam encompasses both economic prosperity and the pursuit of loftier objectives. It aims not only for success in worldly affairs but also, more significantly, for the attainment of eternal bliss in the hereafter. The Islamic worldview revolves around the central tenet of Tawhid (the Oneness of God) and the belief in Akhirah (life after death). This belief in ultimate accountability fosters a heightened awareness of personal conduct, preferences, and attitudes. It instills a worldview in which individuals maintain a steadfast faith in the Divine while conscientiously fulfilling their duties and obligations, driven by Taqwa (whole-hearted fear of Allah). This ethos guides individuals to act ethically and judiciously in their worldly endeavours, with the conviction that such conduct will lead to eternal tranquillity in the hereafter. As stated in the Quran, "Never will you attain the good [reward] until you spend [in the way of Allah] from that which you love. And whatever you spend-indeed, Allah is Knowing of it." (Quran, 3:92).

Investing in human capital is paramount, particularly for Muslim countries, as skilled professionals play a pivotal role in driving a nation's progress. Despite abundant natural resources, a country cannot thrive without knowledgeable and efficient professionals. Recognising the significance of empowering human resources, it falls upon responsible citizens to prioritise the development of their nation by harnessing the collective potential of its people. In instances where government funding for human capital development falls short, waqf presents itself as a viable alternative. This charitable endowment system can bridge the gap between government resources and the needs of ordinary citizens, ensuring equal rights for all, irrespective of race or religion, as advocated by Islam. This study explores how waqf can significantly contribute to the enhancement of human capital, with a specific focus on Bangladesh and Malaysia.

Despite the historical significance and vast potential of waqf in fostering socio-economic progress, its role in addressing human capital development (HCD) remains underexplored, particularly within the practical contexts of Bangladesh and Malaysia. Existing literature largely focuses on the historical and conceptual dimensions of waqf, while practical analyses of its implementation challenges and impact on education, training, and skills development are limited. Moreover, most comparative studies overlook the institutional, cultural, and regulatory nuances that affect waqf's effectiveness in different national contexts. This study addresses this gap by conducting a comparative analysis of waqf-based HCD initiatives in Bangladesh and Malaysia, examining institutional practices, identifying key barriers, and proposing strategic improvements. Through this analysis, the study aims to provide practical recommendations for policymakers, waqf administrators, and development practitioners in Muslim-majority countries.

Several countries have strategically incorporated waqf as a key instrument for Human Capital Development (HCD), particularly in the realms of education, vocational training, and healthcare. For instance, Malaysia stands at the forefront of institutionalising waqf for educational advancement and skills development. Numerous universities have established waqf-based endowment funds to provide scholarships and financial assistance to students. The International Islamic University Malaysia (IIUM) Waqf Knowledge initiative exemplifies the IIUM Endowment Fund's (IEF) implementation of waqf Ilmi, a monetised waqf framework fully compliant with Islamic endowment principles. Managed by an executive board chaired by the Rector alongside the Deputy Rector of Student Affairs and six additional members. This fund is structured to uphold robust governance aligned with waqf regulations (Usman & Ab Rahman, 2023).

On the other hand, Technical and Vocational Education and Training (TVET) serves as an essential pillar within contemporary educational systems, fostering the development of a skilled workforce capable of adapting to rapidly evolving industrial demands. By equipping learners with practical competencies directly aligned with industry requirements, TVET not only enhances employability but also propels

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broader economic growth and innovation (Kamarzaman et al. 2024). A robust symbiotic partnership between TVET institutions and the industrial sector is critical to align training programmemes with actual labour market needs. Subri et al. (2022) propose a comprehensive governance model for Malaysian engineering TVET, emphasising shared oversight, curriculum alignment, and mutual accountability between educational institutions and industry partners. In bridging the gap between formal education and the practical realities of the labour market, TVET underpins social inclusion by providing diverse pathways into gainful employment, particularly for individuals outside traditional academic tracks.

Whereas the Selangor State Islamic Religious Council actively addresses public medical needs by facilitating the provision of healthcare infrastructure. A notable initiative is the mobile clinic programme launched by Wakaf Selangor Muamalat, in which vehicles are converted into fully equipped clinics through collabouration with selected hospitals that furnish healthcare personnel and medications. This programme exemplifies a strategic utilisation of waqf assets to extend medical services to underserved communities, reflecting a broader commitment by state religious bodies to promote accessible and community-center care.

This study promotes a more organised and strategic utilisation of waqf to enhance human capital development. It encourages Muslim-majority nations to fully harness the potential of waqf as a sustainable funding mechanism for education and training initiatives. Therefore, the objective of this research is to highlight the significance of human capital in economic progress and to explore how waqf can be employed to promote education, training, and skill development, thereby enhancing societal well-being and prosperity. Hence, it is necessary to find out the best practices for crowdfunding platforms in Malaysia to be self-reliant and more sustainable in funding educational institutions. The initial section of this study will explore the concept of human capital, examining the knowledge, skills, competencies, and attributes within Malaysia and Bangladesh. Subsequently, it will emphasise perspectives on human capital theories from both Muslim and western scholars. Lastly, the research will center on human capital development and it's Experiences from Bangladesh and Malaysia, while also highlighting key comparisons between the two nations.

2. Literature review

2.1 Concept of human capital

The concept of human capital has been primarily developed by Schultz, and Gary Becker helped to promote this theory (Germon et al., 2011). The term 'human capital' first appeared in an article in the American Economic Review entitled "Investment in Human Capital" by Nobel Laureate economist Theodore W. Shultz. Human capital theory (HCT) emphasises the fact that an individual's distinctive knowledge and skill help to create economic value (Marvel et al., 2016). It is evident from research that the productivity of human capital increases in accordance with prior knowledge in maintaining and discovering innovative entrepreneurial opportunities (Dimov, 2010). Modern growth theory starts with Joseph Schumpeter, who places the utmost importance on human capital development by considering it a great important factor in determining productivity and ensuring financial prospects more than a country's natural resources. His emphasis on entrepreneurial jobs like running a business is noteworthy. He believes that innovative attempts to develop human capital development will accelerate its productivity and efficiency of work (Hill & Pearce, 1990).

In the mid-twentieth century, Gary Becker and many others contributed to developing a theory of human capital. Human capital theory elucidates that an individual's degree or level of educational qualification, skill and efficient working experience ensure his/her income rate, which is primarily viewed from a microeconomic context, and it can be consequently correlated with the macroeconomic perspective (Becker, 1975). In order to elicit this, we can focus on ideas shared by growth accounts like Denison and Jorgenson & Griliches, who minutely dedicate themselves to observing the level of changes which

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determines the quality of the workforce that could clarify the “residual” total factor productivity (TFP) unaccounted for by elevating labour and capital inputs (Denison, 1967).

Education is the key factor of human capital development. Lucas firstly stresses the accumulation of human capital and secondly emphasises the labour accumulation of human capital with two main variables: human capital and physical capital. Lucas argues that the development of human capital is very important to ensure the prospects of the next generation (Lucas, 1988). Education plays a significant role in increasing the rate of productivity, which ultimately results in greater output of economic growth. The study stresses the importance of investment in pursuit of new knowledge, which is similar to investing in capital growth, and mentions two variables, namely physical capital and technological capita,l that contribute to the overall process of human capital development (Romer, 1989). Similarly, human capital should be regarded as a firm-level resource that possesses the potential for the attainment of competitive advantage (Nyberg et al. 2014). The productivity of human capital depends on the acquired knowledge, education, experience and pertinent job-related learning (Unger et al. 2011).

The development of human capital will determine the enhancement of the company, which is derived from the overall satisfaction and performance of the employees. Developing human capital implies the pertinent procedures for the enhancement of skill, knowledge and level of efficiency of working skills in terms of the provision of education and training and taking subsidiary or supplementary initiatives for increasing skills and knowledge of individuals. Human capital is a very crucial element or resource on which a firm’s success and achievement rely at large, and it also determines the organisational outcomes of a firm in terms of its competitive advantage. Some researchers also quoted the definition of human capital by OECD (Organisation for Economic Co-operation and Development) given as: “The knowledge, skills, competencies, and attributes embodied in individuals that facilitate the creation of personal, social and economic well-being” (Marimuthu et al., 2009).

2.2 Process of human capital development

The development of human capital centres on the process of upgrading knowledge, skills and experience of the populace in creating enlightened and skilled human beings. The value of investing in developing human resources is precious, innumerable, and vast. A worker may excel in his/her performance by devotion, and it may depend on an individual’s ability to do the work as well as one’s commitment or devotion to the profession they are attached to.

The development of human capital maintains that many countries have put more emphasis on the development of human capital to accelerate their economic growth. At the macroeconomic level, human capital can be developed through targeted efforts such as expanding access to education, offering computer training courses, and providing medical care services. In addition, programmes should aim to instil values such as honesty, punctuality, and perseverance, as these traits cultivated through training and public education are essential for improving the quality of life and socio-economic status of the population. Financial aid or money invested in human capital has a great potential competitive advantage, and it will increase the performance of the employees in firms, so investing money in human capital development is accepted by many firms (Marimuthu et al., 2009).

Higher learning widens the scope of the rejuvenation of knowledge and invigorates an individual with well-equipped information and ultimately strengthens the working capability of human resources (Knack & Keefer, 1997). Similarly, an innovative and comprehensive educational system helps to modulate not only individual flourishing but also contributes significantly to the social and economic growth of a nation. Researchers urge a nation’s true understanding or realisation of the importance of fortified human capital by granting it as a crucial sector of higher investment into education so that skilful, well-experienced human resources may lead a nation towards better attainment of success and economic prosperity (Yunus et al., 2014).

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For a nation's prosperity, human beings are the most valuable assets, that is why more attention should be given to human capital development. In order to attain sustainable development, both physical and human capital are important, as unskilled labour can be made skilful by providing them with education, and knowledge, and training. Similarly, for agriculture, skilled human resources are essential. Many countries in the world have invested hugely in the development of human capital because without skilled manpower, a country will not be able to attain sustainable development despite having rich natural resources (Alani & Isola, 2009). The mutual affiliations between human resource management development and innovative IT practices, which largely rely upon the way human capital is being incorporated for sustainable development (Nieves & Quintana, 2018). Innovative attempts at entrepreneurial efficiency entirely officiate the overall performance of human resources employed in restaurants (Lee et al., 2016).

2.3 Use of waqf for human capital development

Many countries have used waqf instruments for three major domains of human and social development, i.e. education, urban services, and health and hygiene. The urgency of seeking knowledge, which is emphasised by Islamic teachings, points out that Al-Azhar University of Egypt is one of the oldest waqf institutions for higher education and research. Among Muslim communities, many madrashas and orphanages have been successfully administered by waqf instruments for quite a long time. For instance, in South Asia, many educational institutions, especially, madrashas are supported by waqf instruments. In Malaysia, waqf instruments have been used in establishing boarding schools (Pondoks) (Hasan, 2006).

Conceptual research based on Bangladesh suggests that waqf instruments can be utilised to establish training centres as well as to take initiatives for the progression of youth and activity programmes. The researcher also states that waqf institutions can conduct programmes to develop their community (Karim, 2010).

A theoretical framework proposed is incorporated by the waqf-based Islamic model for Islamic microfinance Institutions (IsMFIs) in Bangladesh. As this institution lacks sufficient training to develop the borrowers' efficiency and technical skills, the researcher believes that if the waqf instrument could appropriately be directed into IsMFIs and utilised for human capital improvement, borrowers would benefit more from such an arrangement (Amin, 2011).

Islamic Micro Finance Institutions (IMFIs) should work collaboratively with zakat and waqf so that the working efficiency and skills of IMFIs' clients can be improved. This integration will certainly help to instruct the employees of IMFIs on a regular basis to obtain and develop their working skills and experience (Ahmed, 2002).

Waqf-based microfinance covers the fundamental Islamic finance contracts administered by the waqf sector to have a positive effect on human capital development. By conducting research on the Ijara-waqf contract, Mudarabah contract and Musharaka, it is possible to modulate a unique model called the Islamic micro-investment model (IMIM). By giving training in accordance with contemporary demands, this model will desirably improve the strategy and outcome of human capital development (Muhammad, 2011).

Islamic jurists have unanimously consented on the issue that waqf entails regenerating funds managed by the distinctive trustees for sustainable development in accordance with Syariah law based on the Quran and Sunnah (Oladapo, 2016).

Taifur & Ab Rahman (2025) highlight that waqf has actively supported human capital development in Malaysia by funding education, skills training, healthcare, social welfare, and business initiatives. Their qualitative analysis underscores how waqf acts as a complementary financial mechanism that enhances capacity development across multiple sectors. This analysis is complemented by Samrat & Nabi's (2025) work on integrating cash waqf into Islamic microfinance in Bangladesh, revealing waqf's potential to sustainably fund agricultural and small-business ventures, thereby directly empowering disadvantaged

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populations. Together, these studies provide contemporary empirical support from both nations, aligning well with the article's comparative focus.

Furthermore, from a Bangladeshi perspective, Morshed et al. (2025) highlight the importance of good governance in waqf management to secure sustainable development outcomes, especially in health, education, and social services. Their findings are complemented by Taifur & Ab Rahman (2025), who emphasise the need for strategic awareness campaigns, targeted allocation of waqf funds, and strong policy frameworks to direct waqf assets into education, healthcare, and skills training.

From the above literature review, it is clear that waqf has the potential to develop human capital by utilising its funds for education and health and conducting various training and skill enhancement programmes.

2.4 Western scholars' perspectives on human capital theory

Human capital theory has been widely discussed and interpreted by Western scholars, each offering unique insights into its definition, relationship with human capital (HC), and resulting outcomes. Schultz (1961) conceptualises human capital as encompassing the knowledge, skills, and capacity inherent in both employees and companies, integral to market productivity and innovation through internalised knowledge. Becker (1975) extends this view by emphasising the role of skills, experiences, and knowledge in enhancing productivity and income, highlighting the significance of personal and social education investments. Parnes (1986) focuses on the transferability of human capital, underscoring its value in the labour market as acquired abilities through investment impact the production process. Snell and Dean (1992) emphasise the economic value individuals bring to corporations through their skills, experience, and knowledge. Smart (1999) attributes business value generation to employees' acts and characteristics, widening the perspective on human capital. Baptiste (2001) underscores the economically productive potential of knowledge, attitudes, and skills. Youndt et al. (2004) stress the importance of investment in human resources, such as education and training, in enhancing economic value and corporate financial performance. Welpe et al. (2007) extend the definition to include motivation and social interaction, broadening the scope of human capital's economic value. Olaniyan & Okemakinde (2008) highlight education's role in increasing workers' efficiency and productivity, contributing to economic value. Alani & Isola (2009) link human capital development to investment in knowledge, skills, and attitudes pivotal for production processes and national development. Jiang et al. (2013) suggest that higher levels of knowledge, skills, and abilities enhance leveraging performance. Haneef et al. (2014) emphasise the cumulative investment in children's growth as a precursor to economic growth through knowledge and skills development. Tseng (2016) accentuates the importance of utilising knowledge in organisations to increase productivity and foster creativity, signalling the ascendancy of human capital over economic capital. Subramony et al. (2018) highlight the economic value of workers' knowledge, skills, and experience. Tasheva and Hillman (2019) define human capital as a combination of knowledge, skills, abilities, and experience relative to organisational value. Assaker et al. (2020) stress the organisation's ability to create value through employees' experience, learning, skills, training, and creativity. Finally, Yeo and Lee (2023) align with the endogenous growth theory, advocating for investment in human capital, innovation, and knowledge to foster economic growth. Below, Figure 1 has enriched the discourse on human resource development within European societies.

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Figure 1: Human Resource Development within European Societies (Source: Author’s work)

2.5 *Muslim scholars' perspectives on human capital theory*

Muslim scholars provide distinct viewpoints on human capital theory, offering insights rooted in Islamic teachings and principles. Al-Attas (1978) emphasises the importance of integrating revealed and acquired knowledge within human capital development and training programmes to cultivate knowledgeable workers, enhancing the value of firms. Hans (1980) associates human capital with "ahliyah", encompassing qualities like aptitude and competence, which enhance individuals' ability to perform duties diligently. Abduhu (1984) underscores the need for nurturing societal members with suitable nourishment to achieve the collective goal of societal progress. Ibn Hisham (1986) highlights the significance of Islamic education in developing human capital, citing Prophet Muhammad's actions after the Battle of Badr as a lesson for emphasising education. Al-Ghazali (1998) stresses the importance of understanding business transaction rules codified in Shariah and acquiring such knowledge through training to improve performance. Saeed et al. (2001) advocate for seeking perfection and excellence in all aspects of life, including business actions, through Islamic training methods. The International Islamic Jurisprudence Academy (2007) emphasises the role of ability and experience in fulfilling human objectives and responsibilities. Hashi & Bashiir (2009) draw on Qur'anic principles to promote continuous hard work and commitment to enhancing professional quality for human capital development. Hashi and Hareed (2009) link faith, knowledge, and moral values to the improvement of individuals’ status within Islam. Rafiki et al. (2014) associate Islamic principles with business progress, focusing on qualities like aptitude and competence. Isgandarova (2019) highlights the concept of self-improvement in Islam, emphasising constant striving for better work. Budhwar et al. (2019) emphasise investing in employee development in alignment with Islamic values related to moral and

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professional virtues. Nasir (2021) discusses how ethical teachings within Shariah principles can transform individuals into productive beings, contributing to human capital development. These perspectives offer valuable insights into the integration of Islamic principles with human capital theory. Figure 2 below has enriched the discourse on human resource development within Muslim societies.

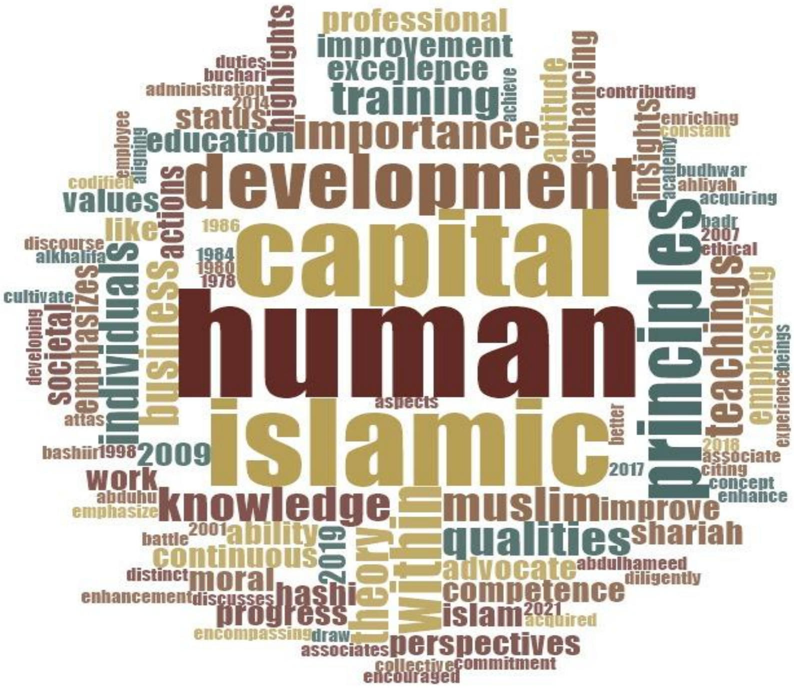

Figure 2: Human Resource Development within Muslim Societies (Source: Author’s work)

The following is the authors’ output based on the comparison of Western and Muslim scholars' perspectives on human capital theory:

The comparison between Western and Muslim scholars' perspectives on human capital theory offers a rich output of insights into the nature of human development and productivity. From a Western standpoint, human capital is viewed through an economic lens, emphasising investments in education, training, and experience to enhance productivity and generate economic value. While this perspective is valuable in understanding the mechanics of market productivity, it tends to overlook the holistic development of individuals beyond their economic contributions.

In contrast, the Muslim scholars' perspectives introduce human capital theory with moral and spiritual dimensions rooted in Islamic teachings. These perspectives highlight the importance of integrating revealed knowledge (religious teachings) with acquired knowledge (education and training) to cultivate individuals who not only excel in their professional capacities but also uphold ethical values and contribute positively to society. This approach underscores the interconnectedness between personal development and societal progress, emphasising qualities like competence and moral integrity as integral components of human capital.

This study proposes that while the Western perspective on human capital theory provides valuable insights into economic efficiency and market dynamics, it is incomplete without considering the broader dimensions of human development emphasised by Muslim scholars. By incorporating moral and spiritual values into discussions of human capital, we can foster a more holistic understanding of human potential

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and well-being. This integrated approach recognises individuals not just as economic agents but as moral beings with a responsibility to contribute positively to their communities and the world at large. As such, efforts to develop human capital should encompass not only skills training and education but also the cultivation of ethical values and a sense of social responsibility.

2.6 Human capital development: experience from Bangladesh

It is argued that Bangladesh has the potential to attain benefits from a 'demographic dividend' because of the country's increasing numbers of working-age population. The possibility of the country's attaining benefits from this dividend is largely dependent on its quality of human capital development. Some problems prevailing at the university level denote that the youth of the country are facing a lack of adequate knowledge and skills that will enable them to contribute significantly to its economic development (Sabet et al. 2013).

Major challenges faced by human capital development in Bangladesh are in the areas of secondary and post-secondary education and TVET. However, it has also been pointed out that the scenario outlined will be relevant only if the rate of economic growth and its pattern change substantially in the medium to long term. There should be no disagreement about the need to attach priority to at least secondary education and vocational education and training so that the supply of such manpower does not become a bottleneck (Islam, 2014).

It is found that demographic transition has a significant effect on investment in human capital. Increasing life expectancy makes parents invest more in their children's human capital as the premium of higher education increases and lasts longer. As a consequence, the labour force becomes more productive, gets higher wages, and there is improvement in the standard of living. With the shrinking of the young population, pressure on the education system is reduced, which can help countries to invest more in improving the quality of education at higher levels, rather than in making investments in basic education. It can be emphasised that it is not the quantity but the quality of education that is more important for human capital formation and economic growth. According to the Asian Development Bank (ADB), Bangladesh is expected to have 78 million workers by 2025, up from 56.7 million in 2010, of whom two thirds have only minimal education and 4% have received any kind of training (Uddin & Karim, 2016).

2.7 Human capital development: experience from Malaysia

One of the strategies of Malaysia's development is investment in human capital. The Economic Transformation Programme (ETP) across all NKEA considers human capital development as a major aspect of enriching human potential. Out of 122 countries, Malaysia's position is 22nd and placed in 5th position in the Asia-Pacific Region in the Human Capital Index 2013 assigned by the World Economic Forum. Besides this, the Tenth Malaysian Plan (2011-2015), highly concentrates on non-physical infrastructure while developing human capital by giving special attention to skill improvement and strong innovative capabilities of the workforce (Eonomic Planning Unit (EPU), 2010). The government is paying great attention to implementing a holistic approach to upgrade the existing status quo of the education and training system by focusing on teaching methods from infancy to tertiary level. The government takes necessary steps to provide mechanical and vocational training as supplementary for individuals in order to make use of their full potency. It is also alluded that education and economic growth in Malaysia are positively correlated, and similarly, human capital and economic development in Malaysia are mutually related in terms of attaining prosperity for the country. The study found that a strong relationship exists between education and human capital development, which is pertinent to a better illumination and implementation of knowledge in the process of enhancement of their skills through proper training that will be ultimately supportive in the maintenance of sustainable economic growth. Higher education determines a more skilful, productive and experienced workforce. The study shows that to develop effective education quality, the methods of education input have to be upgraded too (Islam et al. 2016).

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Research is conducted on Penang, or Pulau Pinang, as a sample of the study, and it examines how the waqf fund scheme is successfully utilised there by the Islamic Religious Council of Penang, Majlis Agama Islam Negeri Pulau Pinang (MAINPP). This exploration also covers the contribution of those authorities in ensuring sustainable economic growth and development of the Muslim community living there. The findings of this study assert that the waqf fund scheme contributes significantly to the economic growth and prosperity of the Muslims living in Penang. The Waqf Fund Scheme widens the scope for acquiring waqf assets through cash support administered by masjid committees (Mohamad Suhaimi et al. 2014).

Some researchers emphasis sustainable economic growth for Malaysia to attain the status of a high-income nation by 2020. It is argued that the successful implementation of ETP will certainly be instrumental for the country to be on par with other high-income nations of the world. To attain the desired result from human capital development, researchers stress investing more in this attempt. They also opine that a knowledge-based economy would lead Malaysia towards the attainment of a rapid rate of growth and enable the country to earn international competitiveness, and the development of human capital is the prime urgency to direct the country towards that most expected goal (Afzal et al. 2012).

In the context of Malaysia, the government allocated more than 20% of the entire expenditure of the country to provide education and training for the duration of three years, starting from 2000 to 2003. It is also pointed out that the enrolment of education at the tertiary level has gone higher from the period of 2000 to 2010 (Ismail & Yussof, 2010).

As in the Republic of Korea, the government of Malaysia undertook steps to expand post-secondary education, including vocational education and training. The result was a shift in the composition of the labour force from one of the predominance of primary education to that of secondary and tertiary education. In 2011 nearly one in four members of the labour force had tertiary education compared to just over six per cent in 1982 and less than one in ten in 1990. The proportion with secondary education increased to 55 per cent in 2000 and has remained at that level since then (Islam, 2014).

To have an innovative culture, Bumiputera must have specific human capital where it can enhance innovation performance as well as boost its research and development (R&D) spending to promote competitive advantage among employees (Al-Amin, 2013). Therefore, the Malaysian government plays an important role in developing specific human capital in Bumiputera entrepreneurs.

The Malaysian government is implementing a public administration reformation agenda in the Islamic Administration Institutes in Malaysia (IAM), which is an essential component of public administration involved in the renewal process. One of the reformations that can be made possible is by executing an effective human capital programme. It is found that human capital development in the IAM is actively implemented. IAM also faced a number of challenges in implementing the human capital development programme (Awang & Basir, 2016).

According to the Economic Census: Profile of SMEs (2011), in Malaysia, microenterprises (MEs) comprise 77%, which is the largest portion, while the small and medium enterprises consist of 20% and 3%, respectively. MEs in Malaysia contributed RM 93.6 billion as national gross output and RM 54.53 billion as value added to the country. During that time, MEs in Malaysia occupy 1.3 million employees or 36.5% of the total workforce, allocating an average of 3 workers in each enterprise. Though MEs in Malaysia have contributed on a greater scale to the economic growth of the country, unfortunately less attention is paid to its human capital improvement. According to the SME Annual Report, 2011/2012, and SME Masterplan 2012-2020, one of the major obstacles to SMEs' growth is the lack of human capital development. The factors that impede human capital development are (a) insufficient skilled human capital resources, (b) inadequate education, (c) shortage of experiences, (d) inappropriate training and programmes (SME Masterplan 2012-2020, 2012).

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2.8 Comparison of waqf between Bangladesh and Malaysia

Table 1: Comparison of waqf between Bangladesh and Malaysia

Particulars	Bangladesh	Malaysia
Definition of *Waqf*	*Waqf* assets cannot be disposed, its ownership cannot be transferred, only its benefits are to be used for the particular purposes, which are mainly charitable in nature and it is a voluntary charity characterized by perpetuity (Sadeq, 2002).	*Waqf* is defined as property which included any movable or immovable property, any right, interest, title, claim, choice of action, whether present or future or which is otherwise of value by Hukum Syarak (Mohd Zakaria & Zurina, 2013).
Registration of *Waqf*	*Waqf* assets in Bangladesh can either be registered or unregistered.	Each state SIRC (State Islamic Religious Council) is entrusted by law as the *waqf* assets sole trustee including lands registered owners.
Administration of *Waqf*	*Waqf* administration is centralized in which all decision making is undertaken at the head office of *Waqf* Bangladesh in Dhaka. In the case of unregistered *Waqf* properties, the property is managed by the trustee appointed by the *Waqif* (Donor).	The Federal Government of Malaysia established a Department of *Awqaf, Zakat*, and *Hajj* (JAWHAR) to provide oversight for the streamlining of *waqf* management and administration for all states.
Jurisdiction of *Waqf*	*Waqf* estates in Bangladesh are governed by the Ministry of Religious Affairs. Section 7 of the *Waqf* ordinance, 1962 allows the Government to appoint an Administrator for a five-year term, who is a Muslim.	According to the Federal Constitution of Malaysia, the waqf falls within the exclusive powers of the thirteen state governments. *Waqf* properties are within the jurisdiction of the State Islamic Religious Councils (SIRCs).
Total number of *Waqf*	The total number of *Waqf* estates in Bangladesh is 150,593 which includes 9,429 mosques and about 606,107.232 acres of land.	Reports in the Portal *i-Wakaf* currently estimate the total amount of *waqf* lands as recorded by the SIRCs to be around 8,861.13 hectares (Sukmana & Jalil, 2021).
Utilisation of the revenue of *Waqf*	Most Muslims in Bangladesh are motivated to utilize the *Waqf* properties primarily as the mosque, but they are also ignorant of the scope of such holy institutions. *Waqf* institutions can utilize the income from *Waqf* properties to establish rest houses and hospitals throughout the country's important business places (Karim & Murad, 2010).	The revenue gained from *waqf* would be carefully utilised according to the endowers' specific intention and the profits gained from general *waqf* would be used to support a diversity of charitable work that could benefit the Muslim communities (Sukmana & Jalil, 2021).
Waqf and human capital	In Bangladesh, the idea of investment in man that is upgrading Muslim human capital through education and training has not been given any attention. Most *waqf* deeds do not have a built-in-provision for maintaining property (Sarker & Billah, 2021).	Studies confirm that human capital has a strong influence on the performance of *Waqf* management (Ismail et al., 2015) (Yaacob, 2013).

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3. Research method

The study employs a diverse range of data-gathering techniques, enhancing result confirmation and research credibility. The following methods have been utilised:

Library research is indispensable for accessing the perspectives of both classical and contemporary scholars in the field of Islamic philanthropy. Additionally, it facilitates the collection of secondary data pertinent to the research objectives.

The study adopts a qualitative comparative case study design, focusing on eight waqf institutions, four each from Bangladesh and Malaysia, which were selected purposefully for their active involvement in human capital development (e.g., education, training, health initiatives). Primary data were gathered via semi-structured interviews with waqf administrators, governance officials, and subject-matter experts, enabling in-depth insights into institutional practices. Complementary secondary data were sourced from documents like annual reports, policy regulations, and scholarly publications, which were triangulated to enhance the credibility and validity of the findings. Interviews were transcribed verbatim and analysed thematically using descriptive and exploratory techniques to identify governance structures, funding mechanisms, and operational challenges across both countries.

Qualitative interviews were conducted to acquire rich and comprehensive information. Semi-structured interviews were employed, consisting of a series of open-ended questions with additional queries emerging from the dialogue between interviewer and interviewee. This method, widely used in qualitative research, offers flexibility, accommodating individual or group settings with durations ranging from 30 minutes to several hours. The interview method offers several advantages. According to Birmingham and Wilkinson (2003), it ensures comprehensive responses, provides opportunities for follow-up questions, and allows observation of non-verbal cues. Participants may also use interviews as a platform for expressing opinions and providing valuable insights for subsequent research. Interview subjects were categorised into administrative officers and mutawallis of selected waqf institutions. Initial interviews were conducted with administrative officers, followed by authorisation for interviews with mutawallis. Additionally, practitioner-scholars were interviewed to gather academic insights due to their comprehensive knowledge of waqf operations. In-depth interviews predominantly took place in Bangladesh and Malaysia, where corporate offices of selected institutions are situated. Interviews typically lasted between 30 to 60 minutes and were recorded digitally with consent from participants.

The sampling strategy employed is purposive, aimed at selecting waqf institutions with demonstrable engagement in human capital development. The study further clarifies its sampling criteria, namely, organisational scale, programmatic diversity, and stakeholder accessibility, ensuring a representative cross-section that aligns with the comparative study's objectives. Methodological rigour is maintained through triangulation, member checking, and peers' review of coding themes. These strategies, referenced to Baxter & Jack's (2008) model for qualitative case studies, fortify the research's trustworthiness and directly address the citation gaps. This comprehensive methodological clarification strengthens the study's alignment with its aims, enhances replicability, and adequately acknowledges its theoretical and procedural foundations.

3.1 Method of data analysis

Data analysis is integral to deriving research findings. It is a creative, adaptive, and systematic process, albeit lacking a singular approach. This study employed comparative analysis and thematic analysis as its primary methods. Thematic analysis involves identifying, examining, and reporting recurring themes within qualitative data. It is a versatile technique applicable across various theoretical frameworks and study designs. Thematic analysis, chosen for its compatibility with the qualitative nature of the investigation, allows for interpretation while summarising data. For that reason, thematic analysis is chosen based on the qualitative aspect of this investigation. Comparative analysis, central to social science research, involves comparing various entities to discern similarities and differences. This method aids in moving beyond

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descriptive analysis, emphasising the significance of tables for data presentation. The comparative study utilised a variety of tables to facilitate analysis across different variables and dimensions.

Four waqf organisations from Bangladesh, known for their substantial impact in utilising waqf for the advancement of human capital, have been identified. Similarly, four notable waqf institutions from Malaysia have been selected for their distinguished contributions to human capital development. The following table has been restructured to place Bangladesh in the first column and Malaysia in the second:

Table 2: *Waqf* Institutions Selected from Bangladesh and Malaysia

Bangladesh	Malaysia
1. Hajrat Shah Ali Bagdadi (Rw.) Mazar Sharif Waqf	1. Majlis Agama Islam Selangor (MAIS)
2. Azimpur Dayera Sharif Waqf	2. Majlis Agama Islam Negeri Sembilan (MAINS)
3. Hamdard Labouratories (Waqf) Bangladesh	3. Yayasan University Multimedia (YUM)
4. Dhanmondi Eidga Jame Masjid	4. Bank Islam Malaysia

4. Findings and comparative analysis

4.1 Bangladesh perspective

The role of waqf in developing human capital is a multifaceted topic, as evidenced by the diverse perspectives presented in the provided text. These perspectives range from emphasising religious education and spiritual development to advocating for investments in formal education, healthcare, and vocational training. Through critical analysis, we can discern various viewpoints regarding the efficacy and priorities of waqf institutions in fostering human capital development.

One perspective, exemplified by the Azimpur Dayera Sharif Waqf (AD),

"I agree that providing education and training/skills by using waqf will be better for needy people than providing cash from waqf as a short-term support, sometimes people misuse the cash support. Waqf can be used for human capital development (HCD) and education. A long time ago we used to give training for HCD but currently we do not have such activity because we do not have funsd to do this."

AD underscores the significance of religious education and propagation (dawah) in shaping human capital. AD prioritises activities such as organising religious programmes, publishing religious literature, and supporting orphans with religious and vocational education. This approach aligns with the belief that spiritual well-being is integral to human development, as individuals are viewed as vicegerents of Allah (swt) on Earth. However, this perspective may be critiqued for its narrow focus on religious education, potentially neglecting other aspects of human capital such as formal education and vocational skills.

One respondent of the Dhanmondi Eidga Jame Masjid (DE) expresses that,

"Waqf institutions have huge income, that income easily can be invested for the development of human capital in many ways. I think most of the waqf institutions do not utilise the assets properly. At present we do not have much of programme to educate or to give training for needy people. except a general madrasa and a hefz-khana (madrasa exclusively for memorising Quran)."

DE emphasises the importance of practical skills development and formal education in enhancing human capital. DE advocates for utilising waqf assets to provide training and education opportunities for the needy, thereby addressing long-term unemployment challenges. This perspective acknowledges the value of

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investing in human capital through tangible initiatives that empower individuals with skills and knowledge beyond religious education alone. However, DE's current initiatives primarily focus on Quran memorisation and lack comprehensive vocational training programmes, potentially limiting the scope of human capital development.

On the other hand, one respondent of Hamdard Laboratories (Waqf) Bangladesh (HL) says that,

"We invest in human capital, focusing on both human development and the health sector. We provide scholarships to needy students. We also run numerous clinics and sales centres. We provide free consultations and sell medicines at a minimum cost to all patients. Besides education and healthcare, we also contribute significant funds to charity, particularly in response to natural disasters."

HL exemplifies a corporate waqf model that integrates healthcare and education services to promote human capital development. By providing free medical treatment, educational infrastructure, and vocational training, Hamdard Laboratories addresses both physical and intellectual aspects of human capital. This approach aligns with modern economic theories of human capital, which emphasise the role of education and healthcare in enhancing productivity and economic growth. However, the sustainability and scalability of such initiatives may be questioned, particularly in the context of resource constraints and long-term impact evaluation.

Whereas the respondent of Shah Ali Bagdadi Mazar Sharif Waqf (HS) opines that,

"Waqf can play an important role in developing human capital. By utilising the income from waqf, we provide education for the poor and needy, which is ultimately contributing to the development of human capital."

HS adopts a holistic approach to human capital development, combining investments in education, healthcare, social welfare, and religious activities. HS's diversified portfolio of initiatives reflects a comprehensive understanding of human capital theory, which acknowledges the interplay between education, health, and socio-economic factors. However, the effectiveness of HS's approach may vary depending on the allocation of waqf income and its alignment with community needs and priorities.

We can see that the discourse surrounding the role of *waqf* in developing human capital encompasses a spectrum of perspectives, ranging from religious education and spiritual development to formal education, healthcare, and vocational training. Critical analysis reveals the complexities and nuances inherent in balancing diverse priorities and approaches within *waqf* institutions. By synthesising these perspectives, stakeholders can formulate more nuanced strategies for maximising the impact of *waqf* investments on human capital development.

4.2 Malaysia Perspective

The discourse on the role of *waqf* in developing human capital encapsulates diverse perspectives that shed light on the multifaceted nature of this topic. Through critical analysis, we can discern various viewpoints regarding the efficacy, priorities, and challenges associated with utilising *waqf* for human capital development in Malaysia.

One perspective, exemplified by Bank Islam Malaysia Berhad (BIBM),

"We can see the gap between the skills and the knowledge developed during their university with the current needs of their industries, and looking forward we know that 10 years from now the environment will be totally different, more on key economies and more on big data in the medical industries, so we can see new developments, even in the working arrangements, more on technology especially post covid-19, so we must be ambitious about the future of the industry,y and we must read all the futurist reports and prepare our community, our kids, and our generation to face their future; the skills that are with us now may no longer be relevant to face the challenges in the future."

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One key perspective, exemplified by BIBM, emphasises the importance of aligning education and skills development with the evolving needs of industries. The interviewee highlights the significance of bridging the gap between university education and industry requirements, especially in sectors such as banking and technology. This perspective underscores the necessity of preparing the workforce for future challenges by investing in relevant skills and knowledge. However, a critical observation could be made regarding the need for more specific strategies and initiatives to address these skill gaps effectively, ensuring that human capital development efforts remain relevant and responsive to changing industry demands.

One respondent of the Majlis Agama Islam Negeri Sembilan (MAINS) expresses that,

"We need clear understanding of human capital development to improve the lifestyle of people to have a better life. People in Malaysia are in a comfort zone, so they do not make much effort to improve their lives. Another problem is the understanding of the people; we have enough budget, but some people do not want to grab the opportunity, the chances that we provide."

MAINS, on the other hand, underscores the pivotal role of education in human capital development, particularly in the context of nurturing a knowledgeable and intellectually vibrant society. MAINS exemplifies this through initiatives such as the Pusat Pendidikan al-Irshad, which aims to cultivate a holistic educational environment that encompasses various branches of knowledge. This perspective underscores the importance of education as a means of empowering individuals and fostering human capital growth. However, it may be pertinent to consider the need for comprehensive educational reforms and strategies that cater to diverse learning needs and socioeconomic backgrounds, ensuring equitable access to quality education for all.

On the other hand, one respondent of Yayasan University Multimedia (YUM) says that,

"The problem of waqf is that Malaysia still lacks experts to develop human capital development. The government must organsze waqf, and majlis agama must be recognszed. In my opinion, they need to work harder on waqf."

YUM presents a multifaceted approach to human capital development through waqf initiatives. YUM leverages waqf to support education, entrepreneurship, and community development, exemplifying the versatility of waqf in addressing various facets of human capital development. This perspective underscores the potential of waqf as a dynamic tool for empowering individuals and communities, especially in times of economic uncertainty such as the COVID-19 pandemic. However, it is essential to ensure transparency, accountability, and equitable distribution of waqf resources to maximise their impact on human capital development. Comparison of Human Capital Development between Bangladesh and Malaysia are discussed below.

Table 3: Human capital development through education: A comparison between Bangladesh and Malaysia

Human capital development through education			
Case Study	Bangladesh	Case Study	Malaysia
HS	Educating students in Shah Ali School, Shah Ali College and Shah Ali Madrasaha, orphanage	MAIS	In Selangor, MAIS Centre of Information and Community Cyber, is a one-stop center library that provides a range of study places, a variety of books, computers, and internet resources to be accessed by the public. In addition, the development project of the Religious School at Pulau Indah, Selangor shows that waqf education provides equal opportunity for lower-income people and encourages social justice by advancing people according to their ability.

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AD	AD gives more concentration in preaching Islam. All the mutawallis from the beginning of the waqf until today are putting their efforts into dawah-related activities. It organizes many religious programmemes related to dawah in various parts of the country all year round. It is also running an orphanage which ensures religious teaching to the orphans.	MAINS	MAINS emphasises on providing education to Muslims in the state of Negeri Sembilan for HCD. For example, Pusat Pendidikan al-Irshad, formerly known as Sekolah Agama Rakyatal-Irshad. It is a private primary and secondary education center.
HL	HL contributes scholarships and provides necessary assistance for the needy and meritorious students of its university and also in many madrasahs, charitable institutions, schools, colleges, and orphanages. Educating students at Hamdard University which is the largest private University in Bangladesh.	YUM	YUM uses waqf money to arrange different kinds of programmeme, for example, in wilayah, the waqf money is used to develop building, for example, GIATMARA, Kolej *Baitulmah*, Institut Kemahiran MARA (for training and education), in addition also for school facilities. One of the YUM missions is to produce human capital experts and last year people from about 88 countries visited Malaysia to attend one of the biggest programmemes in Malaysia about waqf. In YUM the assets, buildings, technologies, facilities, and machines are all based on waqf.
DE	General madrasa and a hefz- khana.	BIBM	On 3rd March 2021, BIMB Investment Management Bhd. launched the Makmur myWakaf Fund (MWF) which is for investors who wish to channel a part of their investment returns for waqf purposes to underprivileged communities in Malaysia. BIBM has programmemes under 12 *ilmu* knowledge series every year in targeted universities in order to share insights into Islamic Banking industries. BIBM also organizes its PINTAR programmeme (programmeme Team Building & Leadership dibawah) where it adopts several schools in Malaysia to finance programmemes, and skills development programmemes for students on top of the syllabus prepared by the education ministry.

Table 4: Human capital development through training: A comparison between Bangladesh and Malaysia

Human capital development through training			
Case Study	Bangladesh	Case Study	Malaysia
HS	No training activity.	MAIS	MAIS runs the programmeme usahawan under Teraju Ekonomi *Asnaf* Sdn. Bhd. (TERAS). It arranges sewing classes for the *asnaf* or needy people and pays them based on how many clothes they have sewed every month. So, later they can be independent.

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AZ	Vocational education to the orphans.	MAINS	MAINS provides training, financial support together with equipment to poor people to build different kinds of businesses, for example, training of al-Qur'ān, where people get skills on how to teach al-Qur'ān, so they can have their own institution to teach al- Qur'ān and earn money for a better life. Besides this, they provide skills to become cleaner for cleaning services.
HL	Donates sewing machines with training (on-the-job training) to the distressed women for their livelihood.	YUM	YUM provides some specific training like how to start a business. For example, carwash, tuition center and bakery etc. Organizes different programmemes, for example, waqf books, libraries, waqf money for small businesses for students to support human capital development.
DE	Training for memorizing al-Qur'ān.	BIBM	Training for the staff of BIBM.

Table 5: Human capital development through other activities: A comparison between Bangladesh and Malaysia

Human capital development through other activities			
Case Study	Bangladesh	Case Study	Malaysia
HS	Providing free treatment and medicine in Shah Ali Hospital and Shah Ali Dental Clinic, bearing, food and lodging expenses for 130 orphans, giving free food to the poor, and miskin everyday	MAIS	Gives models to the needy people. For example, there is a famous candle seller in Tanjung Karang, namely Candle Borhan, actually, Mr. Borhan was an *asnaf*. MAIS gave him a model to start a business with support. Now he is no longer *asnaf.*
AZ	Publishes plenty of dawah-related books and distributes religious books to different parts of the country for free of cost. AD also gives charity to the very poor and needy people in the rural areas.	MAINS	MAINS also helps needy people to set up special and small businesses, like frying banana
HL	Provides free treatment facilities for the poor and destitute people which will ensure good health. The products are sold to people at a minimum price. Provides grants to the victims of natural disasters. Solves the unemployment problem by donating rickshaws and rickshaw vans to the energetic unemployed people.	YUM	The waqf money is used for public benefits and the balance will be given to *asnaf* people as their pocket money. YUM also plans to make *asnaf* grab food and jobs for the *asnaf*. Some of the examples they had made are selling chicken products and plantation. YUM has a diploma programmeme for waqf and *zakat* in its Baitulmal professional College and this programmeme is to equip young people to study waqf and learn how to execute waqf. YUM also does support the victims of the flood in some states like, Pahang and Kelantan.

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DE	The Eidgah for Eid congregating (Eid prayer) is a platform measuring 148 feet by 137 feet in size.	BIBM	BIBM developed a dialysis center, which is considered as the biggest dialysis center developed using waqf instrument, and also completed a center for *Muallaf*, newly converted in Kelantan and already completed collection of funds to conform in Kuala Terengganu to become another dialysis center and it has a few other projects.

Overall, the discourse on waqf and human capital development in Malaysia reflects a dynamic interplay of perspectives, strategies, and challenges. While various institutions and stakeholders demonstrate commendable efforts in leveraging waqf for human capital development, there remains a need for concerted action, strategic planning, and innovative approaches to address emerging challenges and harness the full potential of waqf in fostering sustainable human capital growth. Additionally, ensuring inclusivity, equity, and ethical considerations in waqf initiatives is imperative to create a conducive environment for holistic human capital development in Malaysia.

4.3 Comparative analysis

Comparing the views on the role of waqf in developing human capital between Bangladesh and Malaysia reveals distinct contextual factors, priorities, and approaches within each country's socio-economic landscape.

In Bangladesh, the discourse on waqf's role in human capital development primarily revolves around religious education and social welfare initiatives. Institutions such as Azimpur Dayera Sharif Waqf (AD) prioritise activities such as preaching Islam, organising religious programmes, and distributing religious literature. These efforts are aimed at fostering spiritual well-being and religious affiliation among Muslims, aligning with the country's predominantly Muslim population and its cultural emphasis on religious education. Additionally, institutions like Dhanmondi Eidga Jame Masjid (DE) underscore the importance of practical skills development and formal education in addressing unemployment challenges. However, there is a notable emphasis on Quran memorisation and religious education, potentially reflecting the cultural significance of Islamic education in Bangladeshi society. Figure 2 below has emphasised on comparison on aspects of human capital development.

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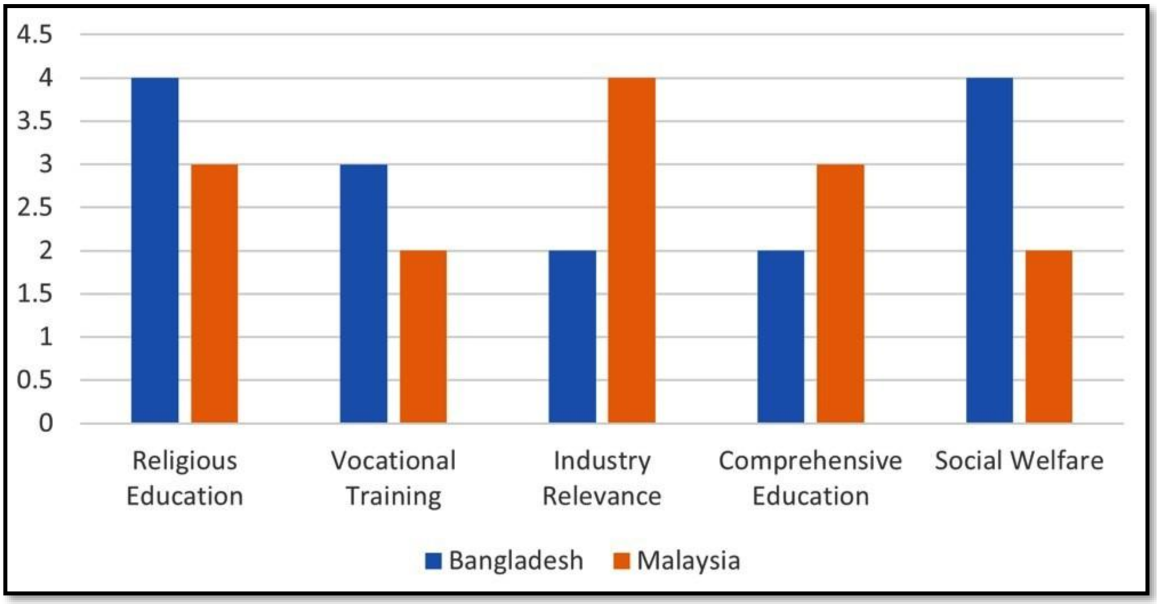

Figure 3: Comparison of Emphasis on Key Aspects of Human Capital Development (Source: Author's work)

In contrast, Malaysia's discourse on waqf and human capital development exhibits a broader and more diversified approach. Institutions like Bank Islam Malaysia Berhad (BIBM) and Yayasan University Multimedia (YUM) highlight the importance of aligning education and skills development with industry needs, reflecting Malaysia's aspirations for economic growth and technological advancement. Additionally, Majlis Agama Islam Negeri Sembilan (MAINS) emphasises education as a means of fostering intellectual development and empowering individuals, reflecting Malaysia's multicultural and pluralistic society where education plays a central role in nation-building efforts.

These divergent perspectives can be attributed to various factors, including historical, cultural, and socio-economic contexts. Bangladesh's focus on religious education and social welfare may stem from its history as a predominantly Muslim nation with a strong tradition of Islamic education and charity. In contrast, Malaysia's emphasis on industry-relevant skills and comprehensive education may reflect its aspirations for economic development and global competitiveness.

The differences in governance structures and institutional frameworks may also shape the discourse on waqf and human capital development in each country. Malaysia's regulatory framework for Islamic finance and waqf management, overseen by institutions like Bank Negara Malaysia and state religious councils, provides a conducive environment for strategic planning and coordination of waqf initiatives. In Bangladesh, the absence of a centralised regulatory authority for waqf management may contribute to a more fragmented and localised approach to human capital development through waqf.

The comparison of views on waqf and human capital development between the two countries highlights the influence of historical, cultural, socio-economic, and institutional factors. While both countries recognise the potential of waqf in fostering human capital development, their approaches and priorities reflect distinct contexts and aspirations. Analysing these differences provides valuable insights for policymakers, stakeholders, and researchers seeking to leverage waqf for sustainable human capital growth in diverse socio-economic contexts.

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4.4 Discussion

The comparative analysis reveals that Malaysia demonstrates a more formalised and diversified application of waqf resources in advancing human capital development (HCD). Waqf instruments in Malaysia have been strategically allocated across education, vocational training, healthcare, and social welfare, which supported by robust governance structures and regulatory frameworks. Alam Taifur & Ab Rahman (2025) note that waqf funds complement public financing in higher education and training programmes, with clear governance models such as those seen in State Islamic Religious Councils and university waqf centres. Consequently, Malaysian waqf's integration into HCD outcomes is both systematic and institutionally embedded, yielding consistent, measurable impact across sectors.

By contrast, Bangladesh's waqf sector shows greater variability and is often constrained by structural and resource limitations. As seen in institutions such as Hamdard Laboratories, waqf usage is characterised by productive investments in private educational and health facilities, generating revenue through herbal medicine production and clinics. However, compared to Malaysia, these initiatives remain fragmented and less institutionalised, with governance inconsistencies and limited regulatory oversight hindering comprehensive HCD impact. While both countries utilise waqf for education and healthcare, Malaysia benefits from state-wide institutional models and legal clarity, whereas Bangladeshi counterparts rely more heavily on individual waqf ventures with greater emphasis on profit-driven sustainability. These systemic differences influence the scale, inclusivity, and durability of HCD outcomes, underscoring the need for regulatory reforms and capacity building in Bangladesh's waqf framework to replicate Malaysia's more coordinated and transparent approach.

5. Conclusion

The article demonstrates the pivotal role that waqf, as an Islamic philanthropic mechanism, plays in the development of human capital, with a particular focus on the experiences of Malaysia and Bangladesh. It underscores the necessity of investing in human capital, through education, training, and skill development, as a critical driver of economic growth and societal welfare. The study highlights the unique capacity of waqf to fund and support initiatives aimed at enhancing the quality of human resources, thereby contributing significantly to national development.

This comparative study demonstrates that waqf serves as a potent mechanism for advancing human capital development in both Bangladesh and Malaysia, albeit with varying degrees of institutional effectiveness. In Malaysia, waqf endowments have been systematically integrated into sectors such as education, vocational training, healthcare, and social welfare as a strategy supported by transparent governance and centralised management by entities like the State Islamic Religious Councils and university waqf programmes. In contrast, Bangladesh's waqf institutions, while active in revenue-generating ventures such as herbal medicine and community clinics, operate in a more fragmented environment, constrained by limited oversight and regulatory complexity. Despite differing cultural, economic, and institutional backgrounds, both countries have utilised waqf with varying degrees of success to advance their human capital. In Malaysia, the integration of waqf into educational and vocational training aligns with the nation's economic ambitions and technological advancements. In contrast, Bangladesh primarily leverages waqf for religious education and social welfare, reflecting its socio-economic conditions and cultural preferences. Nevertheless, both countries illustrate waqf's transformative potential as a sustainable financing model for human capital enrichment.

The implications of these findings are twofold. First, they suggest that adopting Malaysia's model, which characterised by comprehensive institutional frameworks, digital governance tools, and multi-sectoral deployment of waqf, could significantly enhance the scale and impact of human capital initiatives in Bangladesh. Second, the incorporation of strategic awareness campaigns, policy reforms, and capacity building for waqf administrators in both contexts could amplify the multiplier effect of waqf assets across social sectors. Ultimately, this study reaffirms that with proper governance, advocacy, and legal support, waqf can become a cornerstone of sustainable human capital development in Muslim-majority societies.

The findings suggest that while waqf has the potential to significantly improve human capital development, its effectiveness is largely dependent on the strategic alignment of waqf initiatives with national development goals, the regulatory framework, and the socio-economic needs of the population. Moreover, the study calls for enhanced governance, transparency, and innovation in the management of waqf assets to maximise their impact on human capital development.

The article advocates for a more coordinated and strategic approach to utilising waqf for human capital development. It encourages Muslim-majority countries to explore the full potential of waqf as a sustainable funding source for education and training initiatives. By doing so, these nations can not only improve the quality of life for their citizens but also position themselves for greater economic prosperity and social cohesion. The insights gained from the experiences of Bangladesh and Malaysia can serve as valuable lessons for other countries looking to harness the power of waqf for the betterment of their societies.

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Conflict of interest statement

The authors declare no conflict of interest, financial or otherwise, and confirm that the research was conducted without any personal or commercial gain.

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Authors' contributions

Mahfuzul Alam Taifur conceptualized the research idea, conducted data collection and formal analysis, and prepared the original draft of the manuscript. Asmak Ab Rahman supervised the research, reviewed and edited the manuscript, and approved the final version for submission.

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