

Nazir as a Fiduciary Investment Manager: Integrating Portfolio Management into Productive Waqf Governance

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ABSTRACT: Indonesia has enormous waqf potential, yet its productive utilisation remains limited due to institutional constraints, low asset productivity, and the insufficient professionalisation of nazir. This study aims to develop a conceptual framework that reconceptualises the role of nazir as a fiduciary waqf investment manager in productive waqf governance. Using a qualitative conceptual framework approach based on literature synthesis, this study examines productive waqf, waqf governance, fiduciary duty, portfolio management, investment governance, risk management, and performance measurement. The proposed model adapts the portfolio management cycle of planning, execution, and feedback into the context of productive waqf governance. The findings show that the planning stage represents nazir's fiduciary mandate, including capital preservation, Shariah compliance, waqf intention, and beneficiary welfare. The execution stage reflects the investment management function through asset allocation, Shariah-compliant investment selection, liquidity management, and return distribution. The feedback stage represents governance and risk control through monitoring, risk assessment, Shariah supervision, transparency, and accountability. This study contributes to waqf governance literature by integrating fiduciary responsibility, investment management, and risk control into a single conceptual model for productive waqf management.

KEYWORDS: nazir, waqf governance, productive waqf, fiduciary duty, investment management

I. INTRODUCTION

Indonesia has enormous waqf potential, both in the form of land-based waqf and cash waqf. The total value of waqf assets in Indonesia is often estimated to reach around IDR 2,000 trillion, while the annual potential of cash waqf is estimated at approximately IDR 180 trillion (Assifa, 2025). Despite this significant potential, the actual mobilisation and productive utilisation of waqf remain limited. Recent reports indicate that only a small portion of this potential has been realised, while most waqf assets remain underutilised or allocated to non-productive purposes (Herisetiana, 2025).

This phenomenon indicates a critical gap between waqf potential and waqf productivity in Indonesia. Productive waqf requires waqf assets to be managed not merely as static religious endowments, but as productive resources capable of generating sustainable financial and social value. Ascarya et al. (2022) emphasise that productive waqf in Indonesia requires suitable institutional models and managerial readiness. Similarly, Fauzi (2022) and Shiddiqy (2022) argue that waqf asset management institutions in Indonesia need stronger innovation and institutional capability to optimise productive waqf development.

One of the key factors behind the low productivity of waqf assets is the capacity and professionalism of nazir. Ihsan et al. (2017) show that accountability remains an important issue in Indonesian waqf institutions, while Mutiara et al. (2021) highlight that improving nazir management and regulatory adjustment is necessary to increase waqf land productivity. Khosim and Busro (2018) also emphasise that professional nazir should have managerial, administrative, and financial capabilities, while Munawar (2021) shows that the professionalism of nazir plays a central role in determining the quality and productivity of waqf asset management. However, most existing studies still discuss nazir professionalism, waqf accountability, and productive waqf management separately. Limited attention has been given to the development of an integrated conceptual framework that positions nazir as a fiduciary waqf investment manager. In productive waqf, nazir should not only administer waqf assets, but also preserve waqf capital, formulate investment policies, allocate waqf funds, control risk, ensure Shariah compliance, and generate sustainable social benefits. The central argument of this study is that the productivity problem of waqf cannot be solved only by increasing waqf collection or expanding waqf assets. It also requires a governance framework that enables nazir to act as a prudent, accountable, and Shariah-compliant investment manager. Therefore, this study argues that the role of nazir needs to be reconceptualised from a passive waqf administrator into a fiduciary waqf investment manager who is responsible for preserving waqf capital, managing productive investment, controlling risk, and ensuring sustainable social return.

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Therefore, this study aims to develop a conceptual framework that reconceptualises the role of nazir as a fiduciary waqf investment manager in productive waqf governance. The main research question is: *How can the role of nazir be conceptualised as a fiduciary waqf investment manager within a productive waqf governance framework that supports capital preservation, Shariah compliance, risk management, and sustainable social return?* This study finds that the role of nazir can be conceptualised through a three-stage fiduciary investment governance cycle. The planning stage reflects nazir's fiduciary mandate in defining waqf objectives, capital preservation, Shariah compliance, and beneficiary welfare. The execution stage represents the investment management function through Shariah-compliant asset allocation, liquidity management, and return distribution. The feedback stage reflects governance and risk control through monitoring, risk assessment, Shariah supervision, transparency, and accountability. Through this framework, nazir is positioned not merely as a waqf administrator, but as a fiduciary waqf investment manager responsible for preserving waqf capital and generating sustainable social return.

This study contributes to the waqf governance literature by integrating fiduciary duty, portfolio management, and productive waqf governance into a single planning–execution–feedback model. The proposed framework also offers practical guidance for waqf institutions to strengthen investment policy, Shariah-compliant asset allocation, risk monitoring, transparency, and performance reporting. By doing so, the study provides a governance-oriented response to the persistent gap between Indonesia's large waqf potential and its limited productive utilisation.

II. LITERATURE REVIEW

2.1. Waqf, Sustainability, and Long-Term Value Creation

Waqf is increasingly recognised as an Islamic social finance instrument that can support long-term socio-economic development. Its perpetual nature makes waqf relevant for sustainable development because the principal asset is preserved while its benefits are continuously distributed to society. Abdullah (2018) argues that waqf is closely aligned with the Sustainable Development Goals and maqasid al-shariah because it can support poverty alleviation, education, health, and social welfare. Similarly, Yakubu et al. (2019) explain that waqf has an important role in sustainable economic development and poverty alleviation. Therefore, waqf should not be viewed merely as a charitable instrument, but as a mechanism for long-term value creation that combines financial sustainability and social impact.

2.2. From Waqf Administration to Productive Asset Governance

The development of cash waqf and productive waqf has shifted the role of waqf institutions from passive administration to productive asset governance. Modern waqf management requires institutions to mobilise funds, develop assets, allocate resources, and ensure that the generated returns are used for social purposes. Ambrose and Asuhaimi (2021) propose a waqf financing model for public goods and mixed public goods, showing that waqf can be structured as a financing mechanism for socially beneficial projects. Sukmana (2024) further demonstrates that productive waqf can be designed for sector-specific development, such as livestock projects, by optimising idle waqf assets and involving institutional collaboration. These studies indicate that productive waqf requires not only asset preservation, but also managerial capability and investment-oriented governance.

2.3. Portfolio Management and Investment Governance

Portfolio management provides a useful theoretical basis for understanding how waqf assets should be managed productively. In conventional investment management, portfolio decisions involve setting objectives, defining constraints, allocating assets, monitoring risks, and evaluating performance. Sutiene et al. (2024) describe portfolio management as a continuous process that includes planning, execution, and feedback. Ammann and Ehmann (2017) also show that investment governance involves target setting, investment strategy, investment process, risk management, monitoring, and transparency. These concepts are relevant to waqf because nazir must manage waqf funds prudently, not only to generate returns but also to preserve the waqf principal and maintain accountability.

2.4. Fiduciary Duty Theory and Waqf Governance

In governance terms, fiduciary duty is a sacred trust designed to mitigate the agency costs that arise from the separation of ownership and control. It ensures strict accountability through two primary obligations: the duty of loyalty, which mandates that trustees act solely in the interests of the beneficiaries without any mixed motives, and the duty of prudence, which requires exercising reasonable care to construct a diversified portfolio suited to the trust's risk and return objectives. Breaching these foundational duties subjects trustees to significant legal remedies (Schanzenbach & Sitkoff, 2020). According to Sitkoff (2011), fiduciary duty serves as an economic and legal mechanism to solve the agency problem by granting agents broad discretionary power while deterring opportunism through the open-ended duties of loyalty and care. Moreover, Miller (2013) explains that fiduciary duties are strict legal obligations requiring a fiduciary to act exclusively in the practical interests of a beneficiary when exercising delegated discretionary power. To ensure that this authority is used solely to achieve the beneficiary's ends rather than for personal gain, these duties strictly prohibit the fiduciary from operating under conflicts of interest, self-dealing, or conflicting mandates.

Fiduciary duty theory is relevant to waqf governance because waqf resembles a trust-based institution in which the nazir is entrusted to preserve and manage waqf assets for beneficiaries (Kader & Ali, 2018). This fiduciary role requires loyalty, prudence,

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accountability, Shariah compliance, and asset preservation (Manaf et al., 2025). Recent studies also emphasize that waqf governance must address fiduciary and religious dimensions (Manaf et al., 2025). Moreover, transparency and good governance strengthen public trust in waqf institutions (Hasan, 2022). Therefore, according to Ambrose et al. (2018), fiduciary duty theory positions the nazir as an accountable asset manager responsible for ensuring prudent investment and sustainable benefit distribution.

Fiduciary duty theory explains how discretionary authority should be governed through loyalty, prudence, and accountability so that entrusted assets are managed solely for beneficiaries' interests and protected from conflicts of interest or opportunistic behavior. In waqf governance, this theory strengthens the role of nazir as an accountable asset manager who must preserve waqf assets, ensure Shariah-compliant management, and distribute benefits sustainably. Thus, fiduciary duty bridges portfolio management and productive waqf governance by translating prudence into investment planning, loyalty into Shariah-compliant execution, and accountability into monitoring, audit, transparency, and performance reporting.

2.5. Research Gap

The research gap can be specified in three layers. First, the waqf literature has examined productive waqf, cash waqf, waqf-based financing, nazir professionalism, accountability, risk management, and performance measurement. However, these studies tend to treat the managerial, governance, and investment dimensions separately. Second, the investment governance and portfolio management literature has developed structured processes for objective setting, constraint definition, asset allocation, monitoring, performance evaluation, and rebalancing, but it is largely designed for conventional investors and does not incorporate waqf-specific principles such as perpetuity, waqf intention, capital preservation, Shariah compliance, and beneficiary welfare. Third, fiduciary duty theory explains the responsibilities of an entrusted asset manager, yet it has rarely been operationalised into a waqf investment governance model. Therefore, the gap addressed in this study is not merely the absence of discussion on nazir professionalism, but the lack of an integrated conceptual framework that connects fiduciary duty, investment governance, and productive waqf management into a single planning-execution-feedback model.

To strengthen the identification of the research gap, this study also conducted an exploratory bibliometric mapping using Scopus-indexed publications from 2015 to 2026. The mapping shows that waqf-related studies and portfolio management studies form relatively distinct thematic clusters. Although bridging terms such as management, integration, role, and performance appear in the central area, fiduciary duty does not emerge as a central concept linking waqf governance and portfolio management. This supports the argument that the integration of fiduciary duty, portfolio management, and productive waqf governance remains underdeveloped.

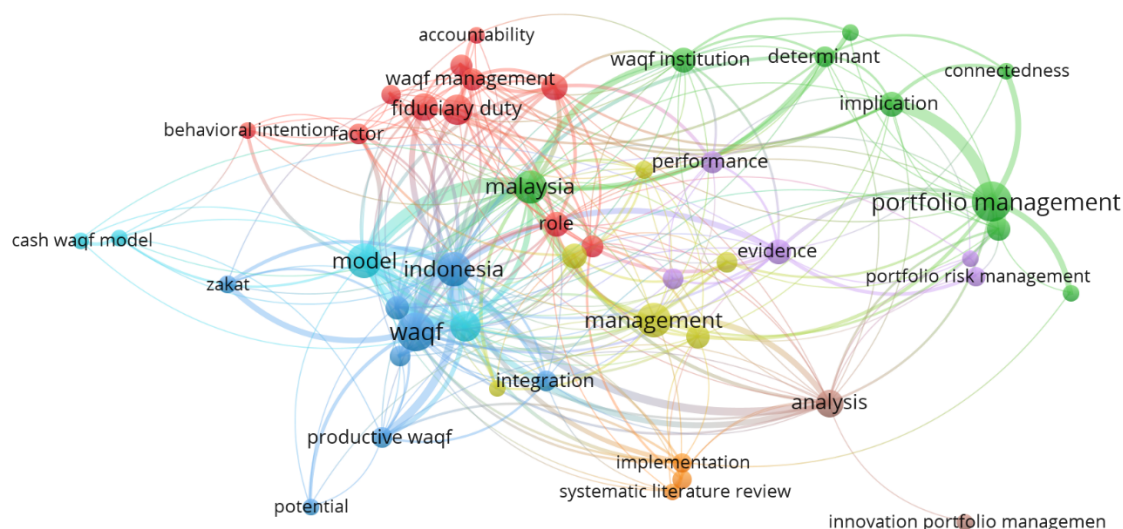


Figure 1. Bibliometric Map

However, the bibliometric map only provides a visual overview of thematic relationships. Therefore, Table 1 presents a research gap matrix to clarify more specifically how previous studies have addressed waqf governance, investment governance, fiduciary duty, and portfolio management, and where the present study contributes.

Table 1. Research Gap Matrix

Literature stream	What existing studies have discussed	Remaining gap	Position of this study
Productive waqf and waqf governance	Productive waqf models, waqf financing, nazir professionalism, accountability, risk management, and performance measurement (Ascarya et al., 2022; Ihsan et al., 2017; Noordin et al., 2017; Yakob et al., 2021)	These studies generally discuss governance, investment, and accountability as separate dimensions rather than as an integrated management process.	Integrates productive waqf governance into a single fiduciary investment-management framework.
Portfolio management and investment governance	Planning, execution, feedback, asset allocation, risk-return analysis, monitoring, transparency, and performance evaluation (Ammann & Ehmann, 2017; Mondello, 2023; Sutiene et al., 2024)	The framework is designed primarily for conventional investment settings and does not include waqf-specific constraints such as perpetuity, waqif intention, Shariah compliance, and beneficiary welfare.	Adapts the portfolio management cycle into the institutional and Shariah context of productive waqf.
Fiduciary duty theory	Loyalty, prudence, accountability, control of discretionary authority, and protection of beneficiary interests (Schanzenbach & Sitkoff, 2020; Sitkoff, 2011).	The theory has rarely been translated into concrete stages of waqf investment governance for nazir.	Operationalises fiduciary duty across planning, execution, and feedback stages.
Integrated contribution	Prior streams provide partial insights.	No consolidated model explains nazir as a fiduciary waqf investment manager.	Proposes the Nazir as Fiduciary Waqf Investment Manager Model.

III. METHODOLOGY

3.1 Research Design

This study adopts a qualitative conceptual framework approach to develop a theoretical model of nazir as a fiduciary waqf investment manager. This approach is appropriate because the study aims to integrate concepts from waqf governance, productive waqf, Islamic investment management, risk management, and performance measurement into a single framework. Conceptual framework analysis is useful for connecting interrelated concepts across multidisciplinary fields (Jabareen, 2009). In this study, it is used to examine the evolving role of nazir at the intersection of Islamic social finance, fiduciary governance, investment management, and Shariah-based accountability.\

3.2. Search Protocol and Literature Selection

Before applying Jabareen's conceptual framework procedure, this study conducted a structured literature search and exploratory bibliometric mapping. The data were retrieved from Scopus-indexed publications from 2015 to 2026 using six title-based keyword groups: "waqf", "productive waqf", "waqf governance", "fiduciary duty", "fiduciary investment", and "portfolio management". The search retrieved 512 initial records, consisting of 200 records on waqf, 200 records on portfolio management, 36 records on fiduciary duty, 34 records on waqf governance, 25 records on productive waqf, and 17 records on fiduciary investment. These records were analysed using VOSviewer to identify keyword co-occurrence and thematic clusters.

The literature selection followed relevance-based inclusion and exclusion criteria. Sources were included when they addressed productive waqf governance, nazir roles, fiduciary responsibility, investment governance, risk management, portfolio management, or performance measurement. Sources were excluded when they were duplicated, unrelated to waqf governance, or lacked direct

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theoretical relevance to the proposed conceptual framework. From the screened literature, 29 articles published in Scopus-indexed journals were retained and used as the main academic basis for the conceptual synthesis, supported by selected books, book chapters, working papers, institutional references, and contextual sources. The selected literature was then synthesised to develop the conceptual model of nazir as a fiduciary waqf investment manager.

3.3. Data and Data Sources

This study uses secondary data in the form of academic literature and selected institutional references. The academic sources consist mainly of journal articles related to productive waqf, cash waqf, waqf governance, nazir professionalism, Islamic investment management, portfolio management, risk management, and waqf performance measurement. The literature was selected based on three criteria. First, the source must be relevant to waqf governance, productive waqf, waqf investment, nazir roles, investment governance, risk management, or performance measurement. Second, the source must provide conceptual, theoretical, or empirical insight into the investment-management function of nazir. Third, priority is given to recent and reputable publications.

The selected literature was then grouped into two main bodies of literature. The first body relates to portfolio management and investment governance, particularly the planning–execution–feedback process. The second body relates to waqf governance, productive waqf, nazir professionalism, accountability, risk management, and performance measurement. These two bodies of literature provide the basis for adapting the conventional portfolio management framework into the waqf governance context.

3.4. Analytical Model and Justification

This study applies eight-stage conceptual framework procedure to adapt the planning–execution–feedback process from portfolio management into the waqf governance context (Jabareen, 2009). The procedure was used to ensure that the proposed framework was developed systematically through literature mapping, concept identification, conceptual alignment, synthesis, and refinement.

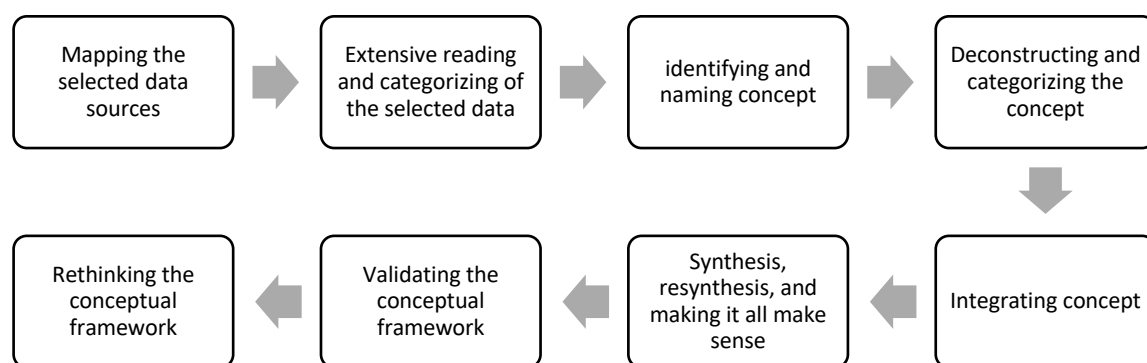


Figure 2. Conceptual Framework Analysis Procedure (Jabareen, 2009)

First, the selected data sources were mapped into two main bodies of literature: portfolio management and waqf governance. The portfolio management literature was used to identify the planning–execution–feedback process, while the waqf literature was used to identify the specific principles of productive waqf governance. Second, the selected literature was extensively read and categorised based on its relevance to investment planning, asset allocation, monitoring, risk control, capital preservation, Shariah compliance, waqif intention, beneficiary welfare, and accountability.

Third, the main concepts were identified and named. From portfolio management, the key concepts were planning, execution, and feedback. From waqf governance, the key concepts were fiduciary mandate, capital preservation, Shariah compliance, risk management, accountability, and sustainable social return. Fourth, these concepts were deconstructed and categorised according to their function in waqf investment governance. Planning was linked to the formulation of objectives, constraints, and fiduciary responsibilities. Execution was linked to asset allocation, Shariah-compliant investment selection, liquidity management, and return distribution. Feedback was linked to monitoring, risk assessment, Shariah supervision, performance evaluation, and accountability. Fifth, the concepts were integrated by aligning the general portfolio management process with the waqf context. In this integration, planning was adapted into nazir’s fiduciary mandate, execution into the investment management function, and feedback into governance and risk control. Sixth, the integrated concepts were synthesised into the proposed Nazir as Fiduciary Waqf Investment Manager Model. Seventh, the conceptual framework was validated through theoretical consistency and literature-based triangulation. The proposed model was checked against three conceptual bases: the logic of portfolio management, the principles of waqf governance, and the objectives of productive waqf. Eighth, the framework was rethought and refined to ensure that it reflects the distinctive characteristics of waqf, particularly capital preservation, Shariah compliance, waqif intention, beneficiary welfare, and sustainable social value creation.

The use of this analytical procedure is justified because the study does not merely describe waqf management, but adapts an established investment management process into a new institutional context. The proposed framework is therefore developed through conceptual synthesis rather than statistical testing. It provides a theoretical foundation for understanding how nazir can

preserve waqf capital, manage productive investment, control risk, ensure Shariah compliance, and generate sustainable social benefits.

IV. RESULT AND DISCUSSION

4.1. Portfolio Management Process as the Basis for Waqf Investment Governance

The portfolio management process is commonly structured into three interrelated stages: planning, execution, and feedback (Mondello, 2023; Sutiene et al., 2024), see *figure 2*. In the planning stage, investment objectives, constraints, risk tolerance, and policy guidelines are identified to provide a strategic foundation for investment decisions. The execution stage translates these objectives into actual investment actions, including asset allocation, portfolio construction, and implementation of selected investment strategies. The feedback stage involves monitoring, performance evaluation, risk assessment, and rebalancing to ensure that the portfolio remains aligned with its original objectives and constraints. This process-oriented view is consistent with the investment management framework discussed in Sutiene et al. (2024), who describe portfolio management as a continuous cycle of planning, execution, and feedback.

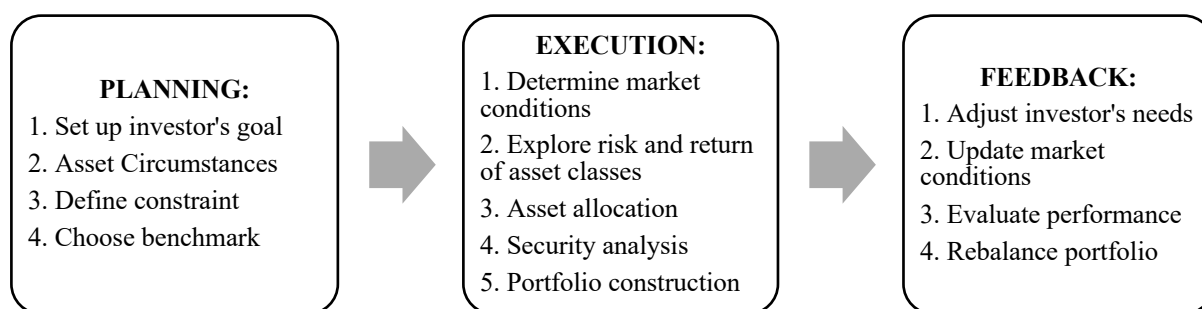


Figure 3. Portfolio Management Process (Mondello, 2023; Sutiene et al., 2024)

4.2. Integration of Portfolio Management and Waqf Governance

The development of modern portfolio management provides a useful conceptual basis for understanding the changing role of nazir in productive waqf governance. Since Markowitz introduced the mean-variance model in 1952, portfolio management has evolved from a risk-return optimisation framework into a broader investment discipline that responds to market uncertainty, systemic risk, financial integration, contagion effects, and geopolitical shocks (Sutiene et al., 2024). This evolution is relevant to productive waqf because cash waqf and productive waqf assets are increasingly expected to be managed, invested, and monitored in a prudent manner.

In the context of waqf, the objective of investment management differs from conventional portfolio management. While conventional investment management generally focuses on investor objectives, risk tolerance, asset allocation, and financial performance, waqf investment management must also incorporate capital preservation, Shariah compliance, waqif intention, beneficiary welfare, and long-term social value creation. Therefore, the portfolio management process cannot be adopted directly, but must be adapted to the distinctive fiduciary and social mandate of waqf.

To clarify how the general portfolio management process is adapted into the waqf context, *Table 2* presents the conceptual translation of each portfolio management stage into waqf management. The table shows that investor-oriented objectives, constraints, asset allocation, performance evaluation, and portfolio rebalancing can be reinterpreted through waqf-specific principles, including capital preservation, Shariah compliance, waqif intention, beneficiary welfare, and sustainable social return.

Table 2. General Portfolio Management in Waqf

	General portfolio management process	Waqf Point of View
Planning	Set up investor's goal	The planning stage in portfolio management begins with identifying investor objectives and constraints (Mondello, 2023; Sutiene et al., 2024). In waqf, the goal is long-term value creation through capital preservation, sustainable financial return, Shariah compliance, and social benefit, as productive waqf is expected to generate socio-economic value (Ari, 2021; Ascarya et al., 2022).
	Assess circumstances	

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		depends on the type and condition of waqf assets, such as idle land, cash waqf, or productive waqf projects (Allah Pitchay et al., 2018; Ascarya et al., 2022).
	Define constraints	Portfolio management requires identifying constraints before execution, including risk tolerance, liquidity, and investment limitations (Sutiene et al., 2024). In waqf, constraints are stricter because the endowed principal must be preserved and investment activities must comply with Shariah principles (Sulaiman et al., 2019).
	Choose benchmark	Investment governance requires target setting, investment strategy, monitoring, and transparency (Ammann & Ehmann, 2017). Waqf institutions also require comprehensive performance measurement systems that include efficiency, accountability, sustainability, and social outcomes (Noordin et al., 2017).
Execution	Determine market conditions	The execution stage translates planning into investment decisions and requires analysing available investment opportunities (Mondello, 2023; Sutiene et al., 2024). For waqf, investment opportunities must be assessed within Shariah-compliant and productive waqf structures (Ascarya et al., 2022; Sulaiman et al., 2019).
	Explore risk and return of asset classes	Portfolio construction involves balancing risk and return across asset classes (Sutiene et al., 2024). In waqf institutions, risk management is crucial because waqf organisations face operational, financial, governance, and strategic risks (Yakob et al., 2021).
	Asset allocation	Asset allocation is a core element of portfolio management execution (Mondello, 2023). In waqf, allocation decisions must balance productive development, liquidity, capital preservation, and social benefit generation (Ascarya et al., 2022; Sulaiman et al., 2019).
	Security analysis	Investment processes require disciplined analysis before portfolio construction (Ammann & Ehmann, 2017). For waqf-based investment models, parameters for Shariah compliance and investment suitability are essential to ensure proper application (Sulaiman et al., 2019).
	Portfolio construction	Portfolio construction is the implementation of asset allocation and security selection (CFA Institute, 2026). In productive waqf, the objective is to transform waqf assets into productive resources that generate sustainable benefits without eroding the waqf principal (Ascarya et al., 2022).
Feedback	Adjust investor's needs	The feedback stage ensures that the portfolio remains aligned with investor needs and objectives (Sutiene et al., 2024). In waqf, performance must remain aligned with beneficiary welfare and stakeholder accountability (Ainol-Basirah & Siti-Nabiha, 2022; Noordin et al., 2017).
	Update market conditions	Portfolio feedback includes monitoring changes in market conditions and revising the portfolio accordingly (Mondello, 2023). For waqf institutions, continuous monitoring is also part of governance and risk management (Yakob et al., 2021).
	Evaluate performance	Performance evaluation is central to the feedback stage in portfolio management (CFA Institute, 2026; Sutiene et al., 2024). Waqf institutions require performance measurement systems that include accountability, sustainability, and institutional effectiveness (Noordin et al., 2017).
	Rebalance portfolio	Rebalancing is part of the feedback process to keep the portfolio aligned with objectives and constraints (Mondello, 2023; Sutiene et al., 2024). In waqf, rebalancing is needed to maintain capital preservation, Shariah compliance, and sustainable social return (Sulaiman et al., 2019; Yakob et al., 2021).

Based on this adaptation, the following section develops the proposed Nazir as Fiduciary Waqf Investment Manager Model by linking the planning stage with fiduciary mandate, the execution stage with investment management function, and the feedback stage with governance and risk control.

4.3. Proposed Nazir as Fiduciary Waqf Investment Manager Model

Building on the conceptual adaptation presented in *Table 2*, this study proposes the Nazir as Fiduciary Waqf Investment Manager Model, as illustrated in *Figure 4*. The model positions nazir not merely as an administrator of waqf assets, but as a fiduciary actor who manages waqf funds through a structured investment governance process. The model consists of three interconnected stages: planning, execution, and feedback (Becker et al., 2019; Sutiene et al., 2024). These stages are adapted from the general portfolio management process and translated into the waqf context through three core dimensions: fiduciary mandate, investment management function, and governance and risk control.

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In the planning stage, nazir's role is represented by the fiduciary mandate. This stage defines the fundamental objectives and boundaries of waqf investment, including capital preservation, waqf intention, Shariah compliance, beneficiary orientation, liquidity needs, and acceptable risk tolerance. Unlike conventional investment management, where the investor's goal is commonly associated with financial return and risk preference, waqf investment planning must be guided by the perpetual nature of waqf and the obligation to protect the endowed principal. Therefore, the fiduciary mandate becomes the normative foundation that determines how waqf funds should be managed and what constraints must be observed before any investment decision is executed. This view is consistent with Ainol-Basirah and Siti-Nabiha (2022), who emphasise that waqf accountability involves religious, social, and institutional responsibilities.

In the execution stage, nazir translates the fiduciary mandate into investment management functions. This includes assessing Islamic financial market conditions, identifying productive waqf opportunities, selecting Shariah-compliant instruments or projects, allocating waqf funds, managing liquidity, monitoring investment implementation, and distributing returns. In this stage, nazir performs investment-manager-like functions, but within the specific boundaries of waqf governance. The purpose is not merely to generate return, but to transform waqf assets into productive resources that can create sustainable financial and social value without eroding the waqf principal. This is aligned with Ascarya et al. (2022), who conceptualise productive waqf as an ethical business or investment activity, and Sulaiman et al. (2019), who highlight the importance of investment management parameters in waqf-based investment structures.

In the feedback stage, nazir applies governance and risk control mechanisms to ensure that waqf investment remains aligned with its original mandate. This stage includes performance monitoring, Shariah supervision, risk assessment, internal control, audit, transparency, reporting, and stakeholder accountability. The feedback stage evaluates whether the waqf principal is preserved, whether the investment remains Shariah-compliant, whether risks are properly managed, and whether the generated returns contribute to beneficiary welfare. If the investment strategy no longer aligns with waqf objectives or market conditions change, nazir should adjust the strategy and return to the planning and execution stages. This continuous feedback mechanism is supported by Yakob et al. (2021), who show that enterprise risk management is important for waqf institutions, and Noordin et al. (2017), who argue that waqf institutions require comprehensive performance measurement systems to ensure accountability, efficiency, and sustainability.

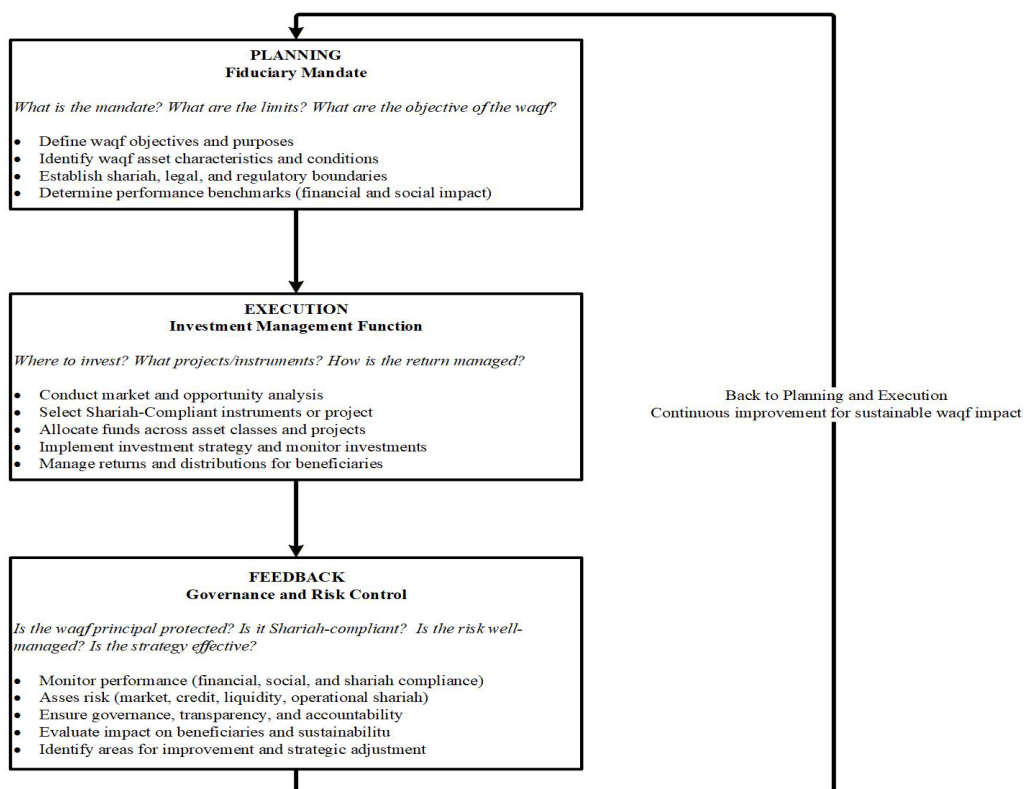


Figure 4. Planning, Execution, and Feedback Cycle in Waqf Investment Governance

The proposed model therefore introduces a continuous investment governance cycle in productive waqf management. Planning ensures that waqf investment is grounded in a clear fiduciary mandate. Execution ensures that waqf funds are productively allocated and managed through Shariah-compliant investment decisions. Feedback ensures that investment outcomes are monitored, risks are controlled, and future strategies are improved. Through this cycle, the model conceptualises nazir as a fiduciary waqf investment manager who is expected to preserve waqf capital, manage investment risk, generate sustainable returns, and deliver long-term social benefits, rather than merely administering waqf assets passively.

4.4. Theoretical and Practical Implications

4.4.1. Theoretical Implications

This study contributes to waqf governance literature by reconceptualising nazir as a fiduciary waqf investment manager rather than a passive asset administrator. Previous studies have discussed productive waqf models, cooperative-waqf structures, accountability, risk management, and performance measurement separately (Ainol-Basirah & Siti-Nabiha, 2022; Ascarya et al., 2022; Pitchay, 2023; Yakob et al., 2021). This study extends the literature by integrating these dimensions into a single investment governance framework based on a planning–execution–feedback cycle.

The model also bridges portfolio management and waqf governance by adapting the conventional investment process—objective setting, constraints, asset allocation, performance evaluation, and rebalancing—into the waqf context (Mondello, 2023; Sutiene et al., 2024). In this model, financial objectives are replaced with waqf-specific goals, including capital preservation, Shariah compliance, waqif intention, beneficiary welfare, and long-term social value creation. Finally, this study broadens nazir performance beyond fund collection by including capital preservation, sustainable return, social benefit distribution, Shariah compliance, risk control, transparency, and accountability, consistent with the need for comprehensive waqf performance measurement (Noordin et al., 2017).

4.4.2. Theoretical Propositions

Because the proposed framework is conceptual and normative, it can be strengthened by deriving testable propositions for future empirical research. These propositions translate the Nazir as Fiduciary Waqf Investment Manager Model into observable relationships that can be examined through case studies, surveys, Delphi studies, structural equation modelling, or system dynamics simulation.

Proposition 1: Waqf institutions whose nazir adopt a formal waqf investment policy statement will demonstrate higher accountability and decision consistency than waqf institutions without such a policy.

Proposition 2: The stronger the fiduciary orientation of nazir, reflected in loyalty, prudence, and accountability, the stronger the institution's ability to preserve waqf capital while pursuing productive investment returns.

Proposition 3: Shariah-compliant asset allocation and risk-control mechanisms will positively affect the sustainability of productive waqf returns.

Proposition 4: Integrated feedback mechanisms, including performance monitoring, Shariah supervision, audit, and transparent reporting, will improve stakeholder trust in waqf institutions.

Proposition 5: Higher stakeholder trust in nazir will increase donor commitment and future cash waqf participation.

4.4.3. Practical Implications

Practically, the model guides nazir and waqf institutions in managing cash waqf and productive waqf assets more systematically. Nazir should develop a waqf investment policy covering objectives, constraints, risk tolerance, liquidity needs, Shariah requirements, and performance benchmarks to ensure long-term value creation without eroding the endowed principal (Ascarya et al., 2022; Sulaiman et al., 2019). Nazir should also strengthen investment management capacity by evaluating Shariah-compliant instruments or productive projects, allocating waqf funds across suitable assets, and monitoring performance, since productive waqf involves investment, liquidity, operational, and project-related risks (Yakob et al., 2021).

Moreover, waqf institutions need stronger governance and risk-control mechanisms, including Shariah supervision, internal control, audit, transparency, reporting, and stakeholder accountability. These mechanisms support Shariah compliance, capital preservation, beneficiary welfare, institutional trust, and sustainability (Ainol-Basirah & Siti-Nabiha, 2022; Yakob et al., 2021). Lastly, transparent performance reporting may increase donor trust and future cash waqf participation. Prior studies show that trust, knowledge, information disclosure, and institutional credibility can increase waqf intention, waqif commitment, and cash waqf collection (Abd Jalil et al., 2019; Ab Shatar et al., 2021; Aldeen, 2022; Asyari et al., 2024; Kasri & Chaerunnisa, 2021; Widiastuti, 2025). Thus, better nazir performance, reflected in transparency, accountability, and effective fund management, is expected to strengthen public trust and increase waqf donations.

V. CONCLUSION

This study develops a conceptual framework that reconceptualises nazir as a fiduciary waqf investment manager in productive waqf governance. The main finding shows that the portfolio management process can be adapted into the waqf context through three interrelated stages. First, the planning stage represents nazir's fiduciary mandate, which includes capital preservation, waqif intention, Shariah compliance, and beneficiary welfare. Second, the execution stage represents the investment management function, where nazir allocates waqf funds, selects Shariah-compliant instruments or projects, manages liquidity, and distributes returns. Third, the feedback stage represents governance and risk control, where nazir monitors performance, evaluates risk, ensures accountability, and improves future investment decisions.

The proposed model implies that nazir should not only administer waqf assets, but also manage them through a structured investment governance process. Managerially, waqf institutions need to strengthen nazir capacity by developing waqf investment policies, Shariah-compliant asset allocation guidelines, risk monitoring procedures, and integrated performance reporting. These mechanisms

are important to ensure that productive waqf can preserve the endowed principal, generate sustainable returns, and deliver social benefits to beneficiaries.

This study is limited by its conceptual nature. It does not conduct empirical testing, statistical analysis, or expert validation. Therefore, the proposed framework should be tested in future studies using expert interviews, Delphi method, case studies, structural equation modelling, or system dynamics simulation. Future research may also examine whether improved nazir performance, transparency, and accountability can increase donor trust and future cash waqf participation.

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