

Waqf-Driven Halal Ecosystem Development: The Institutional Model of the Institute of Waqf and Halal Research (IWAH), Universiti Teknologi Mara (UiTM) Sarawak

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ABSTRACT

This study provides an analytical and critical examination of the integration of the *waqf* (Islamic endowment) concept within the development of the halal ecosystem, focusing on the institutional experience of the Institute of Waqf and Halal Research (IWAH), Universiti Teknologi MARA (UiTM) Sarawak, as an applied model of implementation. Employing a qualitative approach grounded in conceptual analysis and institutional case study, the paper evaluates the symbiotic relationship between *waqf* instruments and the halal industry in strengthening the Islamic economic framework based on the principles of *maqāṣid al-sharī'ah* (objectives of Islamic law). Existing literature demonstrates that the integration of *waqf* and halal has significant potential as a resilient alternative financing mechanism for supporting research, innovation, and halal entrepreneurship. Nevertheless, such integration continues to face policy, governance, and societal awareness challenges. Findings indicate that the implementation of this concept at IWAH extends beyond theory and is operationalised through *productive waqf* management that sustains halal laboratory operations, educational financing, and the development of a Halal Industry Complex. This approach represents a value-based productive *waqf* model that unites knowledge, ethics, and social benefit in building a sustainable Islamic economic development framework. Based on these findings, the study proposes an institutional integration model the Waqf–Halal Institutional Integration Framework which may serve as a reference for other Islamic higher learning institutions in optimising *waqf* as a strategic instrument for halal ecosystem development in Malaysia.

Keywords: Waqf, Halal, Islamic economy, Maqāṣid al-Sharī'ah, Islamic Social Innovation, IWAH

Abstrak

Kajian ini mengemukakan suatu analisis mendalam dan kritikal terhadap integrasi konsep wakaf dalam pembangunan ekosistem halal, dengan memberi tumpuan kepada pengalaman Institut Wakaf dan Penyelidikan Halal (IWAH), Universiti Teknologi MARA (UiTM) Sarawak sebagai sebuah model pelaksanaan yang bersifat aplikasi sebenar. Dengan menggunakan pendekatan kualitatif yang berasaskan analisis konseptual dan kajian kes institusi, makalah ini menilai hubungan simbiotik antara instrumen wakaf dan industri halal dalam memperkukuh kerangka ekonomi Islam yang berteraskan prinsip *maqāṣid al-sharī'ah* (objektif syariah). Literatur terdahulu menunjukkan bahawa integrasi antara wakaf dan sektor halal memiliki potensi besar sebagai satu mekanisme pembiayaan alternatif yang mampan untuk menyokong penyelidikan, inovasi, dan pembangunan keusahawanan halal. Namun demikian, integrasi ini masih berdepan pelbagai cabaran, termasuk isu dasar, tadbir urus, serta tahap kesedaran dan penerimaan masyarakat. Dapatan kajian menunjukkan bahawa pelaksanaan konsep tersebut di IWAH bukan sekadar bersifat teoritikal, tetapi telah direalisasikan melalui pengurusan wakaf produktif yang menyokong operasi makmal halal, pembiayaan pendidikan, serta pembangunan Kompleks Industri Halal. Pendekatan ini mencerminkan satu model wakaf produktif berasaskan nilai yang mengintegrasikan ilmu, etika, dan maslahat sosial dalam membangunkan satu kerangka pembangunan ekonomi Islam yang lestari dan bernilai tambah. Berdasarkan penemuan ini, kajian ini mencadangkan suatu model integrasi institusi yang dinamakan Waqf–Halal Institutional Integration Framework, yang berpotensi

menjadi rujukan kepada institusi pengajian tinggi Islam lain dalam usaha mengoptimumkan wakaf sebagai instrumen strategik bagi pembangunan ekosistem halal di Malaysia.

Kata kunci: Wakaf, Halal, Ekonomi Islam, Maqasid Syariah, Inovasi Sosial Islam, IWAH

INTRODUCTION

The concepts of halal and waqf are one of the most important bases in the Islamic economic system. Both of them have different functions but are mutually reinforcing and provide huge potential for strategic integration. Ascarya (2020) argues that the convergence of these mechanisms has capacity to generate a holistic ecosystem for Islamic economy, value oriented and resilient in advancing social equity, common prosperity and sustainable circulation of wealth in line with overall objective of *maqāṣid al-sharī'ah*. From the historical side, *waqf* has transcended its conventional dual character, it has emerged as an important socio-economic institution capable of mobilizing social capital to stimulate the development of education, health, trade and entrepreneurship. Thus, it is a concept that is widely recognized across various Islamic and non-Islamic civilizations (Cizakca, 1998 & Mahyuddin, 2013).

On the contrary, the halal concept are functioning as a comprehensive ethical and regulatory framework in ensuring compliance, purity, integrity and accountability of shariah across the entire economic value chain from the production process of raw materials to the consumption of halal products. Dusuki and Bouheraoua (2011) emphasize that the halal system functions not only as an instrument of regulatory compliance but also as a normative standard for ethical, transparent, and responsible behavior in contemporary market structures.

Recent scholarly asserted that the systematic integration of *waqf* and the halal industry offers transformative potential to strengthen the Islamic socioeconomic ecosystem. This integration includes wide access to ethical and inclusive financing, empowering micro, small and medium enterprises (SMEs) that are halal-oriented, strengthening the mechanisms of social protection and promoting the outcomes of inclusive and sustainable development (Siti Hajar, 2019 & P. Ibrahim & A. Ghafar, 2021). By linking the capacity-redistributive of *waqf* with the economic dynamics and market-driven momentum of the halal sector, this integrated model emerges as a strategic and forward-looking path towards building a balanced, equitable and resilient Islamic economy in facing future socio-economic challenges.

Concept of Waqf-Halal Integration

In a global context, the integration of halal-*waqf* is increasingly recognized as an innovative strategy to strengthen the Islamic social finance ecosystem. This approach emphasizes on the role of productive *waqf* as a sustainable source of financing that can support research activities, development and halal innovation without overly depending on government allocations or conventional commercial markets. As Cizakça points out, productive *waqf* from the historical side functions as a factor to develop socio-economy and maintain relevance for the modern Islamic economy (Cizakca, 1998). Countries such as Indonesia, Turkey and the United Arab Emirates have begun to institutionalize this integration through the establishment of halal *waqf* funds, research clusters and centers for integration dedicated for the advancement of Islamic socio-economic (Dinar Standard, 2023).

According to the Halal Development Corporation (HDC) (2023), the halal industry in Malaysia has shown a significant growth and remains as one of the major contributors to the country's economy, with an export value exceeding RM59 billion by 2023. Malaysia continues to maintain its global leadership in halal certification through the standards that are internationally recognized, issued by the Malaysian Islamic Development Department (JAKIM), Astro Awani (2025) reported that Malaysia has maintained the top global position in the ranking of halal economy for eleven consecutive years. However, high reliance on government allocations has constrained the feasibility and long-term sustainability of the development in the halal ecosystem.

The lack of financing sources has limited innovation and development of halal products, especially among micro, small and medium enterprises (MSMEs). As reported by Mohd Shahar, halal industry in Malaysia needs more integrated financial and institutional mechanisms that can link the Islamic social finance instruments with halal

entrepreneurship.¹ In this context, *waqf* presents itself as an alternative sharia-compliant financing mechanism that can be assimilated in supporting innovation, research and enterprise development in the halal sector. This is in line with Ascarya's (2020) argument that integrating Islamic social finance instruments, including *waqf*, into the productive sector results in a more holistic and resilient.

Despite its great potential, the stages for the development of integration of *waqf* and halal in Malaysia are still in their early stages. Research by Nor, Rahman and Razak (2023) shows that the use of productive *waqf* funds to support halal entrepreneurship can significantly empower low-income communities (B40), especially when implemented through targeted institutional partnerships. However, the effectiveness of this approach is highly dependent on the institutional capacity of the *waqf* administrators, the existing governance framework and the level of public awareness of the broader economic role of *waqf*.

HDC (2023) has published the Halal Industry Master Plan 2030 (HIMP 2030), which emphasizes the need for alternative financing mechanisms to sustain halal innovation; however, HIMP 2030 has yet to recognize *waqf* as a formal Islamic impact investment fund for halal research and enterprise development. Observations by Abdullah and Ahmad found that Malaysia continues to face structural barriers in institutionalizing *waqf*-halal integration due to the absence of a standard operating model and national policy framework (HDC, 2023). Empirical studies at the university level conducted by Mohd Daud and Salleh emphasized on the great potential of university *waqfs* as a source of funding for research and community development, but implementation remains inconsistent due to inconsistent state-level legal frameworks and weak project monitoring practices. (Mohd Daud, 2022 & Salleh, 2023)

Although scholarly discussions on *waqf*-halal integration are growing, there are several constraints for the practical implementation. These include:

1. The absence of formal integration models in higher education institutions;
2. Governance limitations in managing academic *waqf* assets; and
3. Low level of public awareness of *waqf* as a productive economic instrument.

In response to this structural challenge, the Institute of Halal Endowments and Research (IWAH), Universiti Teknologi MARA (UiTM) Sarawak, has initiated this integration by using *waqf* instruments to fund halal research and development activities. IWAH as a halal research center based on *waqf* funds has combined the principles of academic *waqf* (education, research, training) with the development of halal research to support the development and the efforts for empowerment of halal and *waqf* carried out by the Sarawak Islamic Council (MIS) and to intensify community economic development as well as to strengthen the reputation of the Academy of Contemporary Islamic Studies (ACIS) UiTM as a leader in contemporary Islamic education. This approach not only demonstrates innovation in the management of university *waqf* funds, but also opens up space for the development of a competitive and sustainable halal ecosystem at the state and national levels (IWAH Annual Report, 2024)

This approach not only represents institutional innovation in *waqf* management at the university level, but also a viable framework to create a competitive and sustainable halal ecosystem at the state and national levels. In addition, the integration of *waqf* and halal by IWAH brings meaningful implications for institutional policy development, governance restructuring and long-term research funding strategies. Through a productive *waqf* approach, financial resources can be mobilized to support halal development projects that directly benefit local communities, including entrepreneurs from low-income groups and university students.

Nor, Rahman and Razak (2023) argue that the implementation of a robust *waqf*-halal integration model can strengthen the Islamic social economy by increasing the marketability of local halal products and reducing income gaps across societies. Therefore, this study aims to analyze the integration of *waqf* in the halal ecosystem through the lens of the IWAH institutional experience, focusing on the theoretical foundations, practical

implementation and policy implications for Islamic economic development at the institutional and national levels. It further aims to build a conceptual framework for the *waqf*-halal integration model, in offering a scalable and replicable model for higher learning institutions to operationalize *waqf* as a strategic instrument for the development of the halal industry.

Classical and Contemporary Scholarly Perspectives

From classical Islamic thought, *waqf* can be defined as the permanent dedication of an asset whose benefits are directed towards charitable or public purposes under Sharia law. As explained by al-Zuhaylī (1985), *waqf* functions as a bridge between acts of devotion and socio-economic development as it embodies the dual principles of *ta'abbudī* (devotion to God) and *ta'awunī* (human cooperation). Imām al-Shāfi'ī and Imām Abū Ḥanīfah also describe *waqf* as a mechanism for the preservation of property (*ḥifẓ al-māl*) dedicated to public welfare, while emphasizing that ultimate ownership lies with Allah (Al-Umm, n.d & Fath al-Qadir, 1898). Ibn Qudāmah (1997) conceptualizes *waqf* as an efficient resource governance tool that protects the continuity of assets and ensures optimal allocation of benefits, summarized in the maxim *tahbīs al-aṣl wa tasbīl al-manfa'ah*.

Moreover, Al-Zuhaylī (1985) emphasizes the redistributive dimension of *waqf* by describing it as a mechanism to balance wealth gaps and protect social cohesion. Ibn Khaldūn's socio-economic framework also emphasizes that the prosperity of a society depends on a balanced relationship between personal rights and public welfare (Ibn Khaldun, 2000). In this paradigm, *waqf* operates as an ethical institutional mechanism that reconciles private ownership with public benefit, thus promoting social stability and community.

Historical evidence shows that *waqf* was deeply integrated into important sectors of economic and social life, education, healthcare, agriculture and businesses. Although classical scholars do not explicitly use modern economic terms, Hoexter (1993) emphasizes that *waqf* in Syria during the Ottoman period was not simply a religious institution, but a dynamic social institution that structured power relations, shaped economic arrangements and defined the functions of society. Its flexibility allowed *waqf* to function as an important mechanism for managing resources, building social identity and maintaining the political stability of the country. These cases reflect a deeply embedded integrative economic model that illustrates modern notions of *waqf*-sectoral relationships.

In modern scholarship, Kahf (2003) argues that *waqf* must evolve beyond charitable functions towards productive, sustainable and the mechanisms is managed professionally. He argues that *waqf* should be integrated with key Islamic social finance instruments such as zakat, Islamic microfinance and sukuk to build a robust Islamic Social Finance (ISF) ecosystem. Meanwhile, Cizakça (2011) emphasized on this concept by framing *waqf* as the backbone of "Islamic moral capitalism," a religiously driven economic model that can replace state welfare and support the development of entrepreneurial and halal industries when properly institutionalized.

Based on these views, Ascarya (2020) proposes a *Waqf*-Based Islamic Social Finance Model that integrates *waqf* with zakat, *infāq* and halal industries to create a holistic and value-driven Islamic economic system. This integration transforms *waqf* from a charitable instrument to a strategic tool for achieving the Sustainable Development Goals (SDGs) within the framework of Islamic morality, especially in areas such as halal entrepreneurship, education and community welfare.

Meanwhile, Abdullah and Ahmad (2019) have suggested that the integration of *waqf*-halal can generate an inclusive development model by linking philanthropic capital with halal economic activities, thus creating alternative financing mechanisms for research, halal certification, technology and halal entrepreneurship. Empirical evidence from Nor, Rahman and Razak (2023) shows that productive *waqf* stimulates local halal entrepreneurship, increases self-sufficiency, and reduces dependence on government subsidies among low-income groups. Dusuki and Bouheraoua (2011) further emphasize that both halal and *waqf* should be understood through the framework of *maqāṣid al-sharī'ah*, aligning economic activities with the preservation of faith, life, intellect, lineage and wealth.

Globally, Maulina et al. (2023) have shown that the integration of Islamic social finance, particularly *waqf*, with the commercial sector is gaining momentum, although most existing models are conceptual in nature and require

empirical validation. In addition, according to Widiastuti et al. (2022), to achieve community empowerment and economic inclusion, a hybrid Islamic social finance framework that integrates *waqf*, halal microfinance and Islamic cooperatives can be proposed.

Collectively, while contemporary scholars reinterpreted it within institutional governance, strategic development and sustainability frameworks, the perspectives of classical and contemporary scholars reveal a coherent epistemological trajectory in which classical scholars framed *waqf* within a moral-legal value. This shift shows the evolution of Islamic economics from a normative ethical system to a structured mechanism of modern socio-economic development.

The integration of *waqf* and halal covers *‘ibādah ijtīmā’iyyah* (social worship), expressing both vertical relationships with God (*ḥabl min Allāh*) and horizontal relationships among humans (*ḥabl min al-nās*) can be seen from an epistemological perspective. Moreover, to realign classical ideals with contemporary socio-economic realities, this integration requires institutional alignment, governance innovation and academic-industry collaboration.

In this context, the Institute of *Waqf* and Halal Research (IWAH), UiTM Sarawak, can be a prototype of a practical institution that demonstrates the ways in which classical Islamic socio-economic principles can be modernized, operationalized and institutionalized in a contemporary academic and industry ecosystem. Through its initiative, this is aligned with the development needs of the 21st century to transform centuries-old Islamic economic concepts into measurable and sustainable frameworks.

Establishment and The Role of IWAH UiTM Sarawak

In the context of higher education and socio-economic development, the establishment of the Institute of *Waqf* and Halal Research (IWAH) at Universiti Teknologi MARA (UiTM) Sarawak is a strategic and visionary initiative to strengthen the two main Islamic economic agendas, namely *waqf* and halal. The establishment of IWAH is based on the recognition that both *waqf* and halal are not only aimed at religious or moral development, but are also practical instruments to achieve the *maqāṣid al-sharī‘ah*, especially in preserving wealth (*ḥifẓ al-māl*), promoting public welfare and ensuring socio-economic justice.

IWAH was established in 2017 and is envisioned as an institutional platform built to integrate academic scholarship, research and community engagement in the domains of *waqf* and halal studies (IWAH, 2024). The establishment of this institute reflects UiTM Sarawak's aspiration to pioneer the integration of Islamic knowledge and scientific disciplines in a practical, innovative and capable of producing measurable impact on the Muslim community and Malaysian society.

Conceptually, IWAH was established to address the growing complexity of halal-related issues and to strengthen the role of *waqf* as an enabling instrument for education, research and social innovation. The institute functions bridging the gap between Islamic values and contemporary economic practices, as well as a research and development hub that combines normative sharia principles with the needs of modern industry. To establish UiTM Sarawak as a regional reference centre for *waqf* and halal research in contributing to Malaysia's national halal ecosystem and the broader Islamic economic agenda in Borneo and Southeast Asia is its primary objective.

The establishment of IWAH is also a strategic response to the dynamics of the global halal market, which has grown to over USD 3 trillion (HDC, 2023). This rapid growth shows the need for Malaysia and particularly the state of Sarawak to develop a group of scholars, researchers and professionals skilled in halal management and *waqf* governance. As an academic institution located in East Malaysia, to catalyze the expansion of the regional halal industry based on sharia-compliant financing and social responsibility, IWAH is tasked with identifying opportunities.

From a structural perspective, IWAH operates as a specialized academic institute under UiTM Sarawak with three main mandates:

1. Research and Development (R&D): Conducting empirical and applied research on the *waqf* and halal industries;
2. Education and Training: Offering professional certifications, short courses and executive programs for industry players and government agencies; and
3. Community and Economic Empowerment: Mobilizing *waqf* resources to fund community-oriented projects and halal-based entrepreneurship among low-income groups and students.

This perspective to develop contemporary Islamic scholarship through the Academy of Contemporary Islamic Studies (ACIS) by positioning IWAH as a key institutional bridge between academic theory, national policy and industry practice is aligned with UiTM's mission.

Strategic Rationale

The rationale for establishing IWAH goes beyond administrative necessity. An epistemological shift in UiTM Sarawak's institutional paradigm from a conventional teaching university to an applied research institution driving Islamic socio-economic innovation is represented. This transformation to strengthen Malaysia's halal and *waqf* sectors as a key component of the Islamic Social Finance Framework (ISF) is aligned with the broader national agenda

Sarawak, as the largest state in Malaysia with a multi-religious demographic and a growing industrial base, offers a unique context for this initiative. It presents a unique opportunity to develop a Borneo-based halal and *waqf* hub that integrates Islamic principles into a diverse socio-economic reality. UiTM Sarawak's engagement through IWAH has both academic and developmental purposes, which is to produce knowledge that is actionable, inclusive as well as aligned with both Islamic jurisprudence and national policy priorities

Institutional Collaboration and Governance

A multi-stakeholder governance structure that interconnects academia, government and industry in the IWAH institutional model is built. The Sarawak Islamic Council (MIS) plays a key role as the religious authority overseeing *waqf* and halal certification in the state. UiTM Sarawak functions as the academic and research partner, while collaborations with local and national industry players provide the applied and commercial dimensions.

A triple helix model of university-industry-government partnerships, contextualised within an Islamic socio-economic framework, encompasses this tripartite collaboration. In maintaining compliance with the shariah oversight standards set by MIS, the governance within IWAH adheres to UiTM's internal policies. This is to ensure that all projects under IWAH from halal laboratory operations to *waqf*-funded educational initiatives, meet academic and religious governance requirements.

The establishment of IWAH is an institutional achievement for UiTM Sarawak and a pioneering model in the Malaysian higher education system. It redefines the function of the university not just as a site of knowledge transmission, but as a catalyst for Islamic social innovation, translating shariah-based values into empirical, policy-relevant and economically productive outcomes.

Therefore, the living embodiment of integrative Islamic development can be seen in the functions of IWAH, where a unified institutional framework comes together with the intellectual legacy of classical *waqf* theory and the pragmatic needs of the modern halal industry.

Strategic Implementation and Institutional Model

The execution of the operation for the *waqf*-halal integration model by IWAH serves as a pioneering institutional innovation that combines theoretical frameworks with applied empirical solutions. This section translates conceptual *waqf*-halal dynamics into highly measurable, concrete institutional outputs by combining the strategic pathways, operational mechanisms and structural models adopted by IWAH.

Strategic Implementation and Institutional Model

The implementation of the *waqf*-halal integration model that combines a theoretical framework with empirical application can be seen from the institutional innovation of IWAH. This section outlines the strategies, mechanisms and operational models adopted by IWAH to translate the conceptual integration of *waqf* and halal into measurable institutional outputs:

Institutional Framework

To ensure that the integration of *waqf* and halal is systematically embedded across academic, research and industrial activities, the Implementation Framework in IWAH is developed. Four main components is structured:

1. Governance Integration: Alignment between the IWAH administrative framework and the regulatory jurisdiction of the Sarawak Islamic Council (MIS) is to ensure syariah-compliant operations and institutional transparency.
2. Academic and Research Development: Establishment of a multidisciplinary research ecosystem involving scholars from the faculties of Islamic studies, science and business is to encourage cross-disciplinary collaboration in *waqf*-halal research.
3. Infrastructure and Facilities Development: Creation of dedicated halal testing laboratories and incubation facilities funded through productive *waqf* mechanisms.
4. Community and Industry Relations: Engagement with external stakeholders, including government agencies, halal entrepreneurs and *waqf* donors, to promote inclusive participation and co-ownership of *waqf*-funded initiatives.

Thus, IWAH positions itself through these four components as a bridge of knowledge to practice by linking academic research with socio-economic impact.

Practical Implementation of the Waqf-Halal Concept by IWAH

Bank Rakyat Dividend Waqf Programme

This Dividend Waqf Project is an initiative of IWAH's Collaboration with Bank Rakyat for the purpose of raising funds to fund the operation of the Halal Research Laboratory and assist in the development of halal research at UiTM Sarawak. Waqf Dividend is a branding initiative for the waqf fund collection mechanism based on dividends saved by Bank Rakyat depositors. Through this mechanism, dividends distributed by Bank Rakyat to depositors will be endowed, subject to the voluntary consent of depositors, into the Halal Education and Management Waqf Fund, UiTM Sarawak.

This programme has managed to collect waqf turnover of around RM7,000 to RM14,000 per month. The implementation of this program not only proves the success of the collaboration of private institutions, but also opens space for the public, especially the Muslim community, to participate in this waqf program. This approach introduces an innovative and sustainable form of cash waqf, where the return from financial savings is utilised as a continuous source of financing to support the development of education, research, innovation, development of the halal ecosystem, as well as community empowerment based on the principle of productive waqf.

Halal Analysis Laboratory

The establishment of the UiTM Sarawak Halal Analysis Laboratory is based on the strategic collaboration of corporate waqf funds and cash waqf contributions by the Sarawak Islamic Council (MIS) through the Sarawak Baitulmal Fund (TBS) amounting to RM500,000. This halal Research Laboratory has received official accreditation certification and is recognized as a Halal Panel Laboratory by the Sarawak Islamic Council (MIS) and recognized by the Department of Islamic Development Malaysia (JAKIM) as a Halal Training Centre (PLH) for the Borneo Region.

The operation of this laboratory is also managed based on the principle of productive waqf management from Bank Rakyat's waqf sources, dividends and other acquisitions such as sample analysis service charges and halal consultation. The revenue from the lab is channelled back as a financial resource to the university. A large part of the income is donated to the UiTM Sarawak Education Waqf Fund, which is then used to fund educational aid, student scholarships, as well as strengthen academic research in the field of halal and Islamic food science. This practice shows that the waqf-halal combination can be implemented successfully and at the same time can reduce dependence on financial assistance from the government.

The establishment of the Halal Analysis Laboratory is one of IWAH's key initiatives, which functions as a dedicated research and service facility for halal verification, product certification and research innovation. To ensure that all procedures comply with national and international halal requirements, the laboratory operates under the supervision of lecturers from the Faculty of Applied Sciences (FSG), adheres to the standards set by the Malaysian Laboratory Accreditation Scheme (SAMM) and the Malaysian Islamic Development Department (JAKIM).

Thus, the practicality of integrated Islamic financing as a sustainable resource mobilization mechanism by linking waqf financing with halal testing and R&D can be seen by the demonstration of IWAH which transforms waqf from a static religious contribution to a productive asset that directly contributes to economic growth and social empowerment.

Financial Mechanism and Governance Framework

The financial model adopted by IWAH is based on the principle of productive *waqf* (*al-waqaf al-istithmārī*), which aims to preserve capital (*ra's al-māl*) while using its profits for operational and development activities. This model works through a dual-funding mechanism:

Fund Typology	Primary Capital Source	Institutional Utilization	Oversight & Regulatory Governance
Waqf Fund (Productive Waqf Fund)	Public endowers and corporate contributors; managed under the trusteeship of the Shariah Advisory Council of Sarawak (MIS).	Funding for halal research, laboratory equipment, scholarships, and community projects	Sharia Supervision by MIS and Internal Audit UiTM
Revenue Generation Fund	Consulting services, halal analysis fees, research grants, and training income	Laboratory operations, R&D projects, and training centers	IWAH Management Committee and UiTM Finance Division

Halal Industrial Complex (Borneo Halal Hub)

The establishment of the Halal Industrial Complex is a continuation and completion phase of the direction of the concept of haqf-halal integration where research, training, certification, processing and marketing are systematically integrated into a coherent and continuous value chain model of an "integrated halal ecosystem". Efficiency, ethical integrity and harmoniously existing social benefits can be seen in an integrated framework, which represents the embodiment of the operation of maqāṣid al-sharī'ah in economic development.

The Institute of Halal Endowments and Research (IWAH) led the Halal Industry Complex under a unified governance framework that is strategically designed to consolidate and manage various halal-related entities. This structure ensures cohesive management, operational efficiency and adherence to syariah-compliant standards. The Complex consists of several core components:

1. Halal Research Laboratory, which serves as a centre for scientific analysis, innovation and empirical research in halal certification and product development;

2. Halal Abattoir, which serves as a JAKIM-accredited abattoir and training facility for halal-compliant processing practices;
3. Halal Cold Storage Facility, which provides world-class logistics and preservation services to maintain the integrity of halal products;
4. Halal Mart, which operates a commercialisation hub for university-developed halal products and locally produced goods, thus bridging academia and industry;
5. Centralised Halal Kitchen, which offers syariah-compliant food processing facilities that support campus operations and external industry collaboration; and
6. Halal Training Centre, to provide continuous professional development for students, entrepreneurs and industry practitioners in the halal value chain.

These components form an institutional ecosystem that covers research, education, production and commercialization under an integrative framework. Strategically, the Halal Industry Complex catalyses the development of the Islamic *waqf*-based economy in Sarawak. It not only provides the physical and technical infrastructure required for the expansion of the halal industry but also strengthens inter-organizational collaboration between universities, industry players and government agencies. Through this integrated mechanism, IWAH aims to foster a socially sustainable and economically productive halal ecosystem, in line with the Islamic principles of *maṣlahah* (public interest) and long-term economic supervision.

The establishment of the Halal Industry Complex under the governance of IWAH is indirectly in line with the Sarawak State Government's aspiration to position the state as the Halal Hub of Asia. It complements the Halal Industry Master Plan Malaysia 2030 (HIMP 2030), which emphasises innovation, cross-sector collaboration and the use of Islamic financial instruments such as *waqf* to enhance the country's competitiveness in the global halal economy. (HDC, 2023)

Overall, the implementation of this initiative marks the transformation of IWAH from a conventional research unit to a dynamic institutional catalyst for the development of *waqf*-based halal industries. This transformation covers the convergence of Islamic social finance operations, industrial innovation and sustainable development. By this model, IWAH will not only contribute to the advancement of the Islamic economy in Sarawak but also strengthen Malaysia's position as a global leader in the halal industry and Islamic economic governance.

CONCLUSION

Waqf integration into the halal ecosystem by the Institute for *Waqf* and Halal Research (IWAH), Universiti Teknologi MARA (UiTM) Sarawak, represents a shift in the operationalisation of Islamic economic principles. It transforms *waqf* from a traditional instrument into a strategic mechanism for social investment, sustaining innovation, education and entrepreneurship. By merging the ethical foundations of *waqf* and the industrial potential of the halal economy, IWAH illustrates how *maqāṣid al-sharī'ah* can be accomplished through collaborative institutional design and governance.

Findings of this study show that this model could be a sustainable solution for Islamic socio-economic development in Malaysia and beyond. IWAH's efforts, such as the creation of Halal Analysis Laboratory, the introduction of the Borneo Halal Industrial Complex and the incorporation of productive *waqf* financing, exemplify how social finance complements industrial development under a unified syariah-compliant framework. This effort is the beginning of an institutionalised *waqf*-halal relationship that will improve academic excellence and economic inclusion.

Theoretical Implications

From a theoretical perspective, the evolution of Islamic economic thought from normative moral theory to applied institutional models is embodied in the integration of *waqf* and halal. This is in line with the opinions of

scholars such as Kahf (2003), Cizakça (2011), and Ascarya (2020), who argue that Islamic social financial instruments may be structurally compatible with market-based systems without violating shariah principles.

Waqf-halal integration encompasses the operationalization of *maqāṣid al-sharī'ah* in three main dimensions:

1. Wealth Preservation (*ḥifẓ al-māl*): Transforming *waqf* assets into productive capital, this model ensures that resources are managed and reinvested sustainably.
2. Social Welfare (*maṣlaḥah 'āmmah*): Halal-driven entrepreneurship and community training create equitable access to economic opportunities.
3. Knowledge Advancement (*ḥifẓ al-'aql*): Research, education and innovation are financed through ethical and non-interest-based financing mechanisms.

This model is a contribution to the general theoretical on Islamic Value-Based Economics (VBE). It demonstrates that *waqf* and halal can be the institutional foundation of a morally and socially responsible economy oriented.

Practical and Institutional Implications

At the institutional level, the IWAH experience illustrates how universities can serve as engines of Islamic social innovation, connecting their academic mission to community empowerment and industry engagement. Core implications include:

1. Replicability Model: The IWAH model offers a replicable framework for other higher learning institutions to establish *waqf*-based halal research centres under their governance systems.
2. Sustainable Financing: By combining productive *waqf* with Public-Private Partnership (PFI) schemes, universities can diversify their funding sources and maintain shariah compliance.
3. Governance Reform: The tripartite partnership between MIS, UiTM and private sector partners has developed a model of multi-level Islamic governance that combines transparency, accountability and spiritual responsibility.
4. Industry Collaboration: The model encourages the participation of halal industry players in corporate social responsibility (CSR) programs related to *waqf*, thus integrating ethical finance into the industry value chain.
5. Educational Transformation: Endowment-funded laboratories and training for students to gain applied knowledge connecting Islamic ethics to industry efficiency.

The impact of this implementation highlights the importance of aligning Islamic social finance with the Halal Industry Master Plan Malaysia 2030 (HIMP 2030) and the Islamic Social Finance Blueprint launched by Bank Negara Malaysia. To achieve sustainable growth of the halal ecosystem, both documents emphasize institutional innovation as the key.

POLICY RECOMMENDATIONS

Based on the IWAH case study, several policy recommendations are proposed to enhance *waqf*-halal integration in Malaysia:

1. National Framework for *Waqf*-Halal Integration: Establish a federal-level policy framework to harmonize the use of *waqf* across the halal industry, ensuring consistency across states under the supervision of the Department of *Waqf*, Zakat and Hajj (JAWHAR) and the Halal Development Corporation (HDC).

2. Standardization of Governance Models: Develop standard operating procedures (SOPs) for the implementation of *waqf* projects in academic and industry contexts, guided by national sharia standards.
 - a) Incentives for Productive *Waqf* Investment: Introduce tax incentives and regulatory support to encourage corporate participation in *waqf*-based halal initiatives.
 - b) Academic-Industry Collaboration Fund: Establish a joint financing scheme between universities, industry and Islamic financial institutions to support research, product development and capacity building.
 - c) Digitalization of *Waqf* Management: Implement a blockchain and digital tracking system for transparent monitoring of *waqf* contributions, disbursements and impact measurement.
 - d) Regional Integration: Promote *waqf*-halal collaboration across Borneo and ASEAN member states through academic exchanges, policy alignment and research consortiums.

The suggestions highlight that the successful integration of *waqf*-halal requires not only financial innovation but also a high level of institutional coordination and strong policy support at the state and national levels.

The IWAH case is an example of how developing Malaysia's Islamic economy through knowledge, ethics and inclusiveness can be seen as demonstrating that the integration of *waqf* and halal institutions has transformative potential. It shows that Islamic finance is not just a replica of the conventional economy, but a complete socio-economic governance system that can deliver equitable and sustainable growth.

IWAH has set a precedent for how universities can act as catalysts for Islamic development. Its model emphasizes that *waqf* and halal integration is not a theoretical aspiration but a viable path towards building a spiritually conscious, socially just and economically resilient economy.

The *Waqf*-Halal Institutional Integration Model represents a revival of classical Islamic heritage and innovation in modern institutional design. It stands as a blueprint for the future of Islamic social finance that conforms with faith, knowledge and progress for the holistic good of society.

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