

Waqf Crowdfunding as a Sustainable Business Model for Halal Non-Ruminant Livestock Production: A Malaysian Perspective on Economic and Social Innovation

Rahmawati Mohd Yusoff, Department of Law, Universiti Teknologi MARA (UiTM), Cawangan Johor, Kampus Segamat, 85000 Segamat, Johor, Malaysia.

Sharifah Zubaidah Syed Abdul Kader, Ahmad Ibrahim Kulliyyah of Laws, International Islamic University Malaysia, Jln Gombak, 53100 Kuala Lumpur, Selangor, Malaysia.

Azhani Arshad, Faculty of Law, Universiti Teknologi MARA (UiTM), Shah Alam 40450 Shah Alam, Selangor, Malaysia.

Wan Amir Azlan Wan Haniff, Department of Law, Universiti Teknologi MARA (UiTM), Cawangan Johor, Kampus Segamat, 85000 Segamat, Johor, Malaysia.

Mohammad Hidir Baharudin, Sultan Ibrahim Johor Islamic University College, 80350 Johor Bahru, Johor, Malaysia.

Muhammad Amrullah bin Drs Nasrul, Ahmad Ibrahim Kulliyyah of Laws, International Islamic University Malaysia, Jln Gombak, 53100 Kuala Lumpur, Selangor, Malaysia.

Parihah Ab Kadir, Faculty of Law, Universiti Teknologi MARA (UiTM), Shah Alam 40450 Shah Alam, Selangor, Malaysia.

ABSTRACT

The rising dependence on food imports, especially halal non-ruminant foods, is threatening national food security and the Malaysian economy. Waqf crowdfunding can serve as a potential source of Islamic social financing, providing a sustainable business model for local production. This paper will discuss the economic and social implications of Waqf crowdfunding in the halal non-ruminant livestock industry in Malaysia. This paper, based on a qualitative research method that primarily relied on document analysis and a thorough literature review, focuses on how Waqf crowdsourcing can be undermined as an engine of business growth and social empowerment. It is preliminarily suggested that Waqf

crowdfunding helps open access to capital for small-scale farmers, increase their production capacity, and create jobs, thereby stabilising prices and promoting community welfare. Nevertheless, its application is hampered by regulatory, institutional, and operational difficulties, which require coherent policies and clear administrative practices. This paper suggests that stakeholders make a concerted effort to develop a single legal framework and work together to make the most of Waqf crowdfunding. This research has very significant implications for policy-makers, Waqf institutions, and industry players in developing a strong, d more efficient prototype for realising halal food security and sustaining sustainable economic and social innovation.

Keywords: *Waqf, Crowdfunding, Sustainable Business Model, Halal Food Security, Non-Ruminant Livestock, Malaysia, Economic Innovation, Social Innovation.*

1. Introduction

Malaysia is a culturally diverse and religious country, with the majority of its population made up of Muslims. Still, it faces significant challenges in securing a sustainable food supply, especially in the halal livestock industry. The high importation of the non-ruminant livestock produce, including chicken, ducks, and eggs, has also created significant anxiety about changes in food supplies and economic absorbency in the country (Paul, 2013). The global market fluctuations, the effects of climate change, and supply chain disruptions contribute to this weakness, all of which may have a major impact on the availability and affordability of vital food products. As a result, enhanced national production and the minimisation of external reliance have become vital items on the national agenda.

In the context of Islamic finance, Waqf, the long-established institution of charitable endowment, has been singled out as one of the most effective tools for socio-economic development and community welfare. Historically, the concept of Waqf is the bequeathing of assets to charity and religion, and the rewards of this act are constantly transferred to society. Nevertheless, with the growth of technology and the innovativeness of finance, the idea of Waqf has taken a new form. One of the most striking is Waqf crowdfunding, which connects the concepts of Waqf with digital funding and mobilises mass resources from the population (Thaker et al., 2018). The potential of this model is immeasurable in channelling financial

resources into projects with high social and economic payoffs, such as the agricultural and food sectors.

The Malaysian non-ruminant livestock industry, which includes the rearing of chickens, ducks, and eggs, is a crucial element of the Malaysian daily diet. Although demand is high, local production can hardly meet local demand. Access to capital, modern technology, and market access are among the limitations faced by small-scale farmers that hinder their efforts to scale up production. It is here that Waqf crowdfunding can transform the landscape, offering a platform for people to raise funds together to support halal livestock projects, thereby enhancing countries' food security.

This examination focused on the contribution of Waqf crowdfunding to enhancing the food security of halal non-ruminant livestock in Malaysia and on how this socio-economic innovation disrupts the socioeconomic system. The main goals of this study will be: (1) to discuss Waqf crowdfunding as a sustainable business framework to improve the production and supply of halal non-ruminant animals to the Malaysian market; (2) to examine the economic and social innovative impacts of the Waqf crowdfunding on small scale farmers and consumers; (3) to determine the business, regulatory and operational opportunities and challenges in implementing the Waqf crowdfunding as a business model in enhancing the supply and demand of halal food in Malaysia; and (4) to provide some recommendations on how to strengthen The under-scope of this paper will be on Waqf crowdfunding projects that aim at assisting the production of halal non-ruminant livestock in Malaysia, both in terms of business, economy, social, and regulatory.

This study is important in multiple ways. Theoretically, it adds to the available literature on Islamic social finance, business model innovation, and sustainable development, especially in the framework of food security. In practical terms, the research results of this work are likely to provide policy-makers, Waqf institutions, and industry participants with useful insights into formulating effective policies, designing innovative financing models, and incorporating Waqf crowdfunding into their business models. By learning about the possibilities and challenges of Waqf crowdfunding, Malaysia will be able to move toward stronger, more sustainable food security targets, in line with the idea of equitable and inclusive Islamic economics.

2. Literature Review

2.1 Halal Food Security and Its Economic and Social Implications

A cornerstone of the well-being of the national population is food security, which is the stable and adequate availability of safe, suitable, and nutritious food for everyone. This national aspect in Malaysia requires compliance with Islamic laws governing food production from production to consumption to ensure both physical supply and Shariah compliance. The increasing population of Malaysians highlights the growing significance of halal food security and the need to demand halal-certified products. Non-ruminant animal sources, such as chicken, duck and eggs, are essential sources of protein in the Malaysian diet. Nonetheless, it makes Malaysia dependent on imports of these products; as a result, when the country is vulnerable to threats in the global market, price fluctuations and supply chain disruptions can severely impact the supply and prices of the fundamental food products (Paul, n.d.). The economic ramifications of dependence on imports include outflows of capital and increased exposure to external shocks. In contrast, the social ramifications include the prospect of higher food prices, which can hit household budgets and access to nutritious food. A solution to these problems by increasing local production offers considerable economic advantages, including job creation and reduced import costs, as well as social benefits such as improved access to food and greater community resilience.

2.2 Waqf as a Social Financing and Economic Development Mechanism of Islam

Waqf, which is derived from the Arabic word waqafa, which means to hold or detain, is an Islamic endowment in which a person devotes an organisation, property, or a religious organisation, with the principal preserved and never lost, while it is distributed in perpetuity. Throughout history, Waqf was used to finance educational facilities, hospitals, and governmental buildings. The understanding of Waqf in the modern age has changed to include more bold types than the traditional ones, such as cash Waqf and the emergence of corporate Waqf, in which fundraising and investment across various economic sectors are now increasingly flexible (Pitchay et al., 2018). The current Waqf organisations are working to maximise Waqf assets to generate returns that can be used to fund broader socio-economic development, such as agriculture and food security. This development will not only make

Waqf a charity but also a powerful tool for sustainable economic development and societal prosperity.

2.3 Crowdfunding as a Business Model Novelty.

Crowdfunding is a new form of fundraising in which individuals (usually through online platforms) pool small amounts of money to fund a project or venture. It is regarded as a valid competitor in conventional financing, especially for projects that have difficulty finding favour with traditional financial institutions. There are models of crowdfunding: donation-based, reward-based, equity-based, and debt-based. Crowdfunding has also been applied to Shariah concepts, creating a specific Waqfiness model referred to as Waqf crowdfunding, a distinct model in which funds are collected for Waqf purposes (Thaker et al., 2018). This model uses digital technology to involve people in Waqf activities, increase transparency, and expand the scope of the fundraising campaign. They usually involve partnerships among Waqf institutions, technology platforms, and communities intended to achieve peak social and financial sustainability (Megat et al., 2024).

2.4 Previous Studies on Business Models, Social Innovation and Development in Halal Sectors

The potential of Waqf and crowdfunding has been studied in the existing literature on different contexts. To illustrate and support the discussed argument, Yusoff et al. (2024) tested the sources of Waqf and crowdfunding for sustainable halal livestock production to enhance Malaysia's national food security. In their article, Azganin et al. (2021) developed a Waqf crowdfunding model to empower farmers and specified the relevant parameters. Although these studies recognise the opportunities of Waqf crowdfunding for economic and social development, the literature appears to have a significant gap, especially in its focused discussion of Waqf crowdfunding as a business model innovation for halal non-ruminant livestock in Malaysia. The majority of studies will examine Waqf and crowdfunding independently or within a broader framework. This paper seeks to fill this gap by elaborating on the contextual analysis of the innovative business model potential of Waqf crowdfunding to a more comprehensive understanding of the halal food security challenges in Malaysia.

3. Research Methodology

The research method used in this study is qualitative, with most emphasis on document analysis, which in turn involves a systematic review of the literature. This is selected to provide an opportunity to research the complex phenomenon of Waqf crowdfunding in halal food security and its socio-economic consequences in depth. Contrary to quantitative methods, which mainly focus on measurement and hypothesis testing, a qualitative methodology facilitates a deeper understanding of the circumstances, mechanisms, and perceptions involved.

3.1 Research Design

The research design is descriptive-analytical. Primary sources will be collected through the examination of multiple reports, policies, and legislation on Waqf and crowdfunding in Malaysia, academic articles and journals, and reports of Islamic financial institutions and regulatory authorities. At the same time, a systematic literature review is conducted to identify previous studies, the main concepts, and gaps in the existing research. This two-fold methodology will help collect a wide range of information, provide in-depth analysis, and make sound arguments and substantive recommendations.

3.2 Research Instruments

A literature review structure and a document analysis protocol are also primary research tools. The protocol used in the analysis of the document is strategic to locate, gather, and examine information about: (a) legal and regulatory frameworks of Waqf and crowdfunding in Malaysia, (b) available or suggested models of a Waqf crowdfunding, (c) the data and statistics on the food security of halal non-ruminant livestock, and (d) the socio-economic nature of an associated Waqf or crowdfunding project. On the other hand, the structure of the literature review is used to filter, assess, and generalise the results of pertinent scholarly publications, especially regarding the roles of Waqf, crowdfunding, and halal food security.

3.3 Data Collection

There are several steps involved in the data collection. To begin, database searches are conducted using keywords such as Waqf crowdfunding, halal food security, non-ruminant livestock, Malaysia, Waqf law, and socio-economic impact. Articles and reports related to

this are then analysed to get the required information. Secondly, governmental sources are gathered and examined, including official publications by government agencies such as the Department of Islamic Development Malaysia (JAKIM), the Securities Commission Malaysia (SC), and state Waqf institutions. These involve laws, guidelines, annual reports, and media statements related to Waqf and crowdfunding. It would also source secondary data on the production of non-ruminant livestock and on their imports from the concerned government ministries.

3.4 Data Analysis

The data obtained from document analysis and the literature review are subjected to thematic analysis. It entails reading the collected materials more often to identify core themes, trends, and connections between ideas. These themes are then vetted and summarised to offer a logical narrative that answers the research objectives. It is highlighted that attention is given to determining the role of Waqf crowdfunding as a business model to address halal food security problems, assessing potential socio-economic outcomes, and identifying the challenges and opportunities in the Malaysian legal and institutional environment. Such a method of analysis can provide a profound, holistic picture of the topic under test and help elaborate on the creation of valuable, practical recommendations.

4. Research Findings

Critical research on existing documents and literature indicates that Waqf crowdfunding has great potential to become a sustainable business model to boost non-ruminant livestock production in Malaysia (Yusoff et al., 2024). The mechanism offers an alternative source of financing, which is highly needed among small-scale farmers who, in most cases, face significant challenges in obtaining loans from traditional financial institutions (Azganin et al., 2021). The use of Waqf crowdfunding is also effective in strategically allocating funds to serve the best interests and needs, such as the acquisition of young livestock, quality feed, farm infrastructure development or renovation, and modern farming technologies. For example, Waqf crowdfunding initiatives can fund farmers' training and mentorship, introduce sustainable farming methods, and enhance operational efficiency. This will directly increase the production capacity and availability of halal non-ruminant livestock products in the local market, thereby reducing reliance on imports. Moreover, this model fosters community

engagement in the food value chain, fostering a sense of ownership and responsibility for the nation's food security.

4.1 Waqf Crowdfunding Economic and Social Innovation Impact

It is expected that the introduction of Waqf crowdfunding in the halal non-ruminant livestock industry of Malaysia will produce substantial social-economic impacts of innovation:

4.2.1 Economic Impact

Economically, Waqf crowdfunding itself increases the revenues of small-scale farmers. Through enhanced access to capital and technology, farmers can optimise their production, resulting in more products to sell and, thus, higher profits and a lift in standards of living. In addition, diversification of the local livestock industry creates new employment opportunities, not only in agricultural activities but also in feed production, processing, and marketing. The lower dependence on imports also helps reduce foreign exchange outflows, strengthening the balance of payments and stabilising the prices of livestock products in the domestic market, benefiting consumers.

4.2.2 Social Impact

Waqf crowdfunding creates a sense of communal unity and collaboration in societies. It promotes civic engagement in charitable and economic development activities, increases awareness of the significance of halal food security, and improves social ties. The funds allocated to help are used not only to support farmers but also to make quality halal food available to the entire society, particularly the low-income population. This aligns with the Sustainable Development Agenda, which focuses on social welfare and a more equitable distribution of wealth. Also, it can increase Islamic financial literacy and awareness regarding the holistic developmental contribution of Waqf.

4.3 Business and Regulatory Issues with Waqf Crowdfunding

Although the potential of Waqf crowdfunding is huge, its implementation in Malaysia has several challenges:

4.3.1 Regulatory Challenges

The lack of uniformity in Waqf laws across states is among the main issues. The administration of Waqf in Malaysia is under the jurisdiction of the states, and as a result, there are differences in the interpretation, regulation, and administration of Waqf across states (Mohamad, 2022). This makes it confusing and complicated, especially for projects that span multiple states and cross state borders. Moreover, the overall regulation of crowdfunding by the Securities and Exchange Commission may not fully align with Shariah principles, and the peculiarities of Waqf may not be fully recognised, thereby requiring improvement in the interrelation between civil and Shariah laws.

4.3.2 Institutional Challenges

The size of available Waqf institutions is also a challenge. Not all Waqf institutions are experienced in using digital platforms, assessing the risks of popularising crowdfunding projects, and tracking socio-economic outcomes. Poor governance and a lack of transparency in the management of the Waqf fund may erode public trust, a vital factor for crowdfunding success (Khamis & Salleh, 2018). It is important to develop the capacity and professionalism of managers of Waqf institutions to make them efficient and accountable.

4.3.3 Operational Challenges

Functionally, unequal access to digital technology and infrastructure in rural communities can hinder small-scale farmers' engagement. In addition, the problem of public confidence in the crowdfunding systems and Wakf funds management should also be resolved. The operational, market, and Shariah risks must be properly managed to ensure that Waqf crowdfunding projects are sustainable. There is a need to conduct continuous promotion to raise awareness and understanding among the populace about Waqf crowdfunding and its advantages.

4.4 Business Growth and Social Impact Opportunit

ies to develop many prospects of developing Waqf crowdfunding in the halal food security industry, despite the challenges. Digitalisation has the potential to extend its coverage to donors worldwide and to disburse funds to worthy projects. The Waqf crowdfunding can be better placed within an ecosystem created through strategic partnerships among Waqf institutions, the government, the private sector, and non-governmental organisations. Its

attractiveness and effectiveness can also be increased by developing more innovative Waqf crowdfunding models, including those that leverage smart contracts (Megat et al., 2024), social impact investment factors, or hybrid financing. As one of the leading Islamic finance centres in the world, Malaysia has the potential to become a global leader in a high-impact, sustainable crowdfunding Waqf model.

5. Conclusion and Policy Recommendations

This paper confirms that Waqf crowdfunding can be highly significant in enhancing the food security of halal non-ruminant livestock in Malaysia. Not only does it offer a more affordable financing to small-scale farmers, but it also creates a beneficial socio-economic effect due to the growth of income and employment and improvement of well-being in the community. This model also helps reduce import dependency and stabilise food prices, both of which align with the national sustainable development objectives. However, without being able to solve the existing regulatory, institutional, and operational challenges, its successful implementation depends on that.

In theory, the proposed research will contribute to the literature on Islamic social finance by providing a contextual analysis of how Waqf crowdfunding is used in the food security industry. It shows how Islamic conventional financial instruments can be developed to tackle modern-day challenges. In practice, the findings provide clear guidance to policy-makers on the development of supportive policies, to Waqf institutions on the development of efficiency models, and to industry participants on how to use Waqf crowdfunding as an instrument of sustainable development.

To maximise the opportunities for Waqf crowdfunding, several strategic suggestions are relevant. Firstly, harmonising Waqf laws at both state and federal levels is essential to ensure a consistent, clear legal system. Secondly, another type of regulatory development employed to improve investor and donor confidence is the formation of new regulatory requirements for Waqf crowdfunding at the Securities Commission Malaysia, with references to Shariah principles. Third, the government can offer fiscal stimulus or technical assistance to Waqf institutions and crowdfunding platforms that deal with halal food security projects. Fourthly, a consistent public education/awareness initiative should be used to popularise Waqf crowdfunding and its value to society.

Future studies would delve deeper into comparative analyses of the Waqf business model across other agricultural sectors in Muslim countries, including Indonesia and the Middle East, to identify best practices. Also, the quantitative analysis of empirical data from existing Waqf crowdfunding projects may provide stronger evidence of their socio-economic implications. The study will be directed towards developing information systems of governance for Waqf crowdfunding to achieve efficient fund allocation and project management.

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