

RECONCEPTUALIZING WAQF GOVERNANCE WITHIN HALAL INDUSTRY INTEGRATION: A MAQASID-BASED INSTITUTIONAL FRAMEWORK FOR SUSTAINABLE DEVELOPMENT

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ABSTRACT

The growing halal industry has emerged as a major driver of economic development in Muslim-majority countries; however, its expansion has largely been driven by market-oriented logic with limited engagement with Islamic social finance institutions. At the same time, waqf institutions - despite their historical role in financing public goods and socio-economic development - remain predominantly confined to traditional charitable functions. This conceptual paper addresses the structural disconnect between waqf and the halal industry by reconceptualizing their relationship within an integrated Islamic economic framework. Using a conceptual research approach based on critical literature synthesis and theory integration, this study examines existing waqf development models, halal industry ecosystems, and maqasid al-shariah principles. The paper proposes an integrated waqf institution and halal industry framework that positions waqf as a catalytic instrument for sustainable halal value-chain development through productive financing, institutional collaboration, and digital innovation. The analysis highlights how such integration can enhance governance quality, strengthen SME development, and align Islamic economic activities with broader sustainability objectives. The paper concludes that effective waqf-halal integration requires regulatory harmonization, professionalization of waqf management, and a shift from charity-based to impact-oriented waqf governance, offering strategic implications for policymakers and Islamic economic stakeholders.

Keywords: *Waqf, Halal Industry, Islamic Social Finance, Sustainable Development, Maqasid al-Shariah*

INTRODUCTION

The rapid expansion of the global halal industry has positioned it as a key driver of economic growth across food, tourism, pharmaceuticals, and lifestyle sectors, particularly in Muslim-majority economies. Recent studies and industry reports indicate that halal market development has been largely propelled by commercial competitiveness, certification regimes, and rising consumer demand, with limited integration of Islamic social finance

instruments into halal value-chain financing¹. In contrast, waqf - conceived as a perpetual Islamic endowment - has historically functioned as a cornerstone of socio-economic development, financing public infrastructure, education, healthcare, and social welfare institutions. Contemporary scholarship continues to recognize waqf's socio-economic relevance and development potential². Despite this potential, waqf institutions in many contexts remain predominantly confined to traditional charitable applications, resulting in a structural disconnect between waqf and the rapidly growing halal industry.

The existing literature reflects this separation. Studies on waqf have primarily concentrated on governance issues, legal structures, accountability, and the revitalization of productive waqf instruments such as cash waqf and waqf-based financing models³. Separately, the halal industry literature has expanded substantially, focusing on halal certification systems, supply chain integrity, consumer behavior, and market competitiveness⁴. While both streams acknowledge the ethical foundations of Shariah-compliant economic activity, they largely evolve in parallel with minimal analytical engagement between them. Consequently, waqf is often positioned as a peripheral social instrument rather than as an integral component of halal industry development, particularly in sectors that require long-term, patient capital such as Micro, small and medium enterprises (MSMEs), infrastructure provision, and community-based production systems⁵.

More recent discussions have begun to highlight the potential role of Islamic social finance in supporting sustainable development and inclusive growth agendas. However, existing attempts to link waqf with broader economic activities tend to be fragmented and instrument-specific. Models such as cash waqf-linked financing, waqf-based microfinance, and digital waqf platforms are often examined in isolation, without being situated within a coherent halal industry ecosystem⁶. Moreover, the absence of a unifying theoretical lens particularly one grounded in maqasid al-shariah limits the explanatory power of these approaches and weakens their relevance for policy formulation and institutional reform.

Addressing this challenge requires more than incremental policy adjustments; it demands a fundamental reconceptualization of how waqf institutions can operate within market-oriented halal ecosystems without compromising their religious foundations. Accordingly, this paper adopts a conceptual research approach based on critical literature synthesis and theory integration⁷. The study aims to reconceptualize the waqf-halal industry nexus by developing a maqasid-based framework that positions waqf as a catalytic instrument for sustainable halal value-chain development. In doing so, the paper makes three contributions. First, it advances the theoretical understanding of waqf by explicitly linking maqasid al-shariah with contemporary perspectives on development and finance to explain waqf-halal integration dynamics. Second, it consolidates fragmented financial, institutional, and technological integration mechanisms into a coherent ecosystem model. Third, it offers policy-relevant insights for strengthening waqf governance, enhancing halal industry inclusivity, and aligning Islamic economic institutions with broader sustainability objectives.

¹ DinarStandard, *State of the Global Islamic Economy Report 2024/25*.

² Medias et al., "A Systematic Literature Review on the Socio-Economic Roles of Waqf."

³ Ali et al., *Revitalization of Waqf for Socio-Economic Development, Volume I*.

⁴ Tieman, "Halal Risk Management."

⁵ Intan and Nurhayati, *Integrating Productive Waqf and MSMEs: Inclusive Strategies for Achieving SDG-Oriented Economic Development in Indonesia and Malaysia*"; Rohim, "Optimalisasi Wakaf sebagai Instrumen Pembiayaan UMKM untuk Pengembangan Industri Halal"; Azwar and Sungit, "The Role of Waqf on Halal Industry and Islamic Economic Development in Indonesia."

⁶ Thaker et al., "Modeling Crowdfunders' Behavioral Intention to Adopt the Crowdfunding-Waqf Model (CWM) in Malaysia."

⁷ Jaakkola, "Designing Conceptual Articles."

LITERATURE REVIEW

Waqf as a Socio-Economic Institution in Contemporary Islamic Economics

Waqf has long been recognized within Islamic economic thought as a distinctive institutional mechanism for promoting social welfare and economic redistribution through the preservation of capital and the continuous generation of benefits. Contemporary literature emphasizes that waqf is not merely a charitable instrument, but a socio-economic institution with the potential to contribute to sustainable development when managed productively and professionally⁸. Recent studies highlight how waqf assets particularly land and cash waqf can be mobilized to support education, healthcare, infrastructure provision, and income-generating activities aligned with broader development objectives⁹.

Despite this recognized potential, empirical and conceptual studies consistently report that waqf institutions in many Muslim-majority countries remain constrained by governance weaknesses, limited managerial capacity, and conservative interpretations that prioritize asset preservation over productive utilization¹⁰. As a result, waqf practices often remain confined to traditional charitable functions, limiting their contribution to broader economic ecosystems. This gap between waqf's normative objectives and its operational reality has prompted growing scholarly calls for institutional reform, professionalization of nazir (waqf managers), and the adoption of innovative financing mechanisms.

Productive Waqf and Financial Innovation

In response to these challenges, recent literature has increasingly focused on the development of productive waqf models that integrate waqf assets with contemporary Islamic finance instruments. Cash waqf, in particular, has attracted significant scholarly attention due to its flexibility, scalability, and compatibility with modern financial systems. Studies demonstrate that cash waqf can be effectively channelled through Islamic financial instruments to generate sustainable returns while preserving the perpetual nature of waqf assets¹¹.

Innovations such as cash waqf-linked financing and waqf-based microfinance models have been proposed as mechanisms to support MSMEs, infrastructure projects, and community-based economic initiatives. These models emphasize the role of waqf as a source of patient capital that complements profit-oriented Islamic finance, particularly in sectors underserved by commercial financing¹². Nevertheless, the literature also notes that such financial innovations are often implemented in isolation, without being integrated into broader sectoral development strategies.

⁸ Medias et al., "A Systematic Literature Review on the Socio-Economic Roles of Waqf."

⁹ Ascarya et al., "Designing Simple Productive Waqf Models for Indonesia"; Hasibuan and Lubis, "Halal Value Chain Integration in Food Court Establishment through *Cash Waqf Linked Sukuk*"; Adnan et al., "Factors Necessary for Effective Corporate Waqf Management for Malaysian Public Healthcare."

¹⁰ Sirait, "Productive Waqf Management"; Dewi et al., "Analysis of Institutional Reform of The Indonesian Waqf Board (BWI) and Problems of National Waqf Governance"; Iskandar and SofuoÄŸlu, "Exploring the Evolution of Waqf Laws and Contemporary Practices in Muslim Countries."

¹¹ Mutaqin and Guntoro, "Optimization and Realization of Productive Waqf Implementation Through Cash Waqf Linked Sukuk (CWLS) SW001 Scheme at Achmad Wardi Eye Hospital"; Adinugraha et al., "Transformation of Cash Waqf Management in Indonesia."

¹² Sulaeman and Ghozali, "An Integrated Cash Waqf and Islamic Crowdfunding Model (I-CWCM) for SMEs"; Mahanani and Kassim, "Developing Integrated Cash Waqf Model in Baitul Mal Wa Tamwil (BMT)."

Halal Industry Development and Market-Oriented Dynamics

Parallel to the evolution of waqf studies, the halal industry literature has expanded rapidly over the past decade, reflecting the growing global demand for halal products and services. Scholarly work in this area has predominantly focused on halal certification systems, supply chain integrity, quality assurance, consumer trust, and market competitiveness. These studies highlight the importance of standardization, traceability, and regulatory compliance in ensuring the credibility and global acceptance of halal products¹³.

While ethical considerations rooted in Islamic principles are often acknowledged, the dominant analytical lens within halal industry research remains market-oriented. As a result, halal industry development is frequently examined through the perspectives of business strategy, logistics, and consumer behaviour, with limited engagement with Islamic social finance institutions such as waqf¹⁴. This separation has contributed to a conceptual gap in understanding how halal industry growth can be aligned with broader Islamic socio-economic objectives beyond market efficiency.

Fragmentation Between Waqf and Halal Industry Literature

A critical observation emerging from the literature is the fragmentation between waqf studies and halal industry research. Although both domains are grounded in Shariah principles and aim to promote ethical economic activity, they are rarely analysed within a unified framework. Waqf is commonly positioned as a social or philanthropic institution, whereas the halal industry is framed as a commercial sector driven by competitiveness and profitability¹⁵. This dichotomy obscures the potential complementarities between waqf's long-term social objectives and the halal industry's capacity for value creation and employment generation.

Recent studies have begun to explore limited forms of integration, such as waqf-based financing for halal MSMEs or the use of waqf assets for halal tourism infrastructure¹⁶. However, these discussions remain scattered and lack a coherent theoretical foundation that explains how waqf can systematically support halal industry development without compromising its religious and social mandate¹⁷. The absence of such a framework has constrained policy discourse and hindered the formulation of integrated development strategies.

Maqasid al-Shariah as an Integrative Framework

Maqasid al-shariah has increasingly been employed in contemporary Islamic economics as a normative framework for evaluating economic institutions and development

¹³ Sunmola et al., "Holistic Framework for Blockchain-Based Halal Compliance in Supply Chains Enabled by Artificial Intelligence"; Zulhilmi et al., "A Review of Hindering Factors for Halal Certification Adoption Among Muslim-Owned Small and Medium Enterprises (SMEs) of Food Industry in Malaysia"; Tieman, "Halal Risk Management."

¹⁴ Sudrajat, "The Impact of Islamic Social Finance on Economic Growth in Indonesia"; Othman and Ibrahim, "Halal Certification by Globalization."

¹⁵ Iqbal, "Integrating Zakat and Waqf Systems to Support Halal Entrepreneurship and Inclusive Growth in Pakistan."

¹⁶ Destyana and Setyowati, "Wakaf Contribution in The Development of Halal Value Chain Ecosystem on The Legal Perspective in Indonesia"; Azwar and Sungit, "The Role of Waqf on Halal Industry and Islamic Economic Development in Indonesia"; Yusoff et al., "The Role of Waqf and Crowdfunding for Sustainable Halal Livestock Production in Strengthening Malaysia National Food Security"; Yusuf et al., "Improving the Quality of Halal Tourism through Waqf."

¹⁷ Thaker et al., "Modeling Crowdfunders' Behavioral Intention to Adopt the Crowdfunding-Waqf Model (CWM) in Malaysia."

outcomes. Recent literature emphasizes that maqasid-oriented approaches allow for a more holistic assessment of economic activities by considering not only efficiency and profitability, but also social justice, welfare, and sustainability¹⁸. In the context of waqf, maqasid al-shariah provides a principled basis for legitimizing productive and innovative applications that serve public interest (masalahah).

Despite its relevance, maqasid al-shariah has rarely been operationalized as an explicit analytical lens for examining waqf institution and halal industry integration. Existing studies tend to invoke maqasid in normative terms without translating it into a structured framework that guides institutional design and policy implementation. This conceptual gap underscores the need for a maqasid-based integrative model that systematically links waqf institutions with halal industry ecosystems.

Synthesis and Research Gap

The reviewed literature reveals a persistent structural fragmentation between waqf scholarship and halal industry research. While waqf studies increasingly emphasize productive management, financial innovation, and governance reform, they largely remain confined to the domain of Islamic social finance without systematically engaging with sector-specific development strategies. Conversely, halal industry research has evolved into a sophisticated body of work centered on certification systems, supply chain management, competitiveness, and market expansion, yet it seldom incorporates Islamic social finance institutions as integral components of the halal ecosystem. As a result, waqf is typically framed as a philanthropic or redistributive instrument, whereas the halal industry is analysed primarily through market-oriented and commercial lenses.

This disciplinary separation has constrained theoretical development and limited policy imagination regarding how waqf's long-term, socially anchored capital can support the structural growth of halal industries. Existing integration initiatives such as waqf-based MSMEs financing or infrastructure support remain fragmented and instrument specific, lacking an ecosystem level perspective grounded in a coherent normative framework. Moreover, although maqasid al-shariah is frequently invoked in Islamic economic discourse, it has rarely been operationalized as a structured analytical lens for aligning waqf institutions with halal industry development.

Accordingly, there is a clear need for a reconceptualized framework that systematically integrates waqf within halal industry ecosystems through a maqasid-based perspective. Addressing this gap requires moving beyond isolated financial instruments toward a holistic model that positions waqf as a catalytic institution capable of harmonizing social welfare objectives with market-driven halal growth. This paper seeks to provide such a framework.

METHODOLOGY

This study adopts a conceptual research design aimed at developing an integrative theoretical framework linking waqf and the halal industry through a maqasid al-shariah perspective. Conceptual research focuses on theory development by critically examining, synthesizing, and extending existing knowledge rather than collecting primary empirical data. The objective of this study is therefore not hypothesis testing, but theoretical integration and model construction. The research employs a qualitative library-based approach, drawing

¹⁸ Aziz et al., "SDG's and Maqasid Shariah Principles"; Zailani et al., "Maqasid Al-Shariah Based Index of Socio-Economic Development"; Kasri et al., "Maqasid Al-Shariah and Sustainable Development Goals Convergence."

upon peer-reviewed journal articles, academic books, policy documents, and institutional reports related to waqf governance, Islamic social finance, halal industry development, and maqasid al-shariah. The selection of literature prioritizes recent publications (primarily within the last decade) to ensure contemporary relevance, while foundational theoretical works are included where conceptually necessary. Sources were selected based on their theoretical contribution, methodological rigor, and relevance to institutional integration in Islamic economics.

The analytical procedure was conducted in three stages. First, a thematic mapping of the literature was undertaken to identify dominant constructs across the fields of waqf studies, halal industry research, and maqasid-based economic governance. Second, a critical synthesis was performed to examine conceptual overlaps, tensions, and structural gaps between these domains. Particular attention was given to identifying areas where waqf and halal industry scholarship remain disconnected despite shared normative foundations. Third, the synthesized insights were integrated into a structured conceptual framework that positions waqf as a catalytic instrument within the halal industry ecosystem, guided by maqasid al-shariah principles.

Rigor in this conceptual study is maintained through analytical transparency, logical coherence in theory integration, and reliance on contemporary, peer-reviewed academic sources. By systematically bridging fragmented bodies of literature, the study contributes a theoretically grounded model that may serve as a foundation for future empirical investigation and policy development.

CONCEPTUAL FRAMEWORK: A MAQASID-BASED INTEGRATIVE MODEL OF THE WAQF GOVERNANCE WITHIN HALAL INDUSTRY NEXUS

Building upon the identified fragmentation between waqf scholarship and halal industry research, this study proposes a maqasid-based integrative framework that repositions waqf as a catalytic institutional mechanism within halal industry ecosystems. Recent scholarship has emphasized the need to move beyond fragmented Islamic social finance instruments toward integrated development models¹⁹. However, systematic theoretical alignment between waqf institutions and halal industry ecosystems remains underdeveloped. This framework therefore integrates normative maqasid foundations with institutional economic dynamics to support sustainable Islamic economic development.

Normative Foundation: Operationalizing Maqasid al-Shariah

Maqasid al-shariah has increasingly been invoked in Islamic economic discourse as a holistic evaluative framework that integrates efficiency with social justice and welfare²⁰. However, its application often remains normative rather than operational. In this framework, maqasid is translated into functional economic objectives that guide institutional design and sectoral integration.

The protection of wealth (*hifz al-mal*) is operationalized as sustainable asset preservation and productive capital deployment, consistent with contemporary discussions on waqf governance reform. The protection of life (*hifz al-nafs*) is reflected in food security, access to safe halal products, and welfare enhancement, aligning with halal supply chain

¹⁹ Hasanah et al., "Integration Halal Supply Chain, Sustainability, Environmental Ethics, and Maqashid Syariah in The Halal Industry"; Iqbal, "Integrating Zakat and Waqf Systems to Support Halal Entrepreneurship and Inclusive Growth in Pakistan"; Haliding et al., "Optimizing Productive Waqf."

²⁰ Zailani et al., "Maqasid Al-Shariah Based Index of Socio-Economic Development"; Aziz et al., "SDG's and Maqasid Shariah Principles"; Kasri et al., "Maqasid Al-Shariah and Sustainable Development Goals Convergence."

integrity literature. The protection of intellect (*hifẓ al-‘aql*) supports innovation, education, and knowledge-based halal industries, particularly relevant to MSME capacity development. The protection of lineage and social stability (*hifẓ al-nasl*) relates to ethical production systems and equitable employment structures. Finally, the protection of faith (*hifẓ al-din*) underpins Shariah-compliant governance and institutional integrity within both waqf and halal regulatory systems²¹.

By operationalizing maqasid in this structured manner, the framework moves beyond rhetorical invocation and establishes measurable institutional orientations for waqf–halal integration. Rather than treating maqasid as a purely ethical reference point, the model embeds it within governance architecture, capital allocation strategies, and sectoral coordination mechanisms. This translation of normative objectives into institutional design principles enables waqf institutions and halal industry actors to align financial decision-making with broader socio-economic responsibilities. Consequently, maqasid functions not only as a moral compass but also as a regulatory and performance-evaluative framework, capable of guiding strategic planning, monitoring impact, and ensuring that halal market expansion remains anchored in public interest (*maslahah*). Through this operational lens, waqf–halal integration becomes a structured development strategy grounded simultaneously in ethical legitimacy and institutional practicality.

Waqf as Institutional Capital Engine

Recent literature increasingly recognizes waqf as a strategic Islamic social finance instrument capable of supporting sustainable development goals when professionally managed. Cash waqf models and waqf-linked financing structures have demonstrated potential in supporting micro and small enterprises, particularly in contexts where conventional financing remains limited²². Within this framework, waqf is reconceptualized as a provider of patient capital long-term, socially anchored financing that complements profit-oriented Islamic financial institutions. Unlike commercial capital, which is often risk-averse toward early-stage or small-scale enterprises, waqf possesses structural characteristics perpetuity, social mandate, and asset preservation that allow it to absorb longer gestation periods and prioritize socio-economic returns. This repositioning expands waqf’s role from redistributive charity to institutional investor within halal industry ecosystems, particularly in strengthening MSMEs that form the backbone of halal production networks.

Integration Mechanisms within the Halal Industry Ecosystem

The integration of waqf with the halal industry addresses a critical theoretical and practical gap. While the halal industry has matured into a global economic force defined by rigorous certification systems, traceable supply chains, and regulatory standardization, its development has largely been viewed through a market-oriented lens, with limited engagement from Islamic social finance institutions²³. The proposed framework rectifies this by embedding waqf as a foundational institutional capital engine within the halal ecosystem’s structural components. This integration is operationalized through a multi-pronged approach, including cash waqf financing schemes specifically designed to empower capital-

²¹ Hasanah et al., “Integration Halal Supply Chain, Sustainability, Environmental Ethics, and Maqashid Syariah in The Halal Industry”; Nazjmi et al., “Waqf Property Management Through the Maqasid Al-Shariah Approach.”

²² Thaker et al., “Modeling Crowdfunders’ Behavioral Intention to Adopt the Crowdfunding-Waqf Model (CWM) in Malaysia.”

²³ Azam and Abdullah, “Halal Standards Globally”; Othman and Ibrahim, “Halal Certification by Globalization”; Zuhilmi et al., “Exploring the Role of Halal Certification for Tourism Industry in Aceh.”

constrained halal MSMEs, and the strategic development of waqf-supported halal industrial clusters. Furthermore, waqf assets can underpin critical hard infrastructure, such as certification bodies, specialized logistics, and cold-chain systems, which are essential for maintaining halal integrity from farm to fork. This ecosystem-based approach, long called for in halal industry literature, directly addresses the governance and productivity reforms simultaneously urged within contemporary waqf management scholarship.

Crucially, the operationalization of these mechanisms is increasingly enabled by modern institutional and digital architectures²⁴. The framework relies on robust collaboration between nazir (waqf managers) and halal regulatory authorities to harmonize standards and streamline processes, ensuring that waqf-backed ventures meet both shariah and market compliance requirements. Simultaneously, the adoption of digital waqf platforms enhances transparency in capital mobilization and fund utilization, building trust among stakeholders and attracting broader participation. However, this integration is not merely a technical or financial exercise; it is normatively anchored by maqasid-based performance criteria. This ensures that the economic expansion and competitiveness of the halal industry, facilitated by waqf integration, do not compromise the higher objectives of ethical integrity and social welfare. The direct evaluative link from Maqasid to outcomes guarantees that integration serves as a means to achieve sustainable and equitable development, rather than becoming an end in itself.

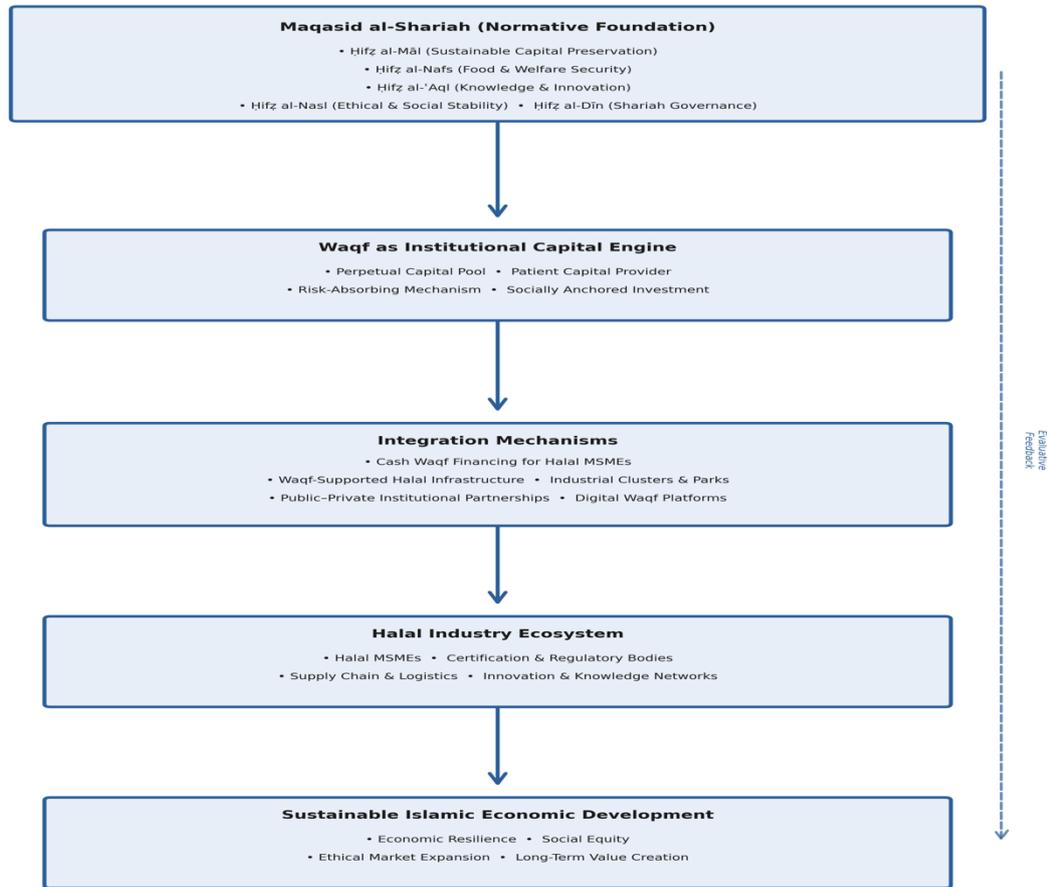
Sustainable Islamic Economic Outcomes

At the outcome level, the integrated framework seeks to generate sustainable Islamic economic development characterized by economic resilience, social equity, and ethical market expansion. Economic resilience emerges through diversification of financing sources and reduced dependency on purely commercial capital structures. Social equity is strengthened through improved access to financing for halal MSMEs, thereby broadening participation in value creation. Ethical market expansion ensures that halal industry growth remains anchored in Shariah-compliant governance and public interest (*maslahah*). By situating waqf structurally within halal industry ecosystems under maqasid guidance, this model harmonizes social finance with productive enterprise. It challenges the conventional dichotomy between charity and commerce and proposes instead a complementary institutional architecture capable of advancing both market efficiency and moral purpose.

The proposed integrative structure is illustrated in Figure 1, which depicts the hierarchical relationship between maqasid al-shariah as the normative foundation, waqf as institutional capital engine, integration mechanisms, and halal industry ecosystem outcomes.

²⁴ Ismail et al., “Reimagining Waqf in the Digital Age”; Raimi et al., “Halal Entrepreneurship in Islamic Digital Economy from a Cultural Perspective”; Rohim, “Optimalisasi Wakaf sebagai Instrumen Pembiayaan UMKM untuk Pengembangan Industri Halal.”

Figure 1. A Maqasid-Based Integrative Framework of the Waqf Governance within Halal Industry Nexus



RESULT AND DISCUSSION

Repositioning Waqf from Peripheral Charity to Catalytic Institutional Capital

The proposed maqasid-based framework challenges the conventional positioning of waqf as a peripheral charitable instrument and instead reconceptualizes it as a catalytic institutional capital engine within halal industry ecosystems. While recent studies acknowledge the productive potential of waqf and its relevance for sustainable development²⁵, its operational role is often limited to poverty alleviation or isolated infrastructure financing²⁶. By embedding waqf structurally within halal value chains, this framework advances the argument that waqf can function as a strategic development institution rather than a passive redistributive mechanism. The structural transformation proposed in this study is summarized in Table 1.

²⁵ Kasdi et al., “Development of Waqf in the Middle East and Its Role in Pioneering Contemporary Islamic Civilization.”

²⁶ Lubis and Marpaung, “Reconstructing the Role of Waqf in Indonesia’s Islamic Financial Ecosystem.”

Table 1. Reconceptualizing Waqf-Halal Integration: From Fragmentation to Ecosystem Governance

Dimension	Conventional Approach	Proposed Maqasid-Based Ecosystem Framework
Role of Waqf	Peripheral charitable instrument focused on redistribution	Catalytic institutional capital embedded within halal value chains
Financing Logic	Project-based or poverty-alleviation focus	Patient capital supporting halal MSMEs, infrastructure, and innovation networks
Governance Structure	Fragmented waqf and halal authorities	Coordinated regulatory ecosystem with harmonized standards
Institutional Coordination	Informal collaboration	Formalized coordination platforms and interoperable governance mechanisms
Regulatory Orientation	Compliance-centered	Maqasid-guided performance and impact orientation
Economic Model	Instrument-based thinking	Integrated ecosystem-based Islamic economic system
Development Outcome	Isolated social impact	Sustainable, scalable, and ethically anchored economic development

This repositioning is consistent with broader Islamic economic reform discourse, which calls for reactivating classical institutions within modern economic systems²⁷. The defining characteristics of waqf - perpetuity, asset preservation, and social orientation - align with contemporary discussions on patient capital and sustainable development financing²⁸. Empirical work on cash waqf models demonstrates their capacity to support micro-enterprises and reduce financial exclusion. However, these initiatives remain largely instrument-based. The present framework situates waqf within a broader ecosystem logic, enabling sustained support for halal MSMEs, infrastructure, and innovation networks under maqasid guidance.

Institutional Governance and Ecosystem Coordination

Effective waqf-halal integration requires governance coherence and institutional coordination. Institutional fragmentation remains a recurring challenge in both waqf administration and halal regulation²⁹. Without regulatory harmonization and interoperable governance structures, integration risks remaining rhetorical. Recent scholarship on halal regulatory governance emphasizes the importance of standardized certification systems, traceability frameworks, and cross-border recognition mechanisms. These governance demands parallel reforms within waqf institutions, particularly in transparency, professionalization of nazir, and risk management³⁰.

²⁷ Chapra, *The Future of Economics: An Islamic Perspective*.

²⁸ Notolegowo et al., "Relationship between Islamic Social Finance and Sustainable Development Goals."

²⁹ Iskandar and SofuoÄYlu, "Exploring the Evolution of Waqf Laws and Contemporary Practices in Muslim Countries"; Azwar and Sungit, "The Role of Waqf on Halal Industry and Islamic Economic Development in Indonesia."

³⁰ Sujono, "Strengthening Business Capital in the Halal Industry through Waqf."

From an institutional economics perspective, sustainable integration requires coordinated regulatory ecosystems rather than isolated institutional mandates. Embedding maqasid-based criteria into governance architecture ensures that productivity and competitiveness remain aligned with public interest (*maslahah*) and ethical accountability³¹.

In practical terms, governance integration must move beyond informal collaboration toward formalized coordination platforms, joint regulatory frameworks, and unified reporting standards. Without clearly defined institutional interfaces between waqf authorities and halal certification bodies, capital flows, compliance monitoring, and performance evaluation will remain disjointed. The absence of such structural alignment risks perpetuating inefficiencies, duplications, and weakened public trust. Therefore, governance reform is not a peripheral concern but a foundational prerequisite for operationalizing the waqf-halal ecosystem model in a sustainable and scalable manner.

Toward an Integrated Islamic Economic Ecosystem

At a broader level, this framework proposes a shift from treating waqf, halal industries, and Islamic finance as separate institutional domains toward understanding them as parts of an integrated Islamic economic ecosystem. Much of the existing literature analyzes these sectors independently; waqf within the context of social finance, halal industries within market and certification studies, and Islamic finance within commercial financial systems. However, contemporary Islamic economic scholarship increasingly calls for structural integration to enhance systemic impact and sustainability.

An ecosystem-based approach enables diversified capital formation, where waqf functions as patient social capital while Islamic finance and halal enterprises operate as productive market drivers. Such integration enhances economic resilience through blended financing structures and reduces dependence on purely commercial funding mechanisms. At the same time, improved access to financing for halal MSMEs promotes inclusive growth and strengthens value chain development. These outcomes align with broader discussions on Islamic social finance as a contributor to sustainable development and welfare maximization.

By embedding maqasid al-shariah as the guiding normative framework, this model ensures that integration does not merely pursue efficiency or competitiveness, but also safeguards social justice, ethical production, and long-term welfare. In doing so, the framework contributes to current debates on reforming Islamic economic governance by moving beyond isolated institutional reforms toward coordinated, system-level transformation.

CONCLUSION

This study reconceptualizes the waqf governance and halal industry nexus through a maqasid-based integrative framework that bridges Islamic social finance with market-oriented halal ecosystem development. By synthesizing fragmented strands of literature in waqf governance, halal industry development, and maqasid-oriented economic theory, the paper advances a systemic model that repositions waqf as a catalytic institutional capital engine rather than a peripheral charitable instrument.

The proposed framework demonstrates that sustainable Islamic economic development requires more than isolated financial instruments. It demands ecosystem-level coordination grounded in maqasid al-shariah, where normative objectives guide institutional design, governance architecture, and sectoral integration. By operationalizing maqasid into

³¹ Zailani et al., "Maqasid Al-Shariah Based Index of Socio-Economic Development."

functional economic dimensions and embedding waqf within halal value chains particularly in supporting MSMEs, infrastructure development, and regulatory alignment, the model harmonizes economic efficiency with social equity and ethical accountability.

Theoretically, this study contributes to Islamic economics by integrating maqasid-based normative analysis with institutional and development economics perspectives. Conceptually, it offers a structured model that moves beyond instrument-level discussions toward ecosystem-based Islamic economic governance. In doing so, it strengthens the intellectual foundation for understanding how Islamic social finance can function within competitive market systems without compromising its ethical mandate.

The findings also carry significant policy implications. Waqf reform agendas should expand beyond asset preservation and administrative compliance toward productive integration within national halal development strategies. Regulatory frameworks must enable waqf institutions to participate in infrastructure financing, halal MSME empowerment, and industrial cluster development while maintaining robust Shariah governance standards. Similarly, halal industry masterplans should incorporate Islamic social finance institutions, including waqf, as structural financing partners rather than peripheral philanthropic contributors. This requires formal coordination mechanisms between waqf authorities, halal certification bodies, MSME development agencies, and Islamic financial institutions. Governance integration must move beyond informal collaboration toward clearly defined institutional interfaces, unified reporting standards, and interoperable regulatory platforms to ensure transparency, accountability, and public trust. Without such structural alignment, waqf–halal integration risks remaining aspirational rather than operational.

Institutional strengthening is therefore critical. Professionalization of nazir through structured capacity-building in financial management, impact measurement, digital governance, and cross-sector collaboration is essential for ecosystem-level coordination. In parallel, digital transformation should be leveraged to enhance transparency, facilitate waqf mobilization, improve halal certification traceability, and support performance monitoring aligned with maqasid objectives. Collectively, these policy directions position waqf–halal integration not as a supplementary charitable initiative, but as a strategic pillar of sustainable development within Islamic economic systems.

Nevertheless, this study remains conceptual in nature and does not include empirical testing of the proposed framework. While the integrative model is grounded in contemporary scholarship and theoretical synthesis, its practical effectiveness requires validation through case studies, quantitative impact assessments, and cross-country comparative analysis. Future research should examine the performance of waqf-supported halal MSMEs to assess economic resilience and social welfare outcomes. Comparative institutional studies may explore how different regulatory environments shape integration effectiveness, while the development of maqasid-based performance indicators would provide measurable benchmarks for policy implementation. Additionally, emerging digital waqf and blockchain-enabled governance models warrant deeper investigation to evaluate their potential in strengthening transparency, accountability, and stakeholder confidence.

By advancing a structured maqasid-based institutional framework, this study opens avenues for interdisciplinary inquiry at the intersection of Islamic social finance, halal industry governance, and sustainable development, offering both theoretical refinement and practical direction for future Islamic economic reform.

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