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EMPOWERING ENTREPRENEURS THROUGH WAQF: A SYSTEMATIC REVIEW

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Abstract:

Waqf, a foundational element of Islamic social finance, has increasingly attracted scholarly interest for its potential role in supporting entrepreneurship. Traditionally focused on sectors such as education and healthcare, waqf is now being reimagined as a productive instrument to empower micro and small entrepreneurs, particularly those excluded from conventional financing. However, the implementation of waqf-based entrepreneurial initiatives remains limited. This study aims to systematically examine previous scholarly research to consolidate existing knowledge and highlight emerging areas for future study. Guided by the PRISMA framework, this study conducted a systematic review of journal articles published between 2021 and 2025. Articles were sourced from the Scopus and Web of Science databases, resulting in 31 studies deemed relevant. The analysis reveals three overarching themes: (1) Integrating waqf and Islamic social finance for entrepreneurial support, (2) Governance and institutional support for waqf-based entrepreneurial empowerment, and (3) Harnessing waqf for entrepreneurial empowerment and socioeconomic sustainability. The findings indicate a growing number of innovative models, including hybrid financing structures that integrate waqf with instruments such as zakat and crowdfunding, and embed them with Shariah-compliant contracts. However, challenges persist in areas such as public awareness, governance frameworks, and regulatory coordination. Overall, this study highlights the transformative capacity of waqf to advance financial inclusion and foster entrepreneurial development through its strategic integration within the broader Islamic social finance system. It also emphasizes the importance of stakeholder collaboration and further empirical research to institutionalise waqf as a sustainable support mechanism for entrepreneurs. This study enriches the discourse on Islamic social finance by providing valuable insights to inform policy formulation, practical applications, and future scholarly research.

Keywords:

Waqf, Islamic Social Finance, Entrepreneurship Empowerment

Introduction

Entrepreneurship significantly drives economic growth by generating employment, enhancing production, as well as supporting exports. In the Malaysian context, micro, small, and medium enterprises (MSMEs) function as a primary engine of economic growth, contributing RM652.4 billion to GDP and RM196.8 billion to exports in 2024 (DOSM, 2025). Despite this significant contribution, many entrepreneurs continue to face substantial challenges in accessing financial resources. High profit rates, rigid credit terms, and insufficient collateral remain major barriers that limit their capacity to expand, innovate, and sustain business operations (Oyegbade et al., 2022).

Although various microfinance institutions have been established to address these challenges, many remain heavily dependent on government funding, raising concerns about their long-term sustainability and operational independence (Jasmi, 2021). Within this framework, waqf has emerged as a potential instrument for socioeconomic development. Historically, it has been instrumental in sustaining key sectors such as education, healthcare, and religious institutions (Cizakca, 2004). Its uniqueness lies in the principle of perpetuity and the donor's continuous reward as long as the endowed property remains in use (Halim, 2023). This concept of *sadaqah jariyah* attracts sustainable philanthropic contributions, especially when waqf is managed transparently and efficiently (Zulkifli et al., 2022).

Building on this foundational role, recent studies have begun to highlight the untapped potential of waqf in empowering entrepreneurs and supporting income-generating activities (Mohd Thas Thaker et al., 2020; Sulaiman et al., 2022). Researchers suggest that waqf can serve as productive capital to advance financial inclusion and mitigate poverty (Bello, 2022). This approach is particularly relevant to marginalised populations often excluded from formal financial institutions due to rigid collateral requirements or inconsistent income patterns (Oyegbade et al., 2022).

While the potential of waqf to promote entrepreneurial development is well acknowledged, its actual application remains relatively limited. Several challenges persist, including low public awareness, narrow religious perceptions of waqf's function, rigid institutional procedures, the dominance of specific-purpose waqf, and the absence of clear integration mechanisms with Islamic microfinance (Thaidi et al., 2019). In addition, inadequate coordination between major stakeholders such as religious institutions, financial bodies, and government entities continues to impede the effective implementation of waqf-based economic empowerment initiatives.

In light of these gaps, this paper undertakes a systematic and thematic review of existing literature on the role of waqf in fostering entrepreneurship, particularly among underserved populations. By identifying key themes, implementation models, and recurring challenges, the study adds to the existing body of knowledge on Islamic social finance and offers valuable insights to inform future policy development, institutional frameworks, and sustainable financing mechanisms grounded in Islamic principles.

Literature Review

The role of waqf as a mechanism of Islamic social finance to promote entrepreneurship has gained growing attention in academic discourse. Waqf institutions have historically contributed significantly to socioeconomic growth by promoting social welfare, health care, and education. Recent discourse is changing this traditional perspective by positioning waqf as a productive source of capital for income-generating activities, especially for micro and small enterprises. Scholars argue that revitalising and modernising waqf administration can bring long-term socio-economic benefits.

Empirical studies confirm the feasibility of integrating waqf into microfinance models to improve financial inclusion. Islam (2022) proposes a model that combines *mudharabah*, *musharakah* and *musharakah mutanaqisah* contracts and emphasises the importance of third-party guarantors, product knowledge, religiosity and cash waqf in supporting entrepreneurial sustainability. Similarly, Majid (2022) presents the *Mudharabah*-linked waqf initiative in Indonesia as an innovative model that combines commercial and waqf funds for MSMEs, supported by collaboration with Islamic co-operatives and community networks. This structure reduces financing risks while distributing surplus waqf revenues for social and economic empowerment, including business skills training and da'wah activities.

Building on this momentum, Ishak et al. (2025) introduce a hybrid financing approach that merges waqf with equity-based crowdfunding structured under a *mudharabah* arrangement. This approach is intended to improve risk diversification and attract capital from investors and waqf donors. The study advocates for regulatory collaboration, particularly between the Securities Commission and State Islamic Religious Councils, to support implementation. Similarly, Sarabdeen (2025) explores how social finance mechanisms—particularly waqf—can foster the sustainable growth of SMEs in Malaysia and Saudi Arabia. The findings indicate that financial accessibility, institutional involvement, and the dynamics of globalisation positively contribute to the success of waqf-based SME development.

Governance and sustainability also appear prominently across the literature. According to Abdullah (2017), the inherent features of cash waqf—its irrevocability and perpetuity—demand effective governance mechanisms to maintain the enduring viability of Islamic microfinance. He advocates for using only the returns from waqf assets—rather than the principal itself—for financing, in line with traditional Islamic jurisprudence. Kachkar (2017) expands this discussion to the refugee context, proposing a Cash Waqf Refugee Microfinance Fund (CWRMF) model that addresses collateral limitations and institutional sustainability through takaful-based guarantees and reserve funding. This highlights waqf's flexibility and potential in broader humanitarian and development frameworks.

Meanwhile, Laila (2022) identifies awareness, knowledge, and attitudes as key determinants of waqf entrepreneurship in Malaysia and Indonesia, suggesting that increasing literacy and promotion efforts can catalyse wider public engagement. Similarly, Maulina (2023) presents a direct financing strategy intended for waqf-driven entrepreneurial operations and highlights the need to align Islamic commercial and social finance. Her study identifies five strategic enablers: (1) education, (2) regulatory reform, (3) professionalism, (4) stakeholder synergy, and (5) digital infrastructure. These factors are crucial in empowering entrepreneurs and unlocking waqf's productive capacity.

Taken together, these studies underscore both the potential and the complexities of utilising waqf for entrepreneurial empowerment. While various innovative models—particularly those involving hybrid financing and crowdfunding—have emerged, challenges persist in areas such as governance, public awareness, integration with formal financial institutions, and regulatory coordination. Nonetheless, the growing corpus of conceptual and empirical studies indicates a broad scholarly agreement that waqf holds substantial potential to advance financial inclusion, particularly when it is aligned with the principles of Maqasid Al-Shariah.

Methodology

The Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA) framework was used in this study to ensure methodological accuracy and rigour in the review and synthesis of academic literature. The process comprised four main stages: (1) identification, (2) screening, (3) selection, and (4) data extraction. All information was obtained from the Scopus and Web of Science databases.

Phase 1: Identification

The identification phase represents the first and fundamental step of the systematic literature search and aims to find and retrieve potentially relevant studies in academic databases. This phase is guided by a structured and transparent approach to ensure the breadth and depth of coverage of the selected research area. It began with the systematic selection of relevant keywords, synonyms and related terms sourced from dictionaries, previous academic papers and online databases. These search terms were then used to construct search queries for the Web of Science and Scopus databases, as shown in Table 1. A total of 374 publications were initially identified during this phase.

Table 1: Boolean Search Strings Applied in the Identification Phase

Database	Example	No. of Results
Scopus	TITLE-ABS-KEY (waqf OR "Islamic endowment") AND (microentrepreneur* OR microfinance* OR microenterprise* OR SME* OR "small business")	357
Web of Science	TS=((waqf OR "Islamic endowment" OR zakat) AND ("economic empowerment" OR "financial inclusion" OR microfinance* OR microenterprise* OR SME* OR "small business"))	17

Source: Author's Compilation Based on Scopus and Web of Science Database Searches

Phase 2: Screening

The screening phase was a crucial step in narrowing down the initially identified studies. As shown in Table 2, clearly defined inclusion and exclusion criteria were applied. First, to ensure the most up-to-date information, only publications from 2021 to 2025 were considered. Second, only peer-reviewed journal articles were included; conference papers, book chapters, and other non-journal sources were excluded. Third, to maintain consistency and accessibility, only English-language publications were selected. Finally, only fully published articles were retained to ensure data accuracy and completeness. These criteria resulted in the identification of 146 relevant studies, with 10 from Web of Science and 136 from Scopus. After removing eight duplicates, 138 articles proceeded to the eligibility assessment round.

Table 2: Criteria for Inclusion and Exclusion

Criteria	Inclusion	Exclusion
Publication Year	2021–2025	Before 2021
Document type	Journal articles	Conference papers, books, book chapters, reviews
Language	English	Non-English
Publication	Final	Articles in press, early access, or drafts

Source: Author's Compilation Based on Inclusion and Exclusion Criteria Adopted for The Study

Phase 3: Eligibility

In the third phase, known as eligibility phase, 138 articles were initially shortlisted for evaluation. At this stage, the title and core content of each article were carefully scrutinised for relevance to the aims of the study. Based on an assessment of titles and abstracts, 107 articles were excluded for not meeting the relevance criteria. This rigorous screening ensured that only articles with a direct contribution to the research objectives were considered, thus maintaining the focus and quality of the systematic review. As a result, 31 articles were selected for the final review (see Figure 1).

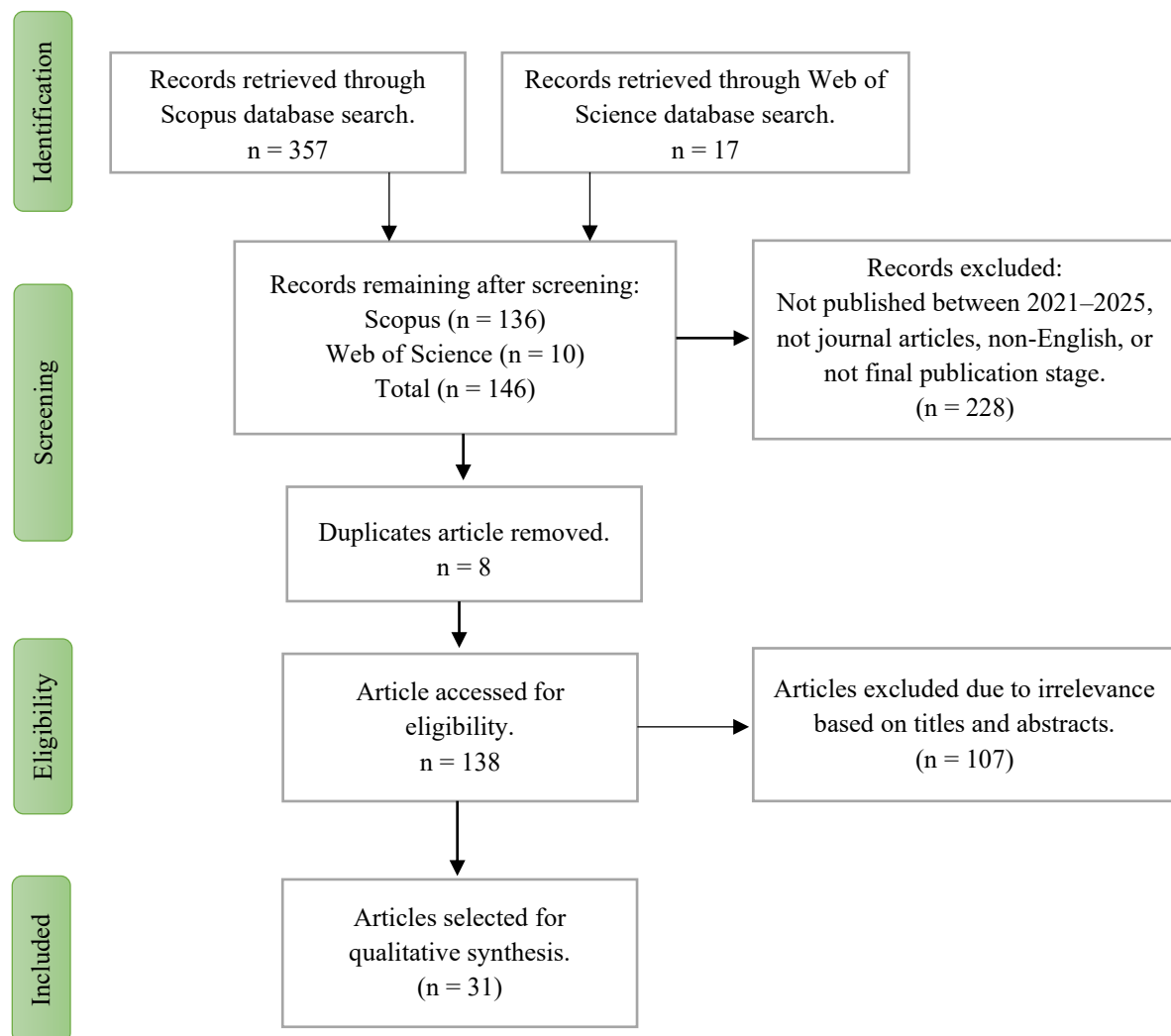


Figure 1. Flowchart of the Literature Search and Selection Process

Phase 4: Data Abstraction and Analysis

In this phase, important information from the 31 selected articles was carefully gathered using a standard template. This included details such as the author, year, country, purpose of the study, method used, and main findings. The aim was to make it easier to compare the studies and identify common points and differences. Then, the findings were grouped into three main themes: (1) Integrating Waqf and Islamic Social Finance for Entrepreneurial Support, (2) Governance and Institutional Support for Waqf-Based Entrepreneurial Empowerment, and (3) Harnessing Waqf for Entrepreneurial Empowerment and Socioeconomic Sustainability. This process helped to organise the data clearly and to draw useful insights for the research.

Results

Waqf has emerged as a key enabler in supporting entrepreneurship, particularly through its integration with Islamic social finance, institutional frameworks, and socioeconomic development strategies. A total of 31 selected articles were extracted and analysed in this review. These articles were then categorised into three major themes based on their focus.

Theme 1, Integrating Waqf and Islamic Social Finance for Entrepreneurial Support, includes 13 articles. Theme 2, Governance and Institutional Support for Waqf-Based Entrepreneurial Empowerment, consists of 7 articles. Theme 3, Harnessing Waqf for Entrepreneurial Empowerment and Socioeconomic Sustainability, covers 11 articles.

Theme 1: Integrating Waqf and Islamic Social Finance for Entrepreneurial Support

Each Islamic social finance instrument has its own distinct strengths. Waqf provides long-term support through perpetual assets that generate continuous benefits, while zakat serves as a strong and consistent source of funding, as it is a religious obligation collected annually. In the context of entrepreneurial financing, integrating instruments such as waqf and zakat into Islamic microfinance institutions is crucial to ensure more structured and effective support. Additionally, Islamic crowdfunding has emerged as a complementary platform that can enhance fundraising efficiency and expand donor reach. Previous research on this subject is listed in Table 3 below, highlighting the necessity of integrating Islamic social finance tools with implementation platforms to support entrepreneurs sustainably.

Table 3: Integrating Waqf and Islamic Social Finance for Entrepreneurial Support

No.	Author(s) & Year	Title	Key Findings
1	Thaidi & Rahman (2022)	The Integration of Waqf and Islamic Microfinance in Malaysia: Prospects and Challenges	Waqf integration reduces operational costs and expands outreach of Islamic microfinance to underserved rural entrepreneurs.
2	Ascarya et al. (2023)	Developing Cash Waqf Models for Baitul Maal wat Tamwil as Integrated Islamic Social and Commercial Microfinance	Proposes model for BMT as Nazir and fund user; prioritizes existing microenterprises for financing.
3	Ishak et al. (2025)	<i>Mudharabah</i> Instrument Via an Integrated Waqf–Equity Crowdfunding Model For Sustainable Blended Financing In Malaysia	Suggests blended model using <i>mudharabah</i> , waqf, and crowdfunding; promotes risk-sharing and strategic institutional collaboration.

4	Khan & Badjie (2022)	Islamic Blended Finance for Circular Economy Impactful SMEs to Achieve SDGs	Proposes a model blending private, public, and waqf funding to reduce costs and achieve SDGs.
5	Hassan et al. (2023)	The Potential of Waqf-Blended Finance Using Crowdfunding in Indonesia	Crowdfunding can boost waqf fundraising and project sustainability; banks and crowdfunding platforms act as key enablers.
6	Islam et al. (2023)	Islamic Social Funds to Foster Yunusian Social Business and Conventional Social Enterprises	Islamic Social Funds (ISFs) are more impactful when used as capital for sustainable businesses than as direct charity.
7	Al-Isawi (2024)	Islamic Economic Mechanisms to Achieve Inclusiveness and Islamic Finance for Sustainability	Zakat and waqf help balance outreach and sustainability in inclusive Islamic finance; current models have limitations.
8	Sarabdeen et al. (2025)	The Role of Social Financing in Promoting Social Equity and Shared Value: A Cross-Sectional Study of Small and Medium Enterprises in Malaysia and Saudi Arabia	Waqf supports SME development through collaboration between waqf institutions, SMEs, and stakeholders, using open innovation.
9	Mukhlishin et al. (2025)	Zakat and Waqf Synergies to Accelerate Sustainable Development	Integration of zakat and waqf meets immediate needs (food, healthcare) and supports long-term goals (education, agriculture).
10	Al-Daihani et al. (2024)	An Islamic Crowdfunding Model for the Agricultural Sector: A Proposal Based on <i>Salam</i> and <i>Muzāra'ah</i> -Waqf Scheme	Proposes integration of waqf, crowdfunding, and Islamic banks to address land and funding challenges in agriculture.
11	Iskandar et al. (2021)	Islamic Philanthropy and Poverty Reduction in Indonesia: The Role of Integrated Islamic Social and Commercial Finance Institutions	Integrated Islamic social and commercial finance models effectively reduce poverty over time.
12	Azman et al. (2021)	The Significance of Islamic Social Finance in Stabilising Income for Micro-Entrepreneurs During the COVID-19 Outbreak	ISF (zakat, waqf, etc.) plays a key role in stabilising income of micro-entrepreneurs during crisis. Zakat showed strongest impact, but waqf is recognised as a supportive mechanism.
13	Ascarya (2022)	The Role of Islamic Social Finance During COVID-19 Pandemic in Indonesia's Economic Recovery	Proposes the integration of ISF, commercial Islamic finance, and fintech to boost MSME recovery and reduce poverty.

Source: Author's Compilation Based on Selected Articles.

Theme 2: Governance and Institutional Support for Waqf-Based Entrepreneurial Empowerment

Effective institutional frameworks and governance are necessary to fully realize waqf's potential in fostering entrepreneurial development. Sound legal structures, professional management, and strategic collaboration among stakeholders—such as *nazhir* (waqf manager), regulators, and Islamic financial institutions—are crucial to ensure transparency, accountability, and sustainable impact. Table 4 below presents studies that examine legal, governance, and structural challenges, and offer practical models to strengthen waqf governance and institutional effectiveness in promoting entrepreneurship.

Table 4: Governance and Institutional Support for Waqf-Based Entrepreneurial Empowerment

No.	Author(s) & Year	Title	Key Findings
1	Hadi et al. (2025)	Toward a Holistic Legal Framework for Effective Waqf Implementation: Integrating Islamic Socio-Economic Models	Identifies regulatory inconsistency, weak supervision, unprofessional <i>nazhir</i> , and low public legal awareness. Recommends reforms: <i>nazhir</i> training, digitisation, and community oversight.
2	Mujahidin et al. (2025)	Challenges in Waqf Management and Its Implications for the Social and Economic Welfare of Muslim Communities: A Cross-Country Comparative Analysis	Comparative analysis shows shared issues across four countries. Suggests a model for effective waqf governance that combines legal, institutional, and socio-economic elements to enhance waqf's role.
3	Ascarya & Masrifah (2023)	Strategies for Implementing Cash Waqf for BMT	Proposes strategic and operational policies (e.g., SOPs, IT systems, <i>nazhir</i> training) with strong expert consensus to improve cash waqf governance.
4	Elfia & Duhriah (2022)	The Productivity of West Sumatra Muhammadiyah Cash Waqf as a Model for the Development of Sharia Investment in Empowering UMKM	Highlights limitations in waqf productivity due to poor management and weak business models.
5	Soemitra & Rahma (2022)	The Role of Micro Waqf Bank in Women's Micro-Business Empowerment through Islamic Social Finance: Mixed-Method Evidence from Mawaridussalam Indonesia	Shows MWB empowers women via financing and mentoring, with mentoring as the strongest factor in business growth.
6	Yusgiantoro et al. (2024)	The Sustainability and Performance of Bank Wakaf Mikro: Waqf-Based Microfinance in Indonesia	Bank Wakaf Mikro proves capable of achieving both economic and social goals through waqf-based microfinance.

7	Ibrahim et al. (2021)	Urgency in Waqf-Microfinance Project Collaboration for Socioeconomic Growth and the Mediating Effect of Sustainability Using PLS-SEM Analysis	Highlights importance of urgency in project success. Sustainability mediates between urgency and performance in waqf-microfinance collaboration.
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Source: Author's Compilation Based on Selected Articles.

Theme 3: Harnessing Waqf for Entrepreneurial Empowerment and Socioeconomic Sustainability

Theme 3 focuses on the potential of waqf as a strategic tool to stimulate entrepreneurial activities and attain greater socioeconomic sustainability. In recent years, there has been growing interest among researchers and practitioners in utilising waqf not only for charitable purposes but also to support income-generating initiatives. Table 5 below presents studies that examine how waqf can be mobilised to economically empower individuals and communities, particularly through innovative models that integrate Islamic finance principles with social development goals.

Table 5: Harnessing Waqf for Entrepreneurial Empowerment and Socioeconomic Sustainability

No.	Author(s) & Year	Title	Key Findings
1	Majid & Sukmana (2023)	Designing a Waqf-Based Agricultural Financing Model	Cash waqf provides low-cost financing to farmers via <i>mudharabah</i> , <i>salam</i> and <i>ijarah</i> contracts. Institutional partnerships ensure market access, and risks are mitigated through feasibility studies, <i>takaful</i> , reserves, and restructuring.
2	Majid (2021)	Designing Salam-Muzara'ah Linked Waqf to Financing Agricultural Sector	Proposes a <i>Salam-Muzara'ah</i> Waqf model combining social and commercial instruments to finance small farmers using idle waqf land and cash waqf returns.
3	Sukmana et al. (2024)	Designing Waqf-Based Financing Model for Livestock Project: Empirical Evidence from Indonesia	Proposes productive waqf financing using idle <i>pesantren</i> land for livestock farming through partnerships with <i>baitul maal wat tamwil</i> (BMT) and cooperatives under Islamic contracts (<i>mudharabah</i> , <i>musharakah</i> , <i>ijarah</i>), aiming to empower rural communities.
4	Saad et al. (2022)	The Prospect of Waqf in Financing Small and Medium Enterprises (SMEs) in Yemen	Waqf is a promising financing source for SMEs. A modified model is proposed to support job creation and economic development in Yemen.
5	Khairuddin & Ishak (2023)	Islamic Crowdfunding Model for Empowering	Waqf and <i>Infraq</i> -based crowdfunding models can help student entrepreneurs

6	Islam & Ahmad (2022)	Student Entrepreneurship Program in Malaysia Incorporation of <i>Mudarabah</i> , <i>Musharakah</i> and <i>Musharakah Mutanaqisah</i> with Microfinance: A Sustainable Livelihood Approach to Poverty Alleviation	by addressing funding gaps and offering transparent, structured support. Combines Islamic financing contracts with waqf and technology support to boost entrepreneurship among poor entrepreneurs. Promotes skills, religiosity, and asset building.
7	Ayub et al. (2024)	Waqf for Accelerating Socioeconomic Development: A Proposed Model with Focus on Pakistan	Proposes revival of waqf via FinTech to support community development and microbusinesses, especially where public services are limited.
8	Supriatna et al. (2024)	A Waqf Empowerment Model Based on Benefit Analysis	Suggests models to economically activate underutilized waqf assets (e.g. mosques, <i>madrassahs</i>) for community empowerment.
9	Johari et al. (2024)	The Role of Temporary Waqf in Improving the Social Welfare of the Muslim Community	Temporary waqf enables fast fund disbursement for infrastructure and welfare, contributing to local economic development.
10	Mahfudz et al. (2024)	Impact of Ethical Social Financing on the Development of Socio-Economic Status of a Developing Country like Indonesia	Ethical financing (e.g. <i>qardh hasan</i>) via <i>baitul maal</i> supports rural development and post-COVID recovery in Indonesia.
11	Elmahgop et al. (2025)	The Socio-Economic Impacts of Waqf Investment Funds as a Model for Sustainable Financing in Saudi Arabia	Waqf funds improve health, income, and education, though entrepreneurship support and diversification remain challenges.

Source: Author's Compilation Based on Selected Articles.

Discussion And Conclusion

The findings from this systematic review highlight a growing scholarly consensus on the transformative potential of waqf in empowering entrepreneurs, particularly in underserved and marginalised communities. Across the literature, waqf is no longer seen merely as a charitable tool, but as a dynamic Islamic social finance instrument—one that can be mobilised through integrated financial mechanisms, institutional innovation, and inclusive operational models to promote sustainable entrepreneurial development.

Findings from Theme 1 suggest that waqf should be integrated with other Islamic social finance (ISF) instruments, such as zakat, as well as with crowdfunding and commercial financing, to enhance its effectiveness in fostering entrepreneurial development (Thaidi & Rahman, 2022; Mukhlisin et al., 2025; Al-Isawi, 2024). Such integration addresses common limitations in

outreach and funding sustainability, particularly for micro and small entrepreneurs in underserved areas. The combination of zakat and waqf has proven effective in meeting both immediate needs (such as food and healthcare) and supporting long-term development (such as education and agriculture) (Mukhlisin et al., 2025). A practical example in Malaysia is the Alliance Islamic Bank Zakat Microfinancing Programme (AZAM), a collaboration with Lembaga Zakat Selangor and Amanah Ikhtiar Malaysia (AIM), where zakat funds are used to provide interest-free microfinancing to eligible entrepreneurs (Alliance Bank Malaysia, n.d.). This initiative demonstrates how zakat can be operationalised for income-generating purposes rather than being confined to traditional charitable disbursement—aligning with the observations of Al-Isawi (2024) and Azman et al. (2021).

Beyond zakat–waqf collaboration, recent models suggest combining waqf with crowdfunding (Hassan et al., 2023; Al-Daihani et al., 2024), equity financing (Ishak et al., 2025), and blended finance through public–private partnerships (Khan & Badjie, 2022). These hybrid models aim to improve liquidity, reduce operational costs, and enhance transparency—particularly when fintech platforms and banks act as enablers. A prominent real-world application is the MyWakaf platform, an initiative by the Association of Islamic Banking and Financial Institutions Malaysia (AIBIM) in partnership with Islamic banks and State Islamic Religious Councils (SIRC), which leverages crowdfunding to mobilise public waqf funds for various waqf projects (myWakaf, n.d.). This initiative showcases how digital innovation and institutional synergy can increase public participation. Overall, the integration of waqf with other financial mechanisms has demonstrated strong potential in enhancing its economic impact by meeting both short-term welfare needs and long-term entrepreneurial goals. Nonetheless, successful implementation requires coordinated partnerships between regulators, waqf authorities, financial institutions, and other relevant stakeholders to create an enabling ecosystem for integrated Islamic social finance.

Findings from Theme 2 highlight that strong governance and institutional capacity are key to realising waqf’s potential in entrepreneurial empowerment. Core challenges include fragmented legal frameworks, weak supervision, and low public awareness—often resulting in asset mismanagement and underutilisation (Hadi et al., 2025; Mujahidin et al., 2025). To overcome these, reforms such as nazhir training, standard operating procedures (SOPs), digitisation, and community-based oversight are recommended to enhance transparency and efficiency. Ascarya and Masrifah (2023) further propose a comprehensive policy framework encompassing internal and external institutional reforms, backed by strong stakeholder engagement.

Institutional innovations such as Indonesia’s Micro Waqf Banks show that structured governance and mentoring can drive positive socioeconomic outcomes, particularly for women entrepreneurs (Soemitra & Rahma, 2022; Yusciantoro et al., 2024). Yet, their success hinges on regulatory alignment and collaboration. Ibrahim et al. (2021) affirm that urgency in addressing socioeconomic needs significantly influences the success of waqf–microfinance partnerships, with sustainability acting as a key mediating factor. Conversely, the limited productive use of waqf—such as in Muhammadiyah’s capital-focused initiatives—illustrates how weak management and unsuitable models can limit long-term impact (Elfia & Duhriah, 2022). These findings underscore the need for institutional reform, innovation, and capacity-building to unlock the transformative role of waqf in inclusive entrepreneurship.

Findings under Theme 3 highlight the growing use of waqf as an instrument to support entrepreneurial empowerment and promote socioeconomic sustainability. The selected studies showcase various waqf-based financing models aimed at assisting farmers, micro-entrepreneurs, and underserved communities through innovative mechanisms such as productive waqf (Majid & Sukmana, 2023; Sukmana et al., 2024), temporary waqf (Johari et al., 2024), and digital crowdfunding platforms (Khairuddin & Ishak, 2023). These models often integrate Islamic contracts like Mudharabah, Musharakah, Salam, and Ijarah to provide Shariah-compliant, low-cost financing alternatives while optimising idle waqf assets (Majid, 2021; Islam & Ahmad, 2022; Ayub et al., 2024).

For example, the Salam–Muzara’ah Linked Waqf (SMW) model by Majid (2021) integrates idle waqf land and cash waqf returns to support rural farmers through Salam and Muzara’ah contracts. Implemented by Baitul Maal wat Tamwil (BMT), the model is Shariah-compliant and addresses both financing and land access challenges, with nazhir covering commodity risks and surplus waqf returns subsidising equipment costs. This model illustrates waqf’s adaptability in empowering rural entrepreneurship. Other studies also highlight the role of waqf in enhancing livelihood outcomes, promoting job creation, and enabling financial inclusion—especially in post-crisis or rural settings—through ethical financing mechanisms such as Qard Hasan and infaq (Mahfudz et al., 2024; Saad et al., 2022; Elmahgop et al., 2025). Collectively, these findings reinforce the importance of optimising idle waqf assets, strengthening institutional collaboration, and adopting innovative financing models to unlock the full socioeconomic potential of waqf.

In conclusion, this review finds that waqf possesses untapped potential to empower entrepreneurs and promote inclusive economic development when supported by the right ecosystem. Across the three themes—financial integration, institutional governance, and socioeconomic innovation—there is clear evidence that waqf can be reimagined beyond its traditional charitable function. By integrating waqf with other Islamic social finance tools, supported by robust governance and contextualised financing models, waqf can serve as a sustainable and ethical resource for entrepreneurial support. To realise this potential, stakeholders—including waqf institutions, financial institutions, and the community—must work collectively to build a conducive environment that enables the systematic application of waqf in supporting micro-entrepreneurs and marginalised groups. As highlighted in this review, waqf is not only a heritage of the past, but a viable catalyst for the future of inclusive and sustainable entrepreneurship.

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