



Empowering Immigrant Entrepreneurship Activities: Business Support and Cash Waqf for Immigrant Entrepreneurs Model

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Abstract: This study aims to shed a light on how Islamic finance can play a significant role in alleviating the challenges that IE experienced and improving the accessibility to fiscal sources and social integration of the Immigrant Entrepreneurs (IE) in the host country, especially Malaysia. The prominent challenges that the IEs are facing are the difficulties in accessing the capital to finance their business and the lack of knowledge of the local regulations. The findings lead to a model that aims to tackle the challenges that IE experienced via Business Support and Cash Waqf for IE Model (BS-WIEM). The BS-WIEM acts as a comprehensive initiative to bridge the resource disparity among IE in terms of funding accessibility and human capital development. This study attempts to construct the BS-WIEM based on the extensive literature review related to the challenges the IE experienced and waqf. This research can positively impact the development and funding of the IE in Malaysia. This study will provide insights to the government, waqf institutions, corporations, financial institutions, and policymakers about alternative funding options for IE businesses and start-ups in the host country. Less tension on the public spending by the government with the involvement of non-profit organizations. This conceptual paper only explores the literature; thus, no empirical analysis is available. More in-depth and comprehensive insights could be identified with the empirical studies. Future research on the regulatory and shariah perspective of the model should be done. The findings of this paper will offer a cash waqf model as an alternative to fund the development of entrepreneurship in Malaysia, especially for immigrants.

Introduction

Immigrant entrepreneurship continues to play a pivotal role in shaping global economies, particularly through its contributions to innovation, job creation, and socio-economic integration. Recent evidence shows that immigrants in the United States are more than twice as likely as native-born individuals to start new businesses, a trend also observed among Latino immigrants, who are increasingly recognized for their entrepreneurial dynamism (Fairlie, 2024). Similarly, in Canada,

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immigrant entrepreneurs have become crucial actors in national innovation strategies, often outperforming native-born entrepreneurs in terms of startup activity and growth when supported by inclusive policy frameworks (Nemat, 2024). However, these entrepreneurs frequently face structural barriers such as limited access to credit, regulatory complexities, and institutional discrimination, particularly in emerging economies like South Africa, where entrepreneurial self-efficacy and social networks are crucial for business performance (Moti & Urban, 2024). In Malaysia, Chinese immigrant-owned SMEs have demonstrated notable economic contributions, especially in job creation and market diversification, though they are hindered by challenges such as visa restrictions and inadequate institutional support (Ruan et al., 2025). Across these contexts, ethnic networks remain a core resource that immigrant entrepreneurs utilize to navigate unfamiliar markets and overcome systemic constraints (Yang & Giroto, 2024). These insights underscore the importance of targeted policy interventions—such as mentorship, access to capital, and language training—to fully leverage the economic and social potential of immigrant entrepreneurs. Immigrants give a notable contribution to the economic development by increasing the economic output of the nation and directly contribute to the GDP growth in the host countries. Immigrants with diverse skills and talents significantly improved production capacity and encouraged innovation in the recipient country (Eraydin, Tuna, & Vranken, 2010). They also play an important role as skilled or non-skilled labor in the rapid expansion of multiple sectors, especially construction and production, which heavily rely on the labor supply as the factor of production.

As skilled labor, IE can be the catalyst of the economic growth in the host country. Hence, a conducive environment is required for the IE to grow and contribute to the economic output of the host country. However, despite the various prominent roles of the IE in the wealth creation in the host countries, they still experience various challenges that hinder their entrepreneurial growth in the host country (Hamid, 2020; Bates, 1997; Chimucheka, Muchineripi and Chinyamurindi, 2019; Enow, 2010; Lee & Black, 2016; Satu and Elisa, 2012; Teixeira, Lo and Truelove, 2007, and Nonna & Heilbrunn, 2008).

- a. Regulation set by governing institutions biased against IE;
- b. limited resources providing institutions;
- c. society in host countries; and
- d. competition with local businesses.

The limited resources for the development of IE are the main challenges that the IE experienced, especially in terms of financial and knowledge resources. Thus, it is important to develop a model as a solution for the IE to expand their businesses in the host country that can offer them the sufficient resources that they require for their start-up.

Immigrants in Malaysia

In Malaysia, immigrant entrepreneurship has significantly contributed to the socio-economic landscape, particularly through the establishment of small and medium-sized enterprises (SMEs) by communities such as Chinese and Indonesian immigrants. These ventures have played a role in wealth creation, employment generation, and market diversification (Ruan, Baskaran, & Zhou, 2025). Despite these contributions, immigrant entrepreneurs face systemic challenges, including visa restrictions, limited access to institutional support, and cultural integration issues. To address these gaps and promote inclusive economic development, recent discourse has turned to the revitalization of waqf institutions as a complementary financial mechanism. Waqf, as an Islamic philanthropic instrument, has gained renewed interest for its potential to fund entrepreneurial ventures, particularly among underserved populations, including immigrants and refugees (Pitchay et al., 2018). In Malaysia, the federal and state Islamic authorities have initiated reforms and innovative waqf models, such as cash waqf, waqf shares, and waqf-based microfinance, which aim to empower communities through sustainable financing (Mohsin et al., 2016). The integration of waqf with entrepreneurship has also been supported by government-linked agencies and financial institutions, including Bank Negara Malaysia, that view waqf as a tool aligned with Maqasid al-Shariah to reduce inequality and support socio-economic inclusion (Hasan & Siraj, 2016). Therefore, aligning immigrant entrepreneurship with waqf-based support

systems could create synergistic outcomes, promoting equitable access to capital and reinforcing Malaysia’s vision of a socially just Islamic economy.

As one of the developing countries, Malaysia managed to be the major destination for the immigrants to come and contribute to the local socioeconomic. Malaysia is one of the fastest-growing countries in the world and has been adopting various incentive policies to attract foreign entrepreneurs and investors to reside and work in this country. Located strategically in Southwest Asia near Indonesia and Singapore and endowed with natural resources like petroleum, palm, and wood, industries have led to various investors and entrepreneurs being attracted to migrate and carry out economic activities in Malaysia (Rahmandoust, Ahmadian, & Shah, 2011). As one of the largest economies in Southeast Asia, Malaysia managed to attract a growing population of immigrants, amounting to approximately 3.48 million in 2020. (Statista Research Department, 2020).

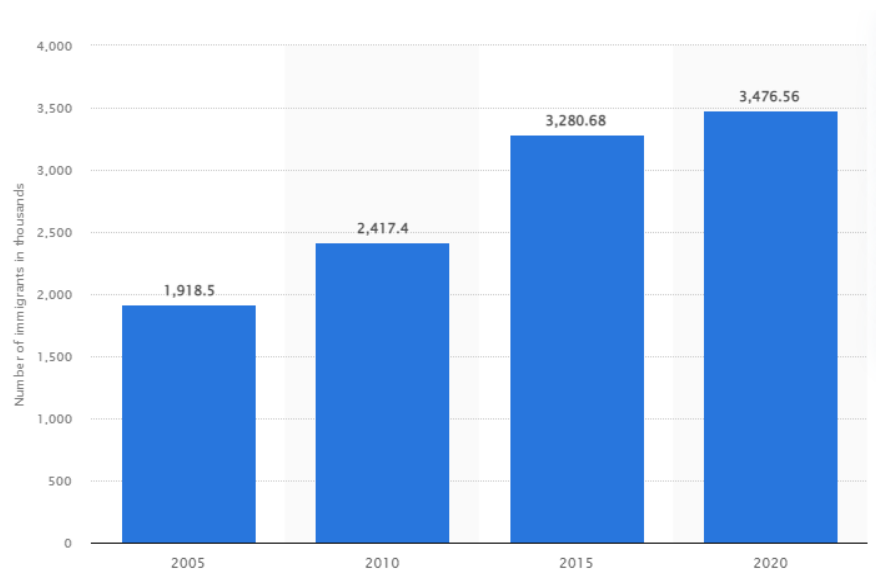


Figure 1. Number of immigrants in Malaysia grow steadily from 2005 to 2020

Additionally, the net migration rate in Malaysia in 2021 is 46,165, which means the number of immigrants that exceeded the number of emigrants in Malaysia is 46,165 people (United Nations, 2022). A high positive value of the net migration rate indicates a high flow of labor migration into Malaysia, which potentially contributes to the economic development in the host country. It is highly crucial for the host country to utilize the immigrants as the catalyst to the economic growth, as they play a significant role in the most dynamic sectors of the economy (OECD, 2014).

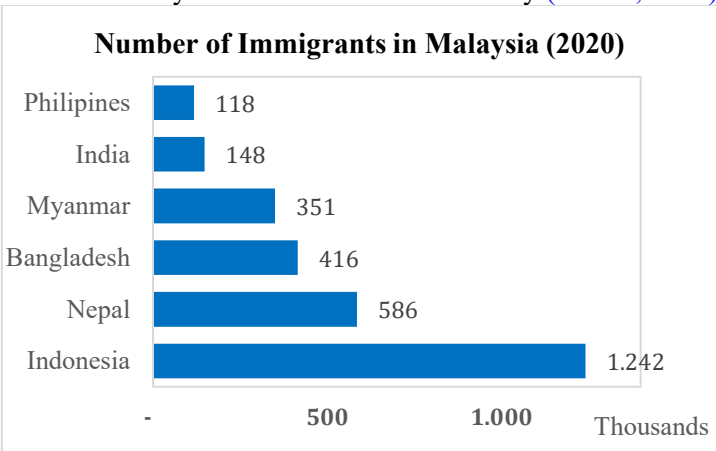


Figure 2. Number of immigrants in Malaysia by country of origin

According to the data published by [Statista, in 2020](#), the majority of the immigrants in Malaysia were Indonesians, at around 1.242 million, followed by immigrants from Nepal, at 586 million. In 2020, the immigrants accounted for 11% of Malaysia's population.

Literature Review and Hypothesis Development

Immigrant Entrepreneurship: A Global and Theoretical Overview

Immigrant entrepreneurship has emerged as a significant component of national economies, especially in countries experiencing increasing migration flows. Globally, immigrants often exhibit a higher propensity for entrepreneurship compared to native populations due to limited access to formal employment, motivation for upward mobility, and strong ethnic networks ([Kloosterman & Rath, 2018](#)). Various theoretical perspectives have been proposed to understand the unique dynamics of immigrant entrepreneurial behavior. The *Middleman Minority Theory* suggests that immigrants often occupy economic niches between producers and consumers ([Bonacich, 1973](#)), while the *Ethnic Enclave Theory* highlights the supportive function of co-ethnic networks in providing labor, resources, and informal financing ([Portes & Zhou, 1992](#)). Expanding upon these frameworks, the *Mixed Embeddedness Model* introduced by [Kloosterman et al. \(1999\)](#) integrates both structural (e.g., regulatory, economic) and agency-related (e.g., culture, skills) factors that influence immigrant entrepreneurship. These theories collectively explain how immigrants utilize social capital and community resources to overcome barriers in unfamiliar economic and legal environments, enabling them to start and sustain businesses even in restrictive contexts.

Empirical Trends in Immigrant Entrepreneurship

Empirical research consistently supports the observation that immigrants are disproportionately represented among business founders. In the United States, [Fairlie \(2024\)](#) found that immigrants were more than twice as likely as natives to establish businesses, reflecting both push and pull factors in the labor market. In Canada, [Nemat \(2024\)](#) reported that immigrant-led startups often outperform those founded by natives, particularly when the institutional ecosystem supports inclusion and resource accessibility. Similar findings emerge from studies in developing countries; for example, [Moti and Urban \(2024\)](#) demonstrated that entrepreneurial self-efficacy, combined with social networking, significantly enhances the performance of immigrant enterprises in South Africa. These findings underscore the importance of both internal motivation and external support mechanisms in facilitating immigrant entrepreneurial success. Nonetheless, across many contexts, immigrant entrepreneurs continue to face structural constraints, including limited access to financing, regulatory barriers, and lack of formal documentation, which hinder their potential for business expansion and sustainability.

Immigrant Entrepreneurship in the Malaysian Context

In Malaysia, immigrant entrepreneurship is widespread in sectors such as retail, construction, and food services, particularly among communities from Indonesia, Bangladesh, Myanmar, and China. However, many of these businesses operate informally due to legal constraints, documentation issues, and limited access to formal financial systems ([Ruan, Baskaran, & Zhou, 2025](#)). [Azman et al. \(2020\)](#) highlighted that immigrant entrepreneurs in Malaysia often rely on informal lending networks, cash transactions, and community-based support systems, which limit their scalability and integration into national economic development strategies. The lack of targeted institutional support for immigrant entrepreneurs reflects a policy gap that overlooks the socio-economic contributions of this demographic. Despite their entrepreneurial potential, immigrants are generally excluded from government financing schemes and mainstream Islamic microfinance due to their legal status or the perceived risks associated with their economic activities.

Waqf as an Inclusive Financial Mechanism

To address financial exclusion among vulnerable groups, Islamic social finance instruments—particularly *cash waqf*—have gained attention as alternative models for ethical and inclusive financing.

Cash waqf, which involves voluntary monetary endowments for charitable and development purposes, has been proposed as a viable solution to support microenterprises, including those led by immigrants. Pitchay et al. (2018) proposed a *cooperative-waqf model* that utilizes idle waqf lands and cash waqf funds to generate productive economic activity. Empirical studies such as Yaacob et al. (2022) have found that waqf-based microfinance schemes offer significant potential to empower marginalized populations by providing non-interest-bearing capital and entrepreneurship training. In the Malaysian context, Abdullah and Ismail (2020) emphasized that waqf institutions can be mobilized to promote financial inclusion by offering tailored, Shariah-compliant financing packages for micro-entrepreneurs. Such financing is particularly appealing to Muslim immigrant entrepreneurs who prefer or are limited to Islamic financial products. This approach not only enhances financial access but also reinforces social integration by aligning with cultural and religious values.

Research Gap and Theoretical Contribution

While both immigrant entrepreneurship and waqf-based financing have been individually studied, the intersection of these two domains remains underexplored in empirical literature. Specifically, there is limited research on how *cash waqf* can serve as a strategic financial tool for immigrant entrepreneurs, especially in Malaysia, where waqf institutions are growing in influence. This represents a critical gap in both theory and practice, as existing frameworks do not adequately address the unique needs and constraints of immigrants in accessing ethical financing. By investigating the empirical relevance of cash waqf to immigrant entrepreneurship, future research can offer new insights into how Islamic social finance can be harnessed for inclusive economic development. Such research not only fills a theoretical void but also provides practical implications for policymakers, waqf administrators, and NGOs working to empower marginalized communities.

Research Method

This study aims to focus on the challenges and barriers experienced by IE in their start-up business in the host countries. On another note, this study will also focus on the development of a cash waqf model for the improvement of IE, especially in terms of human capital resources and financial resources. Data used in this research is by using secondary data obtained from the previous research available. Additionally, desk research is also being done to obtain the best available data, which the literature from past research, journals, newspapers, and articles was analyzed in detail.

Analysis and Discussion

Empirical studies on Challenges experienced by IE

Challenges in most countries

The challenges experienced by IE may be a hindrance to their full potential in developing their new ventures. Most of the IE start-ups have difficulties in accessing the financial assistance from the banks due to inadequate history of business operation and high level of failure among the start-up businesses (Cassar, 2004). Moreover, the IE had difficulties in accessing the capital to finance their start-up business in the formal financial institutions in the host countries due to the lack of information on their credit history and performance in meeting previous obligations (Chrysostome & Arcand, 2009).

In the case of Israel, Nonna & Heilbrunn (2008) claimed that the immigrants are more likely to fund their business via informal sources due to the coverage of funding for immigrant businesses being more limited than for the non-immigrant businesses. They also addressed the importance of the government's support for dedicated loans to fund the business of the IE. Lee & Black (2016) examined the immigrant's accessibility to loan programs in the United States and the obstacles that the immigrant business owners experienced. The authors found out that most IEs experienced problems in accessing the loan programs due to the language barriers and trust issues. The trust issues from the performance of the IE have led to the reluctance of the financial institutions to lend the start-up capital to the IE.

On the other note, [Tengeh & Nkem \(2017\)](#), [Garg & Phayane \(2014\)](#), [Fatoki & Patswawairi \(2012\)](#), and [Chimucheka et al. \(2019\)](#) attempted to investigate the barriers experienced by the IE in running their business in South Africa. [Tengeh & Nkem \(2017\)](#) examined the main blocks that restrict the IE in South Africa to start up their business, which is limited access to funds via formal financial institutions. Lack of credit history and proper documentation act as the main hindrance for the IE to pass through strict adherence to the requirements for loan application. The applicants for the loan must possess the South African identification card and be able to provide the information of their credit history, which is not doable by the IE. Moreover, [Garg & Phayane \(2014\)](#) suggested that in South Africa, almost 50% of the IE business start-up capital comes from their own savings and around 40% from their own savings together with funding aid from family members instead of from formal financial institutions. The data retrieved via questionnaires distributed to 70 IE-owned businesses indicates the majority of the funding sources of IE are from outside of South Africa. Meanwhile, [Chimucheka et al. \(2019\)](#) conducted semi-structured interviews with 23 IEs in the Eastern Cape province of South Africa. Their results showed that most of them were faced with a problem of acquiring adequate financial resources and legislative knowledge to run their businesses. [Fatoki & Patswawairi \(2012\)](#) also investigate the obstacles experienced by the IE in South Africa. They used data obtained from 101 IE based on surveys and questionnaires. The respondents indicate that the main obstacles that they faced are inadequate human capital development and lack of support and funding.

[Chrysostome & Arcand \(2009\)](#) attempted to develop a model that explains the survival of the IE, especially for the Latin American in Canada. According to the authors, most challenges experienced by the IE in the early stage of their entrepreneurial activities are the lack of capital, and most of them mainly rely on informal sources, their own savings, and ethnic communities for capital. Among the respondents, only two out of eight reported that they have enough capital in the early stage of their start-up. [Satu & Elisa \(2012\)](#) interviewed 50 immigrant business owners in Finland and found out that the main obstacles that the IE experienced are the lack of trust of the locals due to social barriers such as language and culture. Obtaining a loan is possible by IE, but building a good reputation by maintaining a good relationship with the Finnish was mentioned as a prerequisite for obtaining capital via loans. The level of trust between the financial institutions and immigrant business owners is high in Finland, which has helped the IE to fund their business sufficiently. Additionally, according to [Uusitalo \(2022\)](#), foreign entrepreneurs have a tougher procedure as compared to local entrepreneurs to obtain funding for their business due to the short validity of the residence permit in Finland. The Finnish government offers various business opportunities via government subsidy, given the applicants meet the pre-conditions set by the sovereign. However, during the research, none of the interviewed IEs managed to secure the immigrant subsidy or support by the Finnish government to fund their businesses.

In the case of Toronto, [Teixeira & Truelove \(2007\)](#) found out from the collected information via key-informant interviews, a questionnaire survey, and focus groups that the lack of capital and resources is perceived to be the major challenge for the IE aside from discrimination and market barriers to entry. Additionally, [Bejawi, Yang, & Han \(2015\)](#) opined that being a minority in the country led to the difficulties in accessing loans from financial institutions as compared to the non-minority entrepreneur.

[Dallalfar \(1994\)](#), [De Vita et al. \(2014\)](#), and [Halkias et al. \(2011\)](#) attempted to investigate the difficulties experienced specifically by the female IE and suggested that most female IEs fund their businesses via personal savings and aid from family and are less likely to appeal for loans from financial institutions. The refusal of the female IE to seek funding from formal sources is mainly due to the inadequate information about the government's initiatives ([Dallalfar, 1994](#)). The same findings were also pointed out by [Halkias et al. \(2011\)](#) after conducting a survey on 62 female Nigerian IEs. Nearly half of the sample only relied on their personal funds as the start-up capital, and another 45% obtained the funds from their family members without any dependency on the financial institutions. Additionally, most of the IEs that have the financial problem as the limiting factor of their businesses are the young entrepreneurs.

Challenges in Malaysia

In the case of Malaysia, the same barriers are also being experienced by the IE in their start-up businesses. According to [Hamid \(2020\)](#), by interviewing 40 IE from Indonesia, Pakistan, and Korea, the author has found out that the challenges experienced by IE are as follows:

- a. unfriendly governing institutions;
- b. lack of access to the resource providing institutions;
- c. host country society; and
- d. competition with the host country.

The unfavorable governing institutions, including the lengthy process of obtaining the license, additional rules for non-local business start-ups, and protective local unions, are being experienced by IE. On the other hand, limited access to financial capital and lack of information about the local institutions also hindered their intention to start a business in Malaysia. The difficulties in understanding the local market and culture also act as one of the difficulties that IEs are facing. Additionally, according to the author, the magnitude of the difficulties that the IE are facing is subject to their country of origin. For example, due to the shared common history, race, and language, the Indonesians have fewer difficulties in communicating with the locals.

Additionally, [Ruan, Baskaran & Zhou \(2022\)](#) attempted to examine the constraints experienced by the SMEs owned by the mainland Chinese immigrant entrepreneurs in Malaysia. The authors conducted face-to-face semi-structured interviews with five mainland Chinese immigrant-owned SMEs. They suggested that the main constraints faced by immigrant-owned SMEs are low levels of human capital development, low technology levels, and financial issues. The Chinese immigrant entrepreneurs also had difficulties with loan applications, visa applications, language barriers, and high start-up capital.

[Abdullah, Nel, Mellalieu, & Thaker \(2016\)](#) attempted to investigate the determinants of the success and prospects of the business by the IE in Malaysia by interviewing 50 respondents from 10 business retail centers in Kuala Lumpur. Their empirical study had suggested that the business success has a positive impact on the business prospects, and the growth of their businesses will contribute to the economic and GDP growth of the host country. [Altinay and Altinay \(2008\)](#) explained that education is very important for the immigrant entrepreneurs to develop their entrepreneurship skills, and lack of education highly impacts their business development. Moreover, more educated entrepreneurs are more likely to have a successful business due to their ability to understand the needs of their stakeholders. [Rashid, Zainal Abidin & Islam \(2018\)](#) examine the determination of success of IE businesses in Malaysia. According to the authors, the main reasons for the high failure rates of IE businesses are low start-up capital and poor knowledge about the locals.

[Nel and Abdullah \(2015\)](#) attempted to explain the success and prospects of the IE business in Malaysia by interviewing 316 IEs, mainly originating from Bangladesh, Pakistan, and Indonesia. They concluded that business activities by the IE can be the root of entrepreneurial development and future momentum for the economic growth in Malaysia. [Wang & Warn \(2019\)](#) investigated how immigrant businesses managed to shift their businesses from informal, low-return businesses to successful and competitive businesses in the case of Chinese in Australia. They have found that the accumulation of sufficient financial capital was the prominent enabler for the Chinese to expand their business. The sufficient fund to carry out the businesses is the main component for the success prospect of the IE.

Existing Resources available for IE

Informal Financial Institutions

A number of studies have attempted to explain the use of informal financial institutions (IFIs) to develop the socio-economic development by offering the financial services that are outside of the domain of the formal financial institutions ([Korna, Abanyam, & Sambe, 2013](#)). IFIs are mainly formed on informal social shared rules, which are usually unwritten and not bound by the implementation of the monetary and financial policy that is imposed on the formal financial institutions. Most of the IEs that have no

established relationship with the financial institutions in the host country acquired their funds via informal sources, which is family financial capital (Bird & Wennberg, 2016).

IEs mostly rely on their ethnic community as their source of funding for their business, and one of the common sources that they use is the Rotating Credit Association (RCA) (Chrysostome & Arcand, 2009). On the other notes, Bates (1997) examined the importance of RCA for Asian immigrants, especially Chinese and Korean IE, in the United States. Tengeh & Nkem (2017) mentioned that due to the high barrier to the access of funding via formal financial institutions, the IE in South Africa opts for the informal financing associations such as stokvels, also known as rotating credit unions or saving schemes. Yoon (1991) explained that the importance of ethnic resources (i.e., RCA) for the IE to finance their business is important to determine the level of success of their business. Yendaw (2022) has found out that about 33% of the 780 IEs that he interviewed financed their retail business via revenue from the sale of credited wares from their fellow IEs in Ghana.

As of now, there is no proper literature on the waqf model developed to fund the business of the IE. The IE only depends on the informal capital sources to finance and expand their business. Thus, this paper aims to shed light on the alternative Islamic financing method that can be utilized for the development of the IEs' business in Malaysia.

Malaysia Tech Entrepreneur Programme

One of the proactive initiatives for the foreigners by the Malaysian Digital Economy Corporation (MDEC) and the Government of Malaysia (GoM) is the Malaysia Tech Entrepreneur Programme (MTEP), which specifically aims to help foreign tech entrepreneurs to start up their businesses in Malaysia. The target of the MTE mainly focused on foreigners with innovative business ideas in the digital sectors. The targeted sectors are inclusive of Agrotechnology, health technology, the Internet of Things (IoT), blockchain, and artificial intelligence (AI). Special working passes and resident passes will be granted to the successful applicants with conditions imposed, including an attractive business idea, clean financial records, a certificate of good conduct to support the non-criminal record of the applicant, and settlement of the application fee (MDEC, 2022). The MTEP will provide entry passes according to their experiences.

Recognizing the potential contribution of the IE, the skilled immigrants are welcomed in Malaysia, and the IE can have a conducive environment that helps to grow their start-up business with the MTEP initiative. Malaysia is committed to attracting aspiring IEs and tech talents from around the globe to further grow Malaysia's technology-related start-up ecosystem. The main push factor to encourage the participation of the tech IE in this program is the assistance from the digital hubs. Realizing the problem of fund accessibility for tech IE, assistance available is inclusive of the access to funding. The funding for the start-up will be granted by the strategic partners, for example, Microsoft, Maybank, APW, and many more.

Given all the benefits from MTEP for the growth of the IE, however, this program only focuses on the tech start-up and excludes other non-tech sectors, for example, manufacturing, the food industry, and construction. In this regard, Malaysia is in dire need of an alternative development program for the skilled and non-skilled IE, which will cover various sectors not limited to the tech sector only.

Proposed Solution: Business Support and Cash Waqf for IEs Model (BS-WIEM)

The main focus of this paper is intended to combat the difficulty of accessing the resources provided by institutions in Malaysia, such as the capital resources and human capital development. The lack of trust towards the immigrants due to less experience has led to a lack of funding available for them to start their business (Satu & Elisa, 2012). On the other note, according to Bird & Wennberg (2016), due to the inadequate level of human capital development, most of the immigrants experienced difficulties in the labor market integration in the host countries. The intention of the business support program is to ensure the utilized cash waqf will bring positive impact on the economic activities and generate welfare creation as well as the blessings from Allah s.w.t. On the other note, the IE is also in dire need of guidance from the experts in the host country and the facilities to improve their financial literacy.

The implementation of the training center and funding house as the Business Support Programs are intended to help the IE to start their start-up properly. The immigrant's business tends to have a higher

failure rate (Desiderio, 2014). In order to minimize the failure rate, these programs are aiming to equip the IEs with business knowledge and establish them with business networks as well as widen their supplier base. The entrepreneurship training will be conducted as an upskilling process for the IE prior to starting up their business. A study carried out by Ho et al. (2018) investigated the impact of systematic entrepreneurship training on the efficacy and alertness among the youth and concluded that the youth that went through entrepreneurship training tended to have significant improvement in alertness and efficacy as well as competencies.

According to Moutray (2008), one of the challenges the IEs have experienced is adapting to different tax regulations and other regulatory requirements in the host country. In addition, according to Enow (2010), lack of local market information and lack of awareness regarding regulatory policies as well as the tax regulation have been the profound issues that the IEs experienced. The training center will be a place for the IE to seek advice on the tax regulations and legal matters so that they can make the right decisions in their business activities. The business support services can be one of the platforms to promote business opportunities for the immigrants to start or expand a business by creating a conducive and friendly environment for the IEs, which are favorable for entrepreneurship.

Additionally, this proposed cash waqf model will also integrate the investment elements to ensure the perpetuity and longevity of the CWI. The profit generated from the investment will be returned to the CWI to fund the IE businesses and business support program. The fund investment will be done in Islamic financial institutions and shariah-compliant products to ensure only halal earnings are obtained.

Table 3. Business Support and Cash Waqf for IEs Model

Business support program		Benefits
Human Capital Development	• Entrepreneurship Training	• Simplify administrative process
	• Workshop	• Promote entrepreneurship culture
	• Counseling/ training/ Mentoring/ networking	• Skill development (Technical and operation)
	• Facilitate access to funding via Cash Waqf Model	• Lower the rate of business failure
		• Social Integration and Inclusion
		• Easy access to funds

Source: Authors' own research

This study proposes the Business Support and Cash Waqf for IE Model (BS-WIEM) for the business development and funding for the IE business advancement in Malaysia, as exhibited in Figure 1. The proposed BS-WIEM involves the following four stages:

- 1) Initially, the donor would donate their cash into the Cash Waqf Institution (CWI). In this regard, the CWI was appointed as the manager (mutawalli) for the cash waqf. A mutawalli is defined as the person appointed by the donor of the waqf to manage and administer the waqf by distributing the fund or asset to the needy individuals. Mutawalli also acts as the trustee of the waqf properties in accordance with the rules set out by the owner of the waqf and is also responsible for the protection of the waqf properties (Dahlan, Yaa'kub, Hamid, & Palil, 2014).
- 2) Secondly, the idle cash waqf collected will be invested in the profitable investment house or in Islamic financial institutions either via fixed deposit or money market placement. Upon the fund required for the expenditures, the maturing investment and profit will be disbursed back in the business support program.
- 3) Thirdly, the CWI would prepare the IE with a human capital development program by arranging for the necessary and appropriate training courses and counseling via the business support programs prior to providing them the cash waqf.
 - a. Entrepreneurship Training—to equip IE with necessary knowledge regarding entrepreneurship intended to increase their chance of success.
 - b. Counseling/Training—to sharpen their professionalism and wisdom with adequate counseling by the experts and specialists.
 - c. Workshop—mainly to increase their exposure to the regulations and policy imposed by the government and improve their business activities.

- 4) Fourthly, upon completion of the business support programs, the IE will receive the cash waqf as the start-up capital and fund for their ongoing business, and the IEs will implement the knowledge that they have gained to make right and informed decisions for the growth of their business.
- 5) Finally, after being equipped with necessary training and knowledge from the training center, the IE will increase their productivity output and local economic activities, which will contribute to the national GDP growth.

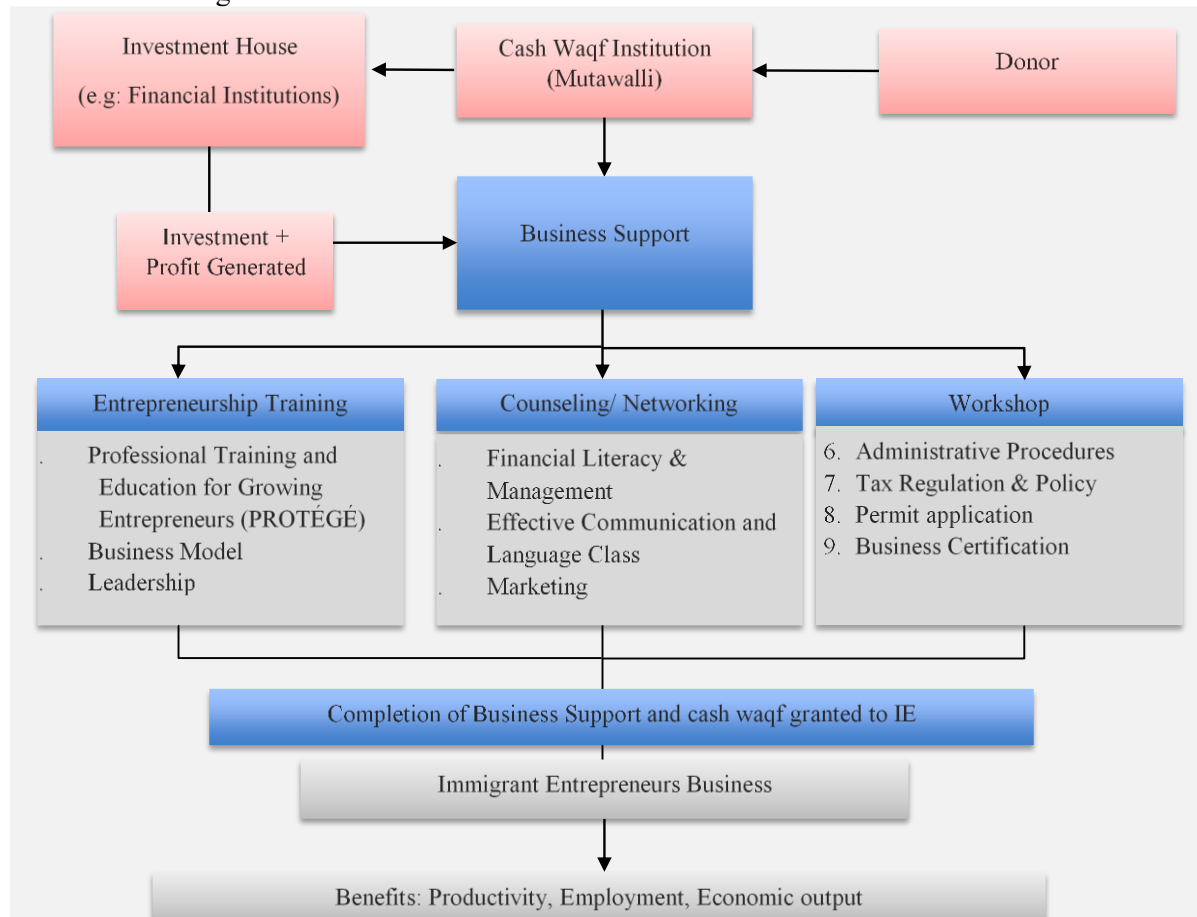


Figure 4: Business Support and Cash Waqf for IEs Model (BS-WIEM)

Conclusion

The development of the Islamic financial system has contributed a massive positive impact on the socioeconomics betterment and economic growth. However, the full potential of the Islamic finance industry has not yet been explored and needs to be further studied. This study has developed explanatory research on the cash waqf model as a tool to fund the development of entrepreneurship, especially in Malaysia. The existing research and publications indicate that the IE are facing a huge problem in accessing the fund and social integration as well as difficulties in obtaining the information on the regulations in the host countries. In light of these difficulties, this paper suggested that the BS-WIEM for the IE further excel in their business venture and start-up in the host country, especially in the case of Malaysia. The business activities by the IE can be the root of entrepreneurial development and future momentum for the economic growth in Malaysia.

With the underlying support from this model and the cash waqf model, the output performance of the IE could be exponentially increased and will lead to the betterment of the social welfare as well as the GDP growth of the host country. The proposed model of BS-WIEM will give a huge contribution to the growth of entrepreneurship in Malaysia, especially for the immigrants. On the other note, the success of the IE will help to alleviate the unemployment rate via job creation for the labor force.

The proposed BS-WIEM will be beneficial for the IE to obtain necessary information and resources to carry out their business in Malaysia via proper entrepreneurship training. The pure intention of the business support is to equip the IE with the necessary business knowledge and interpersonal skills for them to effectively interact with the locals, which will increase the level of trust towards the IE. With the support from the cash waqf institution (CWI), the business can continue to operate without any funding limitations. Taken as a whole, this paper highlights the importance of IE business activities and the challenges of the IE experienced in the host country.

Moving forward, the policymakers should implement beneficial fiscal regimes for the IE, including tax exemptions and tax deductions for the start-up IE. The process of the administrative process of obtaining a permit also should be simplified to ensure the smoothness of the process for IEs to enter and begin their business in Malaysia. This paper proposed a model, BS-WIEM, in the hope of shedding light for the immigrant entrepreneurs to start a new life in the host country and prosper together with the nation. Given the potential of the BS-WIEM to encourage business activities among IE, further discussion of Islamic finance to support IE businesses is suggested, given the lack of discussions available in the academic world. It is also hoped that the model will be given a chance to give the intended benefits to the target audience via proper implementations and support from the authorities.

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