

The Relationship Between Digital Technology and Business Innovation Model Among Asnafpreneurs in Malaysia

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Abstract: Businesses must continually adapt and innovate to stay competitive and maintain high market shares. This includes not only incorporating the latest technology but also creating innovations that aim to increase profitability and sustainability. However, this approach also involves significant risks, as changing the business model to incorporate technological and sustainable elements can be challenging. Digital technology has forced entrepreneurs to reconsider their business models, leading to a need for research on entrepreneurial intention and business models in this area. Thus, this paper seeks to identify the relationship between digital technology and the business innovation model among asnafpreneurs in Malaysia. The study will use a quantitative approach, with a structured survey conducted using Google Forms to gather data. The researcher will use purposive and judgmental sampling, based on recommendations from zakat officers, to select a sample of 299 respondents. Descriptive analysis will be used to examine the existing elements of digital technology, while correlation analysis will be used to examine the relationship between the dependent variable (business innovation model) and the independent variables (digital technology). The study's objective is to analyze the relationship between the business innovation model with digital technology and to propose the elements of digital technology in business innovation to asnafpreneur.

Keywords: *Digital technology, Digitalization, Business Model, Business Innovation Model, Asnaf, Entrepreneur, Asnafpreneur*

1. Introduction

The relationship between digital technology and business innovation models is intricate and multifaceted, and digital innovation, which encompasses the development of market offerings, business processes, or models using digital technology, significantly influences business innovation. (Khin & Ho, 2019). The impact of digitalization on business model innovation (BMI) is complex, and leveraging technological possibilities presents significant strategic obstacles (Rachinger, Rauter, Müller, Vorraber, & Schirgi, 2019). Furthermore, digital innovations and business models are closely related, as digital technologies enable ongoing enhancements to stay relevant in the market and offer lasting value to customers (Parida, Sjödin, & Reim, 2019). Additionally, the advent of digital advancements introduces novel components to corporations, encompassing merchandise, amenities, frameworks, and business schemes, capitalizing on the inherent advantages of digital technology. The correlation between the business innovation model and digital technologies in established small and medium-sized enterprises (SMEs) has been examined, underscoring the necessity for an investigative inquiry into this correlation (Sabatini et al., 2022). The strategic harmonization of digital technology with business augments entrepreneurs' capacity to adapt to market unpredictability and is pivotal in attaining innovative performance (Li et al., 2023).

In today's world, digitalization is crucial for entrepreneurs to adapt to new norms and stay competitive. By embracing digital transactions and innovative technologies, entrepreneurs can transform their conventional business models into more profitable ones that are better suited to meet current market demands (Tasnim et al., 2023). Utilizing technology and digital media for marketing and business can increase access and revenue while reducing costs efficiently (Tasnim et al., 2023). Digitalization also serves various functions, such as information dissemination, promotion, and payment, making it an essential aspect of entrepreneurship activities (Tasnim et al., 2023). Social media platforms like Facebook, Instagram, TikTok, and YouTube provide entrepreneurs with opportunities to improve their businesses, while digital sales platforms like Shopee and Lazada are gaining popularity among customers. Moreover, online delivery companies like Foodpanda, Lalamove, and Grabfood are playing a significant role in the digitalization process (Tasnim et al., 2023). It has been proven that using digital gadgets can increase sales results for small and medium industry (SME) sector in rural areas by up to 30 percent per year when they participate in the Rural Entrepreneur Digitization Program or Program Pendigitalan Usahawan Desa (PPUD) (Tasnim et al., 2023).

Zakat is an important topic due to its significant role in addressing various issues, particularly those faced by micro-entrepreneurs who are classified as asnaf entrepreneurs (Bahri, Aslam, Hj Hasan, & Wibowo, 2019). These entrepreneurs need assistance to overcome their challenging circumstances and potentially become zakat contributors in the business world (Bahri, Bin Muhammad, & Mohammad Aslam, 2021). They are considered asnaf who receive financial support from zakat organizations, and they fall into the category of mustahiq under the classification of impoverished and indigent individuals (Bahri et al., 2021). They are characterized by households with low incomes and engage in diverse trade products and services (Nasir & Talib, 2018). Zalikha (2016) highlighted that the distribution of productive zakat is permissible to enhance the economic well-being of the mustahiq. Previous studies emphasized that asnaf entrepreneurs can fulfill both material and spiritual needs through the process of economic transformation (Rosalina & Bahri, 2022).

As a result, the Asnaf Entrepreneurs program aims to provide basic needs and enable worship of Allah SWT and the program's goal is to meet the material and spiritual needs of the mustahiq (Rosalina & Bahri, 2022). In the present era, Entrepreneurial Asnaf has emerged as a global subject of discourse to foster the progress of the Asnaf community in their pursuit of entrepreneurial endeavors. The underlying principle behind the development of a hybrid model, which combines elements of halal business innovation and technology, is the provision of added value to business enterprises (Munahar, bin Md Badarudin, bin Harun, & ..., 2022). Diverging from conventional acts of charity, zakat encompasses eight distinct categories of asnaf, each of which is explicitly delineated by Allah s.w.t in the Holy Quran, specifically in Surah At-Taubah, verse 60, as aforementioned (Munahar et al., 2022). The focus of this study centers on the needy and impoverished individuals who participate in entrepreneurial activities by using digital technology for their livelihood, referred to as asnaf entrepreneurs or asnafpreneurs.

The confluence of digital technology and entrepreneurship presents a multitude of obstacles and prospects. Digital entrepreneurship involves the merging of conventional entrepreneurial endeavors with cutting-edge technology to establish and manage a digital enterprise (Zainol, Mohd Esa, Muhamad, & Mohamad, 2022). The influence of digitalization on technology entrepreneurship has revolutionized manufacturing processes, resource acquisition, and other entrepreneurship-related operations (Jiao, Wang, & Shi, 2022). Additionally, digitalization offers businesses the chance to enter new markets, broaden their customer base, and engage in inventive activities, including the creation of digital products, services, and business models (Veretennikova & Kozinskaya, 2021). Unlike traditional companies, digital entrepreneurship employs technological advancements as a fundamental aspect of product development and value creation (Fauzi, Harits, Danial & Komariah, 2020).

Upon entering the realm of digitalization, the outdated business model loses its relevance if implemented without any enhancements. In accordance with the advancement of technology, the business model must embrace novel approaches and consistently enhance the caliber of the business. The quandary lies in determining the appropriate methods and procedures to accompany the innovative business model during the era of technological inception. The comprehension of the role that digital technologies play in entrepreneurship, as well as the involvement of users and agents in digital entrepreneurship, remains constrained (Shen, Zhang, & Liu, 2022). This limited comprehension may give rise to a misinterpretation of the concept of digital entrepreneurship, potentially resulting in a narrow distinction between traditional and digital entrepreneurship solely based on the extent of utilization of modern technologies in entrepreneurial endeavors (Krivokuća, Čočkaló, & Bakator, 2021).

In Malaysia, the distribution of opportunities by the government to foster a stable economy for Asnaf is a notable endeavor (Munahar et al., 2022). This is particularly done through the provision of allocated funds for entrepreneurial activities or the expansion of existing businesses. These funds encompass various aspects such as capital, working capital, equipment and machinery, as well as skill development courses and training (Munahar et al., 2022). However, the efficacy of this initiative and the caliber of its outcomes remain subjects of scrutiny (Tuan Mahmood, Mohd Din, Al Mamun, & Ibrahim, n.d.). While there exist instances of successful asnafs who have transformed into accomplished entrepreneurs with the assistance of financial support from zakat organizations, evidence suggests that a considerable number of asnafs, despite receiving initial company financing, struggle to sustain their businesses and rely on monthly zakat assistance for survival (Abdul, Jamaliah, Sharifah, Syed, & Hasan Bahrom, 2012). The central issue at hand pertains to the potential for Asnaf entrepreneurs to achieve success in their business ventures.

It is important to note that these entrepreneurs often belong to the economically disadvantaged group and require financial support to operate their micro and small businesses. Consequently, these entrepreneurs are unable to meet the minimum requirements (*kifayah limit*) for zakat contributions and are not in a position to contribute to zakat institutions. Asnaf entrepreneurs are relatively new to the business world and may not have the necessary experience or resources to succeed. Thus, it is worth investigating whether asnaf entrepreneurs employ business innovation models that genuinely enhance their enterprises or if they merely serve as rudimentary frameworks for business establishment (Munahar et al., 2022). The study will concentrate on asnaf who operate a business in Malaysia known as asnafpreneur. The study region covers Malaysia, encompassing Peninsula Malaysia, Johor, Kedah, Kelantan, Melaka, Negeri Sembilan, Pahang, Perak, Perlis, Pulau Pinang, Selangor, Terengganu, and Wilayah Persekutuan, which includes West Malaysia, Sabah, Sarawak. Researchers will examine how state Islamic Religious Councils (SIRCs) support Asnaf entrepreneurs and how zakat centers support their businesses. This survey included 14 zakat centers.

2. Literature Review

Asnafpreneur: Previous research defines Asnaf as the groups of people who are permitted to receive Zakat (Syamsul Bahri, Ali, & Mizan Mohammad Aslam, 2023). In accordance with the Qur'an in at-Taubah verse 60, there are eight specific categories of Asnaf, namely: *al-fuqara* (the needy), *al-masakin* (the poor), *al-amylin* (the employer of Zakat), *al-mu'allafah qulubuhum* (converts who are sought by their hearts), *ar-riqab* (slaves), *algharimin* (people who owe), *sabilillah* (people who engage in jihad in the way of Allah), and the one who travels. The study identifies two categories of assistance provided to Asnaf are identified: consumptive and productive (Syamsul Bahri et al., 2023). Taking into consideration the different categories of Asnaf, the Zakat institution has developed the Asnaf Entrepreneurial Programme (AEP) as an effective means to improve the social and economic well-being of these categories (Din, Ismail, & Rosli, 2019). Asnafpreneur was a term for asnaf and entrepreneur. Asnaf is a low-income citizen group classified as B40 in Malaysia (Tasnim et al., 2023).

According to the research conducted by Zuriyati Yaakub and Nurul Ilyana Muhd Adnan in 2018, it was asserted that asnaf entrepreneurs can be identified as individuals who are engaged in the process of establishing a business. Among the asnaf groupings, asnafpreneurs constantly hope to use entrepreneurial platforms to go from unproductive to productive asnaf. (Azhar Meerangani et al., 2022). These individuals possess the necessary abilities to fulfill their obligations and responsibilities, and they are motivated to engage in trade activities due to the support and guidance provided by zakat institutions in Malaysia (Yaakub & Muhd Adnan, 2018). The target beneficiaries of this support are primarily the destitute, the impoverished, as well as those who have recently embraced Islam and are facing financial hardship (Yaakub & Muhd Adnan, 2018). Additionally, this group will receive the support and direction they need to launch their own business. It is now time for these asnafpreneurs to enter the digital business sector to maximize their potential and secure the long-term viability of their company. (Tasnim et al., 2023).

Digital Technology: Digital start-ups that have driven significant waves of innovation over the past few decades, such as Airbnb, Amazon, Google, and Facebook, are frequently featured in media narratives (Sahut, Iandoli, & Teulon, 2021). These start-ups have been supported by emerging technologies like the Internet of Things, big data, and robotics and the rapid development has altered the competitive landscape and compelled traditional businesses to reconsider their strategies, models, and processes (Bharadwaj, El Sawy, Pavlou, & Venkatraman, 2013). Digital technologies have enabled the creation of new businesses and start-ups that integrate technology into their business models and operations (Elia, Margherita, & Passiante, 2020). Previous studies identified these technologies act as enablers of entrepreneurial activity and can take various forms, such as digital products or services, digital platforms, digital tools or infrastructure, digital or Internet-enabled service innovations (Elia et al., 2020)

The pervasive influence of digital transformation has extended to virtually all industries and types of companies, leaving only the most traditional businesses untouched. Furthermore, the growth of open innovation and digital communities has streamlined essential entrepreneurial activities (Elia et al., 2020) Although digitalization impacts all aspects of society, it primarily influences the transformation of entrepreneurial and business models across various industries (Satalkina & Steiner, 2020). This is due to changing societal needs (arising from new demands or industry pressure) that dictate adaptations in the value creation process, communication, and cooperation patterns, ultimately fostering innovative changes in business models (Satalkina & Steiner, 2020). Besides, the development of open innovation and

participation are associated with the development of digital communities able to streamline crucial entrepreneurial activities. Digital technologies play a crucial role in empowering goods and services, as well as stimulating creativity to develop innovative solutions. (Elia et al., 2020).

The impact of information technology and digital technologies on business innovation and entrepreneurship is multifaceted, serving as a facilitator, mediator, or outcome of entrepreneurial operations, or the overall business model (Steininger, 2019). The concept of digital entrepreneurship was introduced to describe the creation of new ventures and the transformation of existing businesses through the development of new digital technologies or the adoption of novel usage patterns (Elia et al., 2020). It is also known as cyber-entrepreneurship, which refers to the use of Internet and technology platforms to manage and execute business operations with customers, intermediaries, or partners, and sell digital products or services across electronic networks (Elia et al., 2020). Digital entrepreneurship is a critical pillar of digital economic development and underscores the importance of pursuing opportunities based on digital media and technologies through a pivotal business model framework that leverages three key components such as marketing, transaction, and back-office (Elia et al., 2020; Shen et al., 2022). Adopting a knowledge-based perspective, it facilitates the exchange, transfer, and acquisition of knowledge while initiating new ways of doing business and also refers to how startups leverage digital technologies and human agents to accomplish the overall entrepreneurial process (Elia et al., 2020; Geissinger et al., 2019; Le Dinh et al., 2018).

Business Innovation Model: In the current business environment, various factors such as globalization, technological advancements, the emergence of the Internet, and progress in information technology have a significant impact on businesses (Turulja & Bajgoric, 2019). As a result, companies are constantly compelled to adapt and modify their business practices (Turulja & Bajgoric, 2019). This need arises from the recognition that organizational success in the modern era depends on effectively developing, capturing, and delivering value to end-users (Smajlović, Umihanić, & Turulja, 2019). Therefore, the concept of the business model becomes a crucial element in the pursuit of such achievements (Osterwalder, 2004; Smajlović et al., 2019). Earlier research defined of the business model as a "method of conducting business" and claims that the business model elucidates the company's operational framework and fundamentally offers insights into value generation (Smajlović et al., 2019). In the course of this, the potential for value creation arises from the configuration of interactions between companies and external stakeholders (Amit & Zott, 2001; Smajlović et al., 2019). The innovation of the business model involves the introduction of a completely new business rationale or, at the very least, an improvement of the existing business rationale, leading to value creation for the company (Markides, 2006; Casadesus-Masanell & Zhu, 2013; Smajlović et al., 2019).

In the dynamic and evolving business environment, the innovation of business models is widely recognized as a critical source of competitive advantage (Markides, 2006; Amit & Zott, 2001; Casadesus-Masanell & Zhu, 2013; Smajlović et al., 2019). It is considered one of the primary factors that determine the success of modern companies. The primary focus of business model innovation is on discovering new ways to generate revenue and define value propositions for various stakeholders, including partners, suppliers, and customers (Smajlović et al., 2019). Several research studies have reported a positive impact of business model innovation on a company's performance (Smajlović et al., 2019). They argue that business model innovation can enhance corporate venture performance, contend that such innovations can help companies build a competitive advantage by creating a new business model that generates value for customers (Futterer, Schmidt, & Heidenreich, 2018). These authors further conclude that continuous innovation of products, services, and business models is necessary for a company's survival and growth, ultimately leading to increased value creation (Smajlović et al., 2019). Previous research also found that companies that enhance their business model innovation can achieve optimal benefits, including cost reductions and strategic flexibility (Smajlović et al., 2019).

The hypothesis testing is based on the statements stated below:

H₀: There is no relationship between Digitalization Technology and the Present Business Innovation Model.

H₁: There is a relationship between Digitalization Technology and the Present Business Innovation Model.

In the diagram we can see the relationship as:

Figure 1: The Relationship between Digitalization Technology and Business Innovation Model among Asnafpreneurs in Malaysia



3. Research Methodology

This paper employed a quantitative approach wherein the researcher conducted a structured survey with the asnafpreneur using a Google Form questionnaire, which was then distributed among the asnafpreneur community until the research-based recommendations by selected officers were fulfilled. The focus of this study is on the asnafpreneur population in Malaysia. The researcher will utilize purposive sampling and judgmental sampling based on recommendations from zakat officers. Purposive sampling allows the researcher to select specific cases that illustrate relevant features or processes of interest. However, this sampling method requires careful consideration of the parameters of the population under study and the selection of sample cases accordingly. Additionally, purposive sampling helps identify common behavioral patterns across units of analysis that face diverse resource conditions and constraints, thereby facilitating theoretical extraction to a greater extent than with a more homogeneous sample. A total of 299 respondents were received from 420 respondents recommended by state zakat officer using Google Form questionnaire, which falls within the recommended sample size range of 30 to 500 respondents according to (Uma Sekaran, 2013). Descriptive analysis will involve the use of measures such as mean, mode, median, range, and percentage, as deemed appropriate. These findings will be presented in a suitable format, such as a table, graph, or chart. Correlation analysis will be conducted to examine the relationship between the dependent variable (business innovation model) and the independent variables (digital technology). This analysis is crucial for addressing the research objectives of the study.

4. Finding

Summary of Business Innovation Model: There are 7 elements in the respondent's opinion on the Business Innovation Model analyzed (Table 1). The respondents stated Strongly Agree against all those elements 1:I feel that internal nature plays an important role for the asnafpreneur to succeed (63.9%), 2:I feel that external nature plays an important role for the asnafpreneur to succeed (56.9%), 3:I feel that the Halal factor is necessary for the success of the asnafpreneur business (68.6%), 4: I am of the opinion that doing a syariah-compliant thing will make the asnafpreneur business a success (78.3%), 5: I feel that digitalization is necessary for the advancement of asnafpreneurs (59.5%), 6:I feel that technology is the catalyst for asnafpreneur progress (54.2%) and 7: I feel that the zakat center is the main source of asnafpreneur success (51.85).The 299 respondents put a 59.2% average for the Business Innovation Model.

Table 1: Asnafpreneur Opinion about Business Innovation Model

Business Innovation Model Among Asnafpreneur	Strongly Disagree (%)	Disagree (%)	Moderate (%)	Agree (%)	Strongly Agree (%)
I feel that internal nature plays an important role for the asnafpreneur to succeed	0.7	1.0	1.0	33.4	63.9
I feel that external nature plays an important role for the asnafpreneur to succeed	1.0	1.7	3.7	36.8	56.9
I feel that the Halal factor is necessary for the success of the asnafpreneur business	0.7	0.7	2.0	28.1	68.6
I am of the opinion that doing a Shariah-compliant thing will make the asnafpreneur business a success	0.3	0.0	1.3	20.1	78.3
I feel that digitalization is necessary for the advancement of asnafpreneurs	0.3	1.0	2.3	36.8	59.5
I feel that technology is the catalyst for asnafpreneur progress	0.3	0.3	4.7	40.5	54.2

I feel that the Zakat Centre is the main source of asnafpreneur success	1.7	3.3	9.7	33.4	51.8
The mean average of 299 respondents	0.3	0.3	1.0	39.1	59.2

Summary of Digitalization Technology: Table 2 displays the platform in opposition to the 12 components of Digitalization Technology implemented by the participant in the research area. Overall, the mean participant's equalization resided at the level of agreement (74.9%). In more specific terms, there exist 7 components at the level of strong agreement, 4 components at the level of agreement, and there is 1 component at the level of strong disagreement. These circumstances transpire due to their negative nature in comparison to the remaining 13 elemental affirmations.

Table 2: Asnafpreneur's Opinion about Digitalization Technology

Digitalization Technology Among Asnafpreneur	Strongly Disagree (%)	Disagree (%)	Moderate (%)	Agree (%)	Strongly Agree (%)
I learned that the passage of time impacted my business	0.7	1.0	5.0	39.8	53.5
I feel I don't need to change anything to keep trading in this digital age	31.1	22.1	27.4	11.7	7.7
I need to take to know about digitalization	0.7	0.0	2.0	38.5	58.9
I need to adjust my business situation in line with today's digitalization era	0.7	0.0	1.3	33.8	64.2
I know the basic information and communication technology equipment	1.3	2.3	13.4	50.5	32.4
I know the software system that is in the information and communication technology equipment	1.7	3.0	30.4	43.5	21.4
I found out about web browsers (like Internet Explorer/Mozilla/Opera) and so on	3.3	12.7	29.1	34.1	20.7
I use at least one online marketing technology on social media such as (Instagram/TikTok/Facebook and so on) in my business	1.0	1.3	7.0	43.1	47.5
I use at least one simple order service technology through apps like 'WhatsApp/Telegram' in my business	0.7	1.7	3.0	38.1	56.5
I think the Information Technology System (ICT) taught by the Zakat Center makes it easier for me to convey business information to consumers	0.3	1.0	6.7	40.1	51.8
I think the website helps facilitate user access	0.3	1.3	2.7	37.8	57.9
The mean average of 299 respondents	0.0	0.3	5.7	74.9	19.1

The Relationship between Digitalization Technology and Business Innovation Model: Cross-tabulation analysis between Digitalization Technology and Business Innovation Model is shown in Table 3. 103 respondents expressed Agree with both the Digitalization Technology and Business Innovation Model. 119 respondents said they agreed with Digitalization Technology but said they strongly agreed with the Business Innovation Model. In the next way, we see the relationship between these two varieties with the following hypothetical statements:

H₀: There is no relationship between Digitalization Technology and the Present Business Innovation Model.
H₁: There is a relationship between Digitalization Technology and the Present Business Innovation Model.
The Chi-Square analysis found that Pearson's cynical value was at 0.00. It is at a level of less than 0.05, resulting in the meaning that this test successfully rejected H₀. It means that there is a relationship between Digital Technology and the Business Innovation Model. Any changes in Digital Technology will leave significant changes to the Business Innovation Model.

Table 3: The Relationship between Digitalization Technology and Business Innovation Model

		Digitalization Technology				Total
		Disagree	Moderate	Agree	Strongly Agree	
Business Innovation Model	Strongly Disagree	1	0	0	0	1
	Disagree	0	1	0	0	1
	Moderate	0	1	2	0	3
	Agree	0	11	103	3	117
	Strongly Agree	0	4	119	54	177
Total		1	17	224	57	299

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	359.661 ^a	12	.000
Likelihood Ratio	70.118	12	.000
Linear-by-Linear Association	58.822	1	.000
N of Valid Cases	299		

a. 14 cells (70.0%) have expected count less than 5. The minimum expected count is .00.

5. Recommendation and Conclusion

Recommendation for Digitalization Technology Elements

Table 5: Digitalization Technology Elements with Ranking

Digitalization Technology Among Asnafpreneur	Strongly Disagree (%)	Agree (%)	Strongly Agree (%)	Ranking
I learned that the passage of time impacted my business	0.7	39.8	53.5	5
I feel I don't need to change anything to keep trading in this digital age	31.1	11.7	7.7	11
I need to take to know about digitalization	0.7	38.5	58.9	2
I need to adjust my business situation in line with today's digitalization era	0.7	33.8	64.2	1

I know the basic information and communication technology equipment	1.3	50.5	32.4	8
I know the software system that is in the information and communication technology equipment	1.7	43.5	21.4	9
I found out about web browsers (like Internet Explorer/Mozilla/Opera) and so on	3.3	34.1	20.7	10
I use at least one online marketing technology on social media such as (Instagram/TikTok/Facebook and so on) in my business	1.0	43.1	47.5	7
I use at least one simple order service technology through apps like 'WhatsApp/Telegram' in my business	0.7	38.1	56.5	4
I think the Information Technology System (ICT) taught by the Zakat Center makes it easier for me to convey business information to consumers	0.3	40.1	51.8	6
I think the website helps facilitate user access	0.3	37.8	57.9	3
The mean average of 299 respondents	0.0	74.9	19.1	

Table 5 illustrates that the foremost aspect in the domain of business is adapting to the digital era, as indicated by its highest ranking by asnafpreneurs. Following this, entrepreneurs must possess knowledge of digital technology as a secondary factor. Additionally, the utilization of a website can greatly aid in facilitating user interaction, serving as the third factor. To achieve success in entrepreneurial endeavors, all parties involved in the development of Malaysian asnafpreneurs must prioritize these aforementioned elements, in addition to the implementation of other related factors. The meaning and manifestations of entrepreneurship on a global scale have been profoundly transformed by the unparalleled digital revolution. The rapid advancements in the digitalization of our society and economy have outpaced the ability of the nascent field of technology entrepreneurship research to keep up (Giones & Brem, 2017). This is done to adapt to the platform economy and identify growth opportunities to sustain competitiveness (Vaska, Massaro, Bagarotto, & Dal Mas, 2021).

Furthermore, recent studies indicate that firms utilize external venturing modes, such as startup programs and accelerators, to cultivate dynamic capabilities (Enkel & Sagmeister, 2020). Consequently, digitalization is considered an entrepreneurial process as firms strive for digital transformation, rendering previously successful business models obsolete through implementing the business Innovation Model which is revolutionizing various industries (Vaska et al., 2021). Digital technologies are intrinsically linked to strategic changes in business models (Sebastian et al., 2017), thereby necessitating the development of new business models (Hess, Benlian, Matt, & Wiesböck, 2016). This study will assist District or State Islamic Religious, Ministry of Entrepreneur Development and Cooperatives (MEDAC), Asnaf associations, Department of Islamic Development (JAKIM), and non-profit organizations in developing strategic guidelines to support asnafpreneurs in achieving the National Entrepreneurship Plan (NEP, 2030). This new hybrid model for halal business innovation among asnafpreneurs in the digital era aligns with government goals to achieve Sustainable Development Goals (SDGs).

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