

RECONSTRUCTING THE PARADIGM OF PRODUCTIVE WAQF: A MULTI-SECTOR MANAGEMENT MODEL FOR DEVELOPING AN INCLUSIVE ECONOMIC ECOSYSTEM IN RURAL COMMUNITIES

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Abstract

Productive waqf is one of the Islamic social finance instruments that holds significant potential to promote inclusive economic development. However, in many regions, its management practices remain largely consumptive and have not yet been integrated across multiple sectors. This study seeks to reconstruct the paradigm of productive waqf through a case study of Masjid Al-Huda as a model of multi sectoral management in developing an inclusive economic ecosystem within rural communities. This research adopts a qualitative descriptive approach employing participatory observation, in-depth interviews, and documentation techniques for data collection. The findings indicate that the management of productive waqf at Masjid Al-Huda is implemented through a structured POAC framework (Planning, Organizing, Actuating, and Controlling), supported by RAPBM instruments, ijarah contracts, accountable financial administration, and supervision grounded in both administrative governance and local wisdom. The waqf assets, encompassing 12.7 hectares of land, are strategically managed to generate and distribute benefits across the agricultural, educational, and micro-enterprise sectors. A major finding of this study is the emergence of an *economic magnet effect*, whereby waqf investment in the educational sector organically stimulates economic demand for micro, small, and medium enterprises (MSMEs) within the surrounding community. This model demonstrates that mosque-based productive waqf management in rural areas can function as a catalyst for inclusive economic growth by simultaneously empowering farmers, educators, and micro-entrepreneurs.

Keywords: Productive Waqf, Islamic Economics, Inclusive Economy, Rural Communities, Economic Magnet Effect.

INTRODUCTION

Waqf as an instrument of Islamic philanthropy holds a strategic position in the socio-economic development of the Muslim community; however, its potential in Indonesia has not yet been optimally utilized. Data from the Indonesian Ministry of Religious Affairs' Waqf Information System indicate that the total national waqf land assets amount to 440,512 locations covering an area of 57,263.69 hectares. Nevertheless, their utilization remains predominantly concentrated in non-productive functions, such as mosques and prayer facilities. This condition demonstrates that the

transformation from consumptive waqf to productive waqf remains a crucial agenda within contemporary Islamic economics. Amid these limitations, the paradigm of productive waqf offers a more dynamic approach. Waqf is no longer perceived merely as a passive asset intended for ritual purposes, but rather as an economic resource that can be managed sustainably to generate social, educational, and economic benefits. From the perspective of Islamic economics, effective waqf management should integrate the principles of public welfare (*maslahah*), sustainability, and equitable distribution of benefits.

Jember Regency, particularly Gumukmas District, provides an interesting context for empirically examining the practice of productive waqf. Karangrejo Village demonstrates a unique phenomenon through the management of waqf assets by Masjid Al-Huda, which has successfully integrated the agricultural, educational, and micro-trade sectors into a single economic ecosystem. Waqf assets covering 12.7 hectares are managed productively through a land-leasing system, with the proceeds subsequently invested in education and community economic empowerment. This model is particularly significant because it not only generates income but also creates multiplier effects for the local economy.

Previous studies have highlighted various challenges in the management of productive waqf, including weak human resources, institutional limitations, and the suboptimal utilization of waqf assets. However, most existing studies have primarily focused on a single sector or on general welfare outcomes, without adequately explaining the integrative mechanisms through which productive waqf can simultaneously stimulate multiple economic sectors. Therefore, this study seeks to fill this gap by examining how mosque-based productive waqf management in rural areas can develop an inclusive economic ecosystem through a multi-sector model.

LITERATURE REVIEW

Conceptually, productive waqf refers to the management of waqf assets in a manner that generates sustainable economic benefits without diminishing their principal substance. This concept requires *nazhir* (waqf managers) to possess managerial competence, long-term vision, and strong social legitimacy. Abdurrohman Kasdi emphasizes that the professionalism of *nazhir* significantly influences the development of productive waqf, while Nurul Huda and colleagues demonstrate that waqf governance in Indonesia is highly dependent on institutional trust and organizational capacity.

In the context of management, the POAC functions (*planning, organizing, actuating, and controlling*) constitute a relevant framework for analyzing the management of productive waqf. Several studies indicate that Islamic boarding schools (*pesantren*) and waqf institutions managed systematically are capable of optimizing productive assets through program planning, task distribution, measurable

implementation, and continuous evaluation. This framework is important because productive waqf requires governance that is not only religious in nature, but also administrative and economically oriented.

From the perspective of economic development, productive waqf is closely associated with community empowerment and inclusive economic growth. The productive management of waqf assets can enhance economic access for vulnerable groups, expand employment opportunities, and strengthen the capacity of small enterprises. In this study, the concept is further developed through the notion of the *economic magnet effect*, namely a condition in which waqf investment in one sector organically generates new economic demand in other sectors.

RESEARCH METHODOLOGY

This study employs a descriptive qualitative approach with a field research design. This approach was selected because the objective of the study is to gain an in-depth understanding of the management practices of productive waqf within the social, institutional, and economic context of rural communities. The research was conducted at Masjid Al-Huda, which was chosen due to its distinctive and integrated model of productive waqf management. Research subjects were selected using purposive sampling, including the *nazhir/takmir* of Masjid Al-Huda, *wakif* (donors), tenant farmers, educators, and micro, small, and medium enterprise (MSME) actors. Data were collected through participant observation, in-depth semi-structured interviews, and documentation studies of the mosque budget plan (*RAPBM*), *ijarah* contracts, and institutional financial records. Data analysis employed the interactive model developed by Matthew B. Miles, A. Michael Huberman, and Johnny Saldaña, which consists of data condensation, data display, and conclusion drawing/verification. Data validity was ensured through source triangulation and technique triangulation.

RESEARCH FINDINGS

Masjid Al-Huda is the dominant waqf institution in Karangrejo Village, possessing total assets of 12.7 hectares, equivalent to approximately 81.4% of the overall waqf assets owned by the three mosque institutions in the village. Of this total, 10.2 hectares of waqf rice fields are managed through 67 land plots distributed across four villages in Gumukmas District, namely Karangrejo, Menampu, Mojomulyo, and Gumukmas. The distribution of these assets reflects a portfolio-planning strategy that extends beyond village administrative boundaries and demonstrates a broader management orientation.

Table 1. Distribution of Waqf Rice Field Assets of Masjid Al-Huda

No.	Village	Area (Ha)	Rice Field Plots	Proportion (%)
1.	Karangrejo	4,1	25	40,2%
2.	Menampu	2,4	17	23,5%
3.	Mojomulyo	1,9	13	18,6%
4.	Gemukmas	1.8	12	17,6%

Total	-	10,2	67	100%
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Source: Processed by the researcher, 2026.

The management of productive waqf at Masjid Al-Huda is implemented through the POAC functions. At the planning stage, the institution utilizes the mosque budget plan (RAPBM) as an annual financial roadmap that links income generated from rice field leasing to the allocation of benefits across three distribution channels. In addition, the policy requiring waqf rice field contributions as a prerequisite for access to mosque burial services reflects a long-term strategy that integrates social needs with asset sustainability.

At the organizing stage, the waqf land is not managed directly by the *nazhir*; instead, it is allocated to 71 tenant farmers through *ijarah* contracts with rental rates ranging from IDR 2–3 million per plot annually. This scheme provides economic access for small-scale farmers while preventing land monopolization. Such an organizational management model demonstrates that waqf can function as a mechanism for distributing economic opportunities, rather than merely serving as an instrument of asset ownership.

At the implementation stage, rental income from the waqf rice fields, amounting to approximately IDR 300 million annually, is distributed through three allocation channels: 50% for the mosque, 25% for the *pesantren* (Islamic boarding school), and 25% for *maslahatil muslim* (public welfare of the Muslim community). The mosque allocation is utilized for maintenance and asset reserves, the *pesantren* allocation supports educational operations and institutional development, while the *maslahatil muslim* allocation is directed toward supporting prayer facilities (*mushala*), Islamic elementary and kindergarten institutions (*MI/TK*), orphans, and electricity subsidies.

Table 2. Distribution System of Waqf Proceeds through the RAPBM

Distribution Channel	Proportion	Amount/Year	Main Allocation
Masjid	50%	Rp 150.000.000	Reserve assets and mosque maintenance
Pesantren	25%	Rp 75.000.000	Operational and institutional development of the <i>pesantren</i>
Maslahatil Muslim	25%	Rp 75.000.000	Prayer facilities (<i>mushala</i>), Islamic elementary and kindergarten institutions (<i>MI/TK</i>), orphans, and electricity subsidies
Total	100%	Rp 300.000.000	-

Source: Interview with the *Nazhir* of Masjid Al-Huda (2026).

At the controlling stage, each rental transaction is supported by duplicate receipts and synchronized with daily cash books, monthly balance sheets, and bank

accounts. In cases of crop failure, the *nazhir* provides payment flexibility based on the principle of kinship and mutual understanding, while still recording the transactions administratively. This system reflects a combination of formal control mechanisms and a humanistic approach that helps maintain stable social relations.

DISCUSSION

The principal finding of this study demonstrates that productive waqf at Masjid Al-Huda has established an inclusive economic ecosystem through the integration of three sectors: agriculture, education, and micro-enterprise trade. In the agricultural sector, the low-cost *ijarah* system increases the disposable income of 71 tenant farmers. In the educational sector, the surplus generated from land rental income has been invested in the establishment of junior and vocational high schools, which currently employ 23 teaching staff members. Meanwhile, in the micro-trade sector, the presence of students and teachers has created market demand that supports seven MSME units surrounding the school area.

This phenomenon reinforces the argument that productive waqf should not merely be viewed as an income-generating asset, but also in terms of the subsequent effects it produces within local economic networks. This study conceptualizes the phenomenon as the *economic magnet effect*. Waqf investment in the educational sector generates a new center of economic demand that organically attracts micro-trade activities without requiring complex direct intervention from the *nazhir*.

This model differs from many previous studies that continue to position productive waqf as a partial or sectoral program. Studies conducted by Munadliroh and colleagues, as well as Agustinal and Oktafia, emphasize institutional constraints and the suboptimal utilization of assets. In contrast, the present study demonstrates that the success of productive waqf is largely determined by its ability to establish inter-sectoral linkages. Accordingly, the primary contribution of this research lies not only in illustrating successful asset management, but also in explaining the economic mechanism through which productive waqf functions as a driver of local economic ecosystems.

From a management theory perspective, the model implemented by Masjid Al-Huda demonstrates that the POAC functions do not necessarily need to be applied within a rigid bureaucratic framework. Rather, POAC can be adapted to rural socio-religious contexts while maintaining accountability, transparency, and social flexibility. This success further indicates that social capital, particularly community trust, plays a decisive role in determining the effectiveness of productive waqf, as emphasized in the literature on waqf governance and social capital theory.

Nevertheless, this study also identifies several structural weaknesses. First, the system remains highly dependent on the personal capacity of the *nazhir*, indicating that institutional sustainability has not yet been fully secured. Second, formal reporting to Badan Wakaf Indonesia remains suboptimal, despite the fact that institutional accountability constitutes an essential prerequisite for national waqf governance. Third, documentation and succession mechanisms have not yet been fully

standardized. These limitations are important to acknowledge to ensure that a model that is successful in socio-economic terms can also achieve strong institutional resilience.

CONCLUSION

This study demonstrates that Masjid Al-Huda has successfully reconstructed the paradigm of productive waqf through a multi-sector management model integrating agriculture, education, and micro-enterprise trade. The management of waqf assets is conducted systematically through the implementation of the POAC functions, supported by the RAPBM, *ijarah* contracts, and administrative supervision that is reasonably accountable.

The most significant finding of this study is the emergence of the *economic magnet effect*, whereby waqf investment in the educational sector subsequently generates market demand for MSMEs within the surrounding community. This model demonstrates that mosque-based productive waqf in rural areas can function as an instrument of inclusive economic development that simultaneously benefits farmers, educators, and micro-enterprise actors.

Theoretically, this study expands the discourse on productive waqf by proposing a multi-sector economic ecosystem framework. Practically, the model may be replicated by other waqf institutions, provided that transparent governance, strong social legitimacy, and more systematic documentation mechanisms are established.

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