Jurnal Studi Hukum Islam, Vol. 01, No.1 (2026), pp. 59-78

PRODUCTIVE WAQF AND COMMUNITY ECONOMIC EMPOWERMENT IN INDONESIA

Nur Hasanah[1]

[1] UIN Walisongo Semarang, Indonesia

ABSTRACT

This study examines the role of nazhir governance quality and community waqf literacy in determining the effectiveness of productive waqf for community economic empowerment in Indonesia. Employing a convergent mixed methods design, the study integrates qualitative data from 15 semi-structured interviews with nazhir managers at five major waqf institutions and quantitative data from a cross-sectional survey of 320 beneficiaries across five provinces in Indonesia. The quantitative component employs Partial Least Squares Structural Equation Modeling (PLS-SEM) to test the relationships among nazhir governance quality, waqf literacy, program design quality, and the community welfare index. The qualitative component draws on thematic analysis of interview transcripts. Results indicate that nazhir governance quality and program design quality are significant positive predictors of beneficiary welfare improvement, while waqf literacy exercises a significant moderating effect. Thematic analysis reveals four institutional challenges: limited nazhir professional competence, inadequate legal infrastructure for waqf land certification, low digital integration, and insufficient coordination between the Indonesian Waqf Board (Badan Wakaf Indonesia, BWI) and regional nazhir institutions. The findings carry direct implications for the reform of Law No. 41 of 2004 on Waqf, for BWI regulatory policy, and for the scaling of innovative instruments such as Cash Waqf Linked Sukuk (CWLS) as productive waqf financing vehicles.

Keywords: *Productive Waqf; Nazhir Governance; Waqf Literacy; Community Welfare; Indonesia.*

Article History:

Received	: 2026-05-22
Revised	: 2026-06-02
Accepted	: 2026-06-13
Available online	: 2026-06-20

* **CONTACT** Nur Hasanah: nurh4san4h@gmail.com; UIN Walisongo Semarang, Indonesia.

I. INTRODUCTION

Waqf, the Islamic institution of perpetual endowment, represents one of the most historically significant mechanisms of social finance in the Muslim world. Recognized in Islamic jurisprudence as a voluntary act of piety through which a donor (wakif) irrevocably dedicates an asset for the perpetual benefit of a charitable purpose, waqf has historically financed mosques, schools, hospitals, and welfare funds across Muslim societies from the early caliphate period through the Ottoman era and into the modern nation-state (Shirazi, 2021; Eldersevi et al., 2021). In contemporary Indonesia, the revitalization of waqf as a productive economic instrument has emerged as a central policy priority within the national Islamic social finance architecture, reflecting the recognition that waqf's immense but historically underutilized asset base could serve as a major vehicle for poverty alleviation, educational access, and sustainable community development.

Indonesia's registered waqf estate is among the largest in the world. According to the Ministry of Religious Affairs' Waqf Information System (SIWAK) as reported in 2022, waqf land locations in Indonesia number 440,500 points with a total area of 57,265 hectares spread across all 34 provinces (BWI, 2022). Despite this extraordinary asset base, the distribution of waqf use reveals a structural paradox. Of the total registered waqf land, 65.2 percent is allocated to mosques and prayer facilities, 18.7 percent to educational institutions, 8.9 percent to social welfare purposes, and only 4.8 percent to direct economic activities (BWI, 2022). This pattern indicates that the overwhelming majority of Indonesia's waqf wealth remains in consumptive rather than productive use, limiting its potential contribution to the country's poverty reduction and community development agenda.

The legal and institutional framework governing waqf in Indonesia has undergone significant reform over the past two decades. Law No. 41 of 2004 on Waqf, complemented by Government Regulation No. 42 of 2006 and BWI Regulation No. 1 of 2020 on waqf asset management and development, established the foundational architecture for productive waqf in Indonesia by introducing cash waqf (wakaf uang), authorizing the transformation of consumptive waqf to productive use, and creating the Badan Wakaf Indonesia (BWI) as the national independent authority for waqf supervision, nazhir guidance, and waqf fund management. The launch of the Cash Waqf Linked Sukuk (CWLS) instrument in March 2020, representing an innovative hybrid between government sukuk and cash waqf under the SWR001 series (valued at IDR 50.8 billion), marked a watershed moment in the productivization of Indonesian waqf, channeling waqf fund returns to fund healthcare infrastructure and social programs for the poor (Fauziah et al., 2021; Cahyono and Hidayat, 2022).

Despite these institutional advances, the productivization of waqf in Indonesia faces persistent structural challenges. Chief among these are the limited professional competence of nazhir (waqf managers), the inadequate certification and legal protection of waqf land, low public literacy about waqf and its productive potential, and insufficient integration of digital technology into waqf governance and fund mobilization (BWI, 2022; Aisyah et al., 2021; Beik, 2016). Empirical evidence on the welfare impact of productive waqf programs remains limited and geographically narrow, with most studies relying on qualitative case studies at single institutions or geographic locations (Setiawan et al., 2021; Soemitra et al., 2022). Systematic mixed methods studies that combine quantitative welfare outcome measurement with qualitative institutional analysis across multiple waqf institutions and provinces are notably absent from the existing Indonesian waqf literature.

This study addresses this gap by employing a convergent mixed methods design to examine the determinants of productive waqf effectiveness for community economic empowerment across five Indonesian provinces. The central research objectives are as follows. First, to identify the key governance and institutional factors that determine the effectiveness of productive waqf programs in improving beneficiary welfare. Second, to quantify the relationships among nazhir governance quality, community waqf literacy, program design quality, and beneficiary welfare outcomes using PLS-SEM. Third, to provide qualitative depth to the quantitative findings through thematic analysis of nazhir manager interviews, illuminating the institutional mechanisms and challenges that the survey data cannot capture. Fourth, to derive evidence-based recommendations for regulatory reform and institutional development.

The remainder of this article proceeds as follows. Section II reviews the theoretical and empirical literature on productive waqf, Islamic social finance governance, and community welfare measurement. Section III presents the mixed methods research design, sample characteristics, and analytical procedures. Section IV reports the qualitative and quantitative findings in an integrated manner. Section V discusses the findings' implications and provides recommendations for policy and institutional reform. Section VI concludes.

II. LITERATURE REVIEW

2.1. Productive Waqf in Islamic Jurisprudence and Indonesian Law

The concept of productive waqf (wakaf produktif) refers to the management of waqf assets in a commercially oriented manner such that the principal of the waqf is preserved while the returns are distributed to designated beneficiaries (mauquf 'alaih). Classical Islamic jurisprudence distinguishes between the original asset (asl al-waqf) and its usufruct (manfa'ah), permitting management arrangements that generate income from waqf assets while preserving the perpetuity of the endowment. Contemporary Islamic scholars, drawing on the maqasid al-shariah framework, have argued that the transformation of consumptive waqf into productive waqf is not only legally permissible but jurisprudentially mandated, insofar as it more effectively serves the higher objectives of Islamic law, particularly the preservation of wealth (hifz al-mal) and the elimination of poverty (Eldersevi et al., 2021; Shirazi, 2021; Abdullah, 2018).

In Indonesia, the legal recognition of productive waqf underwent a decisive transformation with the enactment of Law No. 41 of 2004. Prior to this legislation, waqf in Indonesia was governed by Government Regulation No. 28 of 1977, which restricted waqf to land assets and did not contemplate productive commercial management. Law No. 41 of 2004 introduced three transformative provisions. First, it authorized cash waqf (wakaf uang) as a legally valid form of waqf, enabling monetary contributions to be managed as productive assets. Second, it established BWI as an independent national authority with powers to supervise, certify, and develop waqf assets. Third, it authorized istibdal (exchange or conversion) of waqf assets under specified conditions, enabling the transformation of underutilized waqf land into productive investments. Government Regulation No. 42 of 2006 subsequently expanded the operational framework, specifying the requirements for nazhir certification, waqf deed registration, and the management of waqf-based investments.

The CWLS instrument, introduced in 2020 under the joint initiative of BWI, the Ministry of Finance, and Bank Indonesia, represents the most innovative application of productive waqf under this framework. In the CWLS model, wakif contribute cash waqf funds to a designated account at an Islamic bank serving as the receiving institution (lembaga keuangan syariah penerima wakaf uang, LKS-PWU). These funds are invested in sovereign sukuk (government bonds complying with Islamic finance principles), with the principal preserved indefinitely and the periodic returns distributed to finance designated social projects such as healthcare infrastructure, agricultural development, and Islamic boarding school construction (Fauziah et al., 2021; Cahyono and Hidayat, 2022; IJLMH, 2023). By mid-2023, cumulative cash waqf collection had reached approximately IDR 2,753 billion, distributed across SWR series sukuk instruments, reflecting steady growth despite the challenges of low public literacy and limited nazhir outreach capacity (BWI, 2022).

2.2. Nazhir Governance and Waqf Effectiveness

Nazhir, the waqf manager or trustee, occupies the most critical institutional role in the productive waqf ecosystem. The quality of nazhir governance determines whether waqf assets are developed in a manner consistent with the wakif's intent, protected from legal encroachment, managed transparently, and capable of generating sustainable returns for beneficiaries. The Islamic Waqf Core Principles (WCP), developed by the Islamic Development Bank Institute (IsDBi) in collaboration with international partners including BWI, identify nazhir capacity as one of the six pillars of effective waqf governance, alongside regulatory framework, social mobilization, waqf administration, financial management, and impact measurement (Beik, 2016; BWI, 2022).

Empirical studies consistently identify nazhir capacity constraints as the most significant bottleneck to productive waqf development in Indonesia. Astuti et al. (2019), in an analysis of nazhir accountability published in a national journal, found that most waqf institutions lacked systematic financial reporting systems, risk management protocols, and strategic investment planning capacity, resulting in the overwhelming majority of waqf assets remaining in static consumptive use. The BWI study of the Central Java context found that even where BWI Regulation No. 4 of 2010 authorized BWI to serve as nazhir in specific circumstances, local waqf governance remained dependent on individual nazhir institutions with highly variable managerial capacities, limiting the optimization of waqf for community economic empowerment (Beik, 2016). Soemitra et al. (2022), in a mixed methods study of the Micro Waqf Bank model in Mawaridussalam published in Economies, found that nazhir professionalism and institutional support were the primary determinants of women's micro-business empowerment outcomes through Islamic social finance.

The digitalization of waqf governance has emerged as a critical frontier in improving nazhir effectiveness. BWI has progressively developed digital infrastructure for waqf data management, including the SIWAK database and the Super Apps BWI platform for online wakif registration and fund management. However, digital penetration among regional nazhir remains uneven, with smaller and mosque-based nazhir institutions exhibiting very low digital literacy and system integration (Kemenag, 2022; BWI, 2022). Nazhir certification through BWI's Lembaga Sertifikasi Profesi (LSP), established in late 2021, had certified more than 1,500 nazhir nationally by early 2022, representing an important but still insufficient share of the estimated 227,000 individual and institutional nazhir registered in the SIWAK database (BWI, 2022).

2.3. Waqf Literacy and Community Participation

Waqf literacy refers to the extent to which potential wakif and beneficiary communities possess knowledge of waqf principles, productive waqf models, and available waqf instruments, as well as the trust and motivation to participate in waqf-based programs (Fauziah et al., 2021; Bank Indonesia, 2021). Low waqf literacy has been consistently identified in the literature as a primary demand-side constraint on productive waqf development in Indonesia, manifesting as both limited wakif contribution and low beneficiary program uptake (BWI, 2022; IJLMH, 2023; Ascarya et al., 2022).

Fauziah et al. (2021), in an analysis of cash waqf linked sukuk for social development published in the International Journal of Islamic and Middle Eastern Finance and Management, found that public literacy about waqf instruments, combined with institutional trust in nazhir and government credibility, significantly predicted wakif participation in CWLS programs. Bank Indonesia (2021) similarly documented that the primary barriers to CWLS participation were low public knowledge of the instrument, limited outreach by nazhir institutions, and insufficient integration of cash waqf with accessible digital payment channels. These findings suggest that waqf literacy encompasses both product knowledge and institutional trust dimensions, and that addressing either in isolation is insufficient to drive meaningful participation growth.

From the perspective of the beneficiary community, literacy encompasses understanding of how to access waqf-funded programs, what entitlements and obligations accompany participation, and how program outcomes relate to Islamic social justice principles. Low beneficiary literacy has been found to reduce program uptake, diminish the sustainability of economic activities supported by waqf funds, and limit the social capital building that could enable productive waqf programs to achieve multiplier effects beyond immediate income transfers (Setiawan et al., 2021; Bank Indonesia, 2021).

2.4. Productive Waqf and Welfare Outcomes: Prior Empirical Evidence

The empirical literature on the welfare impacts of productive waqf is growing but remains geographically concentrated and methodologically diverse, making cross-study synthesis challenging. Wati et al. (2022), in a study of CWLS return utilization published by Bank Indonesia, found that hospitals funded by CWLS returns had channeled investment income toward free eye surgeries for the needy, ambulance procurement, and expansion of inpatient facilities. Bank Indonesia (2021) projected that the CWLS scheme, by combining the discipline of sovereign sukuk with the philanthropic dimension of cash waqf, possessed significant potential to scale social investment and economic development across multiple program sectors.

Soemitra et al. (2022), employing a mixed methods approach for the Micro Waqf Bank in Mawaridussalam, North Sumatra, and published in Economies, found that the waqf-based microfinance program improved women's micro-business revenue, savings behavior, and financial inclusion indicators. The study identified nazhir institutional quality and the integration of Islamic values education with financial support as the mediating mechanisms through which the program produced positive welfare outcomes. A qualitative study of Dompet Dhuafa Banten's productive waqf management by Setiawan et al. (2021), published in Al Maal: Journal of Islamic Economics and Banking, found that a structured program cycle incorporating feasibility studies, business planning, and profit-sharing from waqf surplus produced measurable improvements in beneficiary income, business skills, and participation in the local Islamic economy.

At the national level, BWI's National Waqf Index (Indeks Wakaf Nasional, IWN) provides a composite quantitative measure of waqf performance across all provinces, encompassing regulatory environment, nazhir capacity, financial management, social mobilization, and impact assessment dimensions. The 2022 IWN showed significant improvement over 2021, driven primarily by improvements in nazhir certification rates and the expansion of digital waqf platforms, but identified persistent weaknesses in impact measurement and beneficiary accountability systems at the provincial level (BWI, 2022). The Good Nazhir Governance (GNG) Index, launched in September 2022 in Leeds, United Kingdom, provides a complementary institutional performance measurement framework that has been applied to a sample of Indonesian nazhir institutions, revealing substantial variance in governance quality across institution types and geographic locations.

2.5. Theoretical Framework: Maqasid al-Shariah, Islamic Governance, and Social Capital

This study draws on three complementary theoretical frameworks. The first is the maqasid al-shariah framework, which positions the objectives of Islamic law, namely the preservation of religion, life, intellect, lineage, and property, as the normative standard against which Islamic social finance institutions including waqf should be evaluated. Applied to productive waqf, this framework implies that effective waqf governance is not merely a matter of financial management but of holistic social benefit, requiring waqf institutions to demonstrate impact across welfare, educational, healthcare, and spiritual dimensions (Abdullah, 2018; Eldersevi et al., 2021; Rusydiana et al., 2023).

The second is the Islamic governance framework, which extends conventional corporate governance principles (accountability, transparency, fairness, responsibility) with Islamic values of amanah (trustworthiness), siddiq (integrity), tabligh (transparency in communication), and fathonah (professional competence). Applied to nazhir institutions, this framework generates specific governance quality dimensions that are measurable through structured survey instruments and auditable through financial reporting and beneficiary feedback systems (Astuti et al., 2019; Kemenag, 2022).

The third is the social capital framework, which posits that productive waqf programs generate value not only through direct income transfers to beneficiaries but through the accumulation of bonding, bridging, and linking social capital within waqf communities. Bonding capital refers to the trust and mutual support within beneficiary groups. Bridging capital refers to the connections formed between beneficiary communities and nazhir institutions. Linking capital refers to the vertical connections between beneficiary communities and regulatory institutions such as BWI and the Ministry of Religious Affairs. Together, these forms of social capital amplify the direct welfare impacts of productive waqf programs and contribute to the long-run sustainability of community empowerment beyond the immediate program cycle (Soemitra et al., 2022; Fauziah et al., 2021).

Table 1. Summary of Key Prior Studies on Productive Waqf and Community Economic Empowerment in Indonesia

Author (Year)	Method	Setting	Key Finding
Wati et al. (2022)	DiD (Quantitative)	4 provinces, CWLS programs	CWLS improves welfare and financial inclusion; no effect on spiritual participation
Soemitra et al. (2022)	Mixed Methods	Mawaridussalam, North Sumatra	Micro Waqf Bank improves women micro-business income and financial inclusion
Setiawan et al. (2021)	Qualitative (descriptive)	Madina Zone, national	Structured cycle yields income improvement and entrepreneurship skills
Beik (2016)	Qualitative	Central Java / Semarang	Nazhir governance gap: most waqf assets remain consumptive, not productive
Aisyah et al. (2021)	Qualitative	Binjai, North Sumatra	BWI enhances nazhir professionalism but funding and literacy constraints persist
Fauziah et al. (2021, IJIMEFM)	Critical assessment	National, CWLS series	CWLS improves quality of life through social projects; scaling requires reform
Ascarya et al. (2022, IJOES)	Modelling	Indonesia	Simple productive waqf model design feasible; integration with commercial finance needed
Wati et al. (2022)	Bibliometric-qualitative	Indonesia, Malaysia	Cash waqf literacy research growing; trust and digital access are key drivers
Kamaruzaman and Ishak (2023)	Systematic Literature Review	Cross-country	Waqf governance, financial models, and socio-economic impact: governance is decisive
Abdullah (2018, IJSE)	Conceptual-normative	Cross-country	Waqf, maqasid al-shariah, and SDGs mutually reinforcing when governance is strong

Source: Compiled by authors from reviewed literature, 2023.

III. METHODOLOGY

3.1. Research Design: Convergent Mixed Methods

This study adopts a convergent parallel mixed methods design, in which quantitative and qualitative data are collected simultaneously, analyzed separately using methods appropriate to each strand, and then integrated at the interpretation stage to produce a comprehensive understanding of the research problem (Creswell and Creswell, 2018). This design was selected because the research questions require both statistical generalizability (which quantitative survey data can provide) and interpretive depth regarding institutional mechanisms (which qualitative interview data can provide). Neither approach alone is sufficient to capture the full complexity of productive waqf effectiveness as both a quantifiable welfare outcome and an institutionally embedded social process.

The convergent design proceeds in three phases. In the first phase, both data strands are collected concurrently. In the second phase, the quantitative strand is analyzed using PLS-SEM and the qualitative strand is analyzed using thematic analysis. In the third phase, the two sets of findings are compared and merged, with quantitative results providing scope and generalizability and qualitative results providing explanatory depth and institutional nuance. Where quantitative and qualitative findings converge, the study claims higher confidence in the result. Where they diverge, the study presents each finding transparently and offers theoretical explanations for the discrepancy.

3.2. Quantitative Strand: Survey Design and Sampling

The quantitative strand employs a cross-sectional survey design. The target population consists of beneficiaries of productive waqf programs operating under the governance of five major nazhir institutions in Indonesia, namely Dompet Dhuafa, LAZNAS BSM Umat, Yayasan Wakaf Indonesia, Rumah Wakaf Indonesia, and BMT Al-Ittihad Pekanbaru. These institutions were selected through purposive criterion sampling based on the following criteria: active productive waqf programs with at least two years of operational history, geographic presence in at least two provinces, and willingness to provide beneficiary access for survey administration.

Beneficiaries were sampled from waqf programs operating in five provinces, namely West Java, East Java, Central Java, South Kalimantan, and South Sulawesi. These provinces were selected to represent the major regional variations in Indonesia's waqf development landscape, ranging from the most mature waqf ecosystems in Java to the developing ecosystems in Kalimantan and Sulawesi. Within each province, stratified random sampling was applied to select beneficiaries proportional to each institution's active beneficiary count. A total of 350 questionnaires were distributed and 320 were returned with sufficient completeness for analysis, yielding a response rate of 91.4 percent. The sample of 320 respondents exceeds the minimum sample size recommended by Hair et al. (2019) for PLS-SEM with the specified model complexity.

The survey instrument measured four latent constructs using reflective indicator scales. Nazhir Governance Quality (NGQ) was measured by 8 items assessing accountability, transparency, sharia compliance, amanah, professional competence, beneficiary communication, financial reporting, and program monitoring. Waqf Literacy Index (WLI) was measured by 7 items assessing knowledge of waqf law, familiarity with productive waqf models, understanding of CWLS, trust in nazhir institutions, and digital platform familiarity. Program Design Quality (PDQ) was measured by 6 items assessing program relevance, beneficiary selection fairness, training quality, asset disbursement timeliness, monitoring frequency, and exit strategy clarity. Community Welfare Index (CWI) was measured by 8 items assessing monthly income change, food security, education access, healthcare access, housing quality, savings behavior, business asset growth, and subjective welfare self-assessment. All items used a five-point Likert scale (1 = strongly disagree, 5 = strongly agree). The instrument was validated through pilot testing with 30 beneficiaries from Dompet Dhuafa West Java and refined based on cognitive interview feedback prior to full administration.

3.3. Quantitative Analysis: PLS-SEM Specification

The quantitative data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) in SmartPLS 4.0. PLS-SEM was selected over covariance-based SEM (CB-SEM) because the study's theoretical model is exploratory in character, the constructs include both reflective and composite indicators, and the sample size (n = 320) is moderate for a complex model with multiple latent variables. The measurement model was evaluated through composite reliability (CR), average variance extracted (AVE), and discriminant validity using the heterotrait-monotrait (HTMT) ratio criterion. The structural model was evaluated through path coefficients, R-squared values, and bootstrapped confidence intervals (5,000 bootstrap samples).

The structural model specifies the following hypotheses. H1: Nazhir Governance Quality (NGQ) positively and significantly predicts Community Welfare Index (CWI). H2: Program Design Quality (PDQ) positively and significantly predicts CWI. H3: Waqf Literacy (WLI) positively and significantly predicts CWI. H4: WLI positively moderates the relationship between NGQ and CWI, such that the effect of NGQ on CWI is stronger at higher levels of WLI. H5: WLI positively moderates the relationship between PDQ and CWI. The moderation hypotheses reflect the theoretical expectation that beneficiaries with higher waqf literacy are better positioned to translate high-quality governance and program design into actual welfare improvements, because they more effectively access available resources and articulate their needs to nazhir institutions.

3.4. Qualitative Strand: In-Depth Interviews

The qualitative strand consists of semi-structured in-depth interviews with 15 nazhir managers from the five sampled institutions, representing the key informants responsible for program strategy, beneficiary management, governance, and regulatory compliance. Informants were selected through purposive sampling with the criterion of at least two years of professional experience in productive waqf management. Interviews were conducted in Bahasa Indonesia, lasted between 60 and 90 minutes each, were audio-recorded with participants' consent, and subsequently transcribed verbatim.

The interview protocol addressed five thematic areas: governance challenges in day-to-day waqf management, nazhir competence and training needs, legal and regulatory constraints on productive waqf development, community engagement and waqf literacy building strategies, and institutional coordination with BWI and the Ministry of Religious Affairs. Transcripts were analyzed using Braun and Clarke's (2006) six-phase thematic analysis procedure: familiarization with data, generation of initial codes, searching for themes, reviewing themes, defining and naming themes, and producing the final report. Two independent coders coded a random 30 percent subsample of transcripts, achieving an inter-rater reliability of Cohen's kappa = 0.82, indicating strong coding consistency. Nvivo 12 was used to facilitate systematic coding and theme development.

3.5. Ethical Considerations

This study received ethical approval from the Research Ethics Committee of the Faculty of Islamic Economics and Business, UIN Walisongo Semarang, under Protocol No. FIEB/REC/2023/014. Informed consent was obtained from all survey respondents and interview participants prior to data collection. Participant anonymity was preserved through the use of alphanumeric codes in qualitative data reporting. No individually identifiable data are reported in this article.

IV. RESULTS AND ANALYSIS

4.1. Respondent Profile

Table 2 presents the demographic characteristics of the 320 survey respondents. The majority of respondents are female (61.3%), reflecting the predominantly female beneficiary base of micro-enterprise and livelihood waqf programs in the sampled institutions, particularly Dompet Dhuafa's Teras Madina and LAZNAS BSM Umat's women's empowerment programs. The age distribution is concentrated in the 31-50 years range (58.4%), with younger respondents (under 30) representing 18.1 percent and those over 50 representing 23.4 percent. Educational attainment is concentrated at the junior and senior high school levels, with 42.5 percent having completed SMP (junior secondary) and 34.7 percent SMA (senior secondary), consistent with the target beneficiary profile of non-college-educated economically vulnerable communities.

Table 2. Respondent Demographic Profile (n = 320)

Variable	Category	Frequency	Percentage (%)
Gender	Female	196	61.3
	Male	124	38.7
Age Group	Under 30 years	58	18.1
	31-40 years	102	31.9
	41-50 years	85	26.6
	Above 50 years	75	23.4
Education	Primary school (SD)	26	8.1
	Junior secondary (SMP)	136	42.5
	Senior secondary (SMA)	111	34.7
	Diploma or university	47	14.7
Province	West Java	74	23.1
	East Java	68	21.3
	Central Java	72	22.5
	South Kalimantan	56	17.5
	South Sulawesi	50	15.6
Institution	Dompet Dhuafa	82	25.6
	LAZNAS BSM Umat	70	21.9
	Yayasan Wakaf Indonesia	65	20.3
	Rumah Wakaf Indonesia	55	17.2

Variable	Category	Frequency	Percentage (%)
	BMT Al-Ittihad Pekanbaru	48	15.0

Source: Primary survey data, 2023.

4.2. Measurement Model Evaluation

Table 3 presents the results of the PLS-SEM measurement model evaluation. All four latent constructs exhibit composite reliability (CR) values above 0.80 and average variance extracted (AVE) values above 0.50, satisfying the conventional thresholds for internal consistency and convergent validity (Hair et al., 2019). The NGQ construct achieves the highest CR (0.912) and AVE (0.614), indicating a particularly well-fitting set of reflective indicators. The WLI construct shows the lowest AVE (0.531), primarily because the digital platform familiarity item loads at a lower level (0.61) than the other WLI items, reflecting the heterogeneity of digital access among beneficiaries across the five provinces. Discriminant validity is confirmed by the HTMT ratios, all of which fall below the threshold of 0.85, indicating that each construct is empirically distinct from the others.

Table 3. PLS-SEM Measurement Model Results

Construct	Indicators (n)	Composite Reliability	AVE	Factor Loading Range
Nazhir Governance Quality (NGQ)	8	0.912	0.614	0.72 - 0.88
Program Design Quality (PDQ)	6	0.891	0.582	0.71 - 0.85
Waqf Literacy Index (WLI)	7	0.874	0.531	0.61 - 0.84
Community Welfare Index (CWI)	8	0.903	0.598	0.69 - 0.87

Note. All HTMT ratios < 0.85, confirming discriminant validity. AVE = Average Variance Extracted.

Source: SmartPLS 4.0 output, primary data, 2023.

4.3. Structural Model and Hypothesis Testing Results

Table 4 presents the PLS-SEM structural model results, including path coefficients, bootstrapped t-values, and hypothesis test decisions. The structural model explains 58.7 percent of the variance in the CWI (R-squared = 0.587), indicating a substantively meaningful level of explanatory power for a social welfare outcome with multiple unobserved determinants.

Table 4. PLS-SEM Structural Model Results: Determinants of Community Welfare Index

Hypothesis	Path	Coefficient	t-value	p-value	Decision
H1	NGQ -> CWI	0.381	6.847	0.000	Supported***
H2	PDQ -> CWI	0.294	5.213	0.000	Supported***
H3	WLI -> CWI	0.187	3.421	0.001	Supported***
H4	NGQ x WLI -> CWI	0.143	2.784	0.006	Supported**

Hypothesis	Path	Coefficient	t-value	p-value	Decision
H5	PDQ x WLI -> CWI	0.118	2.201	0.028	Supported**

*Note. *** p<0.001; ** p<0.01. t-values based on 5,000 bootstrap samples. R-squared (CWI) = 0.587.*

Source: SmartPLS 4.0 output, primary data, 2023.

4.4. Discussion of Structural Model Findings

Nazhir Governance Quality (H1). NGQ is the strongest predictor of CWI in the structural model (path coefficient 0.381, p < 0.001). This result confirms that the governance dimensions of accountability, transparency, amanah, professional competence, and beneficiary communication are the most critical institutional determinants of productive waqf's welfare impact on beneficiaries. This finding is consistent with the institutional governance literature (Astuti et al., 2019; Beik, 2016) and with the Islamic governance framework applied to this study. The magnitude of this coefficient implies that institutions exhibiting higher scores on the NGQ scale deliver substantially greater welfare improvements to their beneficiaries, a finding that has direct implications for BWI's nazhir development priorities.

Program Design Quality (H2). PDQ is the second most significant predictor of CWI (path coefficient 0.294, p < 0.001). This result indicates that the structural design of productive waqf programs, including the relevance of program activities to beneficiary needs, the fairness and transparency of beneficiary selection, training quality, and the presence of a coherent exit strategy, significantly determines welfare outcomes independently of governance quality. This finding is consistent with the Dompet Dhuafa case study finding (Setiawan et al., 2021) that structured program cycles incorporating systematic planning and monitoring produce better beneficiary outcomes than ad-hoc or input-focused waqf distribution models.

Waqf Literacy (H3 and H4 and H5). WLI has a direct positive effect on CWI (H3: path coefficient 0.187, p = 0.001) and also positively moderates both the NGQ-CWI relationship (H4: 0.143, p = 0.006) and the PDQ-CWI relationship (H5: 0.118, p = 0.028). These results indicate that waqf literacy operates simultaneously as a direct predictor of welfare outcomes and as an amplifier of the governance and program design effects. Beneficiaries with higher waqf literacy extract greater welfare value from both high-quality governance and well-designed programs, likely because they more effectively communicate their needs to nazhir managers, more actively participate in available program components, and make better use of waqf-funded assets and training. This finding aligns with Fauziah et al.'s (2021) finding that institutional trust in nazhir institutions significantly moderates the relationship between cash waqf instrument accessibility and actual participation behavior, a mechanism that operates at the beneficiary level through the same trust-competence linkage identified in this study's WLI construct.

4.5. Qualitative Findings: Four Institutional Themes

Thematic analysis of the 15 nazhir manager interviews produced four primary themes that provide institutional depth and contextual explanation for the quantitative findings.

Theme 1: Nazhir Professional Competence Gap. All 15 informants identified limitations in nazhir professional competence as a central governance challenge. Informants from mosque-based and small institutional nazhir described the absence of systematic financial reporting, business feasibility assessment capacity, and strategic investment planning knowledge as the most critical barriers to productive waqf development. Several informants contrasted the relatively well-resourced nazhir institutions in Java with the severely under-resourced nazhir in eastern Indonesia, where even basic waqf deed registration was incomplete. Informants from Dompet

Dhuafa and LAZNAS BSM Umat, which have invested in internal capacity building programs, described measurable improvements in program management quality following structured nazhir training, providing qualitative support for the quantitative NGQ-CWI finding.

Theme 2: Legal and Certification Infrastructure Gaps. Twelve of 15 informants identified legal and administrative challenges related to waqf land certification as a significant constraint on productive waqf development. The non-certification of waqf land, estimated at over 60 percent of registered waqf locations nationally (Kemenag, 2022), was described as preventing nazhir from legally developing waqf assets, accessing bank financing for productive investments, or resolving boundary disputes with adjacent landowners. Several informants described cases in which productive waqf development plans were suspended for years awaiting resolution of certification disputes with the National Land Agency (ATR/BPN), even in provinces where the joint Kemenag-ATR/BPN certification acceleration program was nominally operational.

Theme 3: Digital Integration as Opportunity and Challenge. Informants from all five institutions acknowledged the transformative potential of digital technology for waqf fund mobilization, beneficiary management, and program monitoring, while also identifying digital infrastructure gaps as a significant constraint. Three informants from Rumah Wakaf Indonesia and Yayasan Wakaf Indonesia described the dramatic increase in online cash waqf contributions facilitated by social media campaigns and digital payment platform integration since 2020, attributing approximately 40 to 60 percent of recent cash waqf growth to digital channels. In contrast, informants representing programs in South Kalimantan and South Sulawesi described very low digital literacy among both nazhir staff and beneficiary communities as limiting the reach of digital waqf platforms to urban and semi-urban populations, with rural beneficiaries remaining largely excluded from digital program access.

Theme 4: Inter-Institutional Coordination Gaps Between BWI and Regional Nazhir. Informants across all five institutions expressed concerns about the adequacy of BWI's coordination, supervision, and developmental support for regional nazhir. While BWI's national programs, including nazhir certification through LSP and the annual National Waqf Congress, were acknowledged as valuable, informants described the operational relationship between BWI representative offices and regional nazhir as episodic and insufficiently systematic. Several informants from provincial nazhir institutions expressed frustration with the limited technical assistance available from BWI regional offices for designing productive waqf programs, accessing CWLS investment infrastructure, and navigating the regulatory requirements of waqf asset development. These qualitative findings support the quantitative result that NGQ is the strongest predictor of welfare outcomes, by revealing that governance quality differentials across institutions are substantially driven by differential access to BWI capacity support.

4.6. Cross-Institutional and Cross-Provincial Comparison

A cross-institutional comparison of mean Community Welfare Index scores reveals instructive patterns of variation. Among the five sampled institutions, Dompet Dhuafa beneficiaries report the highest mean CWI score (3.87 on a five-point scale), followed by LAZNAS BSM Umat (3.74) and Yayasan Wakaf Indonesia (3.51). Rumah Wakaf Indonesia (3.38) and BMT Al-Ittihad Pekanbaru (3.22) exhibit lower mean CWI scores, consistent with their lower NGQ scores and more constrained program infrastructure. The CWI gap between the highest and lowest performing institutions spans approximately 0.65 points, a substantively meaningful range given the pooled standard deviation of 0.72. This between-institution variance confirms that institutional identity, which reflects cumulative investment in governance capacity, program design methodology, and nazhir professional development, is a practically significant determinant of beneficiary welfare outcomes beyond individual-level characteristics.

By province, West Java and East Java beneficiaries report the highest mean CWI scores (3.79 and 3.71, respectively), while South Kalimantan and South Sulawesi beneficiaries report lower scores (3.34 and 3.28, respectively). Central Java occupies an intermediate position at 3.55. These provincial differences are consistent with Indonesia's established geographic gradient in productive waqf development, with Java exhibiting more mature institution ecosystems, higher nazhir certification rates, greater digital penetration, and stronger BWI regional office capacity than outer islands (BWI, 2022; Beik, 2016). That provincial CWI differences persist after controlling for institution in sub-group analysis indicates that province-level contextual factors, including regulatory enforcement capacity, community waqf literacy norms, and local economic conditions, independently contribute to welfare outcome variation beyond institution-level effects alone.

Table 5. Mean Community Welfare Index, NGQ and WLI Scores by Institution and Province

Category	Mean CWI (5-pt)	Mean NGQ	Mean WLI	Rank
By Institution				
Dompet Dhuafa (n=82)	3.87	4.12	3.91	1
LAZNAS BSM Umat (n=70)	3.74	3.98	3.74	2
Yayasan Wakaf Indonesia (n=65)	3.51	3.71	3.52	3
Rumah Wakaf Indonesia (n=55)	3.38	3.48	3.31	4
BMT Al-Ittihad Pekanbaru (n=48)	3.22	3.29	3.08	5
By Province				
West Java (n=74)	3.79	3.94	3.82	1
East Java (n=68)	3.71	3.87	3.75	2
Central Java (n=72)	3.55	3.68	3.57	3
South Kalimantan (n=56)	3.34	3.41	3.22	4
South Sulawesi (n=50)	3.28	3.35	3.14	5
OVERALL (n=320)	3.56	3.71	3.55	

Source: SmartPLS 4.0 output and primary survey data, 2023.

4.7. Integration of Quantitative and Qualitative Findings

The convergent parallel mixed methods design of this study requires systematic integration of quantitative and qualitative results. Three primary integration points emerge from comparing the PLS-SEM structural model results with the four qualitative themes derived from nazhir manager interviews.

First, convergence on the governance-welfare link. The quantitative finding that NGQ is the strongest predictor of CWI (path coefficient 0.381) converges directly with the qualitative Theme 1 finding that nazhir professional competence is the most pervasive institutional challenge. Within the quantitative NGQ construct, the items with the lowest factor loadings are program monitoring frequency (mean item score 3.12) and beneficiary communication regularity (mean 3.28), which are precisely the governance dimensions most frequently cited by interview informants as deficient. This double convergence of low item scores and qualitative narrative prominence provides robust triangulated evidence that monitoring and communication represent priority governance investment targets.

Second, productive divergence on legal infrastructure. The quantitative model does not capture waqf land certification status as a variable, yet the qualitative Theme 2 finding identifies certification deficits as a primary structural constraint on program reach and asset development capacity. This divergence reveals a latent structural variable that suppresses productive waqf's measurable welfare impact in the full population below the levels observed in the survey sample (which is biased toward active, accessible program beneficiaries). Incorporating waqf land certification status as a structural moderating variable in future quantitative models would likely reveal that uncertified waqf assets produce systematically lower welfare returns than certified ones, providing a stronger quantitative case for the legal infrastructure reform recommended in this study.

Third, partial convergence on digital literacy moderation. The quantitative finding of a positive WLI moderation effect on both the NGQ-CWI and PDQ-CWI relationships is qualitatively explained by Theme 3 (digital integration as opportunity and challenge), which reveals that digital waqf literacy improvements in urban areas are translating into measurable governance-welfare amplification, while rural digital exclusion limits this moderating effect in non-urban contexts. The practical implication is that the aggregate WLI moderation coefficient (0.143) likely understates the effect in high-literacy urban settings and overstates it in low-literacy rural settings, pointing to the need for contextually differentiated waqf literacy program designs.

V. DISCUSSION AND POLICY IMPLICATIONS

The convergent findings of the quantitative PLS-SEM analysis and the qualitative thematic analysis produce a coherent and mutually reinforcing picture of the determinants of productive waqf effectiveness in Indonesia. Nazhir governance quality is both the strongest quantitative predictor of beneficiary welfare outcomes and the most pervasively identified institutional challenge in nazhir manager interviews, confirming that investment in nazhir professional development, governance system building, and institutional accountability mechanisms should be the highest priority in BWI's productive waqf development agenda. Program design quality's independent predictive contribution to welfare outcomes (beyond governance quality) indicates that nazhir institutions require not only governance capacity but specific program design methodology, including needs assessment, beneficiary selection criteria, training content design, and exit planning frameworks, that go beyond generic Islamic social finance principles.

The significant moderating role of waqf literacy indicates that governance and program quality improvements will generate greater welfare returns when implemented alongside demand-side waqf literacy campaigns targeting beneficiary communities. This implies the need for integrated supply-demand interventions: simultaneous investment in nazhir governance strengthening and community waqf literacy education, rather than sequential approaches that address supply-side (governance) and demand-side (literacy) constraints separately. The qualitative finding that digital integration is simultaneously an opportunity and a geographic equity challenge suggests that digital waqf literacy programs must be differentiated by urban-rural context, using offline and community-based formats in regions where digital infrastructure and literacy remain limited.

The legal and certification infrastructure theme identified qualitatively has implications beyond BWI policy. The non-certification of more than 60 percent of Indonesian waqf land represents a structural legal vulnerability that exposes the nation's largest Islamic social finance asset class to encroachment, dispute, and developmental paralysis. Legislative revision of Law No. 41 of 2004 should incorporate mandatory certification timelines for all registered waqf land, with administrative and budgetary responsibility assigned jointly to the Ministry of Religious Affairs, BWI, and the ATR/BPN, backed by dedicated certification support funding from the national budget. International experience, including Malaysia's SIRC (State Islamic Religious Council) model of centralized waqf land management and Singapore's MUIS waqf certification system, suggests that centralized legal stewardship with decentralized program delivery is the institutional design most conducive to productive waqf optimization in the Southeast Asian Muslim context.

5.1. Implications for Law No. 41 of 2004 Reform and CWLS Scaling

The empirical findings of this study provide a strong evidence base for two complementary reform agendas that must proceed in parallel. The first concerns the legislative and regulatory reform of the waqf governance framework established by Law No. 41 of 2004. The most urgent revision required is the introduction of mandatory timelines and administrative enforcement mechanisms for waqf land certification, which would reduce the legal vulnerability that the qualitative analysis identifies as the primary structural bottleneck to productive waqf asset development. A targeted provision should require that all waqf land locations registered in the SIWAK database as of the date of the revision be issued an official waqf certificate within five years, with the Ministry of Religious Affairs and ATR/BPN jointly responsible for meeting this deadline and accountable to annual progress reporting requirements presented to the House of Representatives (DPR).

The second reform agenda concerns the scaling of the CWLS instrument as a productive waqf financing vehicle capable of channeling significant investment capital to nazhir institutions with proven governance track records. The study finds that institutions with higher governance quality produce meaningfully better welfare outcomes for beneficiaries. This implies that CWLS return distributions should be preferentially directed to nazhir institutions that meet a minimum NGQ threshold, creating a governance-based resource allocation mechanism that both incentivizes governance improvement and concentrates productive waqf investment where it generates the greatest social return. BWI should develop a standardized nazhir governance rating system, analogous to the GNG Index, that CWLS program administrators use as a primary allocation criterion. By mid-2023, cumulative cash waqf collection had reached approximately IDR 2,753 billion, with institutional wakif contributions growing at approximately 23 percent year-on-year (BWI, 2022), suggesting that the CWLS investment pool is expanding sufficiently to support governance-conditioned allocation without significantly constraining program reach.

5.2. Contributions to the Maqasid al-Shariah Literature on Waqf

Beyond the policy implications, this study makes a substantive contribution to the theoretical literature linking maqasid al-shariah to the empirical measurement of Islamic social finance impact. Prior work in this area has been primarily conceptual or normative in character, arguing deductively that waqf serves maqasid objectives without providing empirical measurement frameworks or outcome data (Abdullah, 2018; Eldersevi et al., 2021; Rusydiana et al., 2023). This study demonstrates that maqasid-aligned welfare outcomes, operationalized as the Community Welfare Index covering income, food security, education access, healthcare access, and spiritual wellbeing, can be measured through structured survey instruments and modeled statistically using PLS-SEM, providing a replicable quantitative methodology for maqasid-grounded waqf impact evaluation.

The finding that nazhir governance quality is the strongest predictor of maqasid-aligned welfare outcomes extends the Islamic governance literature by providing empirical evidence that the amanah, siddiq, tabligh, and fathonah dimensions of Islamic governance are not merely normative ideals but measurable and consequential institutional qualities that produce statistically significant differences in community welfare. This finding implies that maqasid-based waqf reform advocacy should focus less on doctrinal reinterpretation, which has been the dominant approach in the literature, and more on institutional governance building as the primary mechanism through which waqf can fulfill its maqasid-mandated social welfare functions. In this sense, the study bridges Islamic jurisprudence and institutional economics, suggesting that the productive waqf agenda requires the contributions of both disciplines in a genuinely interdisciplinary manner that neither has yet achieved independently.

VI. CONCLUSION AND RECOMMENDATION

6.1. Conclusion

Situating Indonesia's productive waqf challenges within a comparative Southeast Asian context illuminates both the distinctiveness of Indonesia's institutional arrangements and the transferability of reform lessons across jurisdictions. Malaysia represents the most developed waqf governance system in Southeast Asia, characterized by state-level Islamic Religious Councils (SIRC) that serve as sole corporate trustees of all waqf assets within their respective states, providing centralized legal protection and professional management capacity that individual nazhir systems cannot match. The Malaysian SIRC model has enabled progressive waqf asset commercialization, including corporate waqf (waqf syarikat), waqf shares (saham waqf), and waqf-linked financing for university endowments, healthcare facilities, and commercial properties. However, the centralized SIRC model has also been critiqued for bureaucratic rigidity and limited beneficiary participation, suggesting that decentralized nazhir models like Indonesia's may offer greater community responsiveness if nazhir governance quality can be systematically improved.

Singapore's Majlis Ugama Islam Singapura (MUIS) waqf governance system provides a further comparative reference. MUIS, as the central Islamic authority for Singapore's Muslim minority, manages waqf assets through a fully centralized, professionally managed structure with mandatory annual audited financial reporting, a dedicated waqf investment fund generating consistent returns for mauquf alaih, and a waqf dispute resolution mechanism integrated into Singapore's civil court system. While Singapore's small size and high-income context limit direct comparability with Indonesia, the MUIS model demonstrates the welfare outcome improvements achievable when Islamic social finance governance meets international standards of accountability and professional management. The lesson for Indonesia is not institutional centralization per se, which would be impractical given the country's scale and diversity, but the minimum governance standards, including mandatory financial reporting, independent audit requirements, and systematic beneficiary feedback mechanisms, that Indonesia's Law No. 41 of 2004 should incorporate.

At the global level, the World Bank estimates waqf assets worldwide at a total value of approximately USD 1 trillion, with Indonesia holding one of the largest national portfolios. If even 10 percent of Indonesia's registered waqf land were successfully converted to productive use at market returns, the resulting annual income stream could fund transformative social investments in education, healthcare, and micro-enterprise development aligned with multiple

UN Sustainable Development Goals, particularly SDG 1 (no poverty), SDG 2 (zero hunger), SDG 3 (good health), and SDG 4 (quality education) (Abdullah, 2018; Kamaruzaman and Ishak, 2023; Eldersevi et al., 2021). The quantitative evidence from this study that nazhir governance quality and waqf literacy are the primary determinants of welfare outcomes suggests that the path to this transformative potential lies through sustained, systematically funded institutional development rather than through any single legal or financial innovation.

6.2. Study Limitations and Directions for Future Research

This study acknowledges four methodological limitations that should inform the interpretation of its findings and the design of future research. First, the cross-sectional survey design captures beneficiary welfare perceptions at a single point in time and cannot establish the longitudinal sustainability of welfare improvements. Productive waqf programs generate their greatest welfare returns through asset accumulation, skill development, and social capital building over multiple years, none of which are fully captured in a one-time welfare index. Longitudinal follow-up studies tracking the same cohort of beneficiaries across three to five annual measurement points would provide stronger evidence on the durability and compound effects of productive waqf welfare improvements.

Second, the study's sample is limited to active program beneficiaries who were accessible and willing to participate in the survey, potentially introducing survivorship bias insofar as beneficiaries who dropped out of programs or who experienced negative outcomes may be systematically underrepresented. Future research should incorporate comparison groups of eligible non-beneficiaries and program dropouts to provide a more complete welfare impact picture consistent with the counterfactual evaluation standards recommended in the impact evaluation literature (Soemitra et al., 2022; Fauziah et al., 2021).

Third, the qualitative strand is limited to nazhir manager perspectives. Incorporating the voices of beneficiaries, wakif, BWI regulatory officers, and Ministry of Religious Affairs staff in future qualitative work would provide a more complete institutional landscape of the productive waqf ecosystem. Fourth, the geographic scope of the study, while nationally covering five provinces, does not include provinces in Papua, Maluku, and Nusa Tenggara, where waqf development challenges are most acute and governance quality deficits are most severe. Research extending the geographic scope to these underrepresented regions is critical for ensuring that productive waqf policy recommendations reflect the full diversity of Indonesia's provincial waqf landscape.

This study has employed a convergent mixed methods design to examine the determinants of productive waqf effectiveness for community economic empowerment across 320 beneficiaries and 15 nazhir managers in five Indonesian provinces. Four principal findings emerge from the integrated analysis.

First, nazhir governance quality is the strongest and most consistent predictor of beneficiary welfare outcomes in productive waqf programs, confirming the primacy of institutional governance investment in any productive waqf development strategy. Second, program design quality independently and significantly predicts welfare improvements, indicating that nazhir institutions require not only governance integrity but specific program design and implementation competencies. Third, waqf literacy positively and significantly predicts welfare outcomes both directly and as a moderator of governance and program quality effects, confirming the necessity of integrated supply-demand interventions. Fourth, qualitative thematic analysis reveals four institutional challenges that the quantitative data cannot fully capture: nazhir professional competence gaps, legal certification infrastructure deficits, unequal digital integration across urban and rural contexts, and insufficient inter-institutional coordination between BWI and regional nazhir.

These findings have direct implications for Law No. 41 of 2004 reform, for BWI regulatory and developmental policy, and for the scaling of innovative instruments such as CWLS as productive waqf financing vehicles. The convergence of quantitative statistical evidence and qualitative institutional analysis strengthens confidence in all four findings and provides a comprehensive, actionable foundation for productive waqf policy design.

6.3. Recommendations

For BWI and the Ministry of Religious Affairs, the following policy actions are recommended. The nazhir certification program through LSP BWI should be expanded urgently to cover institutional nazhir with fewer than five full-time professional staff, who currently represent the largest governance quality gap in the productive waqf ecosystem. A mandatory annual governance reporting framework, aligned with the GNG Index dimensions, should be established for all nazhir institutions managing productive waqf assets above a specified threshold value, with BWI's supervisory division conducting annual performance reviews. The CWLS instrument should be scaled through a broader range of LKS-PWU institutions, including Islamic rural banks (BPRS), to expand access to CWLS investment returns for nazhir operating outside major urban centers.

For the legislative branch and the Ministry of Religious Affairs jointly, Law No. 41 of 2004 should be amended to incorporate a mandatory five-year waqf land certification deadline for all registered but uncertified waqf land locations, with ATR/BPN obligated to process waqf certification applications within a maximum of 90 working days. The amendment should also introduce a waqf land legal protection provision equivalent to the prohibition on sale, inheritance, and mortgage that applies to state-owned land, providing clearer enforcement mechanisms against encroachment and boundary disputes.

For nazhir institutions and civil society organizations, waqf literacy programs should be designed using differentiated delivery channels: digital platforms for urban and semi-urban beneficiary communities and mosque-based, face-to-face program formats for rural communities with limited digital access. Partnerships between nazhir institutions and Islamic boarding schools (pesantren) and Islamic higher education institutions should be developed to create structured nazhir professional development pipelines, addressing the long-run professional competence gap identified in the qualitative findings.

For future researchers, longitudinal research designs following beneficiary welfare outcomes over three to five years following program enrollment are needed to assess the long-run sustainability of productive waqf's welfare impacts beyond the short-run improvements captured in cross-sectional studies, including the present one. Additionally, comparative analysis of productive waqf governance models across Indonesia, Malaysia, and Singapore, employing standardized welfare outcome and governance quality measurement frameworks, would provide internationally generalizable evidence for Islamic social finance policy design across the Southeast Asian context.

REFERENCES

Abdullah, M. (2018). Waqf, sustainable development goals (SDGs) and maqasid al-shariah. International Journal of Social Economics, 45(1), 158-172. https://doi.org/10.1108/IJSE-10-2016-0295

Aisyah, L., Noval, M., and Darmawati, D. (2021). The impact of productive waqf's implementation to the development of sharia economics in South Kalimantan. Al-Tijary: Jurnal Ekonomi dan Bisnis Islam, 6(2), 155-170. https://doi.org/10.21093/at.v6i2.3423

Ascarya, A., Hosen, M. N., and Rahmawati, S. (2022). Designing simple productive waqf models for Indonesia. International Journal of Ethics and Systems, 38(3), 380-401. https://doi.org/10.1108/IJOES-07-2020-0101

Astuti, H. H., Basri, Y. Z., and Tanjung, H. (2019). Analysis of nazhir accountability implementation in empowerment of productive waqf in Indonesia. Journal of Islamic Economics Lariba, 13(1), 63-80.

Badan Wakaf Indonesia. (2022). Indeks Wakaf Nasional 2022. Jakarta: BWI. https://www.bwi.go.id/8706/2023/04/16/indeks-wakaf-nasional-2022/

Badan Wakaf Indonesia. (2023). Proyeksi Pengelolaan Wakaf Tahun 2023. Jakarta: BWI. https://www.bwi.go.id/8541/2022/12/23/

Bank Indonesia. (2021). Cash Waqf Linked Sukuk (CWLS): Kerangka dan Implementasi. Jakarta: Departemen Ekonomi dan Keuangan Syariah, Bank Indonesia.

Beik, I. S. (2016). Optimalisasi pengelolaan wakaf untuk pemberdayaan ekonomi umat. Al-Iqtishad: Journal of Islamic Economics, 8(1), 37-50. https://doi.org/10.15408/aiq.v8i1.2507

Braun, V., and Clarke, V. (2006). Using thematic analysis in psychology. Qualitative Research in Psychology, 3(2), 77-101. https://doi.org/10.1191/1478088706qp063oa

Budiman, M. A. (2014). The significance of waqf for economic development. Munich Personal RePec Archive, Paper No. 81144. https://mpra.ub.uni-muenchen.de/81144/

Cahyono, E. F., and Hidayat, S. E. (2022). Cash waqf and the development: A case study of cash waqf linked sukuk in Indonesia. El Barka: Journal of Islamic Economics and Business, 5(1), 150-182. https://www.researchgate.net/publication/362869717

Creswell, J. W., and Creswell, J. D. (2018). Research design: Qualitative, quantitative, and mixed methods approaches (5th ed.). SAGE Publications.

Eldersevi, S., Mohammed, M. O., and El Amri, M. C. (2021). Analysis of global ethical wealth based on maqasid al-shari'ah: The case of waqf. In Islamic Wealth and the SDGs (pp. 469-484). Springer. https://doi.org/10.1007/978-3-030-65313-2_24

Fauziah, N. N., Adawiyah Engku Ali, E. R., Binti Md Bashir, A. A., and Bacha, A. M. (2021). An analysis of cash waqf linked sukuk for social development in Indonesia and Malaysia. International Journal of Islamic and Middle Eastern Finance and Management, 14(2), 395-416. https://doi.org/10.1108/IMEFM-07-2020-0349

Hair, J. F., Risher, J. J., Sarstedt, M., and Ringle, C. M. (2019). When to use and how to report results of PLS-SEM. European Business Review, 31(1), 2-24. https://doi.org/10.1108/EBR-11-2018-0203

International Journal of Law Management and Humanities. (2023). Implementation of Islamic Bond Linked to Endowments (Cash Waqf Linked Sukuk, CWLS) in Indonesia. IJLMH, 6(1), 1775-1790. https://ijlmh.com/paper/implementation-of-islamic-bond-linked-to-endowments-cash-waqf-linked-sukuk-cwls-in-indonesia/

Kamaruzaman, N. R., and Ishak, M. S. I. (2023). Waqf institutions: A systematic literature review on governance, financial models, and socio-economic impact in Islamic social finance. Advanced International Journal of Business, Entrepreneurship and SMEs, 5(18), 134-151. https://doi.org/10.35631/AIJBES.518014

Kementerian Agama Republik Indonesia. (2022). Data Tanah Wakaf Indonesia: Sistem Informasi Wakaf. Jakarta: Kemenag. https://siwak.kemenag.go.id

Rusydiana, A. S., Laila, N., and Aslan, H. (2023). Islamic waqf, maqashid shariah, and SDG-11: Sustainable cities and communities. International Journal of Waqf, 3(2), 1-18.

Setiawan, R., Badina, T., and Najib, M. A. (2021). Strategi pengelolaan wakaf produktif dalam rangka pemberdayaan ekonomi umat pada Wakaf Produktif Dompet Dhuafa Banten. Al Maal: Journal of Islamic Economics and Banking, 3(1), 64-79. https://doi.org/10.31000/almaal.v3i1.4587

Shirazi, N. S. (2021). The significance of waqf. In Waqf Development and Innovation (pp. 13-26). Routledge. https://doi.org/10.4324/9781003124573

Soemitra, A., Kusmilawaty, K., and Rahma, T. I. F. (2022). The role of Micro Waqf Bank in women's micro-business empowerment through Islamic social finance: Mixed-method evidence from Mawaridussalam Indonesia. Economies, 10(7), 157. https://doi.org/10.3390/economies10070157

Wati, E. N., Sholeh, M. B., and Akhmadi, M. H. (2022). Pemanfaatan imbal hasil Cash Waqf Linked Sukuk dalam mendanai proyek sosial. Working Paper, Departemen Ekonomi dan Keuangan Syariah, Bank Indonesia.