



PRODUCTIVE WAQF GOVERNANCE IN SOUTHERN TAPANULI: TOWARD AN INTEGRATIVE-PARTICIPATORY MODEL

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Abstract:

Indonesia possesses significant potential for productive waqf as an instrument of socio-economic development; however, its realisation remains limited due to persistent managerial, institutional, and governance challenges. This study examines the model of productive waqf management in South Tapanuli (Tabagsel), covering Mandailing Natal, South Tapanuli, Padang Lawas, North Padang Lawas, and Padangsidempuan City. Situated within the discourse of Islamic economic law and waqf governance, the research employs a descriptive qualitative approach based on field data and relevant documentary sources. The findings reveal substantial disparities in productive waqf development across the region. Among the five areas studied, Mandailing Natal demonstrates the most successful implementation through an integrated management system that combines agricultural, commercial, and community-based economic activities. In contrast, productive waqf in the other regions remains largely traditional and underutilised due to limited institutional capacity, weak managerial professionalism, and inadequate governance support. The study argues that the effectiveness of productive waqf management depends on the integration of spiritual, social, and economic functions through collaborative stakeholder engagement. As its principal contribution, this research proposes an integrative-participatory model of productive waqf governance as a novel framework for strengthening regional waqf management and enhancing its socio-economic impact.

Keywords: *Integrative-Participatory Model, Islamic Economic Law, Productive Waqf.*

A. Introduction

Despite strong legal support and substantial asset availability, productive waqf in Indonesia remains far from optimal. Although Law No. 41 of 2004 on Waqf and various institutional initiatives have encouraged the development of waqf as an instrument of socio-economic empowerment, most waqf assets continue to be managed conventionally and are primarily used for consumptive purposes.¹ Limited managerial professionalism among nazhir, weak institutional governance, inadequate asset certification, and the absence of sustainable business-oriented management have hindered the transformation of waqf into a productive economic resource. This condition creates a significant gap between the strategic role expected of waqf in promoting community welfare and its actual contribution to socio-economic development.²

The urgency of this issue becomes evident when considering Indonesia's vast waqf potential. According to data from the Indonesian Waqf Board (BWI), approximately 451,000 waqf land locations are distributed throughout the country. However, only a small proportion of these assets have been developed productively.³ Data from the Waqf Information System (SIWAK) further indicate that the total recorded waqf land area exceeds 57,000 hectares and continues to grow annually. The persistence of underutilized waqf assets represents not merely an administrative or managerial problem but also a missed opportunity for poverty alleviation, community economic empowerment, educational development, and sustainable social financing.⁴ Consequently, understanding

¹ Murat Cizakca, "Ottoman Cash Waqfs Revisited: The Case of Bursa 1555- 1823," *Foundation for Science Technology and Civilization*, 2004, 1-20; Muhammad Ash- Shiddiqy, Makhrus Makhrus, dan Muhammad Ghafur Wibowo, "Cash Waqf Management for Education: Challenges, Solutions and Strategies," *Shirkah: Journal of Economics and Business* 9, no. 2 (2024), <https://doi.org/10.22515/shirkah.v9i2.723>.

² R. Hasan dan S. A. Siraj, "Financial sustainability of waqf institutions: A cross-country comparative analysis," *ISRA International Journal of Islamic Finance* 13, no. 2 (2021): 173-88, <https://doi.org/10.1108/IJIF-03-2021-0041>; M. Obaidullah, *Enhancing Financial Inclusion through Islamic Finance: The Role of Awqaf*, ed. oleh M. Obaidullah dan T. B. T.-Islamic Social Finance Report 2015 Shirazi (Jeddah: IRTI-IDB, 2015), 41-56.

³ D. Batubara dkk., "Potential and Optimization of Waqf Land Empowerment in South Tapanuli Regency," *AL-FALAH: Journal of Islamic Economics* 6, no. 2 (2021): 199-214, <https://doi.org/10.29240/alfalah.v6i2.3515>.

⁴ R. E. Nordjo, R. Hasan, dan M. I. H. Kamaruddin, "Unlocking Idle Waqf Assets Through Institutionalized Pentahelix Collaboration: Evidence from North Sumatra, Indonesia," *Journal of Islamic*

how productive waqf can be effectively managed has become an important academic and policy concern within the broader discourse of Islamic economic law and waqf governance.⁵

Historically, waqf has functioned as a significant instrument of Islamic philanthropy and social development. Throughout the classical Islamic period, waqf supported the establishment of mosques, educational institutions, hospitals, and various public facilities that contributed to the advancement of Muslim civilization. In the contemporary era, the concept of productive waqf has evolved beyond traditional charitable functions and is increasingly viewed as a strategic mechanism for generating sustainable economic benefits while preserving the principal value of waqf assets.⁶ This transformation has positioned productive waqf as a key component of Islamic social finance and an important tool for achieving long-term socio-economic development.

The economic potential of waqf in Indonesia is very promising. According to a study by Bank Indonesia, the value of national waqf assets is estimated to reach IDR 2,000 trillion, while the potential for cash waqf reaches around IDR 181 trillion per year. However, the realisation of cash waqf collection until 2025 will only reach around IDR 3.5 trillion, indicating a significant gap between potential and actualisation. The economic potential of waqf in Indonesia remains significantly underutilized despite the availability of extensive waqf assets and a supportive regulatory framework. Previous studies have consistently identified weak managerial capacity among nazhir, limited institutional innovation, inadequate governance mechanisms, and insufficient integration between government agencies, Islamic financial institutions, and local communities as major obstacles to productive waqf development.⁷ As a result, many waqf assets continue to be used primarily for religious and social purposes rather than being

Economics Lariba, 2025.

⁵ M. Abdullah, "Waqf, Sustainable Development Goals (SDGs) and Maqasid Al-Shariah," *International Journal of Social Economics* 45, no. 1 (2018): 158-72, <https://doi.org/10.1108/IJSE-10-2016-0295>.

⁶ R. Abdullah dan A. G. Ismail, "Taking Stock of the Waqf-Based Islamic Microfinance Model," *International Journal of Social Economics* 44, no. 8 (2017): 1018-31, <https://doi.org/10.1108/IJSE-06-2015-0176>.

⁷ P. Rahmadhani dan A. N. Rohim, "Constructing Model of Integrated Zakat and Waqf Empowerment for Achieving Food Security and Poverty Alleviation," *IQTISHADIA: Jurnal Ekonomi & Perbankan Syariah* 11, no. 2 (2024): 192-211.

transformed into productive economic resources capable of generating sustainable benefits for society.

A growing body of literature has examined the challenges and opportunities of productive waqf management in Indonesia. Ascarya (2021) emphasized the importance of institutional strengthening, professional nazhir management, and the integration of waqf with Islamic financial instruments to enhance the economic impact of waqf assets. Similarly, Fauziah et al. (2022) found that limited managerial competence and weak governance structures remain significant barriers to productive waqf implementation across various regions of Indonesia. Other studies have explored productive waqf models in urban areas, Islamic educational institutions, and Islamic financial sectors, demonstrating that successful waqf development depends on effective institutional arrangements, stakeholder collaboration, and sustainable business management. However, most existing studies focus on national-level analyses or relatively developed regions where productive waqf initiatives have already been established.⁸ Consequently, little attention has been given to peripheral regions where institutional capacity remains limited and productive waqf practices are still at an early stage of development.

This limitation is particularly evident in the South Tapanuli (Tabagsel) region of North Sumatra, which consists of Mandailing Natal, South Tapanuli, Padang Lawas, North Padang Lawas, and Padangsidempuan City. Although waqf assets are widely distributed across these areas, available institutional records and field findings indicate that productive waqf development remains highly uneven. Productive waqf initiatives are concentrated almost exclusively in Mandailing Natal Regency, particularly through the Al-Junaidiyah Hutnamale Islamic Boarding School, which manages waqf assets in the form of agricultural land, plantations, and commercial activities. In contrast, waqf management in the other districts remains predominantly traditional, focusing on mosques, madrasas, and cemeteries with limited economic utilization. This situation reflects broader challenges related to institutional capacity, managerial professionalism, financial support, and public literacy regarding productive waqf.

The existing literature has not adequately explained why productive waqf develops successfully in certain local contexts while remaining stagnant in others within the

⁸ F. Medias dkk., "A Systematic Literature Review on the Socio-Economic Roles of Waqf: Evidence from Organization of the Islamic Cooperation (OIC) Countries," *Journal of Islamic Accounting and Business Research* 13, no. 1 (2022): 177-93, <https://doi.org/10.1108/JIABR-01-2021-0028>.

same socio-cultural region. Most previous studies emphasize national governance issues, legal frameworks, or successful institutional models, but they rarely investigate regional disparities in productive waqf development at the local level.⁹ As a result, there remains a significant empirical gap concerning the dynamics of productive waqf management in Southern Tapanuli and the institutional factors that shape its development. Addressing this gap is important because regional experiences can provide valuable insights into how productive waqf governance can be adapted to different socio-economic and institutional environments.

To analyze these issues, this study employs institutional theory as its analytical framework. Institutional theory argues that organizational performance is shaped not only by resource availability but also by the effectiveness of formal institutions, governance structures, regulatory support, and social legitimacy. In the context of productive waqf, this perspective provides a useful framework for understanding how institutional arrangements influence the capacity of waqf organizations to transform religious assets into sustainable socio-economic resources. The theory is particularly relevant for explaining variations in productive waqf development across the districts and municipalities of Tabagsel. Based on these considerations, this study aims to: (1) examine the current condition of productive waqf management across the five districts/cities of the South Tapanuli region; (2) identify the institutional, managerial, and socio-economic challenges affecting productive waqf development; and (3) formulate an effective model of productive waqf governance that is compatible with local conditions and capable of supporting sustainable socio-economic empowerment.

This study contributes to the literature in several important ways. First, it provides one of the few empirical examinations of productive waqf governance in the Southern Tapanuli region, an area that has received little scholarly attention despite its considerable waqf potential. Second, it extends existing productive waqf studies by highlighting the role of regional institutional capacity in explaining disparities in waqf development outcomes. Third, the study proposes an integrative-participatory model of productive waqf governance that combines institutional strengthening, stakeholder collaboration, and socio-economic integration as a framework for enhancing productive

⁹ P. P. Hasan, N. F. Islamiah, dan Asmirawati, "Productive Waqf Model for Women Fishers' Empowerment: Insights from Community-Based Development and Maqashid Sharia," *Berkala Akuntansi dan Keuangan Indonesia* 11, no. 1 (2026): 116-34, <https://doi.org/10.20473/baki.v11i1.87329>.

waqf management at the regional level. These contributions offer both theoretical insights into waqf governance and practical recommendations for policymakers, the Ministry of Religious Affairs, the Indonesian Waqf Board (BWI), and local waqf institutions seeking to improve the effectiveness and sustainability of productive waqf management.

B. Research Method

This study employed a qualitative descriptive design to examine the dynamics of productive waqf management in the South Tapanuli (Tabagsel) region of North Sumatra, Indonesia. A qualitative approach was selected because the study sought to understand institutional practices, managerial experiences, and socio-religious factors influencing productive waqf governance rather than to measure variables quantitatively. The research focused on five districts and municipalities within Tabagsel—Mandailing Natal, South Tapanuli, Padang Lawas, North Padang Lawas, and Padangsidempuan City. These locations were selected purposively because they represent varying levels of productive waqf development, ranging from relatively advanced institutional practices in Mandailing Natal to predominantly traditional and consumptive waqf management in the other districts. This variation enabled comparative analysis of the institutional factors influencing productive waqf outcomes across different local contexts.

Data were collected between July and August 2025 through semi-structured interviews, field observations, and document analysis. A total of twenty-five informants participated in the study, comprising nazhir, officials from the Ministry of Religious Affairs, members or former members of the Indonesian Waqf Board (BWI), ulama, and wakif. Informants were selected using purposive sampling based on their direct involvement in waqf governance, managerial responsibilities, decision-making authority, or experience in productive waqf initiatives. Data collection continued until thematic saturation was achieved, indicated by the repetition of information across interviews and the absence of substantially new findings. Documentary sources included reports from the Ministry of Religious Affairs, BWI publications, and records from the Waqf Information System (SIWAK).

Data analysis followed Braun and Clarke's thematic analysis procedure. The study adopted a hybrid coding strategy that combined inductive and deductive approaches. Initial coding was conducted inductively to identify themes emerging from the field

data. Subsequently, the themes were interpreted deductively using institutional theory as the primary analytical framework. Institutional theory was employed to examine how formal regulations, organizational structures, governance arrangements, and stakeholder relationships influenced the effectiveness of productive waqf management. Productive waqf theory served as a complementary framework for assessing the extent to which waqf assets were managed in ways that generated sustainable socio-economic benefits while preserving their principal value.

To enhance trustworthiness, the study employed source and method triangulation by comparing information obtained from interviews, observations, and documentary evidence. Preliminary findings were also discussed with selected informants to ensure that interpretations accurately reflected local realities. Ethical considerations were observed throughout the research process, including informed consent, voluntary participation, and the protection of participants' confidentiality. Several limitations should be acknowledged. The study focuses on a specific regional context, which may limit the transferability of findings to other areas with different institutional characteristics. In addition, the research emphasizes qualitative interpretation rather than financial performance measurement of waqf assets. Nevertheless, the comparative analysis across five districts provides valuable insights into the institutional conditions that facilitate or constrain productive waqf development at the regional level.

C. Discussion

1. Overview of Waqf Assets and Institutional Conditions in Tabagsel

The South Tapanuli (Tabagsel) region, consisting of Mandailing Natal, South Tapanuli, Padang Lawas, North Padang Lawas, and Padangsidempuan City, possesses substantial waqf assets and a strong Islamic socio-cultural foundation. Data obtained from the North Sumatra Provincial Office of the Ministry of Religious Affairs indicate that the region contains 1,237 waqf asset locations. However, only a limited proportion of these assets have been formally certified and registered through the Waqf Information System (SIWAK). Most waqf assets remain concentrated in traditional religious functions such as mosques, madrasas, Islamic boarding schools, and cemeteries.

Field observations and interviews reveal that low certification rates are associated with several interrelated factors. These include limited administrative

capacity among nazhir, inadequate legal literacy regarding waqf registration procedures, weak institutional supervision, and a strong tradition of informal community-based waqf management. As a result, many waqf assets remain outside formal governance systems, reducing opportunities for productive development and institutional support.

Table 1. General Profile of Waqf Management in Tabagsel

Regency/City	Dominant Type of Waqf	Institutional Condition	Productive Waqf Activities	Development Level
Mandailing Natal	Agricultural land, pesantren assets	Active BWI and institutional support	Rubber plantations, rice fields, waqf market	High
South Tapanuli	Mosques and madrasas	Limited institutional support	Minimal	Moderate-Low
Padang Lawas	Mosques and religious facilities	BWI inactive	None identified	Low
North Padang Lawas	Traditional waqf land	Weak institutional structure	None identified	Very Low
Padangsidempuan	Urban religious facilities	Emerging initiatives	Proposed waqf kiosks	Moderate-Low

The table demonstrates that productive waqf development is unevenly distributed across the region. While all districts possess waqf assets, only Mandailing Natal has developed a functioning productive waqf ecosystem supported by active institutional arrangements.

2. Comparative Patterns of Productive Waqf Management

The comparative analysis identifies significant differences in governance models among the five districts. Mandailing Natal represents the most advanced case, where waqf assets have been transformed into income-generating resources through institutionalized management. The Al-Junaidiyah Hutnamale Islamic Boarding School serves as the central actor in managing agricultural, plantation, and commercial waqf assets.¹⁰ In contrast, South Tapanuli exhibits a transitional

¹⁰ Z. F. Lubis dan S. Syam, "Pengaturan Transparansi dan Akuntabilitas Pengelolaan Wakaf

pattern. Awareness of productive waqf exists among local stakeholders, but implementation remains fragmented and lacks long-term institutional planning. Padang Lawas and North Padang Lawas continue to rely primarily on traditional waqf practices oriented toward religious infrastructure rather than economic development.¹¹ Meanwhile, Padangsidempuan has begun exploring productive waqf initiatives through discussions concerning waqf kiosks and urban-based economic activities, although these initiatives remain at an early stage.

Table 2. Comparative Models of Productive Waqf Governance in Tabagsel

Regency/City	Governance Model	Main Characteristics	Key Constraints
Mandailing Natal	Institutionalized Model	Active BWI, professional management, community participation	Limited scale expansion
South Tapanuli	Transitional Model	Awareness of productive waqf emerging	Weak implementation capacity
Padang Lawas	Maintenance Model	Assets preserved but not developed	Institutional inactivity and funding limitations
North Padang Lawas	Institutional-Void Model	Weak governance and documentation	Absence of active institutional support
Padangsidempuan	Emerging Model	Initial innovation and urban waqf discourse	Lack of operational implementation

The findings indicate that differences in productive waqf outcomes cannot be explained solely by asset availability. Instead, variations in institutional effectiveness appear to play a more decisive role in shaping development trajectories.

3. Institutional Factors Influencing Productive Waqf Development

Across the five districts, four major factors emerged as determinants of productive waqf development. The first is institutional capacity, particularly the presence of active waqf organizations capable of coordinating stakeholders and managing assets professionally.¹² The second is managerial competence, as many

pada BWI Perspektif Maqashid Syari'ah (Studi BWI Provinsi Sumatera Utara)," *Jurnal Hukum Lex Generalis* 6, no. 2 (2025).

¹¹ M. A. Malib dkk., "Waqf Governance: A Paradigm Shift Towards the Sustainability of Waqf Benefit," *Global Business & Management Research* 16, no. 2 (2024).

¹² H. H. Adinugraha, M. Shulthoni, dan D. Achmad, "Islamic Social Finance in Indonesia:

nazhir continue to serve voluntarily without formal training in asset development or financial management.¹³ The third factor concerns regulatory and policy support. Interviews revealed that productive waqf has not yet become a strategic priority in most local development agendas.¹⁴ Consequently, institutional assistance, capacity-building programs, and financial support remain limited. The fourth factor relates to socio-cultural perceptions of waqf. In many communities, waqf continues to be understood primarily as a form of religious charity associated with mosques and cemeteries rather than as an instrument of socio-economic empowerment. The interaction of these four factors explains the observed variation in productive waqf performance across Tabagsel. Regions where institutional support, managerial professionalism, policy commitment, and community participation reinforce one another demonstrate greater success in developing productive waqf initiatives. Conversely, where these elements are absent or fragmented, waqf management tends to remain traditional and consumptive.

4. Institutional Capacity as the Determining Factor in Productive Waqf Development

The most important finding of this study is that differences in productive waqf performance across Tabagsel are explained primarily by variations in institutional capacity rather than by differences in asset availability. All districts possess waqf assets and strong religious communities; however, only Mandailing Natal has succeeded in transforming those assets into productive economic resources.¹⁵ This finding suggests that productive waqf development depends less on the quantity of assets than on the quality of governance structures that manage them.¹⁶ The success of Mandailing Natal can be attributed to the interaction of

Opportunities, Challenges, and Its Role in Empowering Society,” *Review of Islamic Social Finance and Entrepreneurship* 2, no. 1 (2023): 45-65.

¹³ Suryana dan S. Ikram, “Implementasi Good Waqf Governance Pada Nazhir Wakaf Dalam Meningkatkan Ekonomi Umat di Indonesia,” *Jurnal Ekuilnomi* 6, no. 2 (2024): 233-39, <https://doi.org/10.36985/2r3a5456>.

¹⁴ A. Syamsuddin, “Badan Wakaf Indonesia dan Regulasi Wakaf: Analisis Implementasi UU No. 41 Tahun 2004,” *Asy-Syir’ah: Jurnal Hukum Islam* 57, no. 1 (2023): 201-20.

¹⁵ I. Yusuf, “Waqf Governance and Accountability: Comparative Study of Indonesia and Turkey,” *International Journal of Islamic Management* 6, no. 1 (2023): 23-41.

¹⁶ Haikal, “Dinamika Hukum Wakaf di Indonesia: Tantangan dan Solusi dalam Pengelolaan Aset Wakaf Produktif,” *Al-Barakat: Jurnal Hukum Ekonomi Syariah* 2, no. 2 (2023): 11-24.

three mutually reinforcing factors: institutional leadership, managerial professionalism, and community participation.¹⁷ First, active institutional leadership provided organizational direction and facilitated coordination among stakeholders. Second, professional management enabled waqf assets to be developed through sustainable economic activities rather than being maintained solely for religious purposes. Third, community trust and participation generated social legitimacy and long-term support for productive initiatives. These factors created a governance ecosystem that enabled productive waqf to flourish. In contrast, the absence of one or more of these factors in other districts contributed to institutional stagnation and limited innovation.¹⁸

This finding extends institutional theory beyond its conventional emphasis on formal rules and organizational structures. North (1990) argues that institutions shape economic performance by reducing uncertainty and facilitating collective action. The Tabagsel case demonstrates that formal institutions alone are insufficient. Productive waqf development also depends on what may be termed institutional activation, namely the capacity of local actors to mobilize social trust, religious legitimacy, and organizational resources into productive economic activities. Consequently, institutional effectiveness in waqf governance should be understood not merely as the existence of regulations but as the ability to operationalize those regulations through collaborative action.

5. Reinterpreting Productive Waqf Governance in Local Contexts

The findings both confirm and extend the productive waqf theories developed by Kahf (2000) and Cizakca (2004). Previous scholarship emphasizes that waqf assets should generate sustainable economic benefits while preserving their principal value. The experience of Mandailing Natal supports this proposition. However, the findings also reveal a dimension that has received less attention in existing literature: productive waqf cannot be sustained solely through economic management. Local institutional configurations, social legitimacy, and community engagement play equally important roles in determining whether productive waqf

¹⁷ Adinugraha, Shulthoni, dan Achmad, "Islamic Social Finance in Indonesia: Opportunities, Challenges, and Its Role in Empowering Society."

¹⁸ Suryana dan Ikram, "Implementasi Good Waqf Governance Pada Nazhir Wakaf Dalam Meningkatkan Ekonomi Umat di Indonesia."

initiatives succeed or fail. This observation differs from many previous studies that focus primarily on legal frameworks, financial instruments, or managerial techniques. Studies by Ascarya (2021) and Fauziah et al. (2022) identify governance and managerial weaknesses as major barriers to productive waqf development at the national level¹⁹. The present study supports those conclusions while providing more specific evidence regarding how such weaknesses operate at the regional level.²⁰ The findings demonstrate that governance problems are not merely technical deficiencies but are embedded within broader institutional ecosystems involving local government support, stakeholder collaboration, and community trust.

The comparison with successful waqf systems in countries such as Malaysia and Qatar further illustrates this point. Productive waqf development in those countries benefits from strong institutional integration, comprehensive asset registration systems, professional management structures, and consistent government support.²¹ In contrast, several districts in Tabagsel continue to experience fragmented governance, limited certification, and weak institutional coordination. The gap therefore reflects differences in governance quality rather than differences in religious commitment or waqf potential.

6. The Integrative-Participatory Model as a Theoretical Contribution

The principal theoretical contribution of this study is the development of an Integrative Participatory Model of productive waqf governance.²² Unlike existing models that primarily emphasize asset productivity, legal compliance, or managerial efficiency, the proposed model highlights the interaction between four dimensions: institutional capacity, managerial professionalism, community participation, and spiritual legitimacy.²³ The findings indicate that productive waqf emerges most

¹⁹ Syamsuddin, "Badan Wakaf Indonesia dan Regulasi Wakaf: Analisis Implementasi UU No. 41 Tahun 2004."

²⁰ Yusuf, "Waqf Governance and Accountability: Comparative Study of Indonesia and Turkey."

²¹ Haikal, "Dinamika Hukum Wakaf di Indonesia: Tantangan dan Solusi dalam Pengelolaan Aset Wakaf Produktif."

²² R. D. Anggraini, N. D. Dewi, dan M. Rofiq, "Optimalisasi Potensi Wakaf di Indonesia: Tantangan dan Peran Digitalisasi dalam Penguatan Manfaat Wakaf bagi Masyarakat," *Journal of Islamic Business Management Studies (JIBMS)* 5, no. 1 (2024): 60-67, <https://doi.org/10.51875/jibms.v5i1.292>.

²³ F. K. Anam dkk., "Manajemen Pengelolaan Aset Wakaf Sosial Produktif: Pelatihan Profesionalitas Nadzir Wakaf Lembaga Keagamaan dan Rumah Ibadah," *Jurnal Gramaswara* 5, no. 1 (2025): 1-12,

effectively when these dimensions operate simultaneously rather than independently. This model extends existing productive waqf governance scholarship by introducing social locality and spiritual capital as essential explanatory variables. Previous theories generally assume that productive waqf development depends on institutional effectiveness and economic management. The Tabagsel experience suggests that local religious networks, community trust, and culturally embedded forms of social cooperation are equally important determinants of success. Thus, the study refines existing theory by demonstrating that productive waqf governance is not solely an economic or administrative process but also a socially embedded institutional process.²⁴

From a practical perspective, the findings indicate that strengthening productive waqf requires more than regulatory reform. Policies should focus on developing local waqf institutions, improving nazhir professionalism, expanding certification programs, and fostering collaboration among the Indonesian Waqf Board (BWI), the Ministry of Religious Affairs, local governments, Islamic educational institutions, and community stakeholders. Such measures are necessary to transform waqf assets from passive religious resources into sustainable instruments of socio-economic development.

D. Conclusion

This study demonstrates that the uneven development of productive waqf in the South Tapanuli (Tabagsel) region is primarily explained by differences in institutional capacity rather than by the availability of waqf assets alone. The findings reveal that productive waqf is more likely to develop successfully where strong institutional support, professional nazhir management, active stakeholder collaboration, and community participation are present. The experience of Mandailing Natal illustrates how these factors can transform waqf assets into sustainable socio-economic resources, while the persistence of traditional and consumptive waqf practices in other districts reflects the consequences of weak governance structures, limited managerial capacity, and

<https://doi.org/10.21776/ub.gramaswara.2024.005.01.01>.

²⁴ M. Habibullah, R. Hassan, dan N. R. M. Zain, "Women's Empowerment and Participation in Islamic Financial Planning Diversity, Equity and Inclusion: Evidence from Maqasid Al-Shariah," *AL-BURHĀN: Journal of Qur'ān and Sunnah Studies* 7, no. 2 (2023): 152-61.

inadequate institutional support. These findings confirm the central proposition of institutional theory that organizational effectiveness depends on the quality of institutional arrangements, while also extending productive waqf scholarship by demonstrating how local institutional configurations shape waqf outcomes in non-metropolitan regions.

Based on these findings, this study proposes an Integrative-Participatory Model of productive waqf governance as its principal contribution. Unlike conventional approaches that focus primarily on asset management or nazhir performance, this model emphasizes the integration of spiritual, social, economic, and institutional dimensions through collaborative engagement among the Indonesian Waqf Board (BWI), the Ministry of Religious Affairs, local governments, nazhir, and the wider community. The study argues that productive waqf development is not solely a matter of economic optimization but also a process of institutional coordination and collective participation. In this respect, the proposed model contributes to the existing literature by offering a governance-based framework that explains how productive waqf can be strengthened in regions with varying institutional capacities and developmental conditions.

Several limitations should be acknowledged. This study is confined to a qualitative examination of five districts within the Tabagsel region and does not measure the financial performance or economic impact of productive waqf assets. Consequently, future research should employ mixed-methods approaches, incorporate economic and social impact indicators, and undertake comparative studies across different regions to further test and refine the proposed model. Such efforts would enhance understanding of the relationship between institutional capacity, governance quality, and the long-term sustainability of productive waqf.

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