

The Role of Waqf as a Pillar of Social and Economic Development for Muslims

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Article Information	Abstract
Article History: Received : - Accepted : - Published: - Keywords: Waqf, Social Development, Islamic Economy, People's Empowerment, Waqf Governance.	Waqf is one of the sharia financial instruments that has great potential in supporting the social and economic development of Muslims in a sustainable manner. This research aims to explore the strategic role of waqf in strengthening the welfare of the people through the provision of public services, poverty reduction, and community economic empowerment. Using a descriptive qualitative approach and literature study, this study analyzes various literature and scientific journals related to waqf management, both traditional and modern. The results of the study show that waqf not only functions as a charity of worship, but also as a mechanism for fair and sustainable distribution of wealth. In practice, waqf is able to finance the education, health, and infrastructure sectors, while supporting productive economic sectors that create jobs and increase people's income. However, optimizing the role of waqf still faces various challenges, such as weak governance, low public literacy, and lack of synergy between regulators and waqf management institutions. Therefore, reform of waqf management based on technology and the principles of good governance is a necessity. This study concludes that waqf can be the main pillar in the development of Muslims if it is managed professionally, transparently, and collaboratively. The novelty of this research lies in the integrative approach between the social and economic functions of waqf which is comprehensively studied, by emphasizing the importance of information technology-based management and modern governance in facing the challenges of contemporary Muslim development.

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INTRODUCTION

Communication Waqf as one of the instruments of Islamic economics has a strategic position in building the social and economic welfare of the people. The concept of waqf that is perpetual or continuous provides benefits, making it a long-term source of financing for various social, educational, and economic activities. History records that from the time of the Prophet Muhammad PBUH to the era of the Islamic caliphate, waqf has become the backbone of the development of the ummah through the provision of public facilities such as mosques, schools, hospitals, and roads (Nazmi & Juliati, 2023).

The social role of waqf is seen to be very strong in its contribution to public services. In many Muslim regions, including India and the Middle East, waqf has been used to finance education, health services, and social infrastructure without burdening the state budget (Alam, 2018). This shows that waqf can be an alternative force in sustainable and inclusive social development.

In the economic dimension, waqf also has extraordinary potential. Productive waqf—that is, the use of waqf assets for productive economic activities—has been proven to have a positive impact on people's economic growth, create jobs, and strengthen the economic resilience of Muslims (Wijaya et al., 2023). With professional management, waqf can be the driving force of the people's economy.

Unfortunately, the realization of this potential has not been optimal. Many waqf assets in various countries, including Indonesia and India, are abandoned or unproductive due to weak governance, overlapping regulations, and lack of transparency in waqf management (Abdullah, 2020). This leads to a low contribution of waqf to poverty reduction and economic empowerment of the Muslim community at large.

As a pillar of development, waqf should not only be seen from the aspect of worship, but also from its strategic side as a mechanism for the fair and equitable distribution of wealth. By utilizing waqf, Muslims can build an independent economic system, not completely dependent on state intervention or foreign aid (Askouri, 2024). In this case, waqf is a solution to the problem of economic inequality and state budget limitations.

It is also important to note that waqf can strengthen the integration between the social and economic sectors in development. For example, the proceeds from productive waqf can be used to finance free education, health services, and scholarships, which will then improve the quality of human resources and strengthen the economic base of the ummah (Susanto, 2017). Thus, waqf has a multiplier effect on social and economic development.

However, to make waqf an effective development instrument, management and regulatory reform is needed. Waqf requires a modern governance approach based on the principles of good governance, the use of information technology, and the involvement of professional actors in its management (Wijaya et al., 2023). This can avoid corrupt practices and maximize asset utilization.

The role of the state and Islamic financial institutions is also important in developing the waqf ecosystem. The state needs to provide supportive regulations, fiscal incentives, and legal protection for waqf assets. Meanwhile, Islamic financial institutions can be strategic partners in managing waqf assets productively and transparently (Kasdi et al., 2022).

The awareness of the Muslim community on the importance of waqf must also be increased. Public education and socialization of the concept of modern waqf must continue to be carried out so that Muslims understand that waqf is not just a cemetery or mosque, but

includes all forms of assets that can be empowered for the welfare of the people (Alam, 2018).

Based on this reality, it is important to conduct a more in-depth study on how waqf can be optimized to become a pillar of social and economic development for Muslims. By exploring potential, improving governance, and building an integrative waqf ecosystem, Muslims can make waqf the main foundation in realizing a prosperous and just society.

LITERATURE REVIEW

Potent Potential of Awqāf in Social and Economic Development

In his study, Alam (2018) emphasized that waqf has great potential as a source of sustainable funding in the social and economic development of Muslims. He pointed out that waqf can provide support for the educational, social, and cultural sectors without having to rely on the state budget. However, Alam also highlighted the problems of waqf management, such as corruption and non-transparency, which cause the role of waqf not to be maximized. Therefore, institutional reform and strengthening of waqf governance are needed to ensure its strategic role in the distribution of welfare of the Muslim community.

The Role of Waqf in Achieving the Purposes of Islamic Law

Askouri (2024) explained that waqf is not only a means of philanthropy, but also an instrument that supports the achievement of sharia maqashid, namely maintaining religion, soul, intellect, descendants, and property. In this case, waqf plays an active role in funding public services such as education, health, and poverty alleviation. Askouri emphasized that waqf strengthens social solidarity, reduces inequality, and strengthens the economic structure of the people. Therefore, waqf is considered to have a strategic position in realizing welfare based on Islamic values.

Implementation of the Waqf System as a Pillar of Social and Economic Development

In a case study in Jordan, Wijaya et al. (2023) highlighted the success of waqf management in financing the sustainable development of public infrastructure and the agricultural sector. This study shows that structured and information technology-based waqf management is able to increase the efficiency of the utilization of waqf assets. As a result, waqf can create jobs, strengthen food security, and reduce poverty levels. This study proves that with a good managerial strategy, waqf can be a real instrument in national economic development.

RESEARCH METHOD

This research uses a descriptive qualitative approach with the aim of describing in depth the role of waqf in the social and economic development of Muslims. This approach was chosen because it is able to describe the phenomenon holistically, especially in understanding the potential, challenges, and implementation of waqf as an instrument for the welfare of the people. Data is collected and analyzed systematically to obtain a complete understanding of the problem being studied.

The data sources in this study consist of secondary data, namely academic documents, scientific journal articles, regulations on waqf, reports on waqf management institutions, and literature related to Islamic economics and Islamic philanthropy. The search was conducted through reputable journal platforms such as Google Scholar, DOAJ, and SINTA, with the main focus on articles that discuss the management of waqf, productive waqf, and their impact on the socio-economic of the community.

The data collection technique is carried out through library research. This method involves the process of reading, identifying, and analyzing various relevant literature that discusses the history, development, and contribution of waqf in the context of the development of the ummah. The literature studied includes works such as Alam (2018), Abdullah (2020), Askouri (2024), and Nazmi & Juliati (2023) which comprehensively discuss the contribution of waqf in various aspects of the lives of Muslims.

The data obtained was analyzed using the content analysis method. The researcher examined the content of various data sources to identify patterns, key concepts, and relationships between variables related to the role of waqf in social and economic development. The results of the analysis were then compiled in the form of a descriptive narrative to answer the research questions and provide a complete picture of the strategic role of waqf in the sustainable development of Muslims.

RESULTS AND DISCUSSION

1. Waqf as an Instrument of Social Development for Muslims

Waqf is one of the important pillars in forming a social welfare system in Islamic society. Since the time of the Prophet PBUH and Khulafaur Rasyidin, waqf has been used as a means to provide social services such as education, health, and assistance for the poor (Nazmi & Juliati, 2023). Waqf institutions establish schools, hospitals, and madrassas that are open to all levels of society, without social and economic discrimination.

In many Muslim countries, such as Egypt, Turkey, and Saudi Arabia, waqf plays a major role in the financing of the public social sector. For example, many well-known hospitals and educational institutions during the Ottoman Empire were established and financed through waqf (Kasdi et al., 2022). This proves that waqf is not only spiritual, but also plays a strategic role in strengthening the social structure of the ummah.

The social role of waqf is also seen in poverty alleviation and the provision of basic facilities. With sustainably managed funds and assets, waqf can meet the needs of vulnerable groups, reduce their dependence on state aid, and increase social solidarity (Mukhlisuddin, 2023). Waqf is a symbol of togetherness and collective concern of Muslims for others.

Waqf has a special characteristic because it is long-term and its benefits are uninterrupted as long as it is managed properly. The concept of "jariyah" or charity that continues to flow becomes a spiritual force that encourages people to continue to do waqf for the benefit of the people (Askouri, 2024). Therefore, waqf can be a consistent pillar in supporting social welfare.

However, in order for the social role of waqf to be optimal, accountable and transparent governance is needed. Many countries still face management problems, such as assets that are in default or whose legal status is unclear (Alam, 2018). This hinders the contribution of waqf in building an empowered and prosperous society.

It is also important to integrate waqf with government social programs. With this synergy, waqf can fill the gap in public service financing that is not affordable by the state budget. As said by Abdullah (2020), waqf plays a role in easing the burden on the state while expanding the reach of social services to the poor.

With all its social potential, waqf can be a strong foundation to create a just and civilized Islamic society. A system that harmoniously combines spirituality and social empowerment, and is firmly rooted in the principles of Islamic teachings.

2. Waqf as a Motor of Sustainable Economic Growth

Waqf not only has a social dimension, but also has great potential as a motor for the economic growth of the people. Waqf assets that are managed productively are able to create jobs, increase community income, and support sustainable economic development (Wijaya et al., 2023). Therefore, a modern approach to waqf is urgently needed.

In this context, the concept of productive waqf is crucial. Productive waqf means the management of waqf assets for profit-generating activities, such as rental property, agriculture, and halal businesses. These profits are then allocated for social, educational, and welfare programs for the people (Susanto, 2017). This model makes waqf an independent and sustainable source of financing.

In India, the potential of waqf is enormous, with thousands of properties scattered. However, only a small part is used optimally due to weak management and supervision systems (Abdullah, 2020). This shows the need for institutional reform and professionalization of nazhir (waqf managers) so that waqf assets can have maximum economic impact.

Waqf-based economic empowerment can also reduce economic disparities between community groups. With a fair and needs-based distribution mechanism, waqf becomes a natural means of wealth distribution in accordance with the principles of justice in Islam (Alam, 2018). This creates a more inclusive and economically self-reliant society.

As an alternative source of finance, waqf can also strengthen the MSME sector through sharia financing schemes. Several countries have developed waqf financial institutions to channel capital to sharia-based small business actors, which are not accessible by conventional banking (Obaidullah, 2016). This is a real step in building the economic independence of the people.

However, in order for waqf to truly become an economic motor, adequate regulatory support and high waqf literacy in the community are needed. Education for prospective waqf and the professionalization of waqf management must be a priority in the development of the Islamic economy in the future (Askouri, 2024).

With the right management strategy, waqf can strengthen the economic foundation of Muslims in a sustainable manner. It is not only a spiritual heritage, but also an economic pillar capable of creating long-term prosperity.

3. Waqf Management Reform in Responding to the Challenges of the Times

In the context of globalization and modern socio-economic complexity, waqf requires a new approach to remain relevant and effective. Waqf governance reform is an absolute requirement so that it is not trapped in stagnation and inefficiency (Alam, 2018). This includes regulatory updates, management, and technology utilization.

One of the big challenges in waqf management is transparency and accountability. In many Muslim countries, reports of corruption, overlapping ownership, and unproductive assets often surface. Management reform is needed by applying the principle of good governance in waqf management (Susanto, 2017).

The use of digital technology such as blockchain and the national waqf information system is a cutting-edge solution in the supervision and publication of waqf assets. This innovation allows the ummah to know the development and distribution of waqf results in real time, as well as increase public participation (Wijaya et al., 2023).

It is also important to involve the younger generation in the development of waqf through digital approaches and social entrepreneurship. Collaboration between Islamic boarding schools, campuses, and Islamic financial institutions can be an incubator to produce professional and socially minded waqf managers (Nazmi & Juliati, 2023).

In addition, the integration of waqf with other Islamic financial sectors such as zakat, sukuk, and infaq, can create synergies that strengthen the economic structure of the ummah. This integrative model has been exemplified by several countries such as Malaysia and Turkey with significant results (Kasdi et al., 2022).

One thing that is no less important is to build people's awareness that waqf is an investment in the hereafter that has an impact on the world. Proper education through da'wah pulpits, digital media, and educational curriculum will form a waqf culture in the community (Askouri, 2024).

With a modern, professional, and collaborative approach, waqf will remain a vital institution in answering the challenges of the times and supporting the social and economic development of Muslims in a sustainable manner.

CONCLUSION

Waqf has a strategic role as a pillar of social and economic development for Muslims. As a permanent Islamic financial instrument, waqf provides sustainable resources to finance various public needs such as education, health services, and social assistance. The history of Islamic civilization proves that waqf has become an important means in realizing the welfare of the community in an inclusive manner, as well as strengthening the social structure of the ummah through the spirit of philanthropy and mutual concern.

In the economic context, waqf has proven to be able to be a driving force for the economic growth of the people. Productive waqf management can create jobs, mobilize the real sector, and increase people's income, especially vulnerable groups. Thus, waqf is not only a spiritual symbol, but also a concrete economic instrument in realizing the independence and empowerment of the people in a sustainable manner.

However, the use of waqf in many regions is still not optimal due to weak governance, low public literacy, and lack of regulatory support. Many waqf assets are unproductive because they are managed traditionally without a professional approach. For this reason, a comprehensive reform is needed in waqf management through strengthening regulations, digitizing waqf information systems, and training managers (nazhir) so that waqf can provide maximum benefits for the development of the people.

Based on this description, it can be concluded that waqf has great potential to become the main pillar in the social and economic development of Muslims. With a modern, integrative, and professional approach, waqf is not only relevant to the past, but also a real

solution to the challenges of the development of the people in the present and future. Therefore, the optimization of waqf must be a priority agenda in the development of the global Islamic economy.

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