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STRATEGIC MANAGEMENT OF PRODUCTIVE WAQF IN ISLAMIC BOARDING SCHOOLS: A PATH TOWARD FINANCIAL SUSTAINABILITY

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ABSTRACT
Productive waqf is a vital instrument in Islamic economics with significant potential to enhance the welfare of Islamic boarding schools (pesantren) and local communities if managed strategically. This study aims to analyze the strategic management and utilization of productive waqf at Miftahul Huda Peron Islamic Boarding School in supporting the economic empowerment of students and the surrounding community toward long-term financial sustainability. This study employs a qualitative descriptive research method, with data collected through in-depth interviews, participant observation, and documentation. The findings indicate that Miftahul Huda Peron has successfully implemented strategic management by optimizing previously static waqf assets and diversifying its business portfolio into various sectors, including retail (Mifda Mart and Bin 'Auf Store), water refilling services (Rizqua), and stationery services (ATK Mifda). Furthermore, the management integrates core Islamic economic values, such as distributive justice, the removal of injustice (nafyu dzulum), collective welfare, and strict sharia compliance. Professionalism is fostered by appointing nadzirs (waqf managers) based on business competency, many of whom are trained through Balai Latihan Kerja (BLK). The results demonstrate that this productive waqf model contributes significantly to the institution's independence, covering up to 50% of educational operational costs and providing economic opportunities for the local community. This study concludes that professional and value-based strategic management of waqf serves as a robust path toward the financial sustainability of Islamic educational institutions.

Keywords : *Productive Waqf, Strategic Management, Financial Sustainability, Islamic Boarding Schools, Community Empowerment.*

INTRODUCTION

Islam, as a universal religion that embodies the principle of *rahmatan lil-'alamin*—mercy and compassion for all creation—offers an ethical framework in which wealth is viewed not merely as a private possession but also as a social trust that carries distributive responsibilities. Within this framework, Islamic social finance instruments, including zakat, waqf, sadaqah, and *qard hasan*, are designed to mobilize economic resources for poverty alleviation, social protection, community empowerment, and the achievement of collective welfare (United Nations Development Programme [UNDP], 2019; Kahf, 1998). Waqf is therefore not limited to a ritual or charitable practice, but represents an institutional mechanism through which privately owned assets can be preserved, developed, and utilized for sustainable religious, educational, economic, and social purposes (Cizakça, 2000; Sadeq, 2002).

Historically, waqf has played a significant role in the development of human capital and public infrastructure throughout the Muslim world. Endowment-based institutions have supported the establishment and operation of mosques, schools, universities, libraries, hospitals, water facilities, shelters, and other forms of community infrastructure, thereby demonstrating that waqf possesses an enduring developmental function beyond short-term philanthropy (Cizakça, 1998; Hoexter, 1998). The historical experience of waqf indicates that social services do not necessarily have to depend exclusively on state budgets or individual charitable donations, because professionally governed endowment institutions can generate continuous benefits from assets that are preserved for the public interest (Kahf, 1998; Mohsin, 2013).

In Indonesia, waqf has become an important foundation for the development of religious and educational institutions. A substantial number of mosques, prayer facilities, Islamic schools, pesantren, cemeteries, and community organizations have been established on waqf land, reflecting the close relationship between waqf and the provision of basic religious and social services (Badan Wakaf Indonesia [BWI], 2024; Ministry of Religious Affairs of the Republic of Indonesia, 2004). Indonesian Law No. 41 of 2004 defines waqf as a legal act by which a waqif separates or transfers part of his or her assets for permanent or temporary utilization in accordance with Islamic principles and for religious purposes or public welfare (Ministry of Religious Affairs of the Republic of Indonesia, 2004; BWI, 2004). This legal definition emphasizes that waqf assets must be managed and developed in accordance with their designated purposes rather than merely preserved as inactive or non-income-generating properties (Ministry of Religious Affairs of the Republic of Indonesia, 2004; BWI, 2004).

Conceptually, waqf involves the preservation of the substance of an asset, commonly referred to as *al-'ayn*, while allocating its benefits, or *al-manfa'ah*, to beneficiaries and social objectives. This distinction establishes the fundamental principle that the original waqf asset should remain protected, whereas the economic, social, or religious benefits generated from that asset may be distributed in accordance with the intention of the waqif and the principles of Islamic law (Kahf, 1998; Sadeq, 2002). Consequently, the management of waqf requires a balance between asset preservation, economic productivity, accountability, and the continuous distribution of benefits to the intended beneficiaries (Cizakça, 2000; Ministry of Religious Affairs of the Republic of Indonesia, 2004).

The contemporary development agenda has increasingly recognized waqf as a strategic instrument for social inclusion, poverty reduction, economic empowerment, and sustainable development. Islamic social finance is particularly relevant to the Sustainable Development Goals because it is rooted in ethical finance, social solidarity, distributive justice, and the protection of vulnerable groups (UNDP, 2019; United Nations, 2015). When managed transparently and productively, waqf can contribute to the achievement of several SDGs, including poverty reduction, quality education, decent work, reduced inequality, sustainable communities, and institutional strengthening (UNDP, 2018; UNDP, 2019). Its long-term character also makes waqf especially relevant to financial sustainability because its principal assets can be preserved while the returns generated from those assets are continuously reinvested and distributed for social purposes (Mohsin, 2013; Sadeq, 2002).

This contemporary orientation has encouraged a significant shift from the traditional consumptive management of waqf toward a productive and developmental approach. Under the consumptive model, waqf assets are generally used directly for worship, burial, or the provision of immediate social services without being developed into sustainable sources of institutional income (Kahf, 1998; BWI, 2024). By contrast, productive waqf seeks to transform waqf assets into income-generating activities—such as retail businesses, agriculture, rental property, education services, health services, microfinance, and other halal enterprises—without violating the original purpose or legal status of the endowed assets (Cizakça, 2000; Mohsin, 2013). The central objective is not commercialization for private enrichment, but the creation of a sustainable surplus that can finance education, social welfare, institutional development, and community empowerment (Sadeq, 2002; UNDP, 2019).

Indonesia possesses considerable waqf potential, particularly in the form of land and cash waqf. Data from the Waqf Information System of the Indonesian Ministry of Religious Affairs indicate that waqf land is distributed across approximately 440,512 locations, covering more than 57,000 hectares nationwide (BWI, 2024; Ministry of Religious Affairs of the Republic of Indonesia, 2022). The Indonesian Waqf Board has also identified substantial potential for cash waqf, which has been estimated at approximately IDR 180 trillion annually, although the realization of this potential remains constrained by institutional, managerial, literacy, and regulatory challenges (BWI, 2024; UNDP, 2019). These figures demonstrate that Indonesia possesses a substantial waqf resource base, but the existence of large assets does not automatically guarantee economic productivity, institutional independence, or social impact (BWI, 2024; Mohsin, 2013).

The main challenge is that a considerable proportion of waqf assets continue to be managed through traditional, fragmented, and consumptive approaches. Many waqf properties lack adequate legal documentation, professional business planning, financial reporting systems, market analysis, risk management, and integration with broader institutional development strategies (Ministry of Religious Affairs of the Republic of Indonesia, 2004; BWI, 2024). In addition, some *nazhir*—the individuals or institutions entrusted with managing waqf assets—do not yet possess sufficient competence in entrepreneurship, investment management, accounting, governance, digital technology, and business development (BWI, 2024; Mohsin, 2013). As a result, waqf assets that could potentially generate sustainable income often remain underutilized, producing limited benefits for educational institutions and surrounding communities (Kahf, 1998; Sadeq, 2002).

Islamic boarding schools, or *pesantren*, represent an important institutional setting for the development of productive waqf in Indonesia. Historically, pesantren have functioned not only as centers of Islamic learning and *dakwah*, but also as institutions of social transformation, cultural preservation, community leadership, and economic empowerment (Dhofier, 2011; Ministry of Religious Affairs of the Republic of Indonesia, 2019). Law No. 18 of 2019 concerning Pesantren formally recognizes the multidimensional role of pesantren in education, religious propagation, and community empowerment, thereby strengthening their institutional position within Indonesia's national development framework (Ministry of Religious Affairs of the Republic of Indonesia, 2019; Republic of Indonesia, 2019). This expanded role requires pesantren to develop organizational capacities and financial systems that enable them to maintain educational quality while responding to changing economic, technological, and social conditions (Dhofier, 2011; Ministry of Religious Affairs of the Republic of Indonesia, 2019).

Many pesantren possess waqf land, buildings, agricultural resources, educational facilities, and community networks that could be developed into productive economic units. Nevertheless, the existence of these assets does not always correspond to adequate welfare for students, teachers, employees, and local communities, particularly when asset management remains dependent on donations, tuition fees, and irregular external assistance (BWI, 2024; Mohsin, 2013). Financial dependence may limit the capacity of pesantren to improve infrastructure, provide scholarships, enhance teacher remuneration, expand educational programs, and respond effectively to the needs of their surrounding communities (UNDP, 2019; Ministry of Religious Affairs of the Republic of Indonesia, 2019). Therefore, productive waqf can serve as a strategic instrument for strengthening pesantren autonomy while ensuring that economic activities remain consistent with Islamic ethics and the social mission of education (Kahf, 1998; Sadeq, 2002).

The transformation of waqf into a sustainable source of institutional income requires the application of strategic management principles. Strategic management enables an institution to formulate a clear vision, identify internal strengths and weaknesses, assess external opportunities and threats, allocate resources effectively, diversify business activities, manage risks, and evaluate organizational performance on a continuous basis (David & David, 2017; Wheelen et al., 2018). In the context of productive waqf, strategic management is necessary because waqf assets are not ordinary commercial assets; they are religiously entrusted resources whose economic development must remain aligned with the objectives of the waqif, the requirements of Islamic law, and the principles of public accountability (Ministry of Religious Affairs of the Republic of Indonesia, 2004; BWI, 2004). Accordingly, productive waqf management must integrate business efficiency with social responsibility, financial performance with spiritual accountability, and institutional sustainability with the continuous distribution of public benefits (Cizakça, 2000; UNDP, 2019).

An illustrative case of this transformation can be observed at Miftahul Huda Peron Islamic Boarding School in Limbangan, Kendal, Central Java. The institution has developed an approach that seeks to convert previously static or underutilized waqf-related assets into productive economic units capable of generating income for educational and institutional purposes (Primary field data, 2026; Ministry of Religious Affairs of the Republic of Indonesia, 2004). Its business portfolio reportedly includes retail activities through Mifda Mart and Bin ‘Auf Store, water-refilling services through Rizqua, and stationery services through ATK Mifda, reflecting a strategy of business diversification designed to reduce dependence on a single source of income (Primary field data, 2026; David & David, 2017). The diversification of these activities is strategically important because it enables the pesantren to serve the daily needs of students and the surrounding community while simultaneously creating additional revenue streams for institutional financing (Primary field data, 2026; Mohsin, 2013).

The management model implemented at Miftahul Huda Peron also reflects an effort to integrate Islamic economic values into day-to-day business operations. Principles such as distributive justice, honesty, transparency, mutual benefit, and the prevention of *zulm*—injustice, exploitation, or harmful transaction practices—are expected to guide the formulation of prices, the treatment of employees, the selection of suppliers, and the distribution of business surpluses (Qur’an, 16:90; Chapra, 2000). In this context, economic productivity is not understood solely through the calculation of profit, but also through the extent to which business activities preserve dignity, promote fairness, support education, and generate benefits for the wider community (Chapra, 2008; Sadeq, 2002).

The Maqasid al-Shari‘ah framework provides an appropriate analytical perspective for examining this form of waqf management. Maqasid al-Shari‘ah emphasizes the protection and advancement of religion, life, intellect, progeny, and wealth, while contemporary scholarship also highlights human dignity, justice, social welfare, and institutional development as important dimensions of Islamic economic policy (Auda, 2008; Chapra, 2008). From this perspective, productive waqf at a pesantren should create a dynamic balance between material and spiritual objectives: it must generate sufficient income to support institutional operations while preserving the religious, educational, and social purposes for which the assets were endowed (Auda, 2008; Kahf, 1998). The success of productive waqf should therefore be assessed through both financial indicators—such as revenue, surplus, cost coverage, and asset growth—and social indicators, including scholarships, educational quality, teacher welfare, employment creation, and community empowerment (UNDP, 2019; Sadeq, 2002).

A further feature of the Miftahul Huda Peron model is the effort to strengthen the professionalism of its *nazhir* and operational managers. The recruitment or development of personnel who possess training in entrepreneurship, administration, financial management, marketing, and Islamic business ethics is essential for transforming waqf assets into sustainable economic enterprises (BWI, 2004; Mohsin, 2013). Training through institutions such as Balai Latihan Kerja can contribute to the development of practical managerial competence, provided that the training is connected to institutional planning, performance measurement, risk control, and transparent reporting systems (Primary field data, 2026; Wheelen et al., 2018). Professional *nazhir* are expected not only to preserve waqf assets but also to identify opportunities, manage commercial risks, maintain accurate records, and ensure that the resulting benefits are distributed according to the objectives of the waqf (Ministry of Religious Affairs of the Republic of Indonesia, 2004; BWI, 2004).

According to the preliminary information underlying this study, the productive economic units managed by Miftahul Huda Peron have contributed approximately 50 percent of the institution's educational operational costs (Primary field data, 2026; Mohsin, 2013). If confirmed through audited financial records and systematic field research, this contribution would demonstrate the potential of productive waqf to reduce the financial vulnerability of pesantren and strengthen their capacity to sustain educational programs over the long term (Primary field data, 2026; UNDP, 2019). However, the measurement of financial sustainability should not be based solely on the proportion of operational costs covered, because it should also include the stability of income, asset preservation, reinvestment capacity, governance quality, social impact, and compliance with waqf regulations (Wheelen et al., 2018; Ministry of Religious Affairs of the Republic of Indonesia, 2004).

Against this background, this study aims to analyze the strategic management of productive waqf at Miftahul Huda Peron Islamic Boarding School and to examine its contribution to institutional financial sustainability. The study specifically investigates how waqf assets are identified, organized, developed, and integrated into diversified economic activities that support the educational mission of the pesantren (David & David, 2017; Mohsin, 2013). It also examines the role of professional *nazhir*, Islamic ethical principles, business diversification, financial accountability, and community participation in strengthening the effectiveness of productive waqf management (BWI, 2004; UNDP, 2019). By analyzing the relationship between strategic management and Islamic social finance, this research seeks to contribute empirical insights into the development of financially resilient and socially responsible pesantren (Kahf, 1998; Cizakça, 2000).

This study further argues that productive waqf can become an important pathway toward the financial sustainability of Islamic educational institutions when it is supported by professional governance, competent human resources, appropriate business planning, transparent financial reporting, and continuous evaluation (Mohsin, 2013; BWI, 2024). The experience of Miftahul Huda Peron demonstrates that waqf can be repositioned from a passive institutional asset into an active instrument for educational financing, community empowerment, and local economic development, provided that its management remains faithful to Islamic principles and legal requirements (Primary field data, 2026; Ministry of Religious Affairs of the Republic of Indonesia, 2004). Ultimately, the strategic management of productive waqf should be understood not merely as a method for increasing institutional revenue, but as an integrated model for preserving religious values, strengthening educational resilience, promoting distributive justice, and generating sustainable welfare for the pesantren and the wider community (Auda, 2008; Chapra, 2008).

The specific claims concerning Mifda Mart, Bin 'Auf Store, Rizqua, ATK Mifda, professional training through BLK, and the 50 percent contribution to operational costs should be supported in the final manuscript by your own interview transcripts, audited financial statements, institutional documents, observation notes, or other primary research evidence. Publicly accessible sources confirm the existence of the Miftahul Huda Peron institution, but they do not adequately verify all of those specific business and financial claims. The national waqf figures used above are consistent with BWI and the Ministry of Religious Affairs data, which report approximately 440,512 waqf-land locations covering more than 57,000 hectares in Indonesia.

The urgency of this research arises from the widening gap between Indonesia's substantial waqf potential and the limited productivity of many waqf assets managed by religious and educational institutions. Although waqf land and cash waqf possess significant potential to support education, poverty alleviation, and community empowerment, their benefits remain constrained by weak institutional governance, limited managerial competence, inadequate financial reporting, and the persistence of consumptive management practices (Badan Wakaf Indonesia [BWI], 2024; Mohsin, 2013). Recent studies also indicate that the professionalism of *nazhir* remains a critical challenge because many waqf managers lack managerial skills, entrepreneurial capabilities, formal training, and experience in strategic asset development (Ilyas, 2023; BWI, 2004).

The issue is particularly urgent in the context of Islamic boarding schools, which are required to maintain educational quality while simultaneously responding to increasing operational costs, technological changes, and the expanding social needs of their communities. Pesantren cannot rely indefinitely on tuition fees, donations, and irregular external assistance because such sources of financing are often unstable and insufficient to support long-term institutional development (Ministry of Religious Affairs of the Republic of Indonesia, 2019; UNDP, 2019). Productive waqf therefore becomes strategically important because it can transform endowed assets into sustainable sources of income while preserving their religious and social purposes (Kahf, 1998; Sadeq, 2002).

The urgency of the study is further strengthened by the need to connect waqf management with broader discussions on sustainable development and institutional resilience. Productive waqf has the potential to support quality education, employment creation, poverty reduction, social inclusion, and community economic empowerment when it is managed through accountable and professional institutions (United Nations Development Programme [UNDP], 2019; United Nations, 2015). However, this potential cannot be realized merely through the availability of waqf assets; it requires strategic planning, business diversification, professional *nazhir*, transparent governance, and systematic evaluation of economic and social performance (Cizakça, 2000; Mohsin, 2013).

This research is conducted because existing approaches to waqf management frequently emphasize the legal status and religious validity of waqf while giving insufficient attention to strategic management, organizational sustainability, and institutional financial performance. The preservation of waqf assets is essential, but preservation alone does not guarantee that the assets will generate continuous benefits for students, teachers, educational programs, and surrounding communities (Ministry of Religious Affairs of the Republic of Indonesia, 2004; BWI, 2004). Accordingly, it is necessary to examine how waqf assets can be managed as productive resources without compromising the principles of *amanah*, distributive justice, transparency, and compliance with Islamic law (Auda, 2008; Chapra, 2008).

The selection of Miftahul Huda Peron Islamic Boarding School as the research setting is based on its experience in developing diversified economic activities connected to the institutional mission of pesantren. The institution provides an important empirical context for examining how retail businesses, water-refilling services, stationery services, human-resource development, and other productive activities can be integrated into a broader financial sustainability strategy (Primary field data, 2026; David & David, 2017). Its experience is particularly relevant because it illustrates the transition from static asset ownership toward an institutionally managed portfolio of productive activities designed to support educational operations and community needs (Primary field data, 2026; Mohsin, 2013).

The study is also necessary because financial sustainability should not be understood exclusively as the ability to generate profit. In an Islamic educational institution, sustainability includes the capacity to preserve waqf assets, finance educational programs, improve teacher and student welfare, maintain institutional independence, empower the surrounding community, and ensure accountability to waqifs and beneficiaries (Auda, 2008; Sadeq, 2002). Therefore, the research examines productive waqf through an integrated framework that combines strategic management, Islamic economic principles, *Maqasid al-Shari'ah*, and measurable institutional outcomes (Chapra, 2008; Wheelen et al., 2018). The primary distinction of this research lies in its focus on the relationship between strategic management and the financial sustainability of productive waqf within a pesantren environment. Previous studies have generally examined productive waqf from the perspectives of legal regulation, fundraising, asset utilization, *nazhir* professionalism, or general institutional independence (Ilyas, 2023; Mohsin, 2013). By contrast, this study analyzes the complete strategic management process, including asset identification, organizational planning, business diversification, managerial capacity, implementation, financial contribution, risk management, and performance evaluation (David & David, 2017; Wheelen et al., 2018).

A further distinction is the study's emphasis on the connection between productive waqf and the operational financing of Islamic education. Several studies have reported that productive waqf can support infrastructure development, scholarships, teacher welfare, and pesantren independence, but relatively few studies investigate how specific economic units are strategically organized and how their revenue contributes to the financing structure of an individual pesantren (BWI, 2024; UNDP, 2019). This research addresses that gap by examining Miftahul Huda Peron as a case in which productive activities are linked directly to the institution's educational mission and operational expenditure (Primary field data, 2026; Sadeq, 2002). This research also differs from studies that treat waqf management primarily as a financial or commercial issue. It places economic productivity within the broader ethical framework of *Maqasid al-Shari'ah*, emphasizing that the success of productive waqf must be evaluated through both financial and social dimensions (Auda, 2008; Chapra, 2008). The study therefore considers not only revenue generation and cost coverage, but also asset preservation, distributive justice, educational continuity, institutional accountability, community welfare, and the prevention of exploitative business practices (Kahf, 1998; UNDP, 2019).

In addition, the research contributes a contextualized analysis of a pesantren-based productive waqf model located in Central Java. Unlike large and highly established Islamic educational institutions that may possess extensive capital, professional staff, and broad market access, Miftahul Huda Peron represents a more locally embedded institutional setting whose productive activities are closely connected to the daily needs of students and the surrounding community (Primary field data, 2026; Ministry of Religious Affairs of the Republic of Indonesia, 2019). This context enables the study to identify practical lessons concerning how smaller or medium-sized pesantren can develop productive waqf through gradual business diversification, local participation, and the professionalization of managerial responsibilities (Mohsin, 2013; BWI, 2004).

This research is expected to provide a comprehensive understanding of how productive waqf can be managed as a strategic instrument for strengthening the financial sustainability of Islamic boarding schools. The study is expected to demonstrate that the effective utilization of waqf assets depends on the integration of visionary leadership, professional *nazhir*, business diversification, transparent financial management, ethical transactions, and continuous institutional evaluation (BWI, 2004; Wheelen et al., 2018). It is also expected to clarify the mechanisms through which productive economic activities contribute to educational financing and reduce institutional dependence on unstable sources of external funding (Primary field data, 2026; UNDP, 2019).

From an academic perspective, this study is expected to enrich the literature on Islamic social finance by linking productive waqf with strategic management and organizational sustainability. The findings may contribute to the development of a conceptual model explaining how waqf assets are transformed into productive resources, how business income is allocated to institutional needs, and how Islamic values influence managerial decision-making (Cizakça, 2000; Auda, 2008). The study may also serve as a reference for future research on waqf governance, pesantren entrepreneurship, Islamic educational finance, and the application of *Maqasid al-Shari'ah* in institutional development (Chapra, 2008; Sadeq, 2002).

From a practical perspective, the research is expected to generate recommendations for pesantren leaders, *nazhir*, waqf institutions, government agencies, Islamic financial institutions, and community organizations. These recommendations may include the development of professional recruitment systems for *nazhir*, continuous managerial training, standardized operating procedures, digital financial reporting, business feasibility analysis, internal control mechanisms, and strategic partnerships with government and private-sector institutions (Ilyas, 2023; Mohsin, 2013). Such recommendations are important because recent research has emphasized that productive waqf management requires not only asset ownership but also transparency, professional governance, technological support, and institutional partnerships.

Finally, the research is expected to support the formulation of a replicable and ethically grounded model of productive waqf management for pesantren in Indonesia. The model should be sufficiently flexible to accommodate differences in asset availability, local market conditions, managerial capacity, community characteristics, and institutional priorities (David & David, 2017; BWI, 2024). In the long term, the study is expected to demonstrate that productive waqf can function as a sustainable bridge between religious philanthropy, institutional financial independence, educational development, and community empowerment (UNDP, 2019; Cizakça, 2000). Through this contribution, the research seeks to strengthen the position of pesantren not only as centers of Islamic learning, but also as resilient, accountable, and socially productive institutions capable of contributing to Indonesia's inclusive and sustainable development agenda (Ministry of Religious Affairs of the Republic of Indonesia, 2019; United Nations, 2015).

LITERATURE REVIEW

Islamic Economic Values in al-Shatibi's Framework

Islamic economic values are grounded in the understanding that economic activity is not value-neutral but constitutes part of a broader ethical and spiritual order. In Islam, wealth is recognized as an important instrument for human welfare, yet its ownership and utilization are subject to moral accountability before God and social responsibility toward other members of society (Chapra, 2000; Naqvi, 1994). Economic activities must therefore be directed toward the realization of *al-maslahah*, namely the achievement of beneficial outcomes and the prevention of harm in both individual and collective life (al-Shatibi, 1997; Auda, 2008). The concept of *Maqasid al-Shari'ah* provides the principal theoretical foundation for understanding Islamic economic values. In the thought of Abu Ishaq al-Shatibi, Islamic law is ultimately directed toward the realization, protection, and development of human welfare in this world and the hereafter (al-Shatibi, 1997; Kamali, 2008). Accordingly, economic institutions such as waqf should not be evaluated merely according to their formal legality or financial performance, but also according to their ability to preserve human dignity, protect wealth, expand access to education, reduce social inequality, and promote collective welfare (Auda, 2008; Chapra, 2008).

Al-Shatibi classifies human interests into three hierarchical levels: *daruriyyat*, *hajiyyat*, and *tahsiniyyat*. *Maslahah daruriyyat* refers to essential interests that must be protected because their absence would threaten the fundamental order of human life and social existence (al-Shatibi, 1997; Kamali, 2008). These essentials are commonly associated with the protection of religion, life, intellect, lineage or family, and wealth, although contemporary scholars have expanded their interpretation to include human dignity, justice, freedom, social security, and institutional accountability (Auda, 2008; Chapra, 2008). In the context of Islamic boarding schools, *daruriyyat* may be reflected in the provision of basic educational facilities, food, accommodation, health services, religious instruction, and the protection of institutional assets. Productive waqf can contribute to these essential interests by generating stable income for operational financing and ensuring that pesantren can continue to provide educational and religious services (Kahf, 1998; Sadeq, 2002). The preservation and development of waqf assets are therefore closely connected to the protection of wealth and the continuity of religious and intellectual education (al-Shatibi, 1997; Mohsin, 2013).

The second level, *maslahah hajiyyat*, refers to complementary needs that facilitate human life and prevent excessive difficulty, even though their absence would not necessarily destroy the fundamental structure of society (al-Shatibi, 1997; Kamali, 2008). In a pesantren context, these needs may include improved learning facilities, digital technology, transportation, vocational education, professional training, libraries, laboratories, and better administrative systems. Although such facilities are not always essential for institutional survival, they significantly improve the quality, efficiency, and accessibility of educational services (Auda, 2008; Ministry of Religious Affairs of the Republic of Indonesia, 2019).

The third level, *maslahah tahsiniyyat*, refers to interests associated with refinement, ethical excellence, beauty, dignity, and the improvement of human conduct (al-Shatibi, 1997; Kamali, 2008). In productive waqf management, this level may be reflected in the implementation of fair employment practices, professional customer service, environmentally responsible business operations, aesthetically appropriate facilities, ethical marketing, and transparent institutional communication (Chapra, 2008; Naqvi, 1994). These values indicate that the purpose of productive waqf is not merely to maximize income, but also to establish an institutional culture that reflects Islamic excellence and moral integrity (Auda, 2008; Mohsin, 2013).

A central value within the *Maqasid al-Shari'ah* framework is distributive justice. Islamic economic justice requires that wealth should not circulate exclusively among a small group of individuals but should generate benefits for wider society (Qur'an, 59:7; Chapra, 2000). Waqf embodies this principle because the benefits generated by an asset are directed toward designated beneficiaries, including the poor, students, teachers, religious institutions, and local communities (Kahf, 1998; Sadeq, 2002). Productive waqf strengthens this distributive function by enabling the asset to generate recurring benefits rather than providing only one-time assistance (Cizakça, 2000; Mohsin, 2013).

Another important value is the prevention of *zulm*, which may be translated as oppression, injustice, exploitation, or the violation of rights. In the context of waqf management, the prevention of *zulm* requires the protection of waqf assets from misuse, personal appropriation, corruption, negligence, irresponsible indebtedness, and transactions that harm beneficiaries (Chapra, 2008; Ministry of Religious Affairs of the Republic of Indonesia, 2004). Therefore, transparent accounting, institutional supervision, proper documentation, and responsible decision-making are not merely administrative requirements but also expressions of Islamic morality and accountability (BWI, 2004; Cizakça, 2000). The framework of al-Shatibi also emphasizes the balance between material and spiritual welfare. Material prosperity is important because it enables individuals and institutions to meet their basic needs, but material accumulation cannot be regarded as the ultimate objective of economic life (al-Shatibi, 1997; Chapra, 2000). Productive waqf must therefore pursue economic efficiency while ensuring that business activities remain halal, socially responsible, environmentally appropriate, and directed toward educational and community welfare (Auda, 2008; UNDP, 2019). This balance provides a relevant theoretical basis for examining productive waqf at Miftahul Huda Peron Islamic Boarding School.

Theoretical Foundations and Legal Bases of Waqf

Waqf is generally understood as the preservation of the substance of an asset while dedicating its benefits to religious, social, educational, or community purposes. The substance of the asset is commonly referred to as *al-ʻayn* or *al-asl*, while the benefits or returns generated from it are described as *al-manfaʻah* or *al-thamarah* (Kahf, 1998; Sadeq, 2002). This distinction establishes the fundamental legal and economic characteristic of waqf: the original asset must be protected, whereas the benefits derived from the asset may be distributed to the designated beneficiaries (*mauquf ʻalayh*) (Cizakça, 2000; Mohsin, 2013). The normative foundations of waqf are derived from the general Qur'anic principles concerning charity, the expenditure of wealth in the way of Allah, benevolence, and the pursuit of righteousness. Surah Ali ʻImran verse 92 states that individuals will not attain complete righteousness until they spend from what they love, a principle commonly associated with the moral foundations of charitable endowment and sacrifice (Qur'an, 3:92; Ibn Kathir, 2000). Although the Qur'an does not provide a single comprehensive legal definition of waqf, its teachings establish the ethical basis for dedicating valuable property to enduring public benefit (Kahf, 1998; Sadeq, 2002).

The Prophetic tradition concerning Umar ibn al-Khattab's land in Khaybar provides the clearest textual example of the waqf concept. When Umar acquired valuable land in Khaybar and asked the Prophet Muhammad about its use, the Prophet advised him to preserve the principal asset and distribute its produce as charity (Sahih Muslim, 1632a; Ibn Hajar al-ʻAsqalani, 2000). This instruction is commonly summarized in the principle: "retain the corpus and distribute its yield," which has become a central foundation for the development of waqf jurisprudence (Kahf, 1998; Cizakça, 2000). The Hadith of Umar demonstrates that waqf does not necessarily mean that an asset must remain physically inactive. On the contrary, the asset may be cultivated, leased, managed, or developed in a way that generates lawful income, provided that its substance remains protected and its benefits are distributed according to the waqf purpose (Sahih Muslim, 1632a; Mohsin, 2013). This principle provides a strong theological and legal justification for productive waqf, including the development of retail businesses, agricultural enterprises, water services, rental properties, and educational facilities (Kahf, 1998; Cizakça, 2000).

The four major Sunni schools of Islamic jurisprudence generally recognize waqf as a recommended form of charitable dedication, although they differ in certain aspects concerning its legal effect, permanence, ownership, administration, and conditions imposed by the waqif (al-Zuhayli, 2003; Kahf, 1998). These differences demonstrate the flexibility of Islamic jurisprudence in addressing various forms of property ownership and social needs. Nevertheless, the central principles of waqf—preservation of the endowed asset, dedication of its benefits, fulfillment of the waqif's intention, and protection of beneficiaries—remain widely recognized across the classical legal traditions (Cizakça, 2000; Sadeq, 2002). In the Indonesian legal system, waqf is regulated primarily by Law No. 41 of 2004 concerning Waqf. The law defines waqf as a legal act performed by a waqif to separate or surrender part of his or her assets for permanent or temporary utilization in accordance with religious and public-welfare purposes (Republic of Indonesia, 2004; BWI, 2004). Indonesian waqf law also recognizes various forms of waqf assets, including immovable property, movable property, money, intellectual property, securities, and other lawful assets (Republic of Indonesia, 2004; Ministry of Religious Affairs of the Republic of Indonesia, 2004).

The legal framework further establishes the role of the *nazhir* as the party responsible for receiving, managing, developing, protecting, and distributing the benefits of waqf assets. The responsibilities of the *nazhir* include the administration of waqf property, management and development in accordance with its intended purpose, supervision and protection of the asset, and reporting of management activities to the relevant authorities (Republic of Indonesia, 2004; BWI, 2004). Thus, the *nazhir* is not merely a custodian of waqf property but also an institutional agent responsible for ensuring that waqf generates sustainable and accountable benefits (Mohsin, 2013; Cizakça, 2000). The legal and theological principles of waqf provide the foundation for developing productive waqf within pesantren. The management of waqf assets for economic purposes is permissible when the activity is halal, professionally administered, consistent with the waqif's intention, and directed toward the benefit of the designated beneficiaries (Kahf, 1998; Republic of Indonesia, 2004). This legal framework makes it possible for pesantren to develop business units while maintaining the religious character and social purpose of their waqf assets (BWI, 2004; Ministry of Religious Affairs of the Republic of Indonesia, 2019).

The Paradigm of Productive Waqf

Productive waqf represents a transformation from a passive and consumptive approach to a dynamic model based on asset development and income generation. Under the traditional consumptive model, waqf assets are commonly used directly for religious or social activities, such as mosques, cemeteries, prayer rooms, or educational buildings (Kahf, 1998; Cizakça, 2000). While these uses remain important, they may not generate sufficient income to finance institutional operations or expand the benefits received by the community (Mohsin, 2013; Sadeq, 2002). The productive waqf paradigm seeks to preserve the principal asset while utilizing it in economic activities that produce lawful and sustainable returns. The principal asset may be developed through agriculture, livestock, property rental, retail trade, manufacturing, service businesses, education, healthcare, or other sectors that are compatible with Islamic principles (Cizakça, 2000; Mohsin, 2013). The income generated from these activities is subsequently allocated to the *mauquf ʻalayh*, reinvested to strengthen the productive asset, or used to finance the institutional and social objectives established by the waqif (Kahf, 1998; Sadeq, 2002).

Productive waqf should not be equated with conventional commercial investment. The principal objective of productive waqf is not private profit maximization but the creation of continuous social benefit through responsible economic activity (Auda, 2008; UNDP, 2019). Profit is treated as a means to achieve educational, religious, social, and community objectives, while the waqf asset remains subject to the principles of trust, accountability, and public benefit (Chapra, 2008; Mohsin, 2013). In the context of pesantren, productive waqf may take various forms. Waqf land may be used for agricultural production, boarding facilities, retail outlets, water-refilling businesses, bookstores, stationery stores, training centers, rental buildings, or halal food production (Kahf, 1998; Mohsin, 2013). These activities can create multiple sources of income while providing services that are directly relevant to the needs of students, teachers, employees, and nearby residents (Primary field data, 2026; Ministry of Religious Affairs of the Republic of Indonesia, 2019).

An important characteristic of productive waqf is the reinvestment of surplus income. A portion of the surplus may be allocated to educational operational expenses, scholarships, teacher welfare, maintenance, and community programs, while another portion may be reinvested into the business to increase productivity and preserve the long-term value of the asset (Sadeq, 2002; Mohsin, 2013). This mechanism creates a financial cycle in which the waqf asset generates income, the income supports beneficiaries, and reinvestment strengthens future productivity (Cizakça, 2000; Kahf, 1998). The productive waqf model also requires a clear distinction between revenue, operating costs, surplus, and distributions to beneficiaries. Without proper financial classification, the institution may be unable to determine whether a business unit is genuinely productive or merely consuming institutional resources (BWI, 2004; Wheelen et al., 2018). Financial statements, cash-flow records, asset registers, cost calculations, and periodic performance reports are therefore essential instruments for evaluating the effectiveness of productive waqf (Mohsin, 2013; Cizakça, 2000).

Productive waqf also involves a number of risks, including market risk, operational risk, liquidity risk, legal risk, reputational risk, and Sharia-compliance risk. These risks must be identified and managed because the misuse or failure of waqf assets can reduce the benefits received by beneficiaries and undermine public trust in waqf institutions (BWI, 2004; Ministry of Religious Affairs of the Republic of Indonesia, 2004). Research on productive waqf in Indonesia has identified human-resource limitations, information-technology weaknesses, Sharia-related issues, and regulatory challenges as significant obstacles to effective management (Rozalinda, 2021; BWI, 2024). For this reason, productive waqf requires a comprehensive management model that combines Islamic jurisprudence, business planning, financial control, professional human resources, and social-impact evaluation. The success of productive waqf cannot be measured only by the volume of income generated, but also by the extent to which the asset is preserved, the beneficiaries are served, and the waqf purpose is fulfilled (Auda, 2008; Sadeq, 2002). This integrated understanding is particularly relevant for analyzing waqf-based enterprises at Miftahul Huda Peron Islamic Boarding School.

Strategic Management and *Nazhir* Professionalism

Strategic management refers to the process through which an organization formulates, implements, and evaluates decisions intended to achieve long-term objectives. It includes environmental analysis, strategic formulation, resource allocation, implementation, monitoring, and corrective action (David & David, 2017; Wheelen et al., 2018). Within waqf institutions, strategic management is necessary because waqf assets must be developed in a changing economic environment while remaining faithful to religious principles and the intention of the waqif (Kahf, 1998; Cizakça, 2000). The first component of strategic management is the formulation of a clear institutional vision. A pesantren must determine whether productive waqf will be directed primarily toward operational financing, educational expansion, student welfare, teacher development, community empowerment, or a combination of these objectives (David & David, 2017; Auda, 2008). A clear vision enables the institution to select appropriate business sectors, determine investment priorities, allocate surpluses, and evaluate whether productive activities are consistent with the broader mission of the pesantren (Wheelen et al., 2018; Ministry of Religious Affairs of the Republic of Indonesia, 2019).

The second component is the identification and assessment of internal and external conditions. Internal analysis includes the evaluation of waqf assets, human resources, capital, infrastructure, managerial capacity, financial systems, and institutional networks (David & David, 2017; Wheelen et al., 2018). External analysis includes market demand, competition, consumer behavior, technology, regulations, local economic conditions, supplier relationships, and potential partnerships with government agencies or Islamic financial institutions (Mohsin, 2013; BWI, 2024). The third component is business diversification. Relying on a single business unit may expose a pesantren to excessive financial risk because market changes or operational disruptions can significantly reduce institutional income (Wheelen et al., 2018; David & David, 2017). Diversification through retail, water services, stationery, agriculture, rental property, or other halal activities may reduce this risk and allow the pesantren to serve various segments of the local community (Primary field data, 2026; Mohsin, 2013). Nevertheless, diversification should be based on feasibility studies, managerial capacity, market demand, and the availability of reliable personnel rather than on institutional enthusiasm alone (Wheelen et al., 2018; BWI, 2004).

The effectiveness of productive waqf management depends heavily on the competence and integrity of the *nazhir*. The *nazhir* must possess moral qualities such as trustworthiness, honesty, responsibility, fairness, and spiritual awareness, as well as technical skills in administration, finance, entrepreneurship, marketing, accounting, risk management, and digital technology (BWI, 2004; Mohsin, 2013). This combination of moral and professional competence is essential because waqf management involves both a religious trust and an economic responsibility (Kahf, 1998; Cizakça, 2000). Professionalism also requires a clear division of roles and responsibilities. A *nazhir* should not personally control every aspect of the business without internal supervision, written procedures, financial controls, or institutional accountability (BWI, 2004; Wheelen et al., 2018). Effective governance may include the separation of asset ownership, operational management, financial administration, supervision, and beneficiary reporting (Cizakça, 2000; Mohsin, 2013). Such separation can reduce the risk of conflicts of interest, fraud, negligence, and the misuse of waqf resources (Ministry of Religious Affairs of the Republic of Indonesia, 2004; BWI, 2004).

Transparency is another central dimension of *nazhir* professionalism. Transparency requires accurate financial records, regular reporting, open communication with stakeholders, and the availability of information concerning revenues, expenses, assets, liabilities, and distributions (BWI, 2004; Cizakça, 2000). Accountability is directed not only toward government authorities or waqifs, but also toward students, teachers, local residents, donors, and other beneficiaries who have a legitimate interest in the performance of the waqf institution (Mohsin, 2013; UNDP, 2019). Training is an important instrument for developing professional *nazhir*.

Specialized training may include business planning, financial literacy, digital accounting, customer service, marketing, halal assurance, legal compliance, leadership, and social-impact measurement (Ilyas, 2023; BWI, 2004). In the pesantren context, training through vocational institutions such as Balai Latihan Kerja may strengthen the ability of managers to transform traditional economic activities into more organized and competitive business units (Primary field data, 2026; Wheelen et al., 2018).

Research on waqf governance in Indonesia indicates that productive waqf development is influenced by human-resource quality, information systems, Sharia compliance, and regulatory support (Rozalinda, 2021; BWI, 2024). Consequently, professionalism cannot be achieved through individual training alone; it also requires institutional reform, digitalization, standardized procedures, supervision, and collaboration with external stakeholders (Rozalinda, 2021; Mohsin, 2013). This perspective is relevant for evaluating whether the management model of Miftahul Huda Peron is sufficiently prepared to sustain and expand its productive waqf activities.

Waqf-Based Economic Empowerment

Waqf can function as an instrument of economic empowerment because it provides a mechanism for converting dormant or underutilized assets into sustainable productive resources. Unlike short-term donations, productive waqf has the potential to generate recurring income that can be continuously allocated to educational and community objectives (Kahf, 1998; Sadeq, 2002). This long-term orientation makes waqf particularly relevant to institutions that require stable financing for education, health services, social protection, and community development (Mohsin, 2013; UNDP, 2019). For pesantren, productive waqf may reduce dependency on external donations and irregular financial assistance. Stable income from business units can be used to finance salaries, utilities, food, infrastructure maintenance, scholarships, educational materials, and institutional development (Primary field data, 2026; Ministry of Religious Affairs of the Republic of Indonesia, 2019). Financial independence does not mean that pesantren must eliminate donations, but rather that donations can be supplemented by internally generated income and used more strategically for expansion and social programs (Sadeq, 2002; Mohsin, 2013).

The economic benefits of productive waqf may also extend beyond the internal needs of the pesantren. Productive enterprises can create employment opportunities for teachers, students, alumni, and residents of the surrounding community (UNDP, 2019; Cizakça, 2000). They may also provide access to essential goods and services, including affordable food, clean water, stationery, educational materials, accommodation, and vocational training (Primary field data, 2026; Ministry of Religious Affairs of the Republic of Indonesia, 2019). This process may generate a multiplier effect within the local economy. When the pesantren purchases goods from local suppliers, employs residents, provides services, and reinvests its surplus, economic activity circulates within the surrounding community rather than being concentrated in external institutions (Chapra, 2000; UNDP, 2019). The multiplier effect is strengthened when business operations are connected with vocational education, entrepreneurship development, micro-enterprise support, and the participation of local communities (Mohsin, 2013; Sadeq, 2002).

Productive waqf can also support the development of human capital. Pesantren may use the proceeds of waqf enterprises to improve teacher training, provide scholarships, develop digital learning facilities, strengthen vocational education, and support student entrepreneurship (Ministry of Religious Affairs of the Republic of Indonesia, 2019; UNDP, 2019). In this regard, productive waqf contributes not only to the financing of current operations but also to the development of the knowledge, skills, and capabilities required for long-term institutional and community resilience (Auda, 2008; Chapra, 2008). From the perspective of *Maqasid al-Shari'ah*, economic empowerment through waqf may protect wealth, strengthen intellect, preserve religion, promote social solidarity, and enhance human dignity (al-Shatibi, 1997; Auda, 2008). The development of productive waqf at a pesantren should therefore be oriented toward the simultaneous achievement of financial, educational, social, and spiritual objectives (Chapra, 2008; Kahf, 1998). The institution's financial surplus becomes meaningful when it contributes to the preservation of the waqf asset and the improvement of the welfare of its beneficiaries (Sadeq, 2002; Mohsin, 2013).

However, the empowerment potential of waqf may be weakened if its management is not supported by accountability and professional governance. Poor planning, weak supervision, inadequate accounting, personal conflicts, and the absence of market analysis may cause productive business units to fail or even consume the principal waqf asset (BWI, 2004; Rozalinda, 2021). For this reason, economic empowerment must be accompanied by effective governance, risk management, periodic evaluation, and the application of clear performance indicators (Wheelen et al., 2018; Mohsin, 2013). In the case of Miftahul Huda Peron Islamic Boarding School, waqf-based economic empowerment can be analyzed through the interaction between productive assets, business diversification, managerial professionalism, and educational financing. The existence of Mifda Mart, Bin 'Auf Store, Rizqua, and ATK Mifda provides an empirical basis for examining how local business activities can be integrated into the broader financial strategy of a pesantren (Primary field data, 2026; David & David, 2017). The analysis should assess not only the income generated by each business unit but also its contribution to operational costs, employment, community services, asset preservation, and institutional development (Primary field data, 2026; Sadeq, 2002).

Ultimately, the integration of professional strategic management with Islamic economic values can transform waqf into a strong instrument for long-term financial sustainability and collective welfare. The strategic management approach ensures that waqf assets are planned, developed, monitored, and evaluated, while the Islamic framework ensures that economic activities remain ethical, socially responsible, and oriented toward *maslahah* (Auda, 2008; Wheelen et al., 2018). Productive waqf can therefore serve as a bridge between religious philanthropy and institutional entrepreneurship, enabling pesantren to maintain their spiritual mission while developing sustainable economic capacity (Kahf, 1998; Mohsin, 2013).

RESEARCH METHODOLOGY

This study employs a descriptive qualitative approach to obtain an in-depth understanding of productive waqf management at Miftahul Huda Peron Islamic Boarding School. A qualitative approach is appropriate because the study seeks to explore institutional practices, managerial experiences, decision-making processes, Islamic economic values, and the social meanings attached to productive waqf rather than measure relationships through numerical variables or statistical tests (Creswell & Poth, 2018; Merriam & Tisdell, 2016). The approach enables the researcher to examine how waqf managers, foundation administrators, business-unit personnel, and members of the surrounding community understand and experience the implementation of productive waqf in its natural institutional setting (Denzin & Lincoln, 2018; Yin, 2018). The descriptive design is used to provide a systematic and contextual explanation of the phenomenon under investigation. In this study, the phenomenon concerns the way in which waqf assets are administered, developed, utilized, and integrated into productive economic activities that support the educational and social mission of the pesantren (Creswell & Poth, 2018; Miles, Huberman, & Saldaña, 2014). The design also allows the researcher to identify substantive problems that emerge during the implementation of Islamic economic values, including distributive justice, transparency, accountability, prevention of *zulm*, and the balance between financial productivity and social welfare (Auda, 2008; Chapra, 2008).

The research does not treat productive waqf solely as an economic or commercial activity. Instead, it examines productive waqf as a multidimensional institutional phenomenon involving religious values, legal obligations, organizational governance, business management, community relations, and educational sustainability (Kahf, 1998; Mohsin, 2013). Such a perspective is important because the success of productive waqf cannot be assessed only through the amount of revenue generated, but must also be evaluated through asset preservation, beneficiary welfare, institutional accountability, and the fulfillment of the waqif's intended purpose (Cizakça, 2000; Sadeq, 2002). The qualitative design allows the researcher to collect data in the form of interview narratives, field observations, institutional documents, photographs, videos, and other relevant materials. These sources provide rich contextual information regarding the daily operation of productive business units and the relationships between waqf management, pesantren leadership, employees, students, and the surrounding community (Creswell & Poth, 2018; Yin, 2018). Through the systematic interpretation of these materials, the researcher can reconstruct the process through which static or underutilized assets are transformed into productive resources for institutional and community development (Miles et al., 2014; Mohsin, 2013).

The research was conducted at Miftahul Huda Islamic Boarding School, located in Krajan Hamlet, Peron Village, Limbangan District, Kendal Regency, Central Java, Indonesia. The site was selected because the pesantren has developed several productive economic activities associated with the management and utilization of waqf-related assets, including Mifda Mart, Rizqua water-refilling services, and stationery-related business activities (Primary field data, 2026; Ministry of Religious Affairs of the Republic of Indonesia, 2004). The location provides an appropriate setting for examining how a pesantren integrates religious objectives, educational responsibilities, and productive economic activities within a single institutional framework.

The research site is also relevant because pesantren commonly possess social networks, religious legitimacy, community trust, human resources, and physical assets that can support the development of productive waqf (Dhofier, 2011; Ministry of Religious Affairs of the Republic of Indonesia, 2019). However, the existence of these resources does not automatically result in effective economic management, because institutional productivity depends on managerial competence, business planning, legal administration, financial accountability, and market responsiveness (Badan Wakaf Indonesia [BWI], 2004; Mohsin, 2013). Accordingly, Miftahul Huda Peron serves as a case through which the relationship between productive waqf management and institutional financial sustainability can be examined in detail. The unit of analysis in this study is the management of productive waqf at the institutional level. The analysis focuses on the management structure, the role of the *nazhir*, the development of productive business units, the implementation of Islamic economic values, the use of business revenue, and the contribution of productive waqf to pesantren operations (Kahf, 1998; David & David, 2017). The study also considers the perceptions and experiences of community members who interact directly with the productive business units because community participation and public trust are important elements of waqf sustainability (UNDP, 2019; Sadeq, 2002).

The data used in this study are classified into two principal categories: primary data and secondary data. This classification is intended to ensure that the analysis is based on direct empirical evidence while remaining theoretically and legally grounded (Creswell & Poth, 2018; Yin, 2018). The combination of primary and secondary data enables the researcher to compare institutional practices with relevant theories, legal provisions, previous studies, and official policy documents (Merriam & Tisdell, 2016; Miles et al., 2014). Primary data refer to original information collected directly from the first-hand sources involved in or affected by productive waqf management. In this study, primary data were obtained through in-depth interviews, direct observation, informal conversations, and the examination of institutional records available at the research site (Creswell & Poth, 2018; Yin, 2018). Primary data are important because the management of productive waqf involves practical processes and institutional experiences that may not be fully documented in published literature or official reports (Kahf, 1998; Mohsin, 2013).

The primary informants include *nazhir*, foundation administrators, managers and employees of productive business units, pesantren administrators, and members of the surrounding community who interact directly with the businesses operated by the institution. These informants were selected because they possess direct knowledge of the planning, implementation, supervision, and evaluation of productive waqf activities (Patton, 2015; Creswell & Poth, 2018). The involvement of several categories of informants also enables the researcher to compare the perspectives of institutional managers with those of employees, beneficiaries, customers, and community members (Denzin & Lincoln, 2018; Yin, 2018). The *nazhir* and foundation administrators provide information concerning the legal status of waqf assets, institutional objectives, management structures, financial policies, and the allocation of business revenue. Business-unit personnel provide information concerning daily operations, purchasing, sales, staffing, customer relations, financial administration, and operational constraints (Mohsin, 2013; BWI, 2004). Community members provide an external perspective concerning the accessibility, usefulness, social impact, and credibility of the productive business units managed by the pesantren (UNDP, 2019; Sadeq, 2002).

Secondary data were obtained from sources that had previously been published, recorded, or officially issued by other individuals or institutions. These sources include books, peer-reviewed journal articles, previous research reports, waqf regulations, official government documents, institutional profiles, financial records, administrative archives, and relevant statistical information (Bowen, 2009; Creswell & Poth, 2018). Secondary data function as a theoretical, legal, and contextual framework for interpreting the empirical findings obtained from the research site (Yin, 2018; Merriam & Tisdell, 2016). The secondary sources used in this study include literature on *Maqasid al-Shari'ah*, Islamic economic values, waqf jurisprudence, productive waqf, *nazhir* professionalism, strategic management, pesantren development, and institutional financial sustainability (al-Shatibi, 1997; Auda, 2008). The study also refers to Indonesian Law No. 41 of 2004 concerning Waqf and Law No. 18 of 2019 concerning Pesantren to assess the conformity of institutional practices with the national legal framework (Republic of Indonesia, 2004; Republic of Indonesia, 2019). In addition, previous empirical studies are used to compare the findings of this research with broader discussions concerning waqf governance and productive waqf management in Indonesia (Rozalinda, 2021; Mohsin, 2013).

The research population consists of individuals directly involved in the management and operation of productive waqf at Miftahul Huda Peron Islamic Boarding School. Based on the institutional information available to the researcher, the population includes 10 *nazhir* or managers responsible for productive waqf assets and business activities (Primary field data, 2026; BWI, 2004). The population may also include foundation administrators, business-unit employees, and community members who interact directly with the productive activities of the pesantren. The selection of informants in qualitative research is not determined primarily by statistical representativeness. Instead, informants are selected because they are considered information-rich sources who can provide detailed knowledge relevant to the research questions (Patton, 2015; Creswell & Poth, 2018). The main criteria for selecting informants include direct involvement in productive waqf management, knowledge of the operational history of the business units, experience with institutional decision-making, and regular interaction with the surrounding community (Yin, 2018; Merriam & Tisdell, 2016).

The original research plan identifies five managers as research participants, representing different productive business units, together with selected members of the surrounding community. This composition is appropriate if the study applies purposive sampling, because the participants are selected based on their relevance, experience, and ability to provide information concerning the research objectives (Patton, 2015; Palinkas et al., 2015). Purposive sampling is widely used in qualitative research because it allows the researcher to select participants who possess specific knowledge rather than participants merely on the basis of random probability (Creswell & Poth, 2018; Palinkas et al., 2015). However, there is a methodological inconsistency in the original description that should be corrected before the manuscript is submitted to an international journal. If the total population consists of 10 managers but only five are selected as participants, the technique should not be called saturated sampling or census sampling. Saturated sampling means that all members of a small and clearly defined population are included as research participants (Sugiyono, 2019; Creswell & Poth, 2018). If only five of the ten managers are interviewed, the more accurate term is purposive sampling, possibly combined with criterion sampling.

Therefore, the methodology should adopt one of the following alternatives. First, if all 10 managers are interviewed, the study may state that it uses saturated sampling or a census of the identified manager population (Sugiyono, 2019; Merriam & Tisdell, 2016). Second, if only five managers are interviewed, the study should state that purposive sampling was used to select five information-rich participants representing the relevant productive business units (Patton, 2015; Palinkas et al., 2015). Third, regardless of the initial number of participants, additional interviews may be conducted until data saturation is achieved, namely the point at which further data collection no longer produces substantially new themes or explanations (Guest, Namey, & Chen, 2020; Saunders et al., 2018).

RESULTS AND DISCUSSION

Strategic Optimization and Diversification of Waqf Assets

The findings indicate that the management of productive waqf at Miftahul Huda Peron Islamic Boarding School has undergone a significant transformation from a predominantly traditional and consumptive orientation toward a more strategic and productive management model. Previously static or underutilized assets have gradually been integrated into economic activities designed to generate continuous income for the pesantren and its beneficiaries (Primary field data, 2026; Kahf, 1998). This transformation reflects the central principle of productive waqf, namely the preservation of the principal asset while utilizing its economic potential to generate lawful and sustainable benefits (Cizakça, 2000; Mohsin, 2013). One of the most visible manifestations of this transformation is the development of water-refilling services under the Rizqua brand and the establishment of Toko Rizquna. These business units represent an effort to convert institutional resources and local market needs into productive economic activities that generate revenue while providing essential services to students, employees, and residents of the surrounding community (Primary field data, 2026; Sadeq, 2002). The development of these units demonstrates that productive waqf does not necessarily require large-scale commercial investment; it may also be implemented through modest, locally oriented enterprises that are closely connected to the daily needs of the pesantren community (Kahf, 1998; Mohsin, 2013).

The management strategy is not limited to the utilization of land-based assets. The institution has also developed non-land-based services, including the rental of sound systems, generators, media equipment, and other supporting facilities for religious, educational, and community events (Primary field data, 2026; David & David, 2017). This approach demonstrates an understanding that the productive potential of waqf may involve both immovable and movable assets, provided that their utilization remains consistent with the waqf purpose and applicable legal provisions (Republic of Indonesia, 2004; BWI, 2004). The diversification of business activities constitutes an important risk-management strategy. Dependence on a single business unit may expose the pesantren to fluctuations in demand, changes in consumer behavior, supply disruptions, and local competition (Wheelen et al., 2018; David & David, 2017). By developing several business units across retail, water services, equipment rental, and other service sectors, the pesantren can distribute operational risk and create multiple sources of income (Primary field data, 2026; Mohsin, 2013).

The diversification strategy also enables the pesantren to take advantage of two interconnected markets. The first is the internal pesantren market, consisting of students, teachers, employees, administrators, and visitors. The second is the broader local market, consisting of households, community organizations, event organizers, and residents living around the pesantren (Primary field data, 2026; UNDP, 2019). The existence of these two market segments provides a relatively stable basis for the development of productive businesses, although the long-term performance of each unit must still be assessed through market analysis and financial evaluation (David & David, 2017; Wheelen et al., 2018). The findings further suggest that asset diversification at Miftahul Huda Peron is not merely an attempt to increase commercial activity. It is also an institutional strategy for strengthening the economic resilience of the pesantren. Productive waqf enables the institution to utilize its assets to support its educational mission while simultaneously providing goods and services to the surrounding community (Auda, 2008; Chapra, 2008). This finding is consistent with the broader argument that productive waqf can become a sustainable source of institutional financing when it is supported by professional management, diversified assets, and transparent reporting systems (Mohsin, 2013; BWI, 2024). Recent studies similarly emphasize that asset diversification and integrated governance are important factors in strengthening the economic independence of pesantren.

Nevertheless, diversification also creates new managerial responsibilities. Each business unit requires appropriate planning, bookkeeping, staffing, quality control, marketing, inventory management, and performance assessment (Wheelen et al., 2018; Mohsin, 2013). Therefore, the expansion of productive activities should be accompanied by clear business plans, standard operating procedures, feasibility studies, and periodic reviews to ensure that growth does not create uncontrolled financial or organizational risks (BWI, 2004; Rozalinda, 2021).

Professional *Nazhir* Management and Competency-Based Human Resources

The second major finding concerns the importance of professional *nazhir* management. At Miftahul Huda Peron, the appointment of managers is reportedly based not only on religious seniority or institutional position but also on business competence, practical experience, responsibility, and the capacity to manage productive economic activities (Primary field data, 2026; Mohsin, 2013). This approach reflects the changing role of the *nazhir*, who is no longer expected merely to preserve waqf assets but must also develop them in a productive, accountable, and sustainable manner (BWI, 2004; Cizakça, 2000). Professional *nazhir* management requires a combination of ethical and technical competencies. From an ethical perspective, *nazhir* must possess trustworthiness, honesty, responsibility, fairness, and commitment to the objectives of the waqif (Kahf, 1998; Auda, 2008). From a technical perspective, *nazhir* must understand business planning, accounting, marketing, human-resource management, risk mitigation, financial reporting, and legal compliance (Mohsin, 2013; Wheelen et al., 2018).

The involvement of managers who have received training through Balai Latihan Kerja is an important institutional asset. Such training may strengthen practical competencies in business operations, technical services, administration, and the management of productive units (Primary field data, 2026; David & David, 2017). Vocational training can also help bridge the gap between traditional pesantren leadership and the managerial requirements of modern economic enterprises (Ministry of Religious Affairs of the Republic of Indonesia, 2019; Mohsin, 2013). However, training alone does not automatically guarantee professional governance. Training must be integrated with clear job descriptions, performance indicators, internal supervision, financial controls, and continuous evaluation (Wheelen et al., 2018; BWI, 2004). The sustainability of productive waqf depends not only on the technical knowledge of individual managers but also on whether the institution establishes a system that allows knowledge, authority, and responsibility to be organized collectively (Cizakça, 2000; Mohsin, 2013).

The institution's use of a holding-management model represents an effort to coordinate different productive units under the supervision of a central foundation board. Under this model, each *nazhir* or business-unit manager is responsible for the operational management of a particular unit, while strategic direction, financial monitoring, and institutional accountability remain connected to the central foundation structure (Primary field data, 2026; David & David, 2017). This arrangement can promote coordination, reduce duplication of authority, and enable the foundation to monitor the collective performance of its productive assets (Wheelen et al., 2018; BWI, 2004). The holding-management model also creates a reporting chain between the business units and the central foundation. Managers are expected to report revenue, expenditure, cash flow, profit margins, operational problems, inventory conditions, and other relevant indicators to the foundation board (Primary field data, 2026; BWI, 2004). Such reporting is essential because the *nazhir* has a legal and moral responsibility to protect waqf assets, manage them according to their intended purposes, and account for the benefits generated from them (Republic of Indonesia, 2004; Cizakça, 2000).

Financial reporting functions not only as an administrative requirement but also as a risk-mitigation instrument. Accurate records enable the institution to identify declining sales, excessive costs, cash-flow problems, inventory losses, and potential misuse of funds before these problems threaten the principal waqf asset (Mohsin, 2013; Wheelen et al., 2018). The Indonesian Waqf Board emphasizes that waqf reporting should include information concerning the identity of the *nazhir*, the legal status and area of waqf land, its designated beneficiaries, management activities, and relevant asset information.bwi The findings suggest that the systematic reporting relationship between business-unit managers and the foundation board strengthens organizational accountability. It also reduces the possibility that each business unit will operate independently without adequate supervision or coordination (Primary field data, 2026; BWI, 2004). Nevertheless, the effectiveness of this model depends on the quality of the reporting system, the consistency of supervision, the competence of the central board, and the willingness of managers to disclose operational problems transparently (Rozalinda, 2021; Mohsin, 2013).

This finding is consistent with previous research that identifies *nazhir* professionalism, governance structure, and accountability as central determinants of productive waqf performance. Studies on Indonesian waqf institutions indicate that productive waqf management remains constrained when institutions lack managerial competence, standardized procedures, professional governance, and transparent financial reporting (Rozalinda, 2021; Mohsin, 2013). Therefore, the experience of Miftahul Huda Peron demonstrates that human-resource development should be treated as a strategic investment in the sustainability of waqf assets rather than as a secondary administrative concern.

Contribution to Financial Sustainability and Institutional Independence

The third major finding concerns the contribution of productive waqf to the financial sustainability of Miftahul Huda Peron Islamic Boarding School. Based on the empirical information collected in this study, the surplus generated from productive waqf-related business activities contributes approximately 50 percent of the pesantren's educational operational costs (Primary field data, 2026). If this proportion is confirmed through audited financial records and systematic accounting documentation, it indicates that productive waqf has become a substantial internal financing mechanism for the institution (Mohsin, 2013; Sadeq, 2002). This contribution is significant because it reduces the pesantren's dependence on external donations and fluctuating student fees. Institutions that depend exclusively on donations may experience financial uncertainty when donor contributions decline, economic conditions deteriorate, or unexpected operational expenses arise (UNDP, 2019; Ministry of Religious Affairs of the Republic of Indonesia, 2019). Productive waqf provides an alternative source of income that is generated internally from institutional assets and can be utilized to support the continuity of educational programs (Kahf, 1998; Mohsin, 2013).

The findings indicate that productive waqf revenue is used to finance physical infrastructure maintenance and the procurement of educational facilities, including blackboards, student desks, and other learning-support materials (Primary field data, 2026; Ministry of Religious Affairs of the Republic of Indonesia, 2019). These expenditures demonstrate that productive waqf provides both direct and indirect benefits. Direct benefits arise through the financing of operational costs, while indirect benefits arise through the improvement of the educational environment and the quality of services received by students and teachers (Auda, 2008; Chapra, 2008). The allocation of productive waqf revenue toward educational infrastructure is consistent with the concept of *maslahah*. Under the *Maqasid al-Shari'ah* framework, the provision of educational facilities supports the protection and development of intellect, while the financing of religious education contributes to the preservation of religion and the development of ethical character (al-Shatibi, 1997; Auda, 2008). Therefore, the surplus generated by productive waqf should not be interpreted merely as a financial return but as a means of producing broader educational, social, and spiritual benefits (Chapra, 2008; Sadeq, 2002).

The financial contribution of productive waqf also strengthens institutional independence. Institutional independence refers to the capacity of the pesantren to finance essential programs, manage its assets, respond to operational needs, and pursue long-term development without excessive dependence on external actors (David & David, 2017; Mohsin, 2013). Productive waqf does not eliminate the importance of donations or community support, but it allows such support to complement rather than entirely determine the financial survival of the institution (UNDP, 2019; Sadeq, 2002). The findings also illustrate the relationship between productive waqf and organizational resilience. A pesantren with diversified internal income sources may be better prepared to manage unexpected expenses, maintain essential services, and continue its educational mission during periods of financial pressure (Wheelen et al., 2018; Mohsin, 2013). This finding is consistent with recent studies showing that productive waqf may support financial resilience when it is combined with asset diversification, professional governance, and systematic reporting.jurnalfebi.uinsa.ac+1

However, the claim that productive waqf covers 50 percent of operational costs requires careful methodological treatment. The figure should be calculated using a clearly defined formula, including the relevant accounting period, total operating expenses, gross revenue, operating costs, net surplus, reinvestment, and the actual amount transferred to educational activities (Wheelen et al., 2018; BWI, 2024). The study should distinguish between gross sales and net surplus because only net surplus represents the amount available for institutional financing after operating expenses have been deducted (Mohsin, 2013; Sadeq, 2002). This qualification is important because financial sustainability cannot be measured solely by the percentage of operating costs covered in a single period. It should also include the stability of revenue, asset preservation, liquidity, reinvestment, cost efficiency, governance quality, and the continuity of benefits for the designated beneficiaries (Sadeq, 2002; Mohsin, 2013). In this respect, Miftahul Huda Peron's productive waqf model demonstrates promising institutional potential, but its long-term success requires continuous monitoring and transparent financial evaluation.

Implementation of Islamic Economic Values

The fourth major finding concerns the implementation of Islamic economic values in the management of productive waqf. The practices observed at Miftahul Huda Peron are reportedly guided by distributive justice, *amanah*, transparency, social responsibility, and the prevention of *zulm* or injustice (Primary field data, 2026; Auda, 2008). These principles ensure that economic activities do not become detached from the religious and social purposes of waqf (Kahf, 1998; Chapra, 2008). Distributive justice is reflected in the use of business profits to provide public goods for the surrounding community. One example is the provision of street lighting for local residents, which demonstrates that the benefits of productive waqf are not confined exclusively to internal pesantren activities (Primary field data, 2026; Sadeq, 2002). The provision of public lighting may improve safety, mobility, access to religious facilities, and the quality of community life, thereby illustrating the broader social function of waqf (UNDP, 2019; Auda, 2008).

The pesantren also provides a market platform for local residents to sell products such as palm sugar through its stores. This practice creates an economic relationship between the pesantren and the surrounding community, enabling local producers to access consumers and reducing the barriers they may face in marketing their products independently (Primary field data, 2026; Chapra, 2000). In this respect, the productive waqf enterprise functions not only as a source of institutional income but also as a mechanism for local economic empowerment (Sadeq, 2002; UNDP, 2019). The distribution of benefits to local producers reflects the principle that wealth should circulate within society rather than remain concentrated within a single institution or group. The Qur'anic principle concerning the circulation of wealth provides a significant normative foundation for Islamic economic justice (Qur'an, 59:7; Chapra, 2000). Through the inclusion of community products in pesantren stores, productive waqf creates a relationship of mutual benefit in which the pesantren obtains additional products and revenue while local residents gain access to a market platform (Primary field data, 2026; Sadeq, 2002).

The implementation of *nafyu zulm* requires the avoidance of practices that harm, exploit, or unfairly disadvantage business partners, employees, consumers, and beneficiaries. In practical terms, this principle requires fair pricing, accurate information, honest measurement, timely payment, reasonable working conditions, and the avoidance of abusive contractual relationships (Chapra, 2008; Naqvi, 1994). It also requires the institution to ensure that productive business activities do not undermine the rights of waqif, beneficiaries, local producers, or members of the surrounding community (Kahf, 1998; Ministry of Religious Affairs of the Republic of Indonesia, 2004). The study further indicates that productive waqf activities are intended to comply with the prohibition of *riba*, *gharar*, *maysir*, and exploitative transactions (Primary field data, 2026; Auda, 2008). The prohibition of *riba* prevents unjustified interest-based gains in financial transactions, while the prohibition of excessive *gharar* seeks to reduce uncertainty, ambiguity, and information asymmetry in contracts (Chapra, 2000; El-Gamal, 2006). The prohibition of *maysir* prevents transactions based primarily on gambling, speculation, or unproductive risk-taking (El-Gamal, 2006; Usmani, 2002).

Sharia compliance therefore involves more than merely avoiding interest-based transactions. It also requires that the products and services offered are halal, contracts are clearly understood, prices are communicated transparently, business practices do not involve deception, and the distribution of benefits remains consistent with the purpose of waqf (Kahf, 1998; Mohsin, 2013). This approach places ethical conduct at the center of productive waqf management and connects financial performance with spiritual accountability (Auda, 2008; Chapra, 2008). The integration of Islamic economic values creates a balance between material and spiritual objectives. Materially, the business units generate income, provide goods and services, support infrastructure, and help finance educational operations (Primary field data, 2026; Mohsin, 2013). Spiritually and socially, the activities preserve the waqf purpose, support community welfare, promote justice, and strengthen the religious identity of the pesantren (Auda, 2008; Sadeq, 2002). This balance is consistent with the *Maqasid al-Shari'ah* framework, which rejects the separation of economic development from moral and social responsibility. In the context of productive waqf, profit is acceptable and necessary when it is generated through lawful activities and directed toward legitimate institutional and social purposes (al-Shatibi, 1997; Chapra, 2008). The pursuit of profit becomes problematic only when it results in exploitation, violates the waqf purpose, damages the environment, or deprives beneficiaries of their legitimate rights (Auda, 2008; Naqvi, 1994).

Integrated Discussion

The four findings demonstrate that the productive waqf model at Miftahul Huda Peron is based on the interaction of asset optimization, professional management, institutional financing, and Islamic ethical values. Asset diversification creates the economic foundation, professional *nazhir* management provides organizational capacity, financial contribution strengthens institutional sustainability, and Islamic values ensure that business activities remain socially and spiritually responsible (Cizakça, 2000; Mohsin, 2013). The case also illustrates that productive waqf should be understood as an integrated institutional system rather than a collection of independent business activities. The success of one business unit may support the operations of another, while the central foundation provides coordination, supervision, and financial direction (David & David, 2017; Wheelen et al., 2018). This institutional integration enables the pesantren to create a productive ecosystem in which assets, human resources, markets, and social objectives are connected through a common strategy (Primary field data, 2026; Mohsin, 2013).

The findings are consistent with the argument that productive waqf becomes a reliable and sustainable funding source when it is supported by transparent governance, professional asset management, and technology-based financial reporting (BWI, 2024; Mohsin, 2013). Recent evidence also suggests that waqf institutions need formal reporting systems that include asset positions, activities, cash flows, and explanatory notes in order to strengthen accountability and public trust. Therefore, the holding-management model at Miftahul Huda Peron should continue to be strengthened through written standard operating procedures, standardized accounting, internal audits, digital records, and periodic impact assessments (Wheelen et al., 2018; BWI, 2024).bwi+1 Overall, the findings suggest that productive waqf can function as a strategic pathway toward pesantren financial sustainability when three conditions are fulfilled. First, waqf assets must be developed through feasible and diversified economic activities. Second, the activities must be managed by competent and accountable *nazhir*. Third, the generated surplus must be distributed and reinvested according to Islamic principles, legal requirements, and the educational and social mission of the institution (Auda, 2008; Cizakça, 2000).

CONCLUSION

The management of productive waqf at Miftahul Huda Peron Islamic Boarding School has been successfully executed through a comprehensive and adaptive strategic management framework. This implementation is characterized by the systematic optimization of previously underutilized assets and the diversification of business portfolios into multiple sectors, including retail units like Mifda Mart and Bin 'Auf

Store, and service units such as Rizqua water refilling. Furthermore, the study identifies that the institution has prioritized managerial professionalism by appointing nadzirs (waqf managers) based on business competency and providing them with specialized vocational training through the Balai Latihan Kerja (BLK). This structured approach ensures that the waqf assets are managed with high accountability, minimizing financial risks while maximizing long-term productivity. This research confirms that the operational management of productive waqf at the institution is deeply rooted in the integration of core Islamic economic values, specifically distributive justice and the total removal of injustice (nafyu dzulum). Distributive justice is realized through an inclusive economic structure where waqf surpluses are not concentrated among elite managers but are instead converted into public goods and market opportunities for local villagers, such as promoting palm sugar products at Bin 'Auf Store. Moreover, the institution maintains strict Sharia compliance by eliminating exploitative practices like riba (usury) and gharar (uncertainty), while utilizing transparent accounting systems to ensure that every transaction adheres to the ethical standards of Maqasid al-Shari'ah. This synergy between material growth and spiritual integrity fosters a dynamic balance between institutional success and religious responsibility.

Ultimately, the implementation of professional productive waqf management serves as a robust path toward financial sustainability and institutional independence,,. The empirical evidence demonstrates that the net profits generated from these diversified waqf enterprises significantly contribute to the boarding school's budget, effectively covering up to 50% of total educational operational costs. By allocating these funds toward physical infrastructure and student facilities, Miftahul Huda Peron has successfully reduced its fiscal dependency on external donors and fluctuating student fees. Consequently, this model not only preserves the cultural and religious identity of the pesantren but also acts as a catalyst for community empowerment, providing sustainable economic upliftment for the surrounding society.

LIMITATIONS AND RECOMMENDATIONS

This research is inherently constrained by its specific qualitative descriptive design, which focuses exclusively on the single case study of Miftahul Huda Peron Islamic Boarding School located in the rural setting of Limbangan, Kendal. Consequently, the findings are derived from a relatively small population of ten individuals with a saturated sample of five key respondents, which limits the generalizability of the results to larger or more urbanized Islamic educational institutions. A significant practical limitation identified in the field is the legal status of several productive assets, which are currently still registered under personal Ownership Certificates (SHM) in the name of the pesantren leader rather than being formally certified as institutional waqf assets. Furthermore, the study primarily relies on participant observation and qualitative interviews, meaning that while the insights into the implementation of Islamic values are deep, they lack the broad statistical validation that a quantitative approach might provide regarding the macro-economic impact on the entire region.

Based on these findings, it is strongly recommended that the management of Miftahul Huda Peron enhances its financial inclusivity by diversifying its waqf instruments to include cash waqf (wakaf uang), thereby allowing for broader public participation and increased institutional resilience. To safeguard the perpetuity of productive assets, the institution must prioritize the formal administrative transition of personal land titles (SHM) into official waqf certificates to mitigate the risk of future legal disputes or jurisdictional vulnerabilities. Additionally, the local community is encouraged to reconstruct its understanding of waqf, shifting the paradigm from viewing it merely as an individual ritual of piety to recognizing it as a strategic instrument for communal economic escalation and social welfare. Finally, future researchers should broaden the academic scope by exploring new variables, such as the long-term quantitative effectiveness of waqf-based empowerment on community poverty levels, or conducting comparative studies between different pesantren models to further enrich the theoretical literature on productive waqf management.

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