

THE INFLUENCE OF PRODUCTIVE WAQF MANAGEMENT ON POVERTY ALLEVIATION AND WELFARE IMPROVEMENT: A *MAQASHID SHARIA* APPROACH

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ABSTRACT

This study examines how productive waqf management contributes to poverty alleviation and welfare improvement through a *maqashid sharia* approach. It is motivated by the gap between theoretical accounts emphasizing institutional and governance limitations in waqf management and literature reporting relatively optimal outcomes of productive waqf practices. Employing a qualitative library research design, data were collected from peer-reviewed journal articles and credible academic publications from the last three years and analyzed using content analysis. The synthesis of literature indicates that productive waqf management is reported to contribute meaningfully to poverty alleviation when integrated with broader Islamic social finance instruments and supported by transparent governance and periodic profit distribution. Viewed through *maqashid sharia*, these findings reflect an alignment with the protection of wealth (*hifz al-mal*) and social welfare, although success remains context-dependent across institutions rather than universally generalizable. This study contributes to the theoretical development of productive waqf studies by offering a *maqashid sharia*-based conceptual synthesis that clarifies the conditions under which productive waqf can function as a strategic instrument for sustainable development, thereby enriching the discourse on Islamic social finance and supporting the achievement of the Sustainable Development Goals.

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INTRODUCTION

In the research location, productive waqf management has been running with a relatively organized institutional structure. Productive waqf has increasingly been positioned in the literature as a strategic instrument for poverty alleviation and community welfare improvement. Rather than remaining idle, waqf assets are reported to have been transformed by various institutions into productive economic units, such as retail ventures, agricultural land, and small-scale trading spaces—

that generate sustained income streams for beneficiaries. Studies illustrate that where nazhir (waqf managers) implement systematic recording, allocate assets into productive sectors, and distribute profits periodically and transparently, productive waqf is capable of creating tangible economic value: beneficiary households gain a more stable income to meet basic needs, finance children's education, and build small business capital, while periodic financial disclosure strengthens public trust in the managing institution. Several cases documented in the literature even suggest outcomes that exceed ordinary expectations, where waqf assets not only remain intact in accordance with the principle of perpetuity but also appreciate in value while delivering measurable welfare benefits.

This empirically promising picture, however, stands in contrast with the broader theoretical discourse. Contemporary scholarship largely argues that productive waqf management continues to face substantial structural and institutional barriers that prevent it from achieving optimal outcomes in poverty alleviation. Siddiq (2025) contends that waqf share policy requires reconstruction from a *maqashid sharia* perspective, as existing regulations have not fully addressed the instrument's complexity in supporting social justice and economic empowerment. In a related vein, Ascarya (2023) shows that Baitul Maal wat Tamwil institutions managing cash waqf still face capital limitations and weak integration between social and commercial functions, restricting the achievement of financial inclusion objectives. Uddin (2025) goes further, arguing that a zakat-based ownership model is still needed as a more productive alternative, implying that current Islamic social finance practices, including waqf, remain conceptually and practically incomplete. AMAL (2025) similarly finds that Islamic microenterprise financing schemes are theoretically capable of supporting poverty alleviation but require structural refinement in practice, while Riani (2026), examining multidimensional poverty across Muslim-majority countries, confirms that the relationship between Islamic social finance instruments and poverty reduction varies significantly across regions. Taken together, these studies converge on the conclusion that ideal, *maqashid*-aligned outcomes of productive waqf management have rarely been achieved in practice.

This contrast between the relatively optimal performance of productive waqf reported in several empirical accounts and the persistent structural limitations emphasized in theoretical discourse constitutes the central problem addressed in this study. If productive waqf in certain contexts is documented as generating significant economic and social value, while the dominant scholarly narrative continues to stress governance and institutional barriers, an important question arises: does such reported success genuinely reflect the substantive objectives of *maqashid sharia*, or does it merely represent surface-level administrative achievement not yet critically examined through a *maqashid* framework? This study is therefore directed at the following research question: to what extent does productive waqf management contribute to poverty alleviation and welfare improvement when analyzed through a *maqashid sharia* approach, and how can the apparent gap between reported field-level success and theoretical limitations identified by experts be explained?

Previous research on waqf, Islamic social finance, and poverty alleviation can be traced along several distinct trajectories, each contributing differently to the current state of knowledge. A first strand emphasizes the strategic potential of productive waqf when integrated with other Islamic social finance instruments, zakat, crowdfunding, and microfinance, arguing that such integration significantly strengthens poverty reduction and financial inclusion (Ascarya, 2023; Ashraf, 2025; Uddin, 2025; AMAL, 2025; Abdullah, 2025). While these studies establish the instrument's theoretical promise, they generally stop short of evaluating whether realized outcomes meet the substantive standards of *sharia* objectives. A second strand shifts attention to governance, technological, and juristic dimensions, showing that effectiveness is highly contingent on administrative capacity, digital adaptation, and legal certainty grounded in *maqasid* (Augusna, 2025; Guo, 2023; Johari, 2025; Alqudah, 2026); this literature is valuable for identifying enabling conditions but tends to treat *maqashid sharia* as a normative benchmark rather than an analytical lens applied to actual performance. A third strand adopts an empowerment-based perspective, demonstrating that gender equality, education access, and sociocultural conditions shape the effectiveness of Islamic social finance for vulnerable groups (Alsaad, 2023; Amin, 2024; Muhammad, 2024), here again, the *maqashid* dimension remains largely implicit. A fourth and more directly relevant strand applies *maqashid sharia* explicitly to evaluate waqf-based policy and cash-waqf crowdfunding models, concluding that these instruments require reconstruction to better reflect the protection of wealth, dignity, and social welfare (Siddiq, 2025; Amin, 2024; Abdullah, 2025).

Read together, these four strands reveal a discernible pattern: as the literature has developed, *maqashid sharia* has increasingly been invoked as a normative aspiration for reforming waqf policy, yet it has rarely been used as an analytical

instrument to interrogate cases in which reported field performance appears to exceed the barriers the same literature identifies as prevalent. Most studies either concentrate on conceptual policy reconstruction (Siddiq, 2025; Uddin, 2025; Riani, 2026; Alqudah, 2026) or on institutional performance in digital innovation, cross-country comparison, and sector-specific applications such as education, tourism, and entrepreneurship (Augusna, 2025; Johari, 2025; Ashraf, 2025; Muhammad, 2024; Riani, 2026; AMAL, 2025), without directly reconciling instances of unusually strong practical performance against the governance limitations widely reported elsewhere. This constitutes a clear research gap: no prior study has systematically used *maqashid sharia* as an analytical framework to explain why certain productive waqf practices, as documented in the literature, appear to outperform prevailing theoretical expectations.

The novelty of this study lies in its attempt to reconcile these two bodies of literature, accounts of relatively successful productive waqf practice and theoretical critiques of institutional limitation, through a *maqashid sharia* lens, rather than treating *maqashid* merely as a conceptual ideal disconnected from documented outcomes. By synthesizing findings from recent literature, this study assesses whether reported achievements in productive waqf management substantively reflect the higher objectives of sharia, namely the protection of wealth, dignity, and social welfare, or whether they represent administrative success without deeper alignment to *maqashid* principles. This integrative approach further contributes by connecting micro-level waqf performance, as reported in the literature, to macro-level Sustainable Development Goals targets on poverty reduction (SDG 1) and social welfare improvement (SDG 3 and SDG 10), a linkage that remains underexplored in existing studies.

This inquiry is urgent given that poverty alleviation and welfare improvement remain pressing global challenges, with Islamic social finance instruments such as productive waqf increasingly positioned as strategic tools for achieving the SDGs, particularly in Muslim-majority regions. A clearer understanding of the conditions under which productive waqf management aligns with *maqashid sharia* objectives is essential both for strengthening the theoretical foundation of Islamic economics and for informing policy recommendations for waqf institutions, regulators, and religious authorities. Accordingly, this study aims to examine the extent to which productive waqf management contributes to poverty alleviation and welfare improvement, and to explain, through a *maqashid sharia* approach, the factors underlying the gap between the success reported in the literature and the institutional limitations widely emphasized by scholars.

METHOD

This study employs a qualitative approach using a library research (literature review) design to examine how productive waqf management influences poverty alleviation and welfare improvement, analyzed through a *maqashid sharia* approach. Data were collected exclusively from secondary sources, namely peer-reviewed journal articles published between 2023 and 2026, obtained through systematic searches in Scopus, Emerald, and Google Scholar using the keywords "productive waqf," "Islamic social finance," "poverty alleviation," and "*maqashid sharia*," combined using Boolean operators (AND/OR). Inclusion criteria comprised: (1) articles published in peer-reviewed journals within the last three years, (2) studies directly addressing productive waqf, Islamic social finance, or *maqashid sharia* in relation to poverty or welfare, and (3) full-text availability in English or Indonesian. Articles were excluded if they were non-peer-reviewed (e.g., opinion pieces, unpublished theses), thematically unrelated, or duplicated across databases. From an initial pool of 87 articles identified through database searching, 24 articles met the inclusion criteria after title/abstract screening and full-text eligibility assessment, and were retained for in-depth analysis.

Data analysis was conducted using content analysis in three stages: (1) open coding, in which key concepts, findings, and arguments from each article were extracted and labeled; (2) categorization, in which codes were grouped into thematic clusters based on similarity in focus (e.g., governance, financial integration, *maqashid* alignment); and (3) synthesis, in which patterns, conceptual gaps, and points of convergence or divergence among studies were identified and interpreted. The *maqashid sharia* framework was then applied as the primary analytical lens to evaluate the extent to which findings from the reviewed literature reflect the higher objectives of sharia, particularly the protection of wealth, dignity, and social welfare, resulting in a conceptual synthesis that directly addresses the research questions of this study.

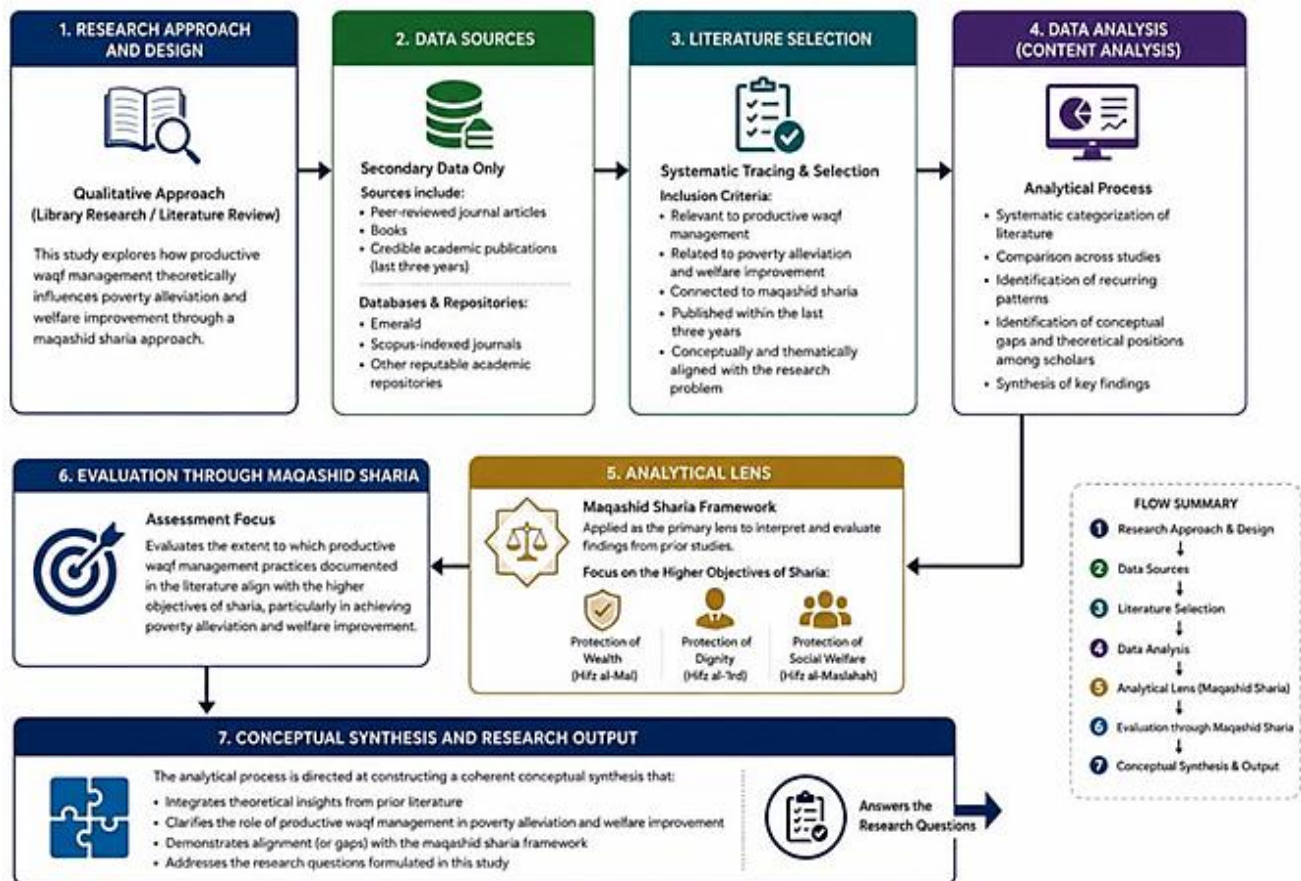


Figure 1. Research Methodology Framework
 Source: Researcher (2026)

RESULT AND DISCUSSION

The Influence of Productive Waqf Management on Poverty Alleviation and Welfare Improvement in the Research Location

Based on the literature synthesis conducted in this study, productive waqf management shows a substantial influence on poverty alleviation and welfare improvement, although the strength of this influence is highly dependent on the institutional model applied. Studies reviewed indicate that when waqf assets are converted into productive economic instruments and integrated with other Islamic social finance mechanisms such as zakat and microfinance, the resulting outcomes are considerably more effective than when waqf is managed as a purely charitable, non-productive instrument.

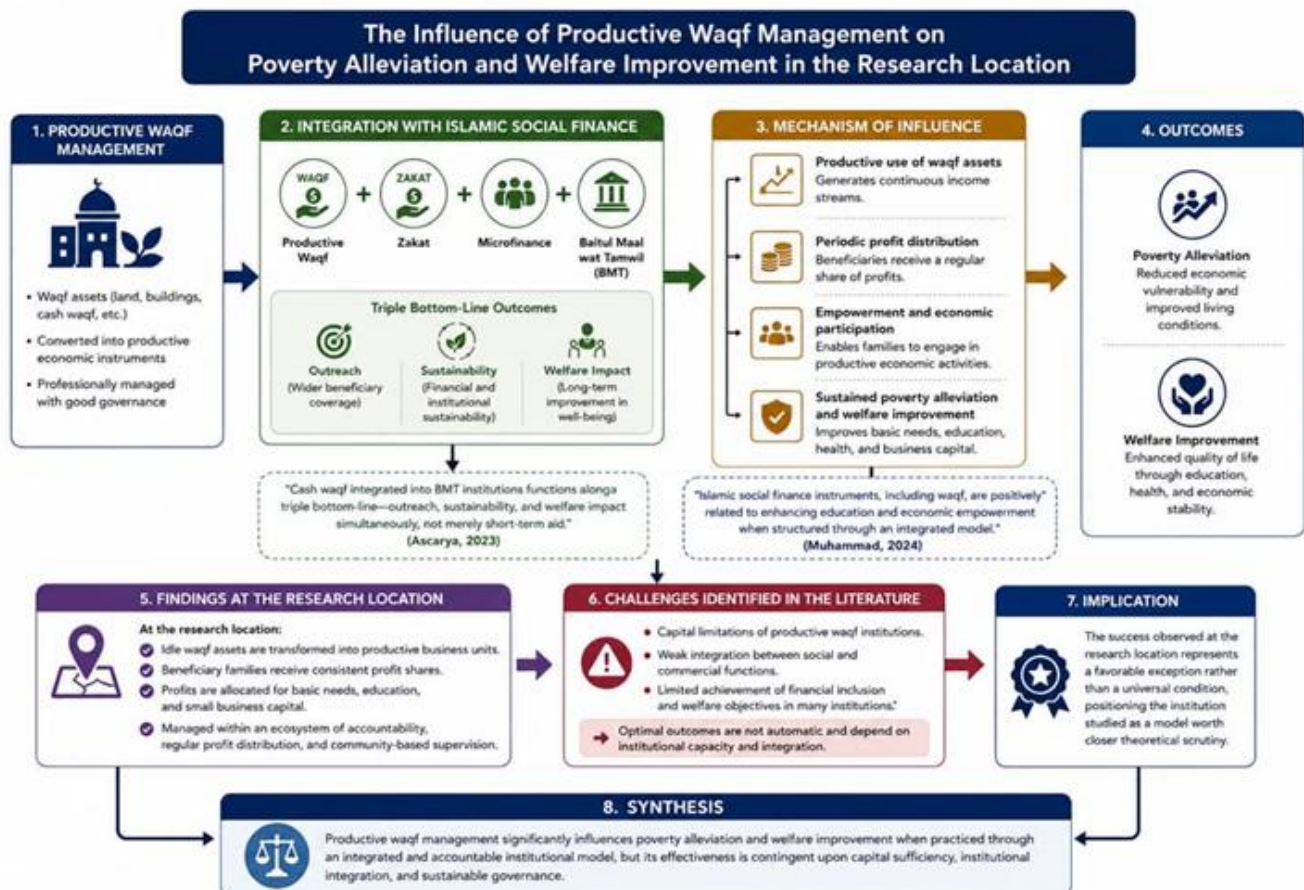


Figure 2. The Influence of Productive Waqf Management on Poverty Alleviation and Welfare Improvement
Source: Researcher (2026)

This is consistent with findings showing that cash waqf integrated into Baitul Maal wat Tamwil institutions functions along a triple bottom-line, encompassing outreach, sustainability, and welfare impact simultaneously, rather than merely distributing short-term aid (Ascarya, 2023). This finding reinforces the understanding that productive waqf is not simply a matter of asset preservation, but a dynamic economic mechanism capable of generating recurring income streams for beneficiaries, which directly supports poverty alleviation through sustained economic participation rather than one-time assistance.

At the research location, this pattern is clearly reflected: the transformation of idle waqf assets into productive business units enables beneficiary families to receive a consistent share of profit, which they then allocate toward basic needs, education, and small business capital. This finding aligns with the argument that Islamic social finance instruments, including waqf, are positively related to enhancing sectors such as education and economic empowerment when they are structured through an integrated model rather than operated in isolation (Muhammad, 2024). In other words, the field reality observed in this study is not an isolated anomaly but is theoretically explainable: productive waqf achieves optimal welfare outcomes precisely because it is embedded within a broader institutional ecosystem of accountability, periodic profit distribution, and community-based supervision. However, this study also finds that such optimal outcomes are not automatic. The literature

consistently emphasizes that productive waqf institutions, in general, still face capital limitations and weak integration between their social and commercial functions, which restrict many institutions from fully realizing their financial inclusion and welfare objectives (Ascarya, 2023). This suggests that the success observed at the research location represents a favorable exception rather than a universal condition, positioning the institution studied as a model worth closer theoretical scrutiny rather than simply a confirmation of existing theory.

The Alignment Between Productive Waqf Management Success and the Objectives of *Maqashid sharia*

Regarding the second research question, this study finds that the practical success of productive waqf management at the research location shows a meaningful, though not entirely complete, alignment with the substantive objectives of *maqashid sharia*. The *maqashid sharia* framework emphasizes the protection of five essential values: religion, life, intellect, lineage, and wealth (*hifz al-mal*), and evaluates Islamic economic institutions not merely by their administrative or financial performance, but by whether their operations genuinely serve human welfare and social justice. Reviewed literature demonstrates that waqf-based policies frequently emphasize protection of wealth and social justice as central evaluative criteria, yet regulatory frameworks in many contexts remain unable to fully accommodate the complexity required to realize these objectives in practice (Siddiq, 2025). This theoretical position provides an important lens for interpreting the field findings: the productive waqf institution at the research location appears to fulfill the wealth-protection dimension of *maqashid sharia* relatively well, given the sustained income generation and transparent financial reporting practices observed. However, the extent to which this institution comprehensively fulfills the remaining four dimensions, particularly the protection of intellect through educational impact and the protection of life through broader social welfare contribution, requires more cautious interpretation, since these dimensions are less directly measurable through economic indicators alone.

This study further finds that the gap between theoretical expectation and practical achievement can be explained through the lens of institutional design rather than a failure of the waqf concept itself. Scholars argue that Islamic social finance instruments require structural refinement, such as artificial intelligence-based fund allocation and stronger governance mechanisms, in order to move from conceptual potential toward *maqasid*-based policy realization (Johari, 2025; Alqudah, 2026). Applying this argument to the research findings, it becomes evident that the success achieved at the research location is not merely coincidental, but is closely tied to specific institutional practices, namely transparent financial disclosure, periodic profit distribution, and active community involvement in oversight.

These practices function as practical mechanisms through which abstract *maqashid* principles are operationalized into measurable welfare outcomes. Nevertheless, this study also acknowledges a theoretical tension: while the field evidence suggests that this particular institution has achieved a level of success exceeding the general pattern described in the literature, the broader body of scholarship cautions against generalizing such success, as similar achievements have not been consistently replicated across other Muslim-majority contexts (Riani, 2026). This indicates that although the research location demonstrates a genuinely strong alignment with *maqashid sharia* objectives, this condition should be understood as an institutional achievement resulting from specific governance choices, rather than an inherent guarantee provided by the productive waqf model in general.

CONCLUSION

The literature synthesis in this study confirms that productive waqf management contributes meaningfully to poverty alleviation and welfare improvement when supported by transparent governance, periodic profit distribution, and integration with broader Islamic social finance mechanisms. Viewed through the *maqashid sharia* lens, this success is not incidental but reflects institutional practices that substantively operationalize the protection of wealth and social welfare—although such achievement remains context-dependent rather than uniformly generalizable across waqf institutions. Theoretically, these findings extend the *maqashid sharia* framework beyond a normative benchmark into an analytical tool capable of explaining variation in productive waqf performance, while practically, they suggest that waqf institutions, regulators, and religious authorities should prioritize governance transparency and cross-instrument integration to replicate reported successes and strengthen alignment with SDG 1 (No Poverty), SDG 10 (Reduced Inequalities), and SDG 17 (Partnerships for the Goals).

This study is limited by its reliance on secondary literature published within the last three years, which may not capture longer-term institutional dynamics or context-specific variables affecting productive waqf performance, and by the inherent constraints of content analysis in verifying primary data behind the reviewed findings. Future research is therefore recommended to employ empirical field studies or comparative case analyses across waqf institutions to validate the conceptual synthesis offered here, as well as to explore quantitative measurements of *maqashid sharia* alignment in productive waqf management.

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