WAKAFPRENEURSHIP AS AN ISLAMIC ECONOMIC INSTRUMENT IN IMPROVING THE WELFARE OF THE COMMUNITY IN PHILANTHROPIC INSTITUTIONS IN RIAU PROVINCE: APPROACH AN ANALYTICAL NETWORK PROCESS (ANP)

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Abstract

This study analyzes the role of waqf entrepreneurs as an Islamic economic instrument in improving the welfare of the community, particularly through philanthropic institutions in Riau Province. The waqf entrepreneur phenomenon, which combines waqf principles with an entrepreneurial spirit, offers an innovative and sustainable financing model. The problem studied is how to optimize the implementation of waqf entrepreneurs in Riau by considering various complex factors. The research method used is the Analytical Network Process (ANP), a multi-criteria decision-making technique that can accommodate the interdependence between factors. Data were collected through in-depth interviews with experts, academics, philanthropic institution practitioners, and waqf managers. The results show that the main factors for the success of waqf entrepreneurs depend not only on financial capital, but also on human resource capacity, supportive regulations, waqf product innovation, and public trust. The ANP analysis produces a strategic priority model for waqf entrepreneur development that can serve as a guideline for philanthropic institutions and local governments.

Keywords: *Wakafpreneur, Ekonomi Islam, Kesejahteraan Umat, Lembaga Filantropi, Analytical Network Process (ANP)*

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INTRODUCTION

Indonesia, as a country with a predominantly Muslim population, has a significant opportunity to develop waqf potential. The potential for waqf, based on the population and employment, exceeds 180 trillion rupiah, yet the actual amount spent has only reached 2.23 trillion rupiah (Ministry of Religious Affairs, 2024). Islam places a higher value on waqf compared to other forms of worship, not only because it has greater value but also because it maintains human relationships. Within social activities, waqf makes a significant contribution to all aspects of life, including the economy, education, religious culture, and more. Islamic historical literature indicates that several predominantly Muslim countries have made waqf an Islamic financial instrument that plays a crucial role in improving the social and economic well-being of the community (Zawawi et al., 2023). The importance of waqf, exemplified by the Prophet Muhammad (peace be upon him), has had a profound impact on various aspects, particularly in addressing economic issues and improving the welfare of the community. Countries that have successfully become role models for implementing the waqfpreneur concept include those from the Middle East, such as Egypt, Turkey (partly within Europe), and Southeast Asia, such as Malaysia, Singapore, Brunei Darussalam, and Southern Thailand (Caniago & Syatibi, 2024; Maulina et al., 2023). Egypt has a long history of waqf management and is a pioneering country in waqf issues. Therefore, waqf implementation in Egypt has played a role in driving the economy and meeting community needs for centuries. One well-known contribution of productive waqf is the Al-Azhar waqf, which is allocated for property, hospitals, dormitories, agriculture, and plantations (BWI, 2025).

Traditionally, waqf is often considered a passive donation (Saidul Amin, 2024), but with the emergence of the waqfpreneur concept, which combines the concept of productive waqf (land, buildings, or funds) with the concept of profit-generating entrepreneurship. The profits generated from these businesses are then used for social and religious purposes, such as educational scholarships, health assistance, or community empowerment.

Riau Province, with its predominantly Muslim population and significant economic potential (Azka, 2023), offers significant opportunities for developing waqf entrepreneurs. However, its implementation faces challenges, such as limited competent human resources, a lack of waqf product innovation, and challenges in maintaining public trust. Therefore, this study aims to identify and prioritize key factors for the successful implementation of waqf entrepreneurs in Riau using the Analytical Network Process (ANP) approach.

METHODOLOGY

Research on waqf entrepreneurship as an Islamic economic instrument to improve the welfare of the community uses the Analytical Network Process (ANP) method. This method can help decision-makers measure and integrate multiple factors and networks or hierarchies (Hendri & Devi, Islamic Economic Research Methodology, 2013). Furthermore, this method has the advantage of being conceptually simple, making it easy to use in areas such as decision-making, forecasting, evaluation, mapping, strategy, resource allocation, and so on (Hendri & Abrista, Islamic Economic Research Methodology, 2013). The integration of qualitative and quantitative approaches provides a comprehensive understanding of the phenomenon. Primary data was collected through various techniques, including field observations, in-depth interviews with experts, and structured questionnaires aimed at stakeholders. Field observations facilitated understanding of the context of experiences surrounding waqf entrepreneurship. In-depth interviews generated nuanced narratives that encompassed participants' experiences and challenges, thus enhancing qualitative insights. The structured questionnaire aimed to gather standardized perceptions regarding the implementation of waqf entrepreneurship, enabling comparative analysis across respondents.

Furthermore, secondary data was used through document analysis to enrich the context and strengthen the findings. To validate and ensure data reliability, triangulation techniques were used, integrating various data collection methods. This triangulation process aims to corroborate information from various sources, thereby increasing confidence in the research conclusions. Furthermore, efforts to reduce bias involved engaging diverse stakeholders and maintaining thematic consistency across all data sources. In general, the conceptual framework for waqf entrepreneurs for the welfare of the community can be described as follows:

RESULT AND DISCUSSION

Etymologically, waqf (Arabic: waqf, plural: awqaf) means to withhold or stop (Kahf, 1999). According to Islamic law, waqf is the retention of durable physical assets ('ayn) and distribution of their benefits (manfa'ah) for the public good (Al-Qurtubi, 2012). The main principle of waqf is that the assets cannot be sold, inherited, or donated (BWI, 2020). The history of waqf began during the time of the Prophet Muhammad, with the first waqf made by Umar ibn Khattab in the form of a date palm plantation in Khaibar. Since then, waqf has developed into the backbone of the Islamic economy and civilization, funding the construction of mosques, schools, hospitals, and other infrastructure (Cizakca, 2000).

Traditionally, waqf was viewed as something that only provided immediate benefits (Saidul Amin, 2024), such as those endowed with land, mosques, buildings, and tombs. However, over time and recognizing

its potential, it emerged that waqf could be managed productively and professionally to generate sustainable profits (Ghanim, 2018). This evolution is therefore known as the concept of productive waqf.

Productive waqf is defined as the commercial management of waqf assets to generate profits, which are then used to fund social and religious programs (Sadeq, 2002). The goal is not to enrich the manager (nadzir), but rather to maximize the social impact of the waqf. Some examples of productive waqf implementation include property waqf, which includes the construction of office buildings, apartments, or shophouses for rent; financial waqf, which involves the placement of waqf funds in Sharia-compliant investment instruments that generate returns; agricultural waqf, which involves the management of waqf land for agriculture and plantations and then selling the proceeds; and others. The implementation of productive waqf in the field holds significant potential for improving the community's economy, but also presents opportunities and challenges (Anwat et al., 2021). Among the challenges frequently encountered are: 1). The low level of public awareness in implementing productive waqf is due to their perception that waqf is limited to physical assets that cannot be used for production. 2) The capacity of the nazir is not very competent in terms of management or waqf management, so this becomes an obstacle in the implementation of productive waqf. 3) Suboptimal regulations, in several countries the legal framework for waqf does not fully support the implementation of productive waqf and 4) Related to the legality of the assets owned, making it difficult to develop productive waqf.

However, the opportunity to advance the Muslim economy is significant if productive waqf is implemented (Manan, 2017), such as through community economic empowerment, poverty alleviation, increased welfare, and integration with Islamic social finance. Furthermore, the existence of waqf entrepreneurs, when linked to the ma'aqashid of Sharia, falls into the primary category (adhoruriyatul khomsah), which means safeguarding five essentials: religion, life, wealth, intellect, and progeny.

Along with the need for independence, the paradigm shift from productive waqf to waqf entrepreneurs has significant implications. While productive waqf is oriented toward "creating" sustainable benefits (Mohamad et al., 2013), waqf entrepreneurs can become an independent source of funding, not only for religious activities but also for addressing poverty, education, and health issues in a more sustainable manner. Waqf entrepreneurs are a newer and more dynamic concept, combining the spirit of productive waqf with a modern entrepreneurial approach (Abdullah & Abdurrahman, 2017). This term refers to individuals or institutions that manage waqf assets with an entrepreneurial mentality, namely, daring to take calculated risks, being innovative, and oriented towards creating economic and social value simultaneously (Siti Zulaikha & Mamat, 2018). Waqfpreneurs differ from traditional waqf managers (nazhir). Traditional nazhirs tend to focus more on maintaining waqf assets in accordance with the waqif's mandate. Meanwhile, waqfpreneurs not only maintain but also actively seek new investment opportunities, develop sustainable business models, and create an ecosystem that supports waqf growth (Zulqarnain & Rusyidi, 2019). They view waqf assets not merely as a trust, but as socio-economic capital that can be strengthened and expanded through intelligent business strategies (Anwar, 2020).

The implementation of waqf in Indonesia is inseparable from social institutions, which play a crucial role in funding, distributing, and professionally managing waqf assets. Philanthropy is a term often used in social issues and the Islamic financial system. In Arabic, philanthropy is also known as al-'ata' ijtima'i, which translates to social giving, or al-takaful al-insani, which translates to human solidarity, or khairy, which also means giving for good (Ibrahim & Sherif, 2008). In principle, the goal of philanthropic institutions is to provide assistance to improve the welfare of society or the Muslim community. Therefore, the overall goal of these institutions is not to focus on profit-making, but rather to be non-profit. Fundraising models are obtained through various activities, such as fundraising, bank transfers, donations through charity boxes, partnerships with donors, and others (Wisnu, 2023). Some characteristics that philanthropic institutions

must possess are agility and swift action, a focus on goals, attention to donors, diverse funding sources, and digital savvy (Harrow, et al., 2021).

Meanwhile, the impact of waqfpreneurship is the emergence of prosperity. In the theory of well-being, it is not only about having resources but also about a person's ability (capability) to convert those resources into a meaningful life. For example, two individuals with the same income may have different capabilities if one suffers from a chronic illness that limits their ability to participate in social life. Therefore, well-being should be measured not only by income but also by the freedom individuals have to pursue a meaningful life (Sen, 1999). Based on Sen's capability theory, this study conceptualizes well-being as a multidimensional construct encompassing several important aspects of human life. These aspects are often interrelated and influence each other (Stiglitz et al., 2009). This framework identifies four main dimensions: 1) the economic dimension, 2) the educational dimension, 3) the health dimension, and 4) the spiritual dimension.

Therefore, waqf, as an instrument of Islamic economics, has a positive impact on sustainable economic development and creates welfare for the community. Through innovative and collaborative management by philanthropic institutions, waqf can serve not only as a resource for charitable activities but also as a driver of sustainable economic growth. Therefore, it is important for all stakeholders to collaborate and invest in waqf development so that it can provide broader benefits to society.

Based on the analysis conducted through the Analytic Network Process (ANP), the problems encountered were categorized into internal and external ones. This study revealed significant differences in perceptions between academics and practitioners regarding core issues in waqf entrepreneurship empowerment. Academics emphasized the importance of enhancing knowledge through strengthened collaborative forums that encourage the exchange of ideas and collective learning as key to success. This approach emphasized that solutions emerge not only from individual efforts but also from interactive and synergistic environments that foster innovation and adaptation. In contrast, practitioners emphasized understanding the dynamics of the younger generation, particularly millennials, which present both challenges and new opportunities for adopting effective empowerment strategies.

Further analysis identified several practical obstacles to implementing the empowerment program. The primary issue is the lack of professional management in program administration, which has the potential to hinder positive impacts despite the availability of funds and resources. These findings underscore the need for a comprehensive managerial approach, including ongoing mentoring and guidance, to ensure the program's sustainability and effectiveness. Furthermore, the rigorous beneficiary selection process, based on criteria such as economic need, business potential, and participant commitment, presents unique challenges because it relies on accurate data, objective input from stakeholders, and systematic verification to avoid misallocations.

Additional insights from this research indicate that without an effective and collaborative management system, empowerment programs such as capital provision and technical training will not generate sustainable economic benefits for the community (Santoso & Musthofa, 2022). Therefore, fund management must not only be easily accessible but also be governed by strategic mentoring methods, including training in financial management, marketing, and product development, which are crucial factors in addressing recurring problems. The combination of well-organized management and a focus on improving technical and non-technical skills for beneficiaries creates an empowerment ecosystem that supports inclusive and sustainable economic growth (Anwari et al., 2023; Megawati et al., 2024).

Furthermore, sound waqfpreneur management and qualified human resources will undoubtedly impact the community's welfare in a multidimensional manner, as expected by the community, as Seen (2019) explains:

1. Economic Dimension: This is the most traditional dimension, encompassing income, asset ownership, and job security. While not the sole criterion, economic stability is an essential prerequisite for

achieving other functions (Alkire & Foster, 2011). From an entrepreneurial perspective, waqf aims to improve community welfare through increased income.

2. Educational Dimension: Access to quality education provides individuals with the essential knowledge and skills to participate in society, obtain better employment, and make more informed decisions. Education is considered one of the most fundamental capabilities (Sen, 1999). Similarly, those who donate their assets within the productive waqf framework will be mentored and provided with entrepreneurial insight so that the waqf assets can generate benefits and generate sustainable income.

3. Health Dimension: Physical and mental health are fundamental capabilities that enable individuals to lead active and productive lives. Poor health can limit a person's ability to work, learn, and interact socially (Stiglitz et al., 2009).

4. Spiritual Dimension: This dimension encompasses values, life purpose, and a sense of connection to something greater than oneself. Spiritual well-being provides meaning and resilience in facing life's challenges (Sørensen et al., 2013). This dimension complements the physical and material dimensions to create a holistic understanding of well-being. Within the spiritual dimension, Islam explains the importance of safeguarding the most urgent matters in life (ad-dhoruriyatul khomsa), namely: safeguarding religion, self-preservation, wealth, progeny, and intellect (Asyatibi, 2000).

Regarding solutions, these are also divided into internal and external components. This study further highlights significant differences in perceptions between academics and practitioners in addressing waqf-based community welfare issues. Academics reiterate the importance of enhancing knowledge through strengthened collaborative forums, which stimulate the exchange of ideas and collective learning, as key to success. This approach illustrates that solutions to empowerment challenges cannot stem solely from individual efforts but must emerge from an interactive and synergistic environment that encourages innovation and adaptation (Rahman et al., 2024). In contrast, practitioners are more focused on understanding the dynamics of the younger generation, particularly millennials, who present both challenges and new opportunities in adopting effective empowerment strategies.

In addition to these differences in perceptions, this study identified several practical obstacles in implementing waqf-based entrepreneurship empowerment programs. One significant issue is the lack of professional management in program administration, which can lead to failure despite the availability of funds and resources. These findings emphasize the need for a comprehensive managerial approach, including ongoing mentoring and guidance, to ensure program sustainability and effectiveness (Rozie, n.d.; Hadi, 2023). The rigorous beneficiary selection process, based on criteria such as economic need, business potential, and participant commitment, also poses challenges because it relies on accurate data, objective stakeholder input, and systematic verification to prevent misallocation.

Furthermore, this study's findings highlight that without an effective and collaborative management system, well-intentioned programs such as capital provision and technical training will fail to deliver sustainable economic benefits to the community (Ningsih et al., 2023). Therefore, fund management must not only be easily accessible but also be managed through strategic mentoring methods, including training in financial management, marketing, and product development, which are crucial in addressing recurring challenges (Najar, n.d.; Firdaus et al., 2024). The combination of well-organized management and an emphasis on improving both technical and non-technical skills for beneficiaries fosters an empowerment ecosystem that supports inclusive and sustainable economic growth. This study also underscores the importance of integrating professional management, efficient beneficiary selection, ongoing support in the form of mentoring and training, and collaborative forums that facilitate knowledge exchange among various stakeholders (Hisham & Muwazir, 2022; Ahmadan et al., 2023). The synergy between these elements creates a robust empowerment ecosystem that not only enhances program effectiveness but also fosters community trust (Aldeen et al., n.d.). This trust encourages broader participation and long-term success in poverty

alleviation and community well-being. Consequently, the success of a waqfpreneur empowerment program depends heavily on professional funding management, structured beneficiary selection, ongoing training, and active collaboration among stakeholders (Ningsih et al., 2023).

This study also conducts an in-depth comparative analysis of the strategic priorities for waqfpreneur empowerment as articulated by various stakeholder groups, particularly practitioners, managers, and academics. This approach aims to identify the most crucial strategic issues in developing an effective waqfpreneur model and improving the economic well-being of communities in the relevant regions. By synthesizing input from diverse stakeholders, this study categorizes and ranks challenges and strategic priorities, accurately mapping the areas most in need of attention. The analysis reveals differences in focus among these groups, with practitioners prioritizing practical operational issues in program implementation, while academics tend to highlight broader systemic challenges and policy solutions.

These findings emphasize that empowerment strategies for achieving well-being cannot be applied uniformly; rather, they must be designed with flexibility to consider the roles and experiences of each stakeholder. This adaptive approach is essential for empowerment programs to address practical challenges on the ground while also accommodating the theoretical insights underlying long-term policy (Amellia et al., 2024). This study also emphasizes the need for a clear and targeted policy framework that integrates interventions. Such as training and access to capital, along with long-term strategic planning, ensures program sustainability. A systematic feedback mechanism is also needed so that implementation outcomes can be continuously evaluated and adjusted based on field experience and academic input.

Furthermore, the interpretation of this study's findings highlights the urgency of collaboration among various stakeholders as key to the success of empowerment strategies. A collaborative and holistic approach that combines the perspectives of practitioners and academics can bridge the gap between actual implementation needs and structured strategic guidelines (Hasan et al., n.d.). Thus, this study underscores that aspects of a waqfpreneur empowerment strategy must balance immediate operational needs with sustainable long-term goals. This study calls for the development of a comprehensive framework that clearly identifies priority issues and formulates strategies responsive to the diverse challenges faced by practitioners and academics to achieve effectiveness and sustainability in waqfpreneur empowerment.

CONCLUSION

The findings of this study can be concluded that waqfpreneurship as an Islamic economic instrument for realizing the welfare of the community in philanthropic institutions in Riau Province faces major challenges categorized as internal and external issues, with the highest priority being human resources (HR) issues. The most prioritized solution is the implementation of professional and structured empowerment management. This model consists of six main strategic elements: digitalization of waqf management, partnerships with financial institutions, mapping economic potential, providing productive models, waqf literacy programs, and business feasibility studies. Each of these elements was prioritized differently by various groups of respondents: academics emphasized the importance of waqf literacy programs, institutional managers prioritized digitalization of waqf management, while practitioners focused on business feasibility studies. This conclusion underscores the importance of a comprehensive and adaptive approach to the waqfpreneurship concept to improve the welfare of the community in various fields, especially the economic, educational, health, and spiritual fields (maqoshid syariah) in Riau Province.

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