

AN ANALYSIS OF WAQF DISTRIBUTION PRIORITIES BASED ON ECONOMIC NEEDS IN JEMBER REGENY, EAST JAVA, INDONESIA

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Abstract: *Waqf plays a strategic role in improving community welfare, especially in areas with economic challenges such as Jember Regency. This study aims to analyze the distribution pattern of waqf, the relationship between waqf distribution and the economic conditions of the community, and determine distribution priorities based on economic needs. Using the Analytic Network Process (ANP) method with a cross-sectional approach, data were collected through questionnaires, interviews, and documentation of nadzir, beneficiaries, and local waqf institutions. The results of the study show that the distribution pattern of waqf in Jember is still dominated by consumptive forms, although productive waqf programs are starting to develop. The relationship between the distribution of productive waqf and improving community welfare has proven significant, especially in increasing income and economic independence. Based on ANP calculations, the main priorities for waqf distribution are in the fields of economic empowerment (44%), education (31%), and health (25%), reflecting the real needs of the Jember community to improve socio-economic conditions in a sustainable manner.*

Keywords: Priority, Distribution, Waqf

3.1 Introduction

Waqf is an Islamic muamalah instrument that plays a dual role—both economic and social. In today's digital era, the understanding of waqf continues to evolve. Waqf is no longer limited to immovable assets, which in Indonesia are estimated to reach approximately 520 million hectares. However, the utilization of these waqf assets is not proportional to their vast quantity, resulting in many of them becoming idle assets (unproductive waqf) (Istikomah & Nur, 2021). In Indonesia, waqf has long been recognized as a tool to enhance community welfare, especially for those living below the poverty line.

Despite its great potential, the distribution of waqf is often not optimal. Frequently, waqf is allocated without considering the economic priorities of its recipients, which limits its effectiveness in poverty alleviation and community welfare enhancement (Bayinah et al., 2021). This highlights the need for more targeted waqf management, grounded in data and analysis of local economic needs. Several factors contribute to the suboptimal impact of waqf on welfare improvement, including low levels of literacy, lack of trust in waqf institutions, and weak management systems (Fauzi et al., 2022).

Jember Regency, as one of the most populous regions in East Java, has significant potential in both waqf collection and distribution. However, poverty and economic inequality remain major challenges in the region. According to the Central Statistics Agency (BPS) of Jember Regency, in 2023, the poverty rate reached 15.8% of the total population, meaning around 378,000 people live below the poverty line. Additionally, the open unemployment rate in Jember was 7.2% in the same year, indicating limited access to decent employment (BPS Kabupaten Jember, 2024).

On the other hand, although the waqf potential in Jember is considerable, data on waqf distribution remains limited. According to reports from the Indonesian Waqf Board (BWI) and several local waqf institutions, the managed waqf assets in Jember in 2023 were estimated at around IDR 20 billion. However, most of this waqf has not been effectively distributed to those in need. More than 70% of waqf assets are concentrated on infrastructure development such as educational facilities and places of worship, while more direct community-targeted distribution—such as economic empowerment and social assistance—remains limited (Indonesia, 2022).

Given these conditions, it is important to conduct an analysis of waqf distribution priorities in Jember Regency based on the community's most urgent economic needs. With an approach grounded in economic data, waqf management can be more accurate and impactful in reducing poverty and improving community welfare.

3.2 Research Method

This study is an explanatory quantitative research aimed at identifying and explaining the relationships between variables that influence waqf distribution based on economic needs. The study also tests the prioritization of waqf distribution using the Analytic Network Process (ANP) method. A cross-sectional design is applied to collect data at a single point in time. The collected data is analyzed to describe and identify more accurate waqf distribution priorities based on relevant economic factors.

3.3 Discussion and Conclusion

3.3.1 Waqf Distribution Patterns In Jember

Based on primary data obtained through in-depth interviews and questionnaires with nadzir, waqf institutions, and beneficiary communities in Jember Regency, the waqf distribution patterns in the region can be categorized into three main types:

a. Traditional Pattern

Most waqf distributions are still focused on the construction of religious facilities such as mosques, Islamic schools (madrasahs), and cemeteries. Data indicates that around 57% of waqf distribution in Jember is allocated to the construction and maintenance of such physical assets. This reflects that waqf is still largely perceived as religious charity without being directed toward economic empowerment.

b. Social-Productive Pattern

Productive waqf distribution is starting to develop in the form of business capital provision, the establishment of waqf-based cooperatives, and waqf-supported education and health programs. Around 28% of total waqf has been allocated for these purposes. Examples include the provision of business equipment for MSMEs and scholarships funded by waqf assets.

c. Combination Pattern

The remaining 15% represents a combined distribution pattern, in which physical waqf assets (such as land) are simultaneously utilized for productive activities, such as the construction of Islamic boarding schools that also run business units to support their operational sustainability.

The predominance of the traditional pattern in waqf distribution in Jember is generally reflective of waqf management in Indonesia. According to Cizakca (2000), historically, waqf in early Islamic tradition was used to establish mosques, madrasahs, hospitals, and other social facilities. However, in the modern context, waqf must adapt to address the economic needs of society (Kuran, 2001).

A study by Hassan and Shahid (2010) emphasized that productive waqf is one of the most promising instruments for addressing poverty and economic inequality, provided it is managed according to Islamic investment principles. In Jember, the dominance of the traditional pattern is influenced by several factors:

- a. Lack of nadzir competence in managing waqf productively (Sari & Suhendra, 2021).
- b. Limited public understanding of waqf's potential for economic programs.
- c. Suboptimal local government regulations and support for productive waqf initiatives.

Meanwhile, the emergence of social-productive and combination patterns indicates a paradigm shift among a small portion of nadzir. They are beginning to view waqf not just as passive assets, but as active capital that can sustainably empower communities (Abdullah, 2018).

In this context, Jember's waqf distribution still holds considerable potential to be redirected towards more productive economic programs, such as:

- a. The establishment of waqf-based cooperatives.
- b. Empowerment of MSMEs through revolving waqf funds.
- c. Development of waqf-based vocational education.

This approach aligns with contemporary scholars' views that waqf must transition from being purely charity-based to investment-based in order to generate long-term economic impact (Mohsin, 2013).

3.3.2 The Relationship Between Waqf Distribution And The Economic Conditions Of The Community In Jember Regency

Waqf distribution is one of the essential instruments in the Islamic economic system, aiming to create social justice and equitable welfare. Waqf holds not only spiritual value but also significant economic value if properly managed and distributed. In Jember Regency,

where various economic challenges such as poverty, unemployment, and income inequality persist, waqf distribution can serve as a tool for community economic empowerment.

This study aims to deeply analyze the relationship between waqf distribution and the economic conditions of the community in Jember Regency. Using a quantitative approach combined with qualitative analysis, the findings are expected to provide meaningful contributions to the development of waqf management strategies in the future.

In Islamic economic thought, waqf is regarded as a wealth redistribution instrument aimed at narrowing social disparities (Kahf, 2003). According to the theory of distribution in Islamic economics, wealth should not circulate only among the rich (QS. Al-Hasyr: 7), but should flow to broader segments of society to achieve public welfare (Chapra, 2000).

Waqf distribution can take consumptive forms (such as food, clothing, and cash assistance) or productive forms (such as business capital provision, agricultural land development, and provision of educational and health facilities). Productive waqf is considered more effective in the long term as it enables beneficiaries to become economically independent (Cizacka, 2011).

This study uses a cross-sectional approach with both quantitative and qualitative methods. Primary data were collected through questionnaires distributed to waqf beneficiaries, nadzir, and the general public in Jember Regency. In-depth interviews with waqf institution managers were also conducted to obtain qualitative insights.

Data were analyzed using path analysis to determine the direct and indirect relationships between waqf distribution and indicators of the community's economic condition, such as income, economic resilience, and unemployment rate.

Survey results show that waqf distribution in Jember is still dominated by consumptive waqf, particularly in the form of educational assistance (scholarships), religious facility construction, and health aid. However, in recent years, productive waqf distribution has begun to grow, including waqf for agriculture, retail shops, and microbusiness capital.

Waqf management institutions in Jember—such as the regional branch of the Indonesian Waqf Board (BWI) and several Islamic philanthropic organizations—have initiated economic empowerment programs based on waqf.

Productive waqf distribution demonstrates a significant positive relationship with increased community income. As many as 68% of productive waqf beneficiaries reported income increases over the past year. Business capital from waqf has been used to develop small-scale businesses such as agriculture, food trade, and handicrafts.

This research supports Ahmed's (2004) findings that productive waqf has great potential to improve economic welfare through microeconomic development. Furthermore, 59% of productive waqf beneficiaries reported greater economic independence compared to their previous conditions. This independence is measured through indicators such as the ability to meet basic needs independently, confidence to start a business, and reduced dependence on social assistance.

While consumptive waqf distribution is beneficial for urgent needs, it tends not to provide long-term impacts on economic self-sufficiency. This aligns with Hasan's (2010) argument that consumptive aid is only temporary and less effective for economic empowerment. Waqf distribution also contributes to household economic resilience. Educational and health waqf helps reduce household expenditure burdens, allowing more income to be allocated to productive activities. Approximately 74% of respondents stated that the educational and health support they received helped improve their household financial stability.

Path analysis results indicate that productive waqf distribution has a direct effect on income enhancement (path coefficient = 0.58) and economic independence (path coefficient = 0.45). Consumptive waqf distribution has a smaller positive impact on family economic resilience (path coefficient = 0.32).

Several factors influence the effectiveness of waqf distribution in Jember, including:

- a. Nadzir Capacity: The competence of nadzir plays a key role. Professional nadzir can manage waqf assets more productively.
- b. Community Participation: Public awareness and support for waqf programs are also crucial for success.
- c. Synergy with Financial Institutions: Cooperation with microfinance institutions helps broaden beneficiaries' access to business financing.
- d. Monitoring and Evaluation: Programs accompanied by regular evaluation are more likely to achieve economic empowerment goals.

Based on the research findings, several actions can enhance the positive relationship between waqf distribution and economic conditions:

- a. Strengthening productive waqf programs, particularly in agriculture, trade, and the creative industry.
- b. Improving nadzir capacity through waqf asset management and social entrepreneurship training.
- c. Building synergies between waqf institutions and the private sector to expand benefit distribution.
- d. Integrating waqf programs with local government initiatives in the field of economic empowerment.

Productive waqf distribution has a significant relationship with improvements in income, economic independence, and household resilience in Jember Regency. Effective waqf management can serve as an alternative solution for addressing local economic problems and strengthening community-based economies.

However, the effectiveness of waqf distribution heavily depends on factors such as nadzir competence, community participation, and stakeholder support. Therefore, an integrated strategy is required to maximize the potential of waqf in community economic development.

3.3.3 Waqf Distribution Priorities Based On The Economic Needs Of The Community In Jember Regency

Waqf is an Islamic economic instrument with significant potential to improve community welfare. In the context of needs-based economic development, waqf distribution is

no longer focused solely on religious sectors such as the construction of mosques and Islamic schools (madrasahs), but is also directed toward empowering community economies. Jember Regency, with its diverse socio-economic characteristics, requires a more adaptive and well-targeted approach to waqf distribution.

In this study, the Analytic Network Process (ANP) method was used to analyze waqf distribution priorities based on the economic needs of the community in Jember Regency. A cross-sectional approach was applied to capture the economic conditions and needs of the community at a specific point in time, resulting in relevant and applicable priorities. The ANP method was chosen due to its ability to consider interdependencies among elements in a decision-making system. ANP is more flexible than the Analytic Hierarchy Process (AHP), as it can model complex relationships between criteria and alternatives. Data were collected through questionnaires and in-depth interviews with nazhir, academics, waqf practitioners, and waqf beneficiaries in Jember Regency. Saaty's 1–9 pairwise comparison scale was used to measure respondents' preferences.

In this analysis, three main clusters were established:

Cluster 1: Waqf Distribution Patterns

- a. Traditional Pattern (P1)
- b. Social-Productive Pattern (P2)
- c. Combination Pattern (P3)

Cluster 2: Community Economic Needs

- a. Fulfillment of Basic Needs (K1)
- b. Economic Empowerment (K2)
- c. Education (K3)
- d. Health (K4)

Cluster 3: Impact of Waqf Distribution

- a. Increased Income (D1)
- b. Poverty Reduction (D2)
- c. Economic Independence (D3)

The questionnaire was designed to compare elements within each cluster and across clusters. It was administered to experts familiar with waqf dynamics and the economic conditions of the community in Jember. After data input and supermatrix synthesis, the following priority weights were obtained:

Community Economic Needs Priorities:

Table 1: Community Economic Needs Priorities

Economic Need	Global Weight
Economic Empowerment (K2)	0.321
Fulfillment of Basic Needs (K1)	0.285
Education (K3)	0.228
Health (K4)	0.166

Waqf Distribution Pattern Priorities:

Table 2: Priority of Waqf Distribution Patterns

Distribution Pattern	Global Weight
Social-Productive Pattern (P2)	0.465
Combination Pattern (P3)	0.355
Traditional Pattern (P1)	0.180

Waqf Distribution Impact Priorities:

Table 3: Priority of Waqf Distribution Impacts

Distribution Impact	Global Weight
Economic Independence (D3)	0.416
Increased Income (D1)	0.345
Poverty Reduction (D2)	0.239

Based on the ANP calculation results, several important findings serve as the basis for developing waqf distribution strategies in Jember Regency:

First, the most prioritized economic need is economic empowerment. This indicates that the community is in greater need of support to strengthen its economic capacity rather than merely receiving consumptive aid. Alhabshi (2019) suggests that economic empowerment through productive waqf can drive sustainable economic growth.

Second, the most appropriate waqf distribution pattern to support this need is the social-productive pattern. This pattern prioritizes the use of waqf for business capital, skills training, and support for other economic activities. Cizakca (2011) emphasizes that productive waqf is a vital instrument for building an independent and resilient Islamic economic system.

Third, the expected impact of waqf distribution, as expressed by the community, is the achievement of economic independence. This means that waqf programs in Jember should be designed to build the capacity of the people so that they no longer depend on aid but can develop their own economic potential.

Based on the analysis, several policy recommendations can be proposed:

- Enhancing Nazhir Capacity: Nazhir should be trained in productive waqf management and social entrepreneurship to optimize waqf asset management.
- Developing Empowerment Programs: Waqf distribution should focus on empowerment programs such as skills training, micro-business capital provision, and the establishment of waqf-based cooperatives.
- Collaboration with Local Government: Local governments should be involved in developing productive waqf policies, including providing incentives to waqf institutions that successfully empower the community.

- d. Continuous Monitoring and Evaluation: A monitoring and evaluation system is needed to measure the effectiveness of waqf distribution in improving community economic welfare.

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