Understanding the Intersection of Waqf and Pesantren Culture: A Study on Local Wisdom

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Article History
Received: 23-11-2023
Revised: 21-12-2023
Accepted: 29-12-2023

Abstract: Waqf, as an integral component of the Islamic philanthropic development model, contributes significantly to the improvement of educational quality. Intergovernmental partnerships assist to expand its economic potential. The purpose of this paper is to outline waqf's potential as an economic instrument. Using a qualitative literature review method, this article examines the economic potential of waqf in addressing a variety of relevant issues. The study's findings show that waqf management aligns with economic capabilities; economic management aligns with the practices of Prophet Muhammad (PBUH) and his companions; management models are becoming more diverse as a form of adaptation to modern economic theories; and Waqf has the potential for economic development. Furthermore, the findings of this study are consistent with the concept of waqf management used in several countries, which have demonstrated success in managing waqf while providing benefits to society, all based on Islamic teachings.

Kata Kunci: Aset Wakaf, Filantropi Islam, Hukum Islam, Waqf, Waqf Property.

Abstrak: Wakaf, sebagai komponen integral dari model pengembangan filantropi Islam, berkontribusi secara signifikan terhadap peningkatan kualitas pendidikan. Kemitraan antarpemerintah membantu mengembangkan potensi ekonominya. Tujuan dari makalah ini adalah untuk menguraikan potensi wakaf sebagai instrumen ekonomi. Dengan menggunakan metode tinjauan literatur kualitatif, artikel ini menggali potensi ekonomi wakaf dalam mengatasi berbagai masalah yang relevan. Temuan studi ini menunjukkan bahwa pengelolaan wakaf sejalan dengan kemampuan ekonomi; pengelolaan ekonomi sejalan dengan praktik Nabi Muhammad SAW dan para sahabatnya; model pengelolaannya semakin beragam sebagai bentuk adaptasi terhadap teori-teori ekonomi modern; dan wakaf berpotensi untuk pengembangan ekonomi. Selain itu, temuan penelitian ini sejalan dengan konsep pengelolaan wakaf yang digunakan di beberapa negara yang telah menunjukkan keberhasilan dalam mengelola wakaf sekaligus memberikan manfaat bagi masyarakat, yang semuanya didasarkan pada ajaran Islam.

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https://doi.org/10.47766/almabhats.v8i2.2068
INTRODUCTION

Waqf is a significant act of monetary worship that holds value and possesses substantial economic potential (Laluddin et al., 2021; Rashid, 2018). While traditionally waqf was associated with immovable assets like land or buildings, its scope has expanded in recent times to include other forms, such as cash waqf (Hasan et al., 2019; M. H. Ismail et al., 2015). Cash waqf offers flexibility in its utilization, not only serving its original purpose but also being employed for the development of productive businesses (Lamido & Haneef, 2021). As time progresses, it is inevitable that changes in waqf development will occur to enhance its economic potential for the betterment of social welfare (Haneef, 2018).

According to the 2021 population census, Indonesia is a predominantly Muslim country, with 87.18% of its population adhering to Islam (Nurhanisah, 2023). The religious devotion of Muslims in Indonesia is noteworthy, evidenced by the significant number of Muslims performing Hajj and the popularity of Umrah. The sizable Muslim population and their religious commitment should have a positive correlation and impact on the issue of waqf in Indonesia (Via Syahdaniya & Rifa’i, 2021). Therefore, with the majority of Muslim residents, this serves as a motivational force for advancing the nation, particularly for us Muslims (Hakim & Haif, 2019). It is indeed proof that waqf can contribute to economic matters in a country, as exemplified by Egypt, Pakistan, Malaysia, where waqf has played a role in prospering its people (Islâm, 2018; S. Ismail et al., 2023; Widiyanti et al., 2022).

The majority of educational institutions are private foundations. Institutionally, they have the opportunity to grow because of the lack of external intervention (Aprilia & Prasetyo, 2023). However, technically it is a challenge because they are required to be independent. One of the instruments to be independent is to optimize the potential of waqf. Through the study of Islamic philanthropy, waqf is directed to the development of Islamic educational institutions (Haneef, 2018; Widyawati & Azra, 2011).

The push from subsystems, not just the government, is necessary so that the empowerment of citizens can continue to be useful in improving community welfare (Yuda et al., 2020). This is because all poverty alleviation programs that have been implemented by the government with the aim of empowering citizens have not yet been able to show significant results in the community (Atan & Johari, 2017). This shows that community empowerment programs still need support from other subsystems.
The success achieved by several countries, both Muslim and secular, has proven that waqf has great potential to be developed. The benefits obtained contribute more to realizing the economic independence of the community (Prasetyo & Al Qadri, 2023). Waqf can certainly be considered as an Islamic economic instrument in a country (Bazzi et al., 2020; Ihsan & Hameed Hj. Mohamed Ibrahim, 2011).

People living below the poverty line are not due to natural resources not matching the population, but rather due to a lack of comprehensive distribution and a low sense of solidarity among community members (Ahmad, 2015; Rozihan, 2022). The cycle of poverty that is created in our community is more structural poverty, so efforts to overcome it must be tried through principled, systematic, and comprehensive efforts, not just partial, sporadic, and temporary (Hudaefi & Heryani, 2019; Yusroni & Chadhiq, 2021). To realize evenly distributed welfare is not an easy task because material or spiritual prosperity can only possibly be achieved under certain conditions, among others by carrying out several principles that are important for realizing welfare, such as the fulfillment of human rights, including the right to obtain justice. This is where the important role of waqf for people lies because if it is associated with the concept of developing productive waqf aimed at social community interests (Sharip et al., 2019).

This paper aims to elaborate on the potential of waqf in the view of economic instruments. This study uses a qualitative method of literature, this article will highlight waqf and economic potential as a number of existing problems (Medias et al., 2019).

METHODS

The research employs a qualitative paradigm with a literature review technique. The data is derived from theoretical constructs found in research journals and primary books related to the study of educational philanthropy, pesantren autonomy, pesantren culture, and waqf in Islamic educational institutions. The reference sources consist of 50 citations, with the majority originating from internationally reputable journals. The data processing tools utilized include data reduction techniques and observations of the synthesis of previous research findings on waqf and pesantren.

The data is then comparatively analyzed to form a theoretical construct model, which represents the novelty of this research. Information obtained through data collection to analysis, the author uses a literature review, so the study begins with the application of literature. Understanding literature and other
people's experiences means looking for theories, concepts that can be used as a theoretical basis for the research to be tried so that the research has a strong foundation.

RESULT AND DISCUSSION

Historical Background

Waqf has a rich historical background, with its legislation dating back to the second year of Hijriyah (Atan & Johari, 2017). Scholars have debated whether the Prophet Muhammad or Umar bin Khatab was the first to implement the waqf law. While some argue that the Prophet Muhammad established the first waqf by endowing land for the construction of a mosque, others attribute the initial implementation to Umar bin Khatab (Nissa, 2017). The historical development of waqf in Indonesia is closely intertwined with the growth of Islamic da'wah in the region (Ascarya & Sakti, 2022).

The concept of waqf and the essential elements involved in its implementation. Understanding waqf as a form of Islamic philanthropy contributes to a deeper comprehension of its role in fostering social welfare and community development within the context of Islamic educational institutions (Allâh et al., 2022). The concept of waqf, rooted in the Arabic verb waqafa, carries the meaning of allocating wealth while preserving its essence and renouncing the waqif's right to use that wealth (Islam & Haji, 2003). This article examines the etymology, terminology, and significance of waqf in the domain of Islamic philanthropy (Triantoro et al., 2021).

The term "waqf" finds its linguistic origins in the Arabic language, specifically the verb waqafa. It signifies the act of withholding wealth for beneficial purposes while maintaining the intrinsic value of the endowed item. In Islamic thought, waqf is understood as an act of devotion to Allah, encompassing both spiritual and practical dimensions (Baqutayan et al., 2018).

Understanding Waqf and Islamic Education

According to Islamic thought, waqf is one of the good deeds that has review measures in its applicative form, that is an act that is not only of the size of 'ubūdiyah ilāhiyah, meaning (worship to Allah) (Ahmed et al., 2015).

Waqf in Islamic law has been explained into one very useful part because waqf is one of the commendable deeds taught in Islam and not only in Islam but also in other religions, but what distinguishes it in terms of faith in deeds. Waqf has been around since the time of the Prophet Muhammad because waqf was
legislated in the second year of Hijriyah. There are 2 opinions that grew among Islamic jurisprudence experts (fuqaha’) about who first carried out the waqf law, according to some scholars’ opinions stating that the first to carry out waqf was the Prophet Muhammad, namely waqf land owned by the Prophet Muhammad to be built a mosque (Medias, 2010).

Some scholars report that the first to carry out the waqf law was Umar bin Khatab. This opinion is based on a hadith narrated by Ibn Umar ra. In Indonesia, waqf activities are known along with the growth of Islamic da’wah in Indonesia (Kencana et al., 2019).

**Essential Elements of Waqf**

To fulfill the requirements of waqf, several essential elements must be present. First, the wakif refers to the individual who endows their property. Second, the nazhir is the recipient of the waqf property from the wakif. Third, the property can only be designated as waqf if the wakif has completed legal ownership and understanding of the property. Fourth, the waqf pledge is formalized through a deed that signifies the wakif’s intention to endow the property to be managed by the nazhir. Fifth, the waqf property must be utilized for worship facilities, educational and health facilities, or other universal welfare advancements that align with Sharia and statutory regulations. Finally, the waqf period can be specified in the case of monetary waqf.

Waqf is carried out by fulfilling the elements of waqf as follows: (1) Wakif is a party or term for those who waqf their property. (2) Nazhir is the person who receives the waqf property from the wakif. (3) Property can only be waqf if it is fully owned and understood legally by the wakif. (4) Waqf pledges are evidenced by the making of a waqf pledge deed as a statement of the wakif’s intention to waqf the property he owns to be managed by the nazir. (5) Make waqf property, in order to achieve the objectives and roles of waqf, waqf property can only be used for worship facilities and activities; educational and health facilities, or other universal welfare advancements that do not contradict sharia and statutory regulations. (6) Waqf period. At this time waqf can be given a time limit, namely in the instrument of money waqf (Wadjdy et al., 2007; Yusutria et al., 2021).

Generally, Islamic Education is a science based on Islamic doctrines, therefore Islamic Education adheres to the Quran and Hadith. Here are the definitions of Islamic Education according to experts: (1) According to Ahmad D. Marimba (in Umi Uhbiyat), Islamic Education is physical and spiritual guidance based on the laws of Islam, directed towards creating a main character for the
Islamic dimension. (2) According to Mahendra, Islamic Education is a learning process that encompasses all aspects of life needed by students, based on Islamic teachings (Mahendra et al., 2022). (3) According to Kamaluddin firstly, Islamic education is a type of education whose establishment and implementation are driven by the will and aspirations to embody Islamic values, both reflected in the name of the institution and in the activities it carries out (Pasi et al., 2020).

The second, Islamic Education is a type of education that pays attention and simultaneously makes Islamic teachings a knowledge for research programs to be carried out (Zarkasyi, 2020). The third, Islamic education is a type of education that includes the above two interpretations. (4) According to Tadjab, simply put, Islamic Education can be referred to as education carried out based and sourced on Islamic teachings. Furthermore, he also states that Islamic teachings are sourced from the Quran and Hadith. Therefore, to formulate the concept of education desired by Islam, we must obtain it in the Quran by analyzing verses of the Quran related to education and analyzing its application in the Sunnah of the Prophet Muhammad and throughout Islamic history (Laluddin et al., 2021).

The goal of Islamic Education is essentially a formulation of philosophy or a deep thought about what education is. A person can only formulate a goal of an activity if he correctly understands the underlying philosophy. This formulation of the goal of Islamic Education will then determine the aspects of curriculum, procedures, teachers, and others related to education.

The ultimate goals to be achieved through educational activities are two: (1) Achieving the perfection of a servant starting from approaching Allah. (2) The perfection of a servant that starts from the happiness of the world and the hereafter. Because of this, he aspires to guide people so that they reach the targets that are the ultimate goal and the purpose of that educational goal. This goal appears to be religious and moral in nature, without ignoring worldly matters.

Broadly speaking, there are three types of Islamic education institutions, namely informal education institutions, non-formal education institutions, and formal education institutions (Dhofier, 1984; Nasir, 2005): (1) Informal Education Institutions. The meaning of this informal institution is family education. The family is the first educational institution for children. In this family, the foundations of a student’s character are laid at an early age, because at this age, children are more sensitive to the influence of their parents’ education or other family members. (2) Non-formal education Institutions, meaning educational institutions that exist in the community, either in the form of studies, study groups, or others. For example, a study group is an educational institution that exists in
the community and grows and develops from the Islamic community itself, which is for the benefit of humanity. Thus, the study group is a community self-help institution whose existence is based on the will to build a civilized community. (3) Formal Education Institutions or Schools. The school is an important educational institution after the family. As children's needs grow and family life grows, parents generally delegate educational responsibilities to the school institution. Here, the school acts as an assistant to the family institution in educating children. The task of teachers and school leaders, in addition to providing knowledge and skills, also provides guidance in accordance with religious demands.

**Basic Framework and Instruments of Islamic Economy**

Based on the definition of waqf in the law, waqf currently accommodates various types of waqf assets, including cash waqf. Specifically, the law contains sections on cash waqf, where in articles 28 to 31 it is stated that cash waqf must be deposited through a Sharia Financial Institution (LKS) that has been authorized by the Minister of Religion of the Republic of Indonesia. Cash waqf must be evidenced with a certificate.

In modern management today, waqf is integrated with various existing modern systems, especially related to cash waqf which is currently being intensified in Indonesia. Based on Law No. 41 of 2004, the acceptance and management of cash waqf can be integrated with sharia financial institutions. In cash waqf, the waqif cannot directly hand over the mauquf in the form of money to the nazhir, but must go through the LKS, which is referred to as the LKS Cash Waqf Receiver (PWU) (Kencana et al., 2019). In the cash waqf management system, it is not much different from waqf land or buildings, the nazhir is tasked with investing according to sharia with one provision: the nominal value of the money invested must not decrease. On the other hand, investment returns are allocated for nazhir wages (maximum 10%) and community welfare (minimum 90%) (Rozihan, 2022).

For those who implement cash waqf that is allowed by the government, especially micro and macro financial institutions, because financial institutions are considered to have the potential to manage money in good investments so there is hope that the principal will not decrease. There are differences of opinion among scholars regarding the validity of cash waqf. The difference in opinion exists not only a comparison between schools but also a comparison within one school.
Abu Hanifah rejected the existence of cash waqf, while Ibnu Abidin from the Hanafi school accepted its validity, considering it dependent on local customs. Malik bin Anas, in his book Mudawwanah, permits waqf of movable goods and waqf muaqqat, implying the permissibility of cash waqf. Ad-Dasyuqi explains that waqf of movable goods is allowed in the Maliki school, including items used once such as clothes, although waqf items used once like food are discouraged.

According to Mu'alin, there are several scholars who allow cash waqf, among them: (1) Imam al-Zuhri (d. 124 H) opined that waqf dinar is allowed, but with the note that the dinar is made as business capital and the profits are given to those who have the right to receive waqf property or mauquf 'ala. (2) In the Hanafi school by the early scholars, the law allows waqf dinar and dirham with exceptions, based on Isthsan bi al-'Urf, based on the atsar from Abdullah bin Mas'ud r.a. "if it is seen as good by the Muslim community for Allah is also good, and is seen as less good by the Muslim community so in the sight of Allah it is also less good". (3) Some scholars of the al-Shafi'i school. "Abu Tsaur narrated from Iman al-Shafi'i about the permissibility of waqf dinar and dirham (money).

The great potential of waqf in Indonesia has the opportunity to contribute to efforts to improve people’s welfare, that is by maximizing cash waqf as one of the efforts to finance infrastructure development. Empowerment of waqf as an effort to utilize the sustainable and strategic results of waqf to become waqf. The effort of productive waqf empowerment is an effort to empower the people who are targeted through the results of cash waqf or cash waqf and there are several important aspects as an effort in realizing the success of ummah economic welfare through productive waqf empowerment, among others, is the optimization of nazhir and optimization of the explanation of productive waqf / re-interpreting productive waqf. With this, it is hoped that waqf can become a pillar of welfare for the needs of the ummah.

Economically, the ability of cash waqf is very large to build economic independence of the ummah in order to improve welfare, because this cash waqf has several advantages when compared to conventional waqf. The advantages of cash waqf for the economic independence of the ummah include: First, cash waqf is more productive; the funds can be used directly, the results of waqf fund investments can be used immediately for various needs of the ummah, such as scholarships, financing medical care, paying teacher salaries, and so on. Second, cash waqf can be used to fund and improve waqf assets in the form of land and buildings for productive business interests, such as building shops, cafes, supermarkets, hospitals, and so on. Third, it is easier to do by waqif; because cash
waqf can be practiced by anyone without waiting to be rich first. In other words, it can be practiced in line with a person’s economic potential. In addition, it can be practiced collectively or in groups.

**Analyzing the phenomenon of utilizing waqf for the development of Islamic educational institutions**

Analyzing the phenomenon of utilizing waqf for the development of Islamic educational institutions involves considering various economic factors and principles. Waqf can be viewed as a form of philanthropic endowment, where individuals or organizations dedicate assets for specific charitable purposes. In the case of Islamic educational institutions, waqf assets are directed towards supporting their development and sustainability. This aligns with the concept of social capital, where resources are allocated to enhance societal welfare and promote human development.

Economically, waqf can be seen as a mechanism to address market failures in the education sector (Zarkasyi, 2020). In many countries, access to quality education is limited, particularly for disadvantaged communities. By channeling waqf funds towards Islamic educational institutions that cater to these communities, the inefficiencies and inequalities in the education market can be mitigated. This contributes to the overall development of human capital and has positive externalities for the economy.

The utilization of waqf for educational purposes can be analyzed through the lens of sustainable development (Kasdi, 2016). Islamic educational institutions funded by waqf assets often prioritize long-term goals, such as improving educational infrastructure, enhancing teaching quality, and investing in research and development. These efforts align with the principles of sustainable development, which emphasize the importance of balancing economic, social, and environmental considerations for long-term prosperity (Widiyanti et al., 2022).

From an efficiency perspective, waqf can provide a stable and continuous source of funding for Islamic educational institutions. Waqf assets, such as properties or financial endowments, generate income that can be used for various educational purposes. This reduces the reliance on volatile funding sources and allows institutions to plan and invest in the long-term. Moreover, waqf assets can be efficiently managed and diversified to maximize returns and ensure the sustainability of funding.
The argument provides a critical analysis regarding the importance of addressing challenges and risks in waqf management to optimize its benefits in educational development. Several highlighted issues, such as inadequate governance, lack of transparency, and ineffective management of waqf assets, are indeed problems that need to be addressed.

It is important to address inadequate governance in waqf management, as it can hinder the ability to utilize resources optimally. In this context, the implementation of strong governance mechanisms is necessary, involving clear regulations, transparent procedures, and clear accountability. This will help maintain integrity and efficiency in waqf management.

Furthermore, the lack of transparency in waqf management is also an issue that needs to be considered. Sufficient transparency will enable stakeholders to better understand and monitor the use of waqf funds. Therefore, it is important to promote transparency through the provision of easily accessible information and open monitoring of waqf asset management.

Effective management of waqf assets is also a crucial factor in maximizing the benefits of waqf in educational development. Proper supervision is necessary to ensure that waqf assets are used wisely and in line with the intended purposes of waqf. The implementation of effective oversight mechanisms will help prevent detrimental practices and ensure that waqf funds are optimally utilized for educational development.

A critical analysis that considers the challenges and risks associated with waqf management. By addressing issues such as inadequate governance, lack of transparency, and ineffective management of waqf assets, it can be expected that the benefits of waqf in educational development can be optimized. However, it is important to note that the implementation of strong governance mechanisms, promotion of accountability, and proper oversight must be supported by concrete actions and strong commitment from all relevant parties.

It is crucial to address potential challenges and risks associated with waqf management. Issues such as inadequate governance, lack of transparency, and mismanagement of waqf assets can hinder the optimal utilization of resources. Therefore, implementing robust governance mechanisms, promoting accountability, and ensuring proper oversight are essential to maximize the benefits of waqf for educational development.

Analyzing the phenomenon of utilizing waqf for the development of Islamic educational institutions through a scientific lens involves considering economic principles such as social capital, market failures, sustainable development, and
efficiency. By leveraging waqf assets, these institutions can address educational inequalities, enhance human capital, and contribute to long-term economic prosperity. However, effective governance and risk management are critical to realizing the full potential of waqf for educational development.

Pesantren plays a vital role in educating stakeholders, including santri, teachers, and the local community, about the concept of wakaf (endowment) and its benefits. This education aims to enhance understanding and encourage community participation in endowing the pesantren. By dispelling misconceptions and increasing awareness, pesantren can overcome the community’s lack of knowledge or misunderstanding about waqf thereby fostering greater support for the development of endowment-based pesantren.

In addition, pesantren can diversify their endowment programs by incorporating various sectors such as education, healthcare, infrastructure, and productivity. This diversification ensures that pesantren are not solely reliant on a single source of funding, thereby reducing financial dependence and promoting long-term sustainability.

Collaboration with financial institutions and the government is crucial for optimizing endowment management. By partnering with financial institutions, pesantren can effectively manage and invest their endowment funds, while also accessing technical assistance for fund management. Furthermore, leveraging government programs that support the development of endowment-based pesantren can provide additional resources and enhance the management of endowment funds.

Pesantren needs to establish a professional and knowledgeable endowment management team. This team will be responsible for implementing a comprehensive endowment management plan, ensuring efficient utilization of endowment funds, maintaining transparency and accountability, and ensuring the long-term viability of the pesantren.

By educating stakeholders, diversifying endowment programs, collaborating with financial institutions and the government, and establishing a professional endowment management team, pesantren can maximize the potential of wakaf in supporting their sustainability and empowering the surrounding community.

By implementing these strategies - socializing waqf understanding, fostering program innovation, collaborating with financial institutions and the government, and establishing a competent waqf management team - waqf-based institutions can maximize the potential of waqf resources, enhance their sustainability, and fulfill their mission of empowering the community. This research provides
valuable insights and recommendations for policymakers, practitioners, and stakeholders involved in the development and management of waqf-based institutions.

CONCLUSION

This study elucidates the correlation between waqf and pesantren culture, as well as their influence on local wisdom. Waqf is regarded as an integral component of pesantren culture, functioning not only as a financial resource but also as a mechanism for the preservation and expansion of local wisdom. The findings of this research substantiate the substantial impact of waqf on the advancement of pesantren and its neighboring community, encompassing enhancements to infrastructure, educational facilities, and support for social initiatives. Consequently, comprehending and optimizing the role of waqf within pesantren culture assumes paramount significance in fostering the enrichment of local wisdom and facilitating the positive contributions of pesantren to society.

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Understanding the Intersection of Waqf and Pesantren Culture: A Study on Local Wisdom

Al-Mabhats: Jurnal Penelitian Sosial Agama – Vol. 8 No. 2

PDFCoverPages


Academic Research In Business And Social Sciences, 9(11).


