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The Role Of Productive Waqf In Promoting Sustainable Economic Development In The Gontor Ecosystem

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Abstract

This study examines the implementation and economic impact of productive waqf within the ecosystem of Pondok Modern Darussalam Gontor (PMDG), a waqf-based Islamic educational institution known for its financial independence and sustainability model. Using a qualitative descriptive approach with a case study design, data were collected through document analysis, institutional reports, field observations, and semi structured interviews with waqf administrators and business unit managers. The findings reveal that Gontor has developed an integrated productive waqf ecosystem that combines physical waqf assets, human resource waqf (waqf basyari), and diversified business units operating in agriculture, publishing, education, cooperatives, and retail sectors. This system generates stable revenue streams that support operational costs, educational subsidies, scholarships, and community empowerment programs. The study also shows that PMDG applies strong sharia-based governance principles transparency, accountability, and periodic internal audits which ensure the sustainability and efficiency of waqf management. Beyond institutional benefits, productive waqf at Gontor contributes to local economic development through job creation, micro-economic stimulation, and equitable welfare distribution. These findings demonstrate that productive waqf, when professionally managed, can function as a strategic instrument for sustainable economic development and serve as a replicable model for other Islamic educational institutions. The study recommends strengthening waqf literacy, enhancing nazhir capacity, and expanding digital-based waqf management to support broader national implementation.

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INTRODUCTION

Waqf is one of the most essential instruments in Islamic social finance, functioning not only as a form of perpetual charity (*ṣadaqah jāriyah*) but also as a strategic economic mechanism for long-term community development. Traditionally, waqf assets were allocated for consumptive purposes such as building mosques, schools, or cemeteries. However, the contemporary development of Islamic economic institutions has shifted the paradigm toward *productive waqf*, in which waqf assets are managed through professional, income-generating activities that contribute to sustainable welfare (Cahyo, 2023). This transformation reflects the growing awareness of waqf's economic potential in strengthening education, healthcare, and community empowerment.

In Indonesia, productive waqf continues to experience significant growth, supported by regulatory frameworks, the role of the Indonesian Waqf Board (BWI), and increasing literacy among Muslim communities. Nevertheless, many waqf institutions still face challenges related to managerial capacity, asset optimization, and sustainability of waqf-based programs. Amid these dynamics, Pondok Modern Darussalam Gontor (PMDG) stands out as a successful example of a waqf-based institution that has achieved economic independence through systematic and professional waqf governance (Firmansyah, 2024). Since the formal declaration of its waqf charter in 1958, Gontor has developed a unique ecosystem in which land, buildings, educational systems, and even human resources—known as *waqf basyari*—are dedicated as waqf for the Muslim community.

Empirically, PMDG manages more than 30 business units across agriculture, education, printing, retail distribution, cooperatives, and service sectors. These units generate revenue streams that support the pesantren's operational needs and contribute to local economic empowerment (Umam et al., 2023). The integration of waqf assets with professional management demonstrates how productive waqf can serve as a sustainable financial backbone, enabling PMDG to operate without relying on external donors. This provides a concrete model for how Islamic educational institutions can incorporate waqf into their development strategies.

Existing studies on productive waqf have primarily focused on governance mechanisms, risk management, and conceptual discussions regarding waqf development (Zarhana & Faradisi, 2022; Lahuri et al., 2023). Other research has examined the role of waqf in supporting specific sectors such as education and social welfare. However, there is still limited empirical analysis that integrates productive waqf with the framework of sustainable economic development particularly in the context of pesantren, which operate as socio-religious institutions with unique organizational dynamics.

Furthermore, although several scholars have highlighted Gontor as a waqf-based institution, studies rarely explore how the productive waqf model at PMDG contributes holistically to institutional sustainability, community empowerment, and long-term economic resilience**.** The lack of a comprehensive, ecosystem-based analysis leaves a significant academic gap regarding how productive waqf can be optimized to support sustainable development within Islamic educational institutions.

This study offers a distinctive contribution by presenting an integrative analysis of the "Gontor Productive Waqf Ecosystem," which connects waqf management, institutional sustainability, and community empowerment within a sustainable development framework. Unlike previous research that examines these elements separately, this study provides a holistic assessment of how PMDG implements productive waqf through asset optimization, human resource waqf, business unit development, and governance practices rooted in Islamic values.

Therefore, this study aims to analyze the implementation and economic impact of productive waqf within the Gontor ecosystem. It examines how waqf assets are managed, how business units contribute to pesantren independence, and how the waqf system supports long-term economic sustainability for both the institution and the surrounding community. The findings of this study are expected to enrich academic literature on productive waqf and offer a practical model for other Islamic educational institutions seeking to develop sustainable waqf-based economic systems.

METHODS

This study adopts a qualitative descriptive approach to explore the implementation and economic impact of productive waqf within the ecosystem of Pondok Modern Darussalam Gontor (PMDG). The qualitative method is considered appropriate because it enables the researcher to examine institutional dynamics, governance practices, and economic outcomes in a holistic and contextual manner. Using a case study design, PMDG was selected as the research locus because of its long-standing reputation as a waqf-based educational institution that has successfully developed a sustainable economic model through productive waqf management. This design provides an in-depth understanding of how waqf assets are optimized through business units, human resources, and governance structures to support institutional independence and community welfare.

Data for this research were obtained from both primary and secondary sources. Primary data were collected through semi-structured interviews with administrators of the Foundation for the Maintenance and Expansion of Waqf of Pondok Modern Darussalam Gontor (YPPWPM), managers of several business units, teachers who serve under the *waqf basyari* system, and members of the surrounding community who benefit economically from Gontor's programs. These interviews were designed to uncover managerial strategies, operational practices, challenges, and perceived impacts of productive waqf on institutional and community development. Secondary data were obtained from institutional documents, waqf financial reports, annual business unit records, internal guidelines, journal articles, and previous studies relevant to productive waqf and sustainable development.

In addition to interviews and document analysis, non-participant observation was conducted in several business units such as the printing division, cooperative, agricultural units, bottled water production, and retail services. Observation helped strengthen the researcher's understanding of operational activities and the economic contributions generated by these units. All collected data interview transcripts, internal documents, and observational notes were then analyzed using qualitative content analysis. The analysis began with data reduction to filter relevant information, followed by coding and categorization based on emerging themes such as waqf governance, asset management models, economic impact, institutional sustainability, and community empowerment. The final stage involved interpreting the categorized data and synthesizing it with relevant theoretical frameworks, ensuring that the findings align with the objectives of the study.
To maintain the validity and trustworthiness of the findings, several verification techniques were applied. Credibility was ensured through triangulation of data from interviews, documents, and observations. Transferability was enhanced by providing detailed contextual descriptions of PMDG's waqf ecosystem, enabling readers to understand the

applicability of the findings to other settings. Dependability was maintained by documenting all research procedures and maintaining an audit trail of field notes and interview recordings. Finally, confirmability was achieved by ensuring that interpretations were grounded in data and not influenced by researcher bias. Through this methodological approach, the study aims to produce a comprehensive and reliable analysis of the role of productive waqf in promoting sustainable economic development in the Gontor ecosystem

RESULT AND DISCUSSION

RESULT

The findings of this study reveal that the productive waqf model implemented by Pondok Modern Darussalam Gontor (PMDG) forms a comprehensive economic ecosystem that integrates asset management, human resource dedication, governance mechanisms, and community empowerment. The results indicate that PMDG's success as a waqf-based institution is not merely rooted in the availability of physical assets, but rather in the presence of a holistic and structured system that enables waqf to function as a sustainable economic engine. Based on document analysis, interviews, and observations, four major findings were identified: (1) the structure of waqf assets and business units, (2) the implementation model of productive waqf, (3) the economic and social impacts generated, and (4) institutional challenges faced in modern waqf management.

The first finding shows that Gontor manages a diverse portfolio of waqf assets, consisting of land, educational infrastructure, and a network of more than 30 business units operating across agriculture, publishing, printing, cooperatives, retail distribution, and service sectors. These business units contribute significantly to the pesantren's financial independence by generating stable revenue streams that cover operational expenditures and support various educational and social programs. Internal documents indicate that each business unit is required to deliver annual performance reports and financial statements to the Waqf Maintenance and Expansion Foundation (YPPWPM). This structure demonstrates a mature waqf governance system based on professionalism, internal control, and sharia compliance.

To illustrate this ecosystem, the structure of PMDG's waqf assets is presented in the following table:

Table 1. Structure of Waqf Assets and Business Units at PMDG

Asset Category	Description	Role in Sustainability
Land & Buildings	Hundreds of hectares dedicated for campuses, schools, dormitories	Core educational infrastructure supporting long-term institutional growth
Educational Units	Schools, universities, language centers	Primary waqf-based services that shape the PMDG education model
Business Units	Printing, agriculture, cooperatives, bottled water, retail stores, book shops	Generate revenue to finance operational costs and reduce dependence on external donors
Human Waqf (*Waqf Basyari*)	Teachers and staff serving without salary	Increases efficiency, reduces expenditure, strengthens spiritual mission

The second finding describes the implementation model of productive waqf**,** which is based on three pillars: asset optimization, human resource dedication, and sharia-compliant governance. Interviews reveal that business units operate under the principles of transparency, accountability, and efficiency, with periodic internal audits conducted by YPPWPM. Teachers and administrators contribute through *waqf basyari*, dedicating their expertise without expecting financial returns. This unique system significantly reduces operational costs and allows revenue from productive waqf to be redirected to educational development and community welfare programs. Observations confirm that PMDG integrates entrepreneurship, agribusiness, and financial management into its curriculum, preparing students to participate in the productive waqf ecosystem.

The following table summarizes the productive waqf implementation model observed at PMDG:

Table 2. Implementation Model of Productive Waqf in PMDG

Component	Implementation Practice	Evidence from Field
Asset Optimization	Managing 30+ business units in diverse sectors	Annual reports of units, observed activities
Human Waqf	Teachers serving as *waqf basyari*	Interview results with teachers and leaders
Sharia Governance	Transparency, accountability, periodic audits	YPPWPM documentation
Community Empowerment	Cooperatives, training programs, productive zakat	Observation and community interviews

The third finding reveals significant economic and social impacts resulting from PMDG's waqf system. The productive waqf model has strengthened institutional independence, enabled the provision of education subsidies, contributed to job creation, and improved the welfare of surrounding communities. Interviews with local residents indicate that PMDG's enterprises—especially agriculture, cooperatives, and retail units—absorb local labor and stimulate micro-economic activity. Meanwhile, internal financial data confirm that income from business units directly supports scholarships, dormitory operations, infrastructure development, and social assistance programs. These impacts are presented below:

Table 3. Economic and Social Impacts of Productive Waqf at PMDG

Impact Area	**Empirical Evidence**	**Resulting Outcome**
Institutional Independence	Business unit revenues cover operational costs	Reduced reliance on donors and external funds
Job Creation	Local workers employed across agriculture, retail, services	Increased local income and reduced unemployment
Education Subsidies	Waqf profits fund tuition reductions and student assistance	Enhanced access to quality education
Community Empowerment	Cooperatives and training improve financial literacy	Stronger micro-economy around pesantren
Sustainable Development	Long-term waqf asset preservation and professional management	Intergenerational economic resilience

The fourth finding highlights the challenges faced by PMDG, including limited public literacy regarding productive waqf, inadequate professional human resources in the waqf sector, and the need for continuous digitalization in waqf management. Although PMDG has demonstrated successful waqf governance, its administrators acknowledge the broader national challenges in scaling productive waqf models due to regulatory constraints, community misconceptions, and the scarcity of certified *nazhir*. These challenges, along with PMDG's strategic responses, will be elaborated in the discussion section.

DISCUSSION

The findings of this study demonstrate that the productive waqf model applied by Pondok Modern Darussalam Gontor (PMDG) represents an advanced form of Islamic social finance that integrates asset management, human resource dedication, and community-oriented economic activities. This section discusses the results in relation to theoretical frameworks of productive waqf, sustainable economic development, and Islamic economic governance. The analysis highlights how PMDG's practices align with global waqf development principles while presenting unique local innovations that contribute to the institution's long-term sustainability.

The first key implication arises from the structure and diversity of waqf assets managed by PMDG. Prior literature emphasizes that the effectiveness of productive waqf depends heavily on the extent to which waqf assets are capable of generating stable revenue streams (Zarhana & Faradisi, 2022; Lahuri et al., 2023). Unlike conventional waqf institutions that rely heavily on consumptive or stagnant assets, PMDG manages more than 30 business units that operate across agriculture, education, publishing, retail, and service sectors. This diversified asset structure minimizes financial risk, ensures continuous income flow, and reflects the core principle of waqf productivity: *al-istithmar al-waqfi*, or the maximization of waqf benefits through strategic investment. In this sense, PMDG's waqf ecosystem confirms the argument that productive waqf can serve as an alternative funding model for Islamic educational institutions by reducing dependency on external donors.

The second implication relates to the implementation model of productive waqf**,** especially the synergy between asset optimization, human waqf, and sharia-based governance. The practice of *waqf basyari* human resource waqf observed at PMDG is particularly noteworthy because it presents a rare model in which teachers and administrators dedicate themselves without receiving salaries. This reduces operational costs and strengthens the spiritual integrity of PMDG's educational mission. In the context of waqf literature, *waqf basyari* is an underexplored concept, yet in PMDG it functions as a core economic mechanism that enables efficient resource allocation. This supports previous research asserting that Islamic institutions can achieve sustainability through human capital dedication, provided that strong governance and institutional culture exist (Firmansyah, 2024).

Furthermore, PMDG applies rigorous sharia-compliant governance, characterized by transparency, accountability, and periodic internal audits. These elements align with the Waqf Core Principles (WCP) promoted internationally to guide waqf institutions toward ethical and sustainable management. The presence of structured internal audits and reporting mechanisms at PMDG confirms that strong governance is essential in maximizing waqf performance. This finding reinforces earlier studies (Syamsuri et al., 2020) that highlight governance failures as one of the most significant obstacles to waqf optimization in many Muslim-majority countries. Thus, PMDG's system represents a corrective model that bridges ideal waqf governance with practical application.

The third major implication of the results concerns the economic and social impacts generated by PMDG's productive waqf. The analysis shows that waqf-based enterprises at

PMDG are responsible for creating jobs, stimulating micro-economic activities, and supporting welfare distribution through subsidies and educational programs. These findings align with the Islamic economic principles of justice (*al-'adalah*), social welfare (*maslahah*), and inclusive development. Productive waqf in PMDG not only benefits the institution but also ensures the circulation of wealth within the surrounding community, consistent with Qur'anic values that prohibit wealth from circulating only among the elites (QS. Al-Hashr: 7).

Moreover, when assessed within the framework of the Sustainable Development Goals (SDGs), PMDG's waqf model contributes directly to several dimensions:

- **SDG 4 (Quality Education):** through reduced tuition, scholarships, and quality educational services;
- **SDG 8 (Decent Work and Economic Growth):** through job creation in business units;
- **SDG 10 (Reduced Inequality):** through financial assistance and community empowerment;
- **SDG 12 (Responsible Consumption and Production):** through waqf asset optimization and ethical management practices.

This confirms that productive waqf, when professionally managed, can serve as a key driver for sustainable development, especially in the educational sector.

The final part of this discussion concerns the challenges identified in the findings, including low waqf literacy, limited human resource professionalism, and the need for greater digitalization. Although PMDG exhibits strong waqf governance internally, the broader national context still faces obstacles in replicating its model. Limited understanding of productive waqf among the public suggests that policies must prioritize literacy programs such as GISWAF to enhance community participation. Meanwhile, the shortage of certified *nazhir* in Indonesia highlights the importance of capacity building and training, as recommended by Lahuri et al. (2023). Digitalization also emerges as an urgent need, particularly in enhancing transparency and scaling waqf programs through online platforms. While PMDG has begun adopting digital tools, wider modernization is required to align with global trends of e-waqf management.

Overall, the discussion confirms that PMDG's productive waqf ecosystem offers a comprehensive, replicable model that combines religious values, professional management, and sustainable economic principles. Its distinctive contribution lies in the integration of physical waqf assets, human resource waqf, and business units into a unified system driven by strong governance and community welfare orientation. This positions PMDG as one of the most successful examples of waqf-based educational sustainability in Indonesia, with high potential to serve as a national framework for developing productive waqf in other pesantren and Islamic institutions.

CONCLUSION

The findings of this study demonstrate that the productive waqf ecosystem developed by Pondok Modern Darussalam Gontor (PMDG) represents a comprehensive and sustainable model of Islamic social finance that integrates asset optimization, human resource dedication, and strong sharia-based governance to support long-term institutional independence and community welfare. Through diversified business units, waqf basyari, and transparent management practices, PMDG has succeeded in converting waqf assets into strategic economic instruments that generate stable revenue, enhance educational quality, create employment opportunities, and contribute significantly to local economic empowerment. This model not only aligns with the principles of productive waqf but also supports several Sustainable Development Goals (SDGs), particularly in the areas of education, economic growth, and social equity. Despite challenges related to waqf literacy, human resource capacity, and digitalization, PMDG's system provides a replicable framework for other Islamic educational institutions seeking to develop sustainable waqf-based economic models. Strengthening managerial capacity, improving public understanding, and expanding digital waqf platforms are essential to further optimizing the role of productive waqf as a catalyst for sustainable development in Indonesia.

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