

## THE EFFECT OF CASH WAQF AND FACILITY DEVELOPMENT TO ECONOMIC EMPOWERMENT OF PESANTREN

**Awaliyah Alifi**  
Institut Muslim Cendekia  
alifi@edu.mc.ac.id

### Abstract

This study investigates the influence of cash waqf and pesantren facility utilization on the economic empowerment of Indonesian pesantren. Data were collected through questionnaires directed at administrators across various pesantren and supported by a review of pertinent literature. Partial Least Squares (PLS) analysis was employed to quantify the impact of cash waqf and facility usage on economic empowerment outcomes. The results demonstrate that cash waqf serves as a significant and flexible funding source, essential for initiating pesantren economic ventures. Adequate facilities, enable the effective deployment of cash waqf, fostering a supportive atmosphere that accelerates entrepreneurial growth within pesantren. While the findings are grounded in Java Island, the methodologies and variables employed here may be transferable to other regions. Practically, the study underscores the value of synergizing cash waqf mechanisms with infrastructural investments to enhance pesantren operations and sustainability. Cash waqf, by its nature, offers accessible and pragmatic financing, whereas strategic facility development maximizes its productive use. This research proposes a comprehensive analytical model that clarifies the interplay between financial endowments and the physical environment in fostering pesantren-driven socio-economic progress.

**Keywords:** *Economic empowerment, Boarding school, Students, Cash waqf*

### Abstrak

Penelitian ini mengkaji pengaruh wakaf tunai dan pemanfaatan fasilitas pesantren terhadap pemberdayaan ekonomi pesantren di Indonesia. Data dikumpulkan melalui kuesioner yang ditujukan kepada pengelola di berbagai pesantren dan didukung oleh tinjauan literatur yang relevan. Analisis Partial Least Squares (PLS) digunakan untuk mengukur dampak wakaf tunai dan pemanfaatan fasilitas terhadap hasil pemberdayaan ekonomi. Hasil penelitian menunjukkan bahwa wakaf tunai berperan sebagai sumber pendanaan yang signifikan dan fleksibel, yang penting untuk memulai usaha ekonomi pesantren. Fasilitas yang memadai, menciptakan suasana yang mendukung percepatan pertumbuhan kewirausahaan dalam pesantren. Meskipun area penelitian sebagian besar tersebar di pulau Jawa, metodologi dan variabel yang digunakan dalam penelitian dapat diterapkan di wilayah lain. Secara praktis, penelitian ini menekankan nilai sinergi antara mekanisme wakaf tunai dengan investasi infrastruktur untuk meningkatkan operasional dan keberlanjutan pesantren. Wakaf tunai, secara alami, menawarkan pembiayaan yang mudah diakses dan pragmatis, sementara pengembangan fasilitas strategis memaksimalkan penggunaannya secara produktif. Penelitian ini mengajukan model analisis komprehensif yang menjelaskan interaksi antara dana wakaf dan lingkungan fisik dalam mendorong kemajuan sosial-ekonomi yang digerakkan oleh pesantren.

**Kata kunci:** *Pemberdayaan Ekonomi, Pesantren, Santri, Wakaf tunai*

## Introduction

Waqf (endowment) is shodaqoh jariah that gives continuous rewards for the donor and public who enjoys its benefit (Fikri et al., 2024; Jannah & Soemitra, 2022; Mahamood, 2007). Waqf gives positive impacts to improve wellbeing of individu and the society, because waqf have a role as wealth distribution tools among the society (Abdullah, 2019; Iman & Mohammad, 2017). From economic perspective, waqf applies the wealth distribution and transform an asset to become productive and generate profit in the future (Kahf, 1998). Moreover, if someone donate waqf Allah promised the person will obtain timeless rewards even in the afterlife .

The meaning of waqf in the current has been broadening, waqf nowadays are not limited to assets or permanent property but are transferable as well such as cash waqf (Madani et al., 2024; Syibly, 2024). Cash waqf or monetary waqf in Arabic known as waqf al-nuqud. Cash waqf are funds collected by waqf institution management or known as nadzir. Cash waqf will be managed to gain profit and used for social caused for the divine Allah SWT (Azizah et al., 2023; Masrizal et al., 2023; Othman, 2015). Cash waqf can also defines as trust fund that raised using money for provide services to public in regards of Allah(Aini, 2024; Cizakca, 1998).

Pesantren is Indonesia's genuine Islamic education system that has contribute in Indonesia social and political fluctuations (Fachruddin & Abbas, 2000; Hakim, 2023). Pesantren has existed for centuries and infiltrate nearly every social class of Muslim society in Indonesia. For all those years, Pesantren pass on the Islamic tradition and knowledges that first developed by their founder (kyai) (Ahwarumi & Sawarjuwono, 2017) and usually their successor will continue the tradition while adjusting to the modern world development.

The implementation of cash waqf is already known in several studies ,(Ascarya et al., 2023) proposed the cash waqf implementations for micro finance or BMT, and there is a case study of waqf fund support to fishermen groups through cooperative in Surabaya (Sukmana et al., 2020). Another cash waqf utilising was also proposed by (Thaker et al., 2016) about cash waqf as a source of capital for micro enterprises. Cash waqf is a flexible method to finance religious needs but also capable to financing various goods and needs from health, education or even social cause and commercial activity(Mohsin, 2013a). Eventough the use of cash waqf still considered a controversy, Cash waqf is basically allowed as long the continual benefit and intrinsic value are kept well and fulfilled 3 restriction namely irrevocability, perpetuity, and inalienability. The existence of cash waqf could also benefit to finance waqf properties that already exist or turn the fund into a fixed asset (Mauluddin & Rahman, 2018).

The further benefit of cash waqf are including: 1) Sustainability and long-term impact, cash waqf creates a perpetual source of funding because the principal amount is preserved while the income generated will be use. This ensures its continuation for projects ahead. 2) Flexibility and accessibility, physical assets may lose its value over time however with cash

waqf its liquidity can meet various needs and allows to respond the community changing demands 3) Economic empowerment, funding microfinance and business projects will help to boost economic activities, reduce poverty and demonstrate self-sufficiency 4) Social welfare and community development, income from cash waqf could support community services such as education, healthcare, disaster management and improving the quality of life for people in the community 5) Encourages philanthropy and financial inclusion, allowed donor with any amount of money to contribute meaningfully, raising awareness to broaden participation in charitable action (Ahmed, 2002, 2007; Alpay & Haneef, 2018; Ibrahim et al., 2013; Kahf, 2004; Masyita, 2012a; Nadwi & Kroessin, 2013; Zarka, 2007).

Pesantren has existed in Indonesia even long before its independence in 1945, with such solid history the amount of Pesantren that recorded by Ministry of Islamic Religion of Indonesia (Kementrian Agama Republik Indonesia) is 26.975 institutions per 2022 with 2.854.749 students (Bayu, 2022). Which such a huge number, Pesantren is giving contributions to local economy and supporting the underprivileged people (Ahwarumi & Sawarjuwono, 2017; Hudaefi & Heryani, 2019). However, the challenge that remains for Pesantren is establishing a sustainable financial system (Aripin & Nugraha, 2025; Siregar et al., 2024; Suryana, 2020).

As an Islamic education institution in a moslem dominated country, Pesantren have a high potential to applied cash waqf as fundraising scheme to invest on different activities and still ensuring its perpetuity (Mohsin, 2013), and with Pesantren's involvement at various levels of society, it is likely easier for Pesantren to gather cash waqf funds because the sense of religiosity (Rizal & Amin, 2017), in line with the study from that (Siswantoro et al., 2018a) stated the more trusted the institutions, means they can receive more donations. This statement supported by (Djumransyah, 2001a) that cited (Syahyuti, 1999) said a registered pesantren with legal recognition (Yayasan) background had a better economic vision.

This research aim to understand how the transformation of waqf from assets or permanent property into cash waqf as Pesantren endowment fund could be more effective combined with proper facilities to support Pesantren economic empowerment. According to Indonesia's Islamic Religious Department cash waqf gives a better possibility because of its flexibility to utilize compared to general waqf (Kementerian Agama Republik Indonesia, 2013) including build suitable facilities to support Pesantren economic activity.

## Literature Review

Cash Waqf has been popular since the Ottoman Empire around the 15<sup>th</sup> century (Mandaville, 1979). One of the earliest scholar of Ottoman Empire that gave permission and write through analysis about it is Kemal Paşazade (Bulut & Korkut, 2019). The amount of cash waqf collected increased steadily during the Bayezid II reign (1481-1512), and positively increased until 1500 where the trend of cash waqf doubled more or less than before in Istanbul. It reach its peak at 1533 when the percentage of cash waqf surpass the land waqf (Mandaville, 1979).

Indonesia Islamic Scholars Council (Majelis Ulama Indonesia) defined cash waqf might be done individually, group or institutionally (Majelis Ulama Indonesia, n.d.). Not only people can pay waqf in cash but also in certificates where its real value should be maintained and not for sale, gift or inherit.

Cash waqf practised in Indonesia have been applied for more than a decade, despite its legality in shariah law it still a debatable topics among Islamic scholars in Indonesia (Mauluddin & Rahman, 2018). In short, cash waqf is donation in the form of rupiah which will be managed by nadzir to invest on productive economic activities and the profit will channeled to mauquf 'alaih (Hasanah, 2011; Madani et al., 2024; Masrizal et al., 2023; Syibly, 2024).

Indonesia as a muslim majority country is one of the country that could utilize the flexibility and scope of cash waqf to develop management of property and administration of waqf itself (Aini, 2024; Azizah et al., 2023; Mannan, 1999). Indonesia recently has been ranked as the most generous country in the world (CAF World Giving Index, 2021) this data stresses the potential of develop cash waqf model for various fundings including Pesantren economic empowerment.

Most of pesantren fundings came from donations. In the past Pesantren will not determine the amount of money their students (santri) has to pay, instead some people would donate land or rice field so the Pesantren can produce their own food supplies. Pesantren also known to empower local people's economy because Pesantren open jobs opportunities for locals as cleaning services, gardener, driver, and many more. Pesantren stimulates economic activities such as laundry services, selling snacks, etc (Hudaefi & Heryani, 2019). Participations of local people has made Pesantren as the center of dynamics in local society (Fachruddin & Abbas, 2000).

This situation makes Pesantren hold a unique and important roles. The basic role is certainly as a center of Islamic studies for the students, but most of the time Pesantren will also sent its student to the local society and participate in religious social activity such as teaching Qur'an reading to children (TPA), weekly recitation for local muslim community, Friday speech for Friday prayer, and many more. On the other hand, Pesantren also need the local community support to keep its operational going well such as provide 3 times meals, cleaning the facilities, and many more. Both Pesantren and the local society create a symbiosis mutualism where they need and give benefit for each others (Bakhri & Ashari, 2023; Muheramtohadhi & Na'afi, 2022; Pramana et al., 2024; Shobirin & Sari, 2024).

A considerable number of previous studies have conducted related to the cash waqf utilization and Pesantren developments. Pesantren has a huge potentials to develop the application of syariah economics because Pesantren has a role as social change agent, and its business might used as syariah business incubators and helped the student learn syariah economic and entrepreneurship at the same time (Marlina, 2014; Misjaya et al., 2019).

In line with the previous studies, another studies emphasized on several factors that vital to Pesantren economic development such as analyse the economic subject needs, analyse human resource skills, mapping potential economic activities, executions with considerations of Pesantren networking and how it could support the business to grow and evaluate the business growth (Nadzir, 2015; Rimbawan, 2012). Pesantren possess potential resources as pioneer of syariah economic empowerment through synergy between the society around or proposed a cooperation with the local government (Fathoni & Rohim, 2019). All studies above have pointing several obstacles that make it difficult for Pesantren to empower their independence of economy, among them are lack of funds, facility shortcoming to support entrepreneur programme, and skilled human resources (Fathoni & Rohim, 2019; Marlina, 2014; Misjaya et al., 2019; Nadzir, 2015; Rimbawan, 2012).

Cash waqf considered a more flexible method to raise assets effectively and still related with the fundamental of waqf to provide people well-being widely (Alam et al., 2018; Aldeen et al., 2020). To support Pesantren economic empowerment it needs to have assets such as land or building as supporting facilities and of course source of capital, this is where cash waqf become a convenience option for following reasons, cash waqf is accessible, and can be use as an alternative source of fund for educational purpose, it is easier to obtain fund to assets improvements and support institution economic independence (Aldeen et al., 2020; Mohsin, 2013a).

Supporting studies above, the research about cash waqf in Indonesia indicating a positive result of cash waqf that reach the highest expansion rate (Rusydiana et al., 2021). However, the lack of acknowledgement by the society of cash waqf system (Aldeen et al., 2020; Haidlir et al., 2021; Khairunisa et al., 2018; Rusydiana et al., 2021) is an important matter to consider but also creating an opportunity to Pesantren to expand the understanding and applications of cash waqf through direct models of Pesantren economic empowerment used cash waqf fund as a source of capital.

## Method

This study use primary and secondary data. Primary data were collected from questionnaire. Researcher will spread the questionnaire among 50 pesantren administrators from different institution. Secondary data were obtained from various academic literatures related to cash waqf and pesantren waqf management case studies.

This research will be conducted use quantitative method using Partial Least Square (PLS) Method. PLS is a multivariate analysis method of research that use to picturing mutually influencing relationship between the indicators (measurable variable) and unmeasurable variable (latent variable) but measured through several indicators instead (Chin & Marcoulides, 1998; Usakli & Kucukergin, 2018). Partial Least Square (PLS) is a strong analysis method because of its less-dependence to measurable scale, size of data sampling, and residual distribution (Chin, 1998; Fornell & Larcker, 1981). Furthermore, PLS frequently known as soft modeling because it eliminates Ordinary Least Square (OLS)

assumptions, such as the data has to be distributed normally and no multicollinearity problems (Wold, 1980).

This research will be held based on two types of data collected. (Taherdoost, 2021) said that various sources can be utilized to gather primary data including surveys, experiments, interviews and questionnaire. Primary data sources for this research came from questionnaire consist of waqf administrators in Pesantren.

To support the research, find the research gap and motivations, secondary data is included. Secondary data is essentials for research to collect information regarding past studies as a basic to implementing a research and as a necessary background information (Kabir, 2016). Secondary data in this research came from literature research such as related journals and books.

Indicators used to researching this title, are taken from previous studies. The potential of cash waqf utilization for economic development, microfinance and multi-purposes field (Ahmed, 2002; Aldeen et al., 2020; Alpay & Haneef, 2018; Ascarya et al., 2023; Ibrahim et al., 2013; Kahf, 2004; Masyita, 2012; Mohsin, 2013; Nadwi & Kroessin, 2013; Thaker et al., 2016) The other indicator of facility are taken from earlier study (Ahwarumi & Sawarjuwono, 2017; Djumransyah, 2001b; Fathoni & Rohim, 2019; Hudaefi & Heryani, 2019; Marlina, 2014; Misjaya et al., 2019; Rimbawan, 2012; Siswantoro et al., 2018a).

Several factors will be put to further understand the cash waqf potential contributions for Pesantren facility development and economic empowerment. Cash waqf (CW) the independent variable) seen as a potential funding to support Pesantren's development, there are 3 factors of why researcher believe that cash waqf is suitable for Pesantren development 1) flexibility, cash waqf as a liquid fund is easier to obtain and utilize compared to land or property waqf instead Everyone can donate as much as they can afford (Ibrahim et al., 2013). 2) Accessible, cash waqf are more likely easier to collect and obtain compared to non-moving assets, it is also transferable making it easier to access, instead of trying to utilize a land or property that the Pesantren administrator might not well trained yet to make optimal use of it. Cash waqf on the other hand could help the Pesantren to start their enterprises or build facilities appropriately (Aldeen et al., 2021; Haidlir et al., 2021). 3) Management, to manage cash waqf and divided its use based on the Pesantren exact need is an easier and faster benefit for Pesantren (Kachkar, 2017; Siswantoro et al., 2018).

Pesantren supporting of facilities (FC), facility to encourage Pesantren economic empowerment are considered essentials in this research. There are 5 factors that will be evaluated based on the previous studies research. Those are (1) Property, to start a business Pesantren might need a separated places from the education purpose building or area for various reason (Rimbawan, 2012). (2) Human resource, in several studies has shown that the lack of human resource that understand the application of basic accounting for business recording and management ability to manage the business properly are matters to pesantren business growth. (3) Assets, either in the form of natural sources, or land or equipment that potential for business use. (4) Capital, or source of fund to funding the initial

cost and operational cost of pesantren enterprises (Nadzir, 2015). (5) Business Incubator, a program specially created as a learning center of entrepreneurship for student and teacher (Ahwarumi & Sawarjuwono, 2017).

Pesantren Economic Empowerment (EP), to measure the dependent factors, several indicator used are (1) business scale, it's the company's ability to manage its business to reach optimum performance (Marlina, 2014). (2) Business entity, is essential because legal business entity helps to provide legal and administrative support in running the business (Fathoni & Rohim, 2019). (3) Operational contribution, beside additional income, usually pesantren enterprises started to fulfil the students need at first, this sub-indicator measured to see how economic empowerment can support pesantren operational in a daily basis (Hudaefi & Heryani, 2019). (4) Income contribution, as every business basic purpose is to make profit, this indicator is of course included to see whether there is any additional income from Pesantren enterprises (Misjaya et al., 2019). (5) Employment contribution, one of Pesantren economic empowerment benefit is empowering the underprivileged through job vacancies. (6) Pesantren development contribution, this indicator is included to see how pesantren economic empowerment can support overall development of Pesantren (Hudaefi & Heryani, 2019). (7) Student entrepreneurship skill, it is expected that pesantren student will take part in the society either as teacher in another pesantren institutions, professional or even entrepreneurs. This indicator included to see how pesantren could transmit the spirit of economic developments to its student as well (Zaki et al., 2022).

Indicator will be tested with measurement model first and only those who reach the required score will be continued to the next test (Wold, 1980). The first thing to do is to test the indicator loadings with validity test result to see the outer loading score and determine which indicators are valid and continued to the next phase and which are not valid and eliminated from the next phase test.

Another phase test is the reliability test result and measure the Cronbach's Alpha and Composite Reliability score this test conduct to see if the data were reliable to proceed further. Structural model will be checked with collinearity relevance with variance inflation factor (VIF) factor and tested the determination coefficient to see how much independent variable can explain or related to its dependent variable. VIF is a factor that measures how much the variance of the regression estimator coefficient increases compared to the orthogonal independent variables if connected linearly. The VIF value will be even greater if there is a greater correlation between the independent variable (Chin, 1998). Predictive relevance measured by how much the observation score by research model  $Q^2$  score  $> 0$  show that research model had predictive relevance and lack off predictive relevance if  $Q^2 < 0$ . The last is hypothesis relevance beside confirming the theory, it also explain whether or not it exist relationship between latent variables (Achjari, 2004).

## Result

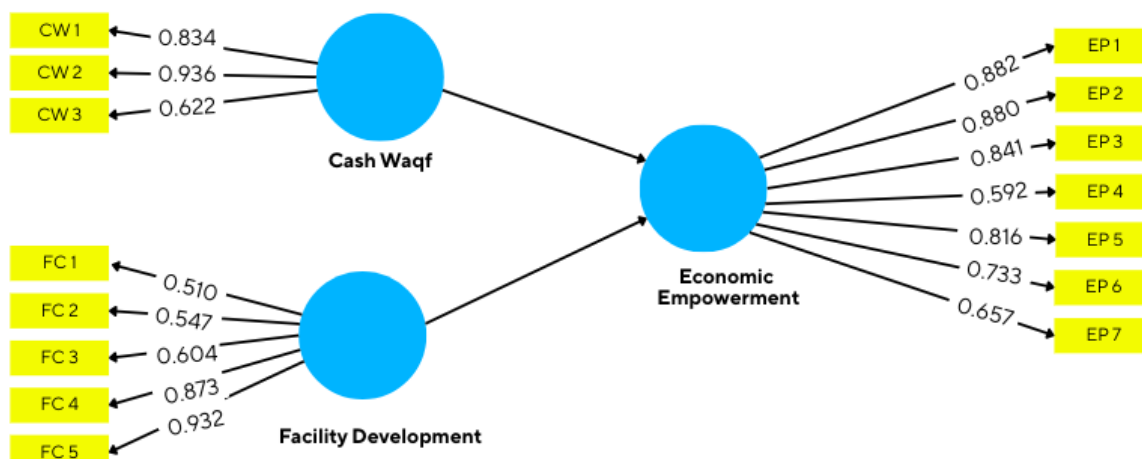
Research conducted with 100 pesantren administrators to examine the relationship between cash waqf and pesantren facilities in strategically boosting pesantren economic

empowerment. The findings indicated that cash waqf positively impact the development. This highlights the strategic role of cash waqf as a sustainable financial resource so support and raised self-sufficiency within pesantren communities in general. Below are the test result using the SEM-PLS to measured all variable impact in pesantren's economic empowerment potential in the future.

Table 1. Validity Test Result

Additional Info	Item Code	Outer Loading	Result
Cash Waqf – flexibility	CW 1	0.834	Valid
Cash Waqf – Accessible	CW 2	0.936	Valid
Cash Waqf – Management	CW 3	0.622	Valid
Facility – Property	FC 1	0.510	Valid
Facility – Skilled Human Resource	FC 2	0.547	Valid
Facility – Assets/Land	FC 3	0.604	Valid
Facility – Capital	FC 4	0.873	Valid
Facility – Business Incubator	FC 5	0.932	Valid
Economic Empowerment – Business's Scale	EP 1	0.882	Valid
Economic Empowerment – Business Entity	EP 2	0.880	Valid
Economic Empowerment – Contribution to pesantren's operational	EP 3	0.841	Valid
Economic Empowerment – Become Additional Income to Pesantren	EP 4	0.592	Valid
Economic Empowerment – Contribution to Employment of Local People	EP 5	0.816	Valid
Economic Empowerment – Contribution to overall Pesantren Development	EP 6	0.733	Valid
Economic Empowerment – Student Entrepreneurship Skill	EP 7	0.657	Valid

The result demonstrate for a variable with score above 0.5 is valid or acceptable because it is strongly related to the construction of the measurement and a factor loading above 0.5 suggest of how the indicators reliably represent the latent variable that measured by the research (Hair Jr et al., 2014).



Picture 1. SEM-PLS model testing result

The model testing results above show the correlation between cash waqf and facility development as independent variables, and the economic empowerment of pesantren as the dependent variable. In this context, the independent variables (cash waqf and facility development) are the factors that are presumed to influence or contribute to changes in the dependent variable. Cash waqf represents the financial contributions made for religious or social purposes, while facility development refers to the improvement of infrastructure and resources within the pesantren. These are considered inputs or causes that can drive the economic empowerment of pesantren.

On the other hand, the dependent variable (economic empowerment of pesantren) represents the outcome or effect being studied. It reflects how well pesantren are able to improve their financial independence, increase income-generating activities, and enhance the economic welfare of their communities as a result of support from cash waqf and facility development. A strong and statistically significant correlation in the model suggests that improvements in the independent variables are likely to have a positive impact on the economic empowerment of pesantren.

Table 2. Reliability Test Result

Variable	Cronbach's Alpha	Composite Reliability
Cash Waqf	0.716	0.846
Pesantren Facility	0.879	0.942
Economic Empowerment	0.894	0.913

Based on reliability test result Cronbach's Alpha score and Reliability Composite in all variable  $> 0,6$ , it means that all data are reliable. This result reflect a stable internal consistency, that every variable consistently measure the identical underlying concept. Researcher have successfully produce stable and dependable result across the variables tested (Achjari, 2004).

Table 3. Collinearity Relevance

Item	VIF
CW 1	3.002
CW 2	3.448
CW 3	1.270
FC 1	1.098
FC 2	1.168
FC 3	1.129
FC 4	2.682
FC 5	2.846
EP 1	3.755
EP 2	4.467
EP 3	3.448
EP 4	2.468

EP 5	3.411
EP 6	1.562
EP 7	2.196

Collinearity relevance show the VIF score are less than 5, this is show that there is no multicollinearity between variable. VIF score are closed to 3 or more than 3 showed ideal VIF value. This confirms that the model's predictors are reliable for analysis without redundancy (Hair & Alamer, 2022).

Table 4. R Square (Coefficient Determination)

	<b>R Square</b>	<b>R Square Adjusted</b>
Economic empowerment	0.477	0.438

From R square scored gained is 0.477 which means the influence of independent variable to dependent variable is 47,7%. This means that the economic empowerment of pesantren are affected by the independent variable in the amount of 47,7% while the remain 52,3% affected by another variable outside from the variable used in this research.

#### Predictive Relevance

The result of predictive relevance score obtained is 0.187 which means  $Q^2$  is bigger than  $> 0$  that showed the model had a good predictive relevance. the  $Q^2$  value is used to assess the model's capability to predict data points of the endogenous (dependent) variables. A  $Q^2$  value greater than 0 ( $Q^2 > 0$ ) confirms that the model has predictive relevance, meaning it can accurately estimate and predict the outcomes for the dependent variables

Table 5. Hypothesis Testing

	<b>Original Sample (O)</b>	<b>T Statistics ( O/STDEV )</b>	<b>P Values</b>
Pesantren facility -> Economic Empowerment	-0.182	0.497	0.619
Cash Waqf -> Economic Empowerment	0.857	2.397	0.017

From hypothesis testing obtained p value of pesantren facility score 0.619 ( $>0.05$ ) and p value of cash waqf score 0.017 ( $>0.05$ ). From this result it can be concluded that cash waqf is more significant influence to pesantren economic empowerment.

## Discussion

Analysis from the result of the test above between two independent variable that Pesantren Economic Empowerment is dependent to both variable it is seen that facility to support pesantren enterprises is not very significant while the cash waqf as the source of fund to support pesantren economic empowerment is showed a significant role corresponding the previous studies about Pesantren economic empowerment.

Funding or capital availability still play a significant role to support Pesantren economic empowerment despite its potentials and roles to support the local community and the pesantren itself.

## Conclusion

This evidence of the study is strengthening the proposal use of cash waqf to support Pesantren economic empowerment as an Islamic education institutions, the vision of pesantren's sustainability is to support socio-economic strengthening and to encourage the dynamics of pesantren and their community environment (Djumransyah, 2001).

This study show the benefit of cash waqf could be applied to support Pesantren economic empowerment with proper assistance from Indonesian Waqf Agency (Badan Wakaf Indonesia – BWI) and local government support to learn how to properly managed their waqf funds into productive measure or initial cost to start an enterprises. The previous study showed that cash waqf can be used for social and development finance and it suggest the establishment of a waqf-based training center to provide more opportunities to new entrepreneurs (Shaikh, 2017).

Pesantren can be considered an ideal model to start and applied those suggestion because of the following reasons :

- a) Pesantren hold a unique social role in the society they are not only seen as educational institution but an empowerment of the local economy and most likely involved closely with the local community.
- b) With massive amount of students in Indonesia, Pesantren have a very high potential to contribute in economic development, especially in the rural area where the pesantren reside. Pesantren in Indonesia basically united with universal value of Islamic law (sharia) and it is easier to trade and supported each other for value similarities reason.

## Recommendations

Based on the research conducted, here are some recommendations the researcher would like to suggest :

- a) To create a standard operational for Pesantren to utilise cash waqf funds for their economic empowerment growth, and it needs to be supervised by BWI or Ministry of Religion to ensure the responsible use of cash waqf. Including transparency and accountability of financial management, and improving effectivity and efficiency of Pesantren operational cost, etc.
- b) Establishment of Waqf and Entrepreneurship training center for pesantren administrator to transfer the skill and knowledge from the expert to the Pesantren administrator, and could use certification programme as well to ensure the donor that cash waqf management will be conducted accordingly.
- c) Conduct a further and wider studies to find more data and analysis.

This study show the benefit of cash waqf could be applied to support Pesantren economic empowerment with proper assistance from Indonesian Waqf Agency (Badan Wakaf Indonesia – BWI) and local government support to learn how to properly managed their waqf funds into productive measure or initial cost to start an enterprises. The previous study showed that cash waqf can be used for social and development finance and it suggest the establishment of a waqf-based training center to provide more opportunities to new entrepreneurs (Shaikh, 2017).

### References

- Abdullah, M. (2019). Waqf and trust: the nature, structures and socio-economic impacts. *Islamic Accounting and Business Research*, 10(4), 512–527.
- Achjari, D. (2004). Partial Least Square: Another Method od Structreal Equation Modeling Analysis. *Jurnal Ekonomi Bisnis Indonesia*, 19(3), 238–248. <https://doi.org/10.22146/jieb.6599>
- Ahmed, H. (2002). Financing microenterprises: an analytical study of Islamic microfinance institutions. *Islamic Economic Studies*, 9(2), 27–64.
- Ahmed, H. (2007). *Waqf-based microfinance: realizing the social role of Islamic finance*. Islamic Financial Sector.
- Ahwarumi, B., & Sawarjuwono, T. (2017). Enhancing Innovation Roles of Pesantren Business Incubator in Pondok Pesantren Sunan Drajat. *Journal of Innovation in Business and Economics (JIBE)*, 1(2), 71–82. <https://doi.org/10.22219/JIBE.Vol1.No02.71-82>
- Aini, Z. . (2024). Cash Waqf for Microfinance: A Bibliometric Analysis. *JEBA Jurnal Ekonomi Dan Bisnis Airlangga*. <https://doi.org/10.20473/jeba.V34i12024.148-164>
- Alam, M. ., Shahriar, S. ., Said, J., & Monzur-E-Elahi, M. (2018). Waqf as a tool for rendering social welfare services in the social entrepreneurship context. *Global Journal Al-Thaqafah*, 3(6), 87–98. <https://doi.org/10.7187/gjatsi2018-06>
- Aldeen, K. ., Ratih, I. ., & Herianingrum, S. (2020). No TitleContemporary Issues on Cash Waqf: A Thematic Literature Review. *International Journal of Islamic Economics and Finance (IJIEF)*, 3(3). <https://doi.org/10.18196/ijief.3236>
- Aldeen, K. ., Ratih, I. ., & Pertiwi, R. . (2021). Cash waqf from the millennials perspective: a case of Indonesia. *ISRA International Journal of Islamic Finance*, 14(1), 20–37. <https://doi.org/10.1108/IJIF-10-2020-0223>
- Alpay, S., & Haneef, M. . (2018). *Integration of Waqf and Islamic Microfinance for Poverty Reduction: Case Studies of Malaysia, Indonesia and Bangladesh*. IIUM.
- Aripin, J., & Nugraha, M. . (2025). Manajemen Keuangan Berkelanjutan di Pondok Pesantren: Pendekatan Kewirausahaan dan Tantangannya. *EPISTEMIC: Jurnal Ilmiah Pendidikan*, 4(1). <https://doi.org/https://doi.org/10.70287/epistemic.v4i1.223>
- Ascarya, A., Sukmana, R., & Masrifa, A. . (2023). Developing cash waqf models for Baitul Maal wat Tamwil as integrated Islamic social and commercial microfinance. *Journal of Islamic Accounting and Business Result*, 14(6), 699–717. <https://doi.org/10.1108/JIABR-09-2020-0267>
- Azizah, A. A. ., Bayinah, A. ., & Handoko, L. . (2023). Literature Analysis of Cash Waqf: Trends and Future Research Agenda. *ZISWAF Jurnal Zakat Dan Wakaf*, 10(1). <https://doi.org/10.21043/ziswaf.v10i1.17095>
- Bakhri, M. ., & Ashari, A. (2023). Manajemen Kemandirian Pesantren Berbasis koperasi di Pondok Pesantren Sidogiri. *CEMERLANG: Jurnal Manajemen Dan Ekonomi Bisnis*, 3(4). <https://doi.org/10.55606/cemerlang.v3i4.1637>
- Bayu, D. (2022). *Jumlah santri di Indonesia per 2022*. <https://Dataindonesia.id/Ragam/Detail/Indonesia-Miliki-26975-Pesantren-Ini-Sebaran->

Wilayahnya.

- Bulut, M., & Korkut, C. (2019). Ottoman Cash Waqf: An Alternative Financial System. *Turkey in A Changing World: Responses to Domestic and Regional Dynamics*, 21(3), 91–112.
- Chin, W. . (1998). "The Partial Least Squares Approach to Structural Equation Modeling". *Modern Methods for Business Research*, Ed. Marcoulides.
- Chin, W. ., & Marcoulides, G. (1998). The Partial Least Squares Approach to Structural Equation Modelling. *Advances in Hospitality and Leisure*, 8(2).
- Cizakca, M. (1998). Awqaf in History and Its Implications For Modern Islamic Economics. *Islamic Economic Studies*, 6(1).
- Djumransyah, H. . (2001a). Pendidikan Pesantren dan Kemandirian Santri. *Jurnal Ilmu Pendidikan*, 8(2). <https://doi.org/10.17977/jip.v8i2.548>
- Djumransyah, H. . (2001b). Pendidikan Pesantren dan Kemandirian Santri. *Jurnal Ilmu Pendidikan*, 8(2).
- Fachruddin, F., & Abbas, S. (2000). Al-Ma'had al-Turathi wa Tajdid al Nizam al-Ta'limi bi Indunisiya. *Studia Islamika Indonesia Journal for Islamic Studies*. <https://doi.org/10.15408/sdi.v7i1.719>
- Fathoni, M. ., & Rohim, A. . (2019). Peran pesantren dalam pemberdayaan ekonomi umat di Indonesia. *Proceeding of Conference on Islamic Management, Accounting, and Economics CIMAIE*, 2. <https://journal.uui.ac.id/CIMAIE/article/view/12766>
- Fikri, F., Sayuti, M. ., Zulkifli, Z., & Muzalifah, M. (2024). Utilizing Cash Waqf Through Multipurpose Micro Financing at the Mutiara Tarbiyah Waqf Institution. *MAZAWA Management of Zakat and Waqf Journal*, 5(2). <https://doi.org/10.15642/mzw.2024.5.2.227-245>
- Fornell, C., & Larcker, D. . (1981). Evaluating Structural Equation Models with Unobservable Variables and Measurement Error'. *Journal of Marketing Research*, 18.
- Haidlir, B. ., Shergji, B., Kasri, R. ., Azizon, A., & Hartono, D. (2021). Public Behaviour on Cash Waqf: Evidence from Indonesia. *JEJAK: Journal of Economics and Policy*. <https://doi.org/10.15294/jejak.v14i2.32032>
- Hair, J., & Alamer, A. (2022). Partial Least Squares Structural Equation Modeling (PLS-SEM) in second language and education research: Guidelines using an applied example. *Research Methods in Applied Linguistics*, 1(3). <https://doi.org/10.1016/j.rmal.2022.100027>
- Hair Jr, J. ., Sarstedt, M., Hopkins, L., & Kuppelwieser, V. . (2014). Partial Least Squares Structural Equation Modeling (PLS-SEM) An Emerging Tool in Business Research. *European Business Review*, 26(2), 106–121. <https://doi.org/10.1108/EBR-10-2013-0128>
- Hakim, L. (2023). Pesantren as the Identity of Islamic and Cultural Education in West Java. *AL-ISHLAH Jurnal Pendidikan*, 15(4). <https://doi.org/10.35445/alishlah.v15i4.3369>
- Hasanah, U. (2011). Cash Waqf and People Economic Empowerment in Indonesia. *Economics and Finance in Indonesia*, 59, 215–232.
- Hudaefi, F. A., & Heryani, N. (2019). The practice of local economic development and Maqasid al-Shari'ah Evidence from a Pesantren in West Java, Indonesia. *International Journal of Islamic and Middle Eastern Finance and Management*, 12(5), 625–642. <https://doi.org/10.1108/IMEFM-08-2018-0279>
- Ibrahim, H., Amir, A., & Masron, T. . (2013). Cash waqf: an innovative instrument for economic development. *International Review of Social Sciences and Humanities*, 6(1), 1–7.
- Iman, A. H. ., & Mohammad, M. T. S. . (2017). Waqf as a framework for entrepreneurship. *Humanomics*, 33(4), 419–440.
- Jannah, N., & Soemitra, A. (2022). Cash Waqf Literacy in Indonesia: Literature Studies and Perspectives of Islamic Economics Academics. *Islamiconomics: Jurnal Ekonomi Islam*, 13(2). <https://doi.org/10.32678/ijei.v13i2.386>

- Kabir, S. M. . (2016). *Basic Guidelines for Research: An Introductory Approach for All Discipline* (1st ed., pp. 201–275). [https://edscl.in/pluginfile.php/2501/mod\\_resource/content/1/MethodsofDataCollection.pdf](https://edscl.in/pluginfile.php/2501/mod_resource/content/1/MethodsofDataCollection.pdf)
- Kachkar, O. . (2017). Towards the establishment of cash waqf microfinance fund for refugees. *ISRA International Journal of Islamic Finance*, 9(1), 81–86. <https://doi.org/10.1108/IJIF-07-2017-007>
- Kahf, M. (1998). *al-Waqf fi al-Mujtama' al-Islami al-Mu'asir*. Markaz al-Buhuz wa al-Dirasat.
- Kahf, M. (2004). Shari'ah and historical aspects of zakah and awqaf". *Background Paper Prepared for Islamic Research and Training Institute, Islamic Development Bank*.
- Kementerian Agama Republik Indonesia. (2013). *Panduan Pengelolaan Wakaf Tunai*. Direktur Pemberdayaan Wakaf.
- Khairunisa, R., Akbar, N., & Devi, A. (2018). Exploring strategies to enhance Islamic banking's role to raise cash waqf funds. *IQTISHADIA*, 10(2). <https://doi.org/10.21043/iqtishadia.v10i2.2863>
- Madani, R. ., Nurhidayati, N., & Thomafy, K. (2024). Examining The Potential of Cash Waqf and Development Model. *Munazzama Journal of Islamic Management and Pilgrimage*, 4(2). <https://doi.org/10.21580/mz.v4i2.18557>
- Mahamood, S. . (2007). Pembentukan Dana Wakaf Menurut Perspektif Syariah dan Undang-Undang serta aplikasinya di Malaysia. *Jurnal Syariah*, 2(15), 61–83.
- Majelis Ulama Indonesia. (n.d.). *Wakaf Uang* . [Http://Mui.or.id/Mui/Produk-Mui/Fatwa-Mui/Fatwa-Komisi-Fatwa-Mui/Wakaf-Uang.Html](http://Mui.or.id/Mui/Produk-Mui/Fatwa-Mui/Fatwa-Komisi-Fatwa-Mui/Wakaf-Uang.Html).
- Mandaville, J. . (1979). Usurious Piety: The Cash Waqf Controversy in The Ottoman Empire. *International Journal of Middle East Studies*, 10(3), 289–308.
- Mannan, M. . (1999). Cash-waqf certificate global opportunities for developing the social capital market in 21 century voluntary sector banking. In *Islamic Finance: Local Challenges, Global Opportunities* (pp. 243–256). Harvard Law School, Islamic Legal Studies Program.
- Marlina. (2014). Potensi Pesantren dalam Pengembangan Ekonomi Syariah. *JHI Jurnal Hukum Islam*, 12(1). <https://doi.org/10.28918/jhi.v12i1.532>
- Masrizal, M., Huda, N., Harahap, A., Trianto, B., & Sabiu, T. . (2023). Investigating The Determinants of Cash Waqf Intention: An Insight From Muslims in Indonesia. *JIMF Journal of Islamic Monetary Economics and Finance*, 9(1). <https://doi.org/10.21098/jimf.v9i1.1607>
- Masyita, D. (2012a). *Sustainable Islamic microfinance institutions in Indonesia: an exploration of demand & supply factors and the role of waqf*. Durham University.
- Masyita, D. (2012b). *Sustainable Islamic Microfinance Instituttions in Indonesia: an Exploration of Demand & Supply Factors and The Role of Waqf*. Durham University.
- Mauluddin, M. ., & Rahman, A. . (2018). Cash Waqf From The Perspective of Majelis Ulama Indonesia (MUI) and The Scholars of Aceh: An Analysis. In *New Developments in Islamic Economis* (pp. 49–66). <https://doi.org/10.1108/978-1-78756-283-720181004>
- Misjaya, M., Bukhori, D. ., Husaini, A., & Syafri, U. . (2019). Konsep Pendidikan Kemandirian Ekonomi di Pondok Pesantren Mukmin Mandiri Sidoarjo-Jawa Timur. *Edukasi Islami: Jurnal Pendidikan Islam*, 8(1). <https://doi.org/10.30868/ei.v8i01.371>
- Mohsin, M. I. . (2013a). Financing through cash-waqf: a revitalization to finance different needs. *Nternational Journal of Islamic and Middle Eastern Finance and Management*, 6(4), 381–386. <https://www.emerald.com/insight/content/doi/10.1108/IMEFM-08-2013-0094/full/html>
- Mohsin, M. I. . (2013b). Financing through cash-waqf: a revitalization to finance different needs. *International Journal of Islamic and Middle Eastern Finance and Management*, 6(4), 304–321. <https://doi.org/10.1108/IMEFM-08-2013-0094>
- Muheramtohad, S., & Na'afi, S. (2022). Kemandirian Ekonomi Pesantren Ditinjau Dari Aset

- dan Operasionalnya. *Jurnal Ilmiah Ekonomi Islam*, 8(2), 1570–1576. <https://doi.org/10.29040/jiei.v8i2.4880>
- Nadwi, M. ., & Kroessin, M. (2013). “Cash waqf: exploring concepts, jurisprudential boundaries and applicability to contemporary Islamic microfinance. *Islamic Relief Worldwide Working Paper Series No. 2013-0x, Birmingham. Cash Waqf Microfinance* 85.
- Nadzir, M. (2015). Membangun Pemberdayaan Ekonomi di Pesantren. *Economica Jurnal Ekonomi Islam*, 6(1). <https://doi.org/10.21580/economica.2015.6.1.785>
- Othman, R. (2015). *Wakaf Tunai: Sejarah , Amalan, dan Cabaran Masa Kini*. Dewan Bahasa dan Pustaka.
- Pramana, B., Rahamadana, R. ., Kusuma, A. A. ., Murtadho, I. ., & Huda, B. (2024). Analisis Kemandirian Santri dan Pesantren: Studi Pada Kewirausahaan Koperasi Pondok Pesantren Al-Jihad Surabaya. *Investatama Jurnal Ekonomi Dan Bisnis*, 10(1). <https://doi.org/10.56997/investamajurnalekonomidanbisnis.v10i01.1154>
- Rimbawan, Y. (2012). *Pesantren dan Ekonomi (Kajian Pemberdayaan Ekonomo Pesantren Darul Falah Bendo Sidoarjo Jawa Timur)*. UIN Sunan Ampel Surabaya.
- Rizal, H., & Amin, H. (2017). Perceived ihsan, Islamic egalitarianism and Islamic religiosity towards charitable giving of cash waqf. *Journal of Islamic Marketing*, 8(4), 669–685. <https://doi.org/10.1108/JIMA-05-2015-0037>
- Rusydiana, A., Hidayat, Y., Widiastuti, T., & Rahayu, S. . (2021). Cash Waqf for Developing Islamic Economy: Case Study in Indonesia. *Al-Uqud: Journal of Islamic Economics*, 5(1). <https://doi.org/10.26740/al-uqud.v5n1.p43-59>
- Shobirin, M. ., & Sari, S. . (2024). Kemandirian Santri dalam Mengelola dan Mengembangkan Perekonomian Pesantren. *Al-Furqan: Jurnal Agama, Sosial Dan Budaya*.
- Siregar, I., Marwazi, M., Halim, A., & Munte, R. . (2024). Tantangan dan Solusi dalam Pengelolaan Dana Operasional Pesantren Berdasarkan Perpres No 82 Tahun 2021. *Jurnal Review Pendidikan Dan Pengajaran (JRPP)*, 7(3). <https://doi.org/9058-9067>
- Siswantoro, D., Rosdiana, H., & Fathurahman, H. (2018a). Reconstructin accountability of the cash waqf (endowment) institution in Indonesia. *Managerial Finance*, 44(5), 624–644. <https://doi.org/10.1108/MF-05-2017-0188>
- Siswantoro, D., Rosdiana, H., & Fathurahman, H. (2018b). Reconstructing accountability of the cash waqf (endowment) institution in Indonesia. *Managerial Finance*, 624–644.
- Sukmana, R., Setianto, R. ., Premananto, G. ., & Ajija, S. . (2020). Application of blockchain based waqf crowdfunding in fishermen group: case study of Nambangan and Cumpat, Surabaya. *Darmabakti Cendekia: Journal of Community Service and Engagements*, 2(1), 26–29.
- Suryana, A. . (2020). Pengelolaan Keuangan Pesantren. *Al-Mujaddid Jurnal Ilmu-Ilmu Agama*, 2(2). <https://doi.org/https://doi.org/10.51482/al mujaddid.v2i2.42>
- Syibly, M. . (2024). Cash Waqf Literacy in Indonesia and Malaysia: An Analysis of Journal Publications and Trends. *Millah: Journal of Religious Studies*, 23(2). <https://doi.org/10.20885/millah.vol23.iss2.art6>
- Thaker, M. A. B. M. ., Mohammed, M. ., Duasa, J., & Abdullah, M. . (2016). Developing cash waqf model as an alternative source of financing for micro enterprises in Malaysia. *Journal of Islamic Accounting and Business Research*, 7(4), 254–267. <https://doi.org/10.1108/JIABR-09-2014-0029>
- Usakli, A., & Kucukergin, K. G. (2018). Using partial least squares structural equation modeling in hospitality and tourism: Do researchers follow practical guidelines? *International Journal of Contemporary Hospitality Management*, 30(11), 3462–3512. <https://doi.org/10.1108/IJCHM-11-2017-0753>
- Wold, H. (1980). *Model Construction and Evaluation when Theoretical Knowledge is Scarce: Theory and Application of Partial Least Squares*, in *Evaluation of Econometric Models*

- (J. R. J. . Kmenta (ed.)). Academic Press.
- Zaki, I., Zusak, M. B. ., Mi'raj, D. ., & Hasib, F. . (2022). Islamic community-based business cooperation and sustainable development goals: a case of pesantren community in Indonesia. *International Journal of Ethics and System*, 38(4), 621–632. <https://doi.org/10.1108/IJOES-12-2021-0218>
- Zarka, M. . (2007). Leveraging philanthropy: monetary waqf for micro finance. *Paper Presented at the Symposium towards an Islamic Micro-Finance, Harvard Law School, Massachusetts, 14 April.*