

Waqf for Economic Empowerment in Indonesia: Assessing the Effect of Institutional Trust and Waqf Innovation Using SEM-PLS

Rina Nur Shabrina¹, Aminah Nuriyah², Shofi Arofatul Marits³

Abstract. *Waqf is an Islamic philanthropic instrument with significant potential to support sustainable economic empowerment in society. In Indonesia, the realization of productive waqf remains suboptimal, despite the estimated potential of cash waqf exceeding IDR 180 trillion annually. Low public participation in productive waqf is partly due to a lack of trust in waqf management institutions (institutional trust) and limited innovation in waqf practices (waqf innovation). This study aims to examine the influence of institutional trust and waqf innovation on waqf participation intention, and its impact on economic empowerment, with waqf participation intention as a mediating variable. A quantitative approach was employed using the Structural Equation Modeling – Partial Least Squares (SEM-PLS) method. Data were collected through an online questionnaire involving 150 Muslim respondents in Indonesia who are familiar with waqf programs. The results reveal that both institutional trust and waqf innovation is not significantly affect waqf participation intention. Furthermore, waqf participation intention positively influences economic empowerment and mediates the relationship between institutional trust, waqf innovation, and economic empowerment. These findings highlight the crucial role of enhancing trust and innovation in optimizing waqf as a sustainable and inclusive tool for economic empowerment in Indonesia.*

Keywords: *Waqf Participation Intention, Waqf Innovation, Productive Waqf, Economic Empowerment, Islamic Philanthropy.*

Abstrak. *Wakaf merupakan instrumen filantropi Islam yang memiliki potensi signifikan mendukung pemberdayaan ekonomi berkelanjutan di masyarakat. Di Indonesia, realisasi wakaf produktif masih belum optimal, meskipun potensi wakaf tunai diperkirakan melebihi Rp180 triliun per tahun. Rendahnya partisipasi publik dalam wakaf produktif sebagian disebabkan oleh kurangnya kepercayaan terhadap lembaga pengelola wakaf (institutional trust) serta terbatasnya inovasi dalam praktik wakaf (waqf innovation). Penelitian ini bertujuan untuk menguji pengaruh kepercayaan kelembagaan dan inovasi wakaf terhadap niat partisipasi wakaf, serta dampaknya terhadap pemberdayaan ekonomi, dengan niat partisipasi wakaf sebagai variabel mediasi. Pendekatan kuantitatif digunakan dengan metode Structural Equation Modeling – Partial Least Squares (SEM-PLS). Data dikumpulkan melalui kuesioner daring yang melibatkan 150 responden Muslim di Indonesia yang familiar dengan program wakaf. Hasil penelitian menunjukkan bahwa baik kepercayaan kelembagaan berpengaruh signifikan terhadap niat partisipasi wakaf sedangkan inovasi wakaf tidak berpengaruh signifikan. Selanjutnya, niat partisipasi wakaf berpengaruh positif terhadap pemberdayaan ekonomi dan memediasi hubungan antara kepercayaan kelembagaan, inovasi wakaf, dan pemberdayaan ekonomi. Temuan ini menegaskan pentingnya peningkatan kepercayaan dan inovasi dalam*

¹ Universitas Pembangunan Nasional Veteran Jakarta | rnhshabrina@upnvj.ac.id

² Tazkia Islamic University | anaminuri@tazkia.ac.id

³ Tazkia Islamic University | shofi@tazkia.ac.id

mengoptimalkan wakaf sebagai instrumen berkelanjutan dan inklusif untuk pemberdayaan ekonomi di Indonesia.

Kata Kunci : *Niat Partisipasi Wakaf, Inovasi Wakaf, Wakaf Produktif, Pemberdayaan Ekonomi, Filantropi Islam*

Introduction

Waqf is one of the Islamic philanthropic instruments with great potential to support social development and sustainable economic empowerment. As the country with the largest Muslim population in the world, Indonesia has enormous waqf potential, both in the form of land, cash, and other assets. Data from the Indonesian Waqf Board (BWI) and the Ministry of Religious Affairs of the Republic of Indonesia show that the potential of cash waqf in Indonesia reaches more than IDR 180 trillion annually, and waqf land potential covers 420 thousand hectares. However, the realization of its collection is still less than 1% of the total potential (BWI, 2022; Ministry of Religious Affairs RI, 2023). One of the main factors behind this low realization is the lack of public participation in waqf, particularly among the younger generation. A study by Tazkia, Tanjung, and Arif (2024) reveals that waqf literacy, religiosity, and access to technology significantly affect students' interest in waqf; however, its implementation still faces various challenges, especially in terms of digitalization and service innovation. This indicates a significant gap between the potential of waqf and its actual realization on the ground.

The limited realization of productive waqf in Indonesia is not only due to the lack of public literacy but also to the low level of innovation in waqf collection and management. Waqf is still often narrowly perceived as being limited to building mosques, cemeteries, and religious schools, while its potential to support productive economic sectors has not been maximized. In fact, innovation in waqf management is crucial to address contemporary challenges, particularly in the digital era. According to Haneef et al. (2015), the integration of waqf and microfinance can create a sustainable economic model that effectively empowers poor and vulnerable groups. This is further supported by Hasan and Siraj (2017), who emphasize the importance of waqf

innovation, such as digital waqf, waqf-based social enterprises, and waqf shares, in enhancing public participation and expanding the socio-economic benefits of waqf.

Digitalization and innovation of waqf products have become urgent needs in responding to socio-economic dynamics and technological developments. Research by Rachmad (2024) underscores the importance of developing the concept of digital asset waqf as one of the solutions to increase community involvement, particularly among Millennials and Gen Z, in forms of waqf relevant to their digital lifestyles. Moreover, waqf management institutions also need to strengthen good governance practices to enhance public trust. Trust in waqf management institutions (institutional trust) is a critical foundation in encouraging waqif participation. LPPM Tazkia (2022) proposed a framework for measuring the performance of waqf institutions based on transparency and accountability as an effort to improve public perceptions of nazir performance.

One of the main determinants of successful waqf programs is the level of public trust in waqf management institutions, or institutional trust. A study by Sargeant and Lee (2004) found that trust in philanthropic institutions strongly influences donor intention and loyalty. In the context of waqf in Indonesia, research by Cizakca (2011) and Mohsin et al. (2016) shows that public perceptions of transparency, accountability, and professionalism of nazir are key factors affecting the decision to participate in waqf. Low trust has become a participatory barrier, even though society has a high level of social concern. The Indonesia Waqf Outlook (2020) survey also found that 56% of respondents were reluctant to participate in cash waqf due to a lack of trust in its managing institutions.

On the other hand, public participation in waqf (waqf participation intention) is an important bridge between potential and realization. The intention to perform waqf is influenced by psychological, sociological, and structural factors, such as attitudes toward waqf, social norms, perceived behavioral control, as well as perceptions of social benefits and usefulness

(Ajzen, 1991; Aziz & Amin, 2013). High participation will create opportunities for productive waqf management that directly impacts community economic empowerment. Sen (1999), in *Development as Freedom*, emphasized that economic empowerment is not merely about increasing income but about expanding individuals' choices and capacities to live independently and with dignity. This is also supported by Shaikh (2016), who stressed that the Islamic economic system, including waqf, should aim at creating social justice and collective welfare. A study by Jazil et al. (2023) identified motivational factors for waqif in Indonesia but did not yet incorporate aspects of economic empowerment and digital innovation into its structural model.

Several previous studies have examined the relationships between religiosity, waqf literacy, perceived benefits, and waqf intention (Aziz & Amin, 2013; Siswantoro et al., 2018), as well as the importance of technological innovation in increasing public interest (Dewi & Fauziah, 2022). Other research has shown that trust in philanthropic institutions influences donor loyalty and donations (Sargeant & Lee, 2004; Mohsin et al., 2016). However, few studies have comprehensively and simultaneously tested the relationship between institutional trust, waqf innovation, waqf participation intention, and their impact on economic empowerment within a single integrative model.

Based on the review of previous studies, a research gap emerges: there is still no SEM-PLS-based structural model that simultaneously examines the influence of institutional trust and waqf innovation on economic empowerment, with waqf participation intention as a mediating variable. Most prior studies only examined the effect of one or two variables separately and have not mapped the causal relationships comprehensively in the Indonesian context. In fact, strengthening waqf as an instrument of economic empowerment requires a holistic understanding of the factors influencing participation and their impact on welfare.

Therefore, this study seeks to answer three main research questions: (1) To what extent do institutional trust and waqf innovation affect waqf participation intention? (2) How does waqf participation intention influence

economic empowerment? and (3) Does waqf participation intention mediate the relationship between institutional trust, waqf innovation, and economic empowerment? The purpose of this study is to analyze the direct and indirect effects of institutional trust and waqf innovation on economic empowerment through waqf participation intention. This research adopts a quantitative approach using the Structural Equation Modeling – Partial Least Squares (SEM-PLS) method to construct an empirical model that can serve as both a theoretical and practical reference in developing a highly impactful productive waqf system.

Literature Review

Waqf Participation Intention

The intention to participate in waqf has been extensively examined within behavioral theories. Drawing on the Theory of Planned Behavior (Ajzen, 1991), intention is shaped by three main determinants: attitudes toward the behavior, subjective norms, and perceived behavioral control. Aziz and Amin (2013) highlight that waqf literacy, religious motivation, and perceptions of social benefits significantly influence individuals' willingness to engage in waqf. This implies that enhancing waqf awareness and education programs may increase both intention and actual participation. As intention represents a key antecedent of behavior, fostering positive attitudes and addressing barriers to participation are crucial for expanding waqf engagement in society.

Economic Empowerment

Waqf has historically played an important role in advancing socio-economic welfare, particularly through education, healthcare, and public services. Modern approaches to productive waqf emphasize its potential as a sustainable pillar of economic empowerment. Sen (1999), in *Development as Freedom*, argues that true development lies in expanding individuals' capabilities to make meaningful economic choices. Shaikh (2016) further notes that Islamic economic instruments, including waqf, should promote inclusive

and equitable well-being. Empirical evidence suggests that productively managed waqf initiatives can increase household income, improve access to essential services, and reduce economic vulnerability among disadvantaged groups. For instance, waqf-based programs supporting MSMEs, vocational training, and community development have shown measurable impacts on poverty alleviation and economic self-reliance.

Research Framework

Based on the above literature, this study develops a structural model to test the effects of institutional trust (IT) and waqf innovation (WI) on economic empowerment (EE), with waqf participation intention (WPI) serving as a mediating variable. The model assumes that institutional trust and waqf innovation directly influence individuals' intention to participate in waqf. In turn, waqf participation intention is hypothesized to exert a direct effect on economic empowerment, while also mediating the relationship between institutional trust, waqf innovation, and economic empowerment. This framework allows for the examination of both direct and indirect (mediated) effects, providing deeper insights into how trust and innovation drive economic empowerment through enhanced waqf participation.

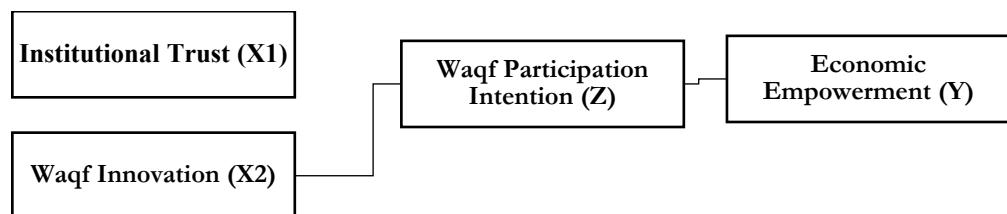


Figure 1. Research Framework

Method

This study adopts a quantitative approach to examine the causal relationships between institutional trust and waqf innovation on economic empowerment, with waqf participation intention as a mediating variable. Data were analyzed using Structural Equation Modeling–Partial Least Squares (SEM-PLS), which is suitable for testing complex models with relatively small sample sizes and non-normal data distributions (Hair et al., 2021). SEM-PLS is

particularly relevant for exploratory research where theoretical frameworks are still developing, such as in waqf studies in Indonesia (Sarstedt et al., 2019). The target population consisted of Indonesian Muslims with knowledge or experience of waqf programs. A purposive sampling technique was applied, with criteria including respondents aged at least 17 years, awareness of waqf, and experience or intention to participate in conventional or digital waqf. A total of 150 respondents were surveyed, meeting the minimum sample size guideline of ten times the largest number of construct indicators (Hair et al., 2021). Data were collected through an online questionnaire using a 5-point Likert scale.

Measurement items were adapted from established studies. Institutional trust was assessed through transparency, accountability, and reputation of waqf institutions (Mohsin et al., 2016; Sargeant & Lee, 2004). Waqf innovation was measured by digitalization, product diversification, and social integration (Hasan & Siraj, 2017; Haneef et al., 2015). Waqf participation intention was based on attitudes, religious motivation, and perceived social benefits (Aziz & Amin, 2013; Ajzen, 1991), while economic empowerment focused on perceptions of increased access, independence, and well-being (Shaikh, 2016; Huda et al., 2020). SmartPLS was employed to test the outer model (validity and reliability) and inner model (path coefficients, R², and mediation effects).

Table 1. Operational Variables

Variable	Indicator	Statement Item	Source
Institutional Trust (X1)	Institutional transparency	IT1: I trust that the waqf institution is transparent in its financial reporting.	Mohsin et al., 2016
	Accountability and professionalism	IT2: I believe that waqf funds are managed professionally and responsibly.	Sargeant & Lee, 2004
	Compliance with Sharia principles	IT3: I am confident that the waqf institution adheres to Sharia principles in its management.	Mohsin et al., 2016
Waqf Innovation (X2)	Digitization of waqf programs	WI1: I am aware of digital platforms for waqf (such as applications or websites).	Hasan & Siraj, 2017
	Variety of waqf products	WI2: Current waqf programs offer various	Haneef et al., 2015

		innovative forms (such as cash waqf, share waqf, etc.).	
	Alignment with social needs	WI3: Waqf innovations should be aligned with current societal needs.	Hasan & Siraj, 2017
Waqf Participation Intention (Z)	Intention to participate in waqf in the near future	WPI1: I intend to participate in waqf within the next six months.	Ajzen, 1991; Aziz & Amin, 2013
	Consistency in participating in waqf	WPI2: I want to regularly participate in waqf programs.	Aziz & Amin, 2013
	Encouraging others to participate in waqf	WPI3: I am willing to recommend others to participate in waqf through trustworthy programs.	Aziz & Amin, 2013
Economic Empowerment (Y)	Income improvement of communities through waqf	EE1: Waqf can help improve the income of underprivileged communities.	Shaikh, 2016
	Support of waqf for productive sectors	EE2: Waqf can be used to empower MSMEs or productive enterprises.	Haneef et al., 2015
	Role of waqf in enhancing welfare	EE3: Properly managed waqf can improve community welfare.	Huda et al., 2020

Data Collection Technique

Data were collected through an online questionnaire distributed to respondents selected using purposive sampling. The questionnaire employed a 5-point Likert scale (1 = strongly disagree to 5 = strongly agree) to measure perceptions of the variables under study: institutional trust, waqf innovation, waqf participation intention, and economic empowerment. The use of an online survey was considered effective for reaching a wide population with time and cost efficiency while ensuring anonymity to reduce social desirability bias (Creswell, 2014). Measurement items were adapted from validated indicators in prior studies, including Mohsin et al. (2016) for institutional trust, Hasan and Siraj (2017) for waqf innovation, and Aziz and Amin (2013) as well as Ajzen (1991) for participation intention.

Data Analysis Technique

The collected data were analyzed using Structural Equation Modeling-Partial Least Squares (SEM-PLS) with the latest version of SmartPLS software.

SEM-PLS was chosen because it allows the estimation of complex relationships between latent variables and their indicators, as well as testing both direct and indirect effects within an integrative model. This method does not require normally distributed data and is suitable for relatively small sample sizes, making it ideal for exploratory research such as this study (Hair et al., 2021; Sarstedt et al., 2019). The analysis proceeded in two stages: first, the measurement model (outer model) was assessed to evaluate construct validity (convergent and discriminant validity) and reliability (composite reliability and Cronbach's alpha). Second, the structural model (inner model) was tested to assess relationships among variables using path coefficients, coefficient of determination (R^2), and mediation effects through bootstrapping. The findings provide empirical insights into the influence of institutional trust and waqf innovation on economic empowerment through waqf participation intention

Results and Discussion

The PLS-SEM analysis process involves two distinct measurement steps, as outlined by Hair et al. (2017). The evaluation of reflective measurement models emphasizes reliability and validity (Asyraf & Afthanorhan, 2013). Individual indicators are deemed reliable if their correlation values exceed 0.70. However, during the research scale development stage, loadings between 0.50 and 0.60 are still considered acceptable (Ghozali, 2008).

The results of the outer loading analysis indicate that all indicators for Economic Empowerment (Y), Institutional Trust (X1), Waqf Innovation (X2), and Waqf Participation Intention (Z) have values above 0.70. According to Hair et al. (2021), loading values greater than 0.70 demonstrate good indicator reliability and adequate convergent validity. For Economic Empowerment (Y), the three indicators (EE1, EE2, EE3) show strong contributions, with loadings ranging from 0.815 to 0.895. EE1 ("waqf can help increase the income of underprivileged communities") has the highest loading (0.895), indicating that respondents perceive income improvement as the most prominent aspect of economic empowerment through waqf.

The Institutional Trust (X1) variable also shows consistency, with loadings between 0.812 and 0.888. IT3 ("I believe waqf institutions comply with sharia principles in their management") has the highest loading (0.888), highlighting that sharia compliance is the key factor in building public trust in waqf institutions, compared to transparency or accountability alone. For Waqf Innovation (X2), the loadings are relatively high, ranging from 0.828 to 0.916. WI3 ("waqf innovations should be aligned with current social needs") emerges as the most dominant indicator (0.916). This suggests that the social relevance of waqf innovations is considered more important by respondents than aspects such as digitalization (WI1) or product variation (WI2).

In the case of Waqf Participation Intention (Z), all indicators show very high values, above 0.90. WPI3 ("I am willing to encourage others to participate in waqf through trusted programs") has the highest loading (0.916), indicating that the intention to influence others is the strongest dimension of participation intention. Overall, these results demonstrate that the measurement instrument meets the criteria for convergent validity very well. Each construct is strongly represented by its respective indicators, making the measurement model robust and suitable for further structural model analysis.

Table 2. Outer Loanding Factor

	Economic Empowerment (Y)	Institutional Trust (X1)	Waqf Innovation (X2)	Waqf Participation Intention (Z)
EE1	0,895			
EE2	0,815			
EE3	0,824			
IT1		0,812		
IT2		0,836		
IT3		0,888		
WI1			0,865	
WI2			0,828	
WI3			0,916	
WPI1				0,907
WPI2				0,900
WPI3				0,916

Sources: Data Processed, 2025

The results of the reliability and validity tests show that all constructs in the model meet the required criteria. The values of Cronbach's Alpha and Composite Reliability (CR) for all variables are above 0.70, indicating strong internal consistency reliability. Similarly, the Average Variance Extracted (AVE) values for all constructs exceed 0.50, confirming adequate convergent validity. Specifically, Economic Empowerment ($\alpha = 0.801$; CR = 0.882; AVE = 0.715), Institutional Trust ($\alpha = 0.801$; CR = 0.883; AVE = 0.715), Waqf Innovation ($\alpha = 0.840$; CR = 0.903; AVE = 0.757), and Waqf Participation Intention ($\alpha = 0.893$; CR = 0.933; AVE = 0.824) demonstrate reliable and valid measurements. These results indicate that the instruments used in this study are both reliable and valid for measuring the intended constructs.

Table 3. Construct Reliability and Validity

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Economic Empowerment (Y)	0,801	0,813	0,882	0,715
Institutional Trust (X1)	0,801	0,808	0,883	0,715
Waqf Innovation (X2)	0,840	0,852	0,903	0,757
Waqf Participation Intention (Z)	0,893	0,897	0,933	0,824

Sources: Data Processed, 2025

Table 4. Result

	Original Sample	Sample Mean	Standard Deviation	T Statistics	P Values
Institutional Trust (X1) -> Waqf Participation Intention (Z)	0,354	0,370	0,108	3,281	0,001
Waqf Innovation (X2) -> Waqf Participation Intention (Z)	0,173	0,167	0,119	1,457	0,146
Waqf Participation Intention (Z) -> Economic Empowerment (Y)	0,647	0,652	0,059	10,911	0,000

Sources: Data Processed, 2025

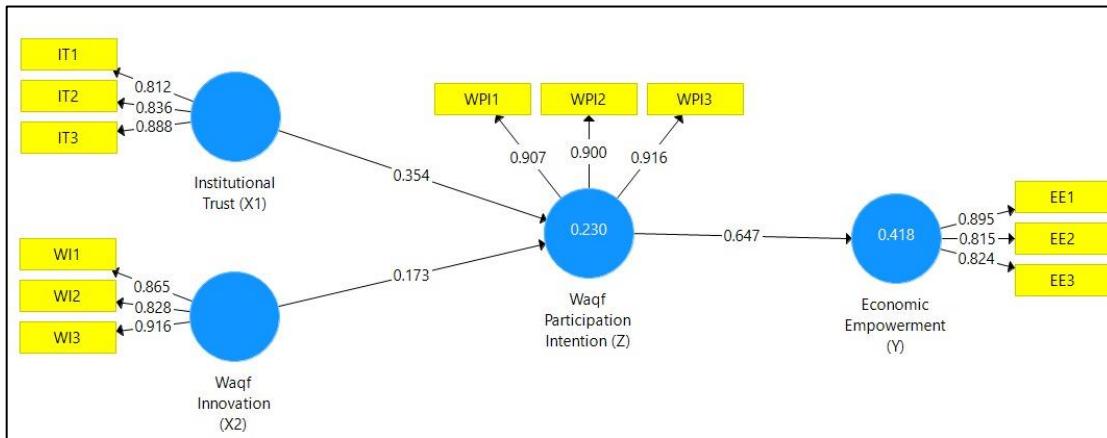


Figure 2. Spesification Model of Waqf for Economic Empowerment

Sources: Data Processed, 2025

The results of the structural model highlight several important insights regarding the dynamics of waqf participation and its impact on economic empowerment. First, institutional trust (X1) exerts a significant and positive influence on waqf participation intention (Z), as evidenced by the path coefficient of 0.354 with a p-value of 0.001. This suggests that the stronger the level of trust in waqf institutions—whether in terms of governance, transparency, accountability, or compliance with sharia principles—the higher the likelihood of individuals to participate in waqf activities. This finding is consistent with the literature which emphasizes trust as the cornerstone of Islamic philanthropic behavior, where donors are more willing to contribute if they perceive that institutions are reliable and capable of managing funds responsibly (Al-Arif, 2012; Siswantoro & Rosdiana, 2016). In other words, without institutional trust, even the best-designed waqf programs may struggle to attract participation.

Second, the study reveals that waqf innovation (X2) does not have a statistically significant direct effect on waqf participation intention (Z) ($\beta = 0.173$, $p = 0.146$). This implies that innovation alone—whether in the form of digital waqf platforms, blockchain applications, or creative waqf products such as waqf shares and cash waqf—may not necessarily drive participation unless it is supported by a foundation of credibility and institutional legitimacy. The

result aligns with Huda et al. (2017), who argue that innovations in Islamic social finance need to be accompanied by community trust and effective awareness strategies to yield meaningful participation. Thus, while innovation remains important for modernizing waqf, it appears to function more as a supporting factor rather than a primary determinant of intention.

Finally, the results show that waqf participation intention (Z) has a very strong and highly significant influence on economic empowerment (Y), with a path coefficient of 0.647 and a p-value of 0.000. This indicates that once individuals are motivated to participate in waqf, the accumulated resources have the potential to create substantial socio-economic benefits, such as poverty alleviation, access to education, healthcare, and entrepreneurship opportunities. This finding resonates with Cizakca (2011) and Ascarya (2021), who highlight waqf as a powerful instrument for sustainable development and inclusive growth when participation levels are high and funds are effectively managed.

Overall, these findings suggest that building institutional trust is more critical than innovation alone in enhancing waqf participation, and that participation intention serves as a key mediating mechanism through which waqf can contribute significantly to economic empowerment. For policymakers and waqf managers, this means that strategic efforts should prioritize strengthening transparency, governance, and credibility, while positioning innovation as a complementary tool to support long-term growth and efficiency of waqf institutions.

Institutional Trust and Its Effect on Waqf Participation Intention

The finding that institutional trust has a significant and positive influence on waqf participation intention underscores the centrality of trust in mobilizing philanthropic resources within the Islamic social finance framework. Trust functions as a psychological contract between donors and waqf institutions, reducing uncertainty and ensuring that contributions will be managed transparently and in accordance with Islamic principles.

According to Gefen et al. (2003), trust is a critical determinant of behavioral intention in contexts that involve uncertainty, particularly in financial transactions. Applied to waqf, donors are more likely to contribute when they believe institutions demonstrate accountability, professionalism, and shariah compliance (Al-Arif, 2012). This supports the argument that trust acts as a bridge between donors' willingness to contribute and the actual decision to participate in waqf.

Moreover, empirical studies have reinforced the role of trust in Islamic philanthropy. Siswantoro and Rosdiana (2016) highlight that zakat and waqf contributions in Indonesia are heavily influenced by donors' perceptions of institutional reliability and governance practices. Similarly, Shaikh, Ismail, & Shafiai (2017) found that transparency in waqf fund management significantly improves the public's confidence, thereby enhancing participation intention. These findings suggest that when institutions communicate clearly about fund allocation and provide regular reporting, trust is strengthened, resulting in higher participation.

Trust is also linked to institutional legitimacy. As argued by Suchman (1995) in organizational theory, legitimacy—rooted in cultural norms and ethical expectations—encourages voluntary support from stakeholders. For waqf, legitimacy arises when institutions operate not only efficiently but also ethically, aligning with *maqasid al-shariah* (objectives of Islamic law). Thus, institutional trust reinforces the perception of legitimacy, encouraging waqf participation as both a religious duty and a socially responsible act.

In the context of modern innovations such as digital waqf platforms, institutional trust becomes even more critical. While technology can facilitate ease of giving, it also introduces concerns about fraud, misuse, and lack of oversight. Studies like Huda et al. (2017) show that without trust, even advanced technological innovations fail to significantly enhance participation. This aligns with the present finding that trust plays a more decisive role compared to innovation in predicting waqf participation intention.

In sum, this study's result validates the theoretical and empirical consensus that institutional trust is a prerequisite for fostering participation in waqf. Strengthening governance mechanisms, improving transparency, and ensuring compliance with shariah principles are therefore strategic imperatives for waqf institutions seeking to mobilize greater community participation.

Waqf Innovation and Its Effect on Waqf Participation Intention

The analysis reveals that waqf innovation (X_2) has a positive but insignificant influence on waqf participation intention (Z). This suggests that while innovation in waqf management—such as digital platforms, cash waqf, and waqf-linked investment schemes—has the potential to attract attention, it has not yet translated into stronger behavioral intention to participate. A key explanation lies in the low level of public literacy and awareness regarding innovative waqf products. Many potential donors are still more familiar with traditional forms of waqf (e.g., land and buildings) and remain cautious toward new mechanisms (Pitchay, Meera, & Saleem, 2015).

Another factor is that innovation alone cannot replace institutional credibility as the main driver of participation. Hasan and Siraj (2017) argue that technological innovation and product diversification must be supported by transparency, shariah compliance, and consistent communication. Without these, innovation risks being perceived as complex or inaccessible, which may reduce its effectiveness in motivating participation. This aligns with Mohsin et al. (2016), who emphasize that public trust and confidence in institutions play a stronger role than novelty in shaping participation behavior.

Therefore, the insignificant result may reflect a mismatch between innovation supply and public readiness. While waqf institutions have introduced innovative products, many communities still prioritize trust and governance over creativity when making decisions to participate. To make innovation more impactful, waqf managers must combine product development with education, literacy campaigns, and assurance of shariah compliance, thereby bridging the gap between innovation and behavioral intention.

Waqf Participation Intention and Its Effect on Economic Empowerment

The findings reveal that waqf participation intention has a significant and positive effect on economic empowerment, indicating that stronger individual intentions to engage in waqf can translate into tangible economic benefits for society. This result is consistent with the Theory of Planned Behavior (Ajzen, 1991), which posits that intention is the most immediate predictor of behavior. In the context of waqf, greater participation intention increases the likelihood of consistent contributions, thereby sustaining productive waqf programs that foster income generation, reduce poverty, and enhance social welfare.

These results align with prior studies emphasizing the transformative role of waqf in economic development. Cizakca (2011) highlights that productive waqf serves as a powerful Islamic financial instrument for long-term economic growth, while Shaikh (2016) and Huda et al. (2020) demonstrate its impact on improving access to resources and community welfare. In Indonesia, where waqf potential remains underutilized, enhancing participation intention is essential to secure continuous resources for productive ventures such as SME financing, healthcare, and education (Hudaefi & Beik, 2021).

In summary, the study underscores that economic empowerment through waqf begins with strengthening participation intentions. Building strong intentions requires not only innovative waqf products but also supportive institutional strategies, literacy initiatives, and policies that encourage sustained engagement, thereby ensuring that waqf can function as an effective and inclusive tool for socioeconomic development.

Conclusion

This study reveals that institutional trust has a significant and positive effect on waqf participation intention, underscoring the importance of transparency, accountability, and sharia compliance in motivating

participation. Conversely, waqf innovation exerts a positive but non-significant influence, suggesting that digital platforms and innovative schemes alone are insufficient without adequate literacy and awareness. These findings highlight that public confidence in waqf institutions remains the central determinant of intention, while innovation requires stronger socialization to be impactful.

Moreover, the results confirm that waqf participation intention plays a critical role in enhancing economic empowerment, as stronger participation translates into more effective productive waqf programs that improve income generation, SME development, and community welfare. Based on these insights, future strategies should prioritize strengthening institutional credibility, integrating innovation with public education, and enhancing policy support to foster wider participation. By doing so, waqf can be better positioned as a sustainable driver of inclusive economic empowerment in Indonesia

References

Ajzen, I. (1991). The theory of planned behavior. *Organizational Behavior and Human Decision Processes*, 50(2), 179–211. [https://doi.org/10.1016/0749-5978\(91\)90020-T](https://doi.org/10.1016/0749-5978(91)90020-T)

Aziz, M. R. A., & Amin, H. (2013). The effects of marketing mix on intention to purchase Islamic home financing. *International Journal of Business and Society*, 14(1), 1–20.

Creswell, J. W. (2014). *Research design: Qualitative, quantitative, and mixed methods approaches* (4th ed.). Sage Publications.

Cizakca, M. (2011). *Islamic capitalism and finance: Origins, evolution and the future*. Edward Elgar Publishing.

F., Hult, G. T. M., Ringle, C. M., Sarstedt, M., & Thiele, K. O. (2021). *Partial least squares structural equation modeling (PLS-SEM) using R: A workbook*. Springer.

Haneef, M. A., Pramanik, A. H., Mohammed, M. O., & Muhammad, A. D. (2015). Integration of waqf and Islamic microfinance for poverty reduction: A conceptual model. *International Journal of Islamic and Middle Eastern Finance and Management*, 8(2), 246–270. <https://doi.org/10.1108/IMEFM-07-2014-0060>

Hasan, H., & Siraj, S. A. (2017). Waqf governance and management in Malaysia: From the perspective of SIRIM. *International Journal of Islamic Thought*, 11, 33–42.

Huda, N., Rini, N., Mardoni, Y., & Putra, P. (2020). Empowering SMEs through cash waqf: Evidence from Indonesia. *International Journal of Islamic*

and Middle Eastern Finance and Management, 13(5), 941–957. <https://doi.org/10.1108/IMEFM-01-2019-0026>

Hudaefi, F. A., & Beik, I. S. (2021). Digital zakat campaign in time of Covid-19 pandemic in Indonesia: A netnographic study. *Journal of Islamic Marketing*, 12(3), 498–517. <https://doi.org/10.1108/JIMA-09-2020-0299>

Johari, F., Alias, M. H., & Shukor, S. A. (2015). The role of accountability in enhancing trustworthiness of waqf institutions. *Journal of Islamic Finance*, 4(1), 1–10.

LPPM Tazkia. (2022). Pengembangan kerangka pengukuran kinerja untuk lembaga wakaf. LPPM Tazkia.

Mohsin, M. I. A., Mohammad, M. T. S., & Syed, M. A. (2016). Potential of cash waqf for developing Islamic economy in Malaysia: The case of Selangor Waqf Corporation. *Journal of Islamic Economics, Banking and Finance*, 12(1), 1–18.

Rachmad, D. (2024). Penerapan konsep wakaf aset digital di Indonesia (Application of the Digital Asset Waqf Concept in Indonesia). LPPM Tazkia.

Sarstedt, M., Ringle, C. M., & Hair, J. F. (2019). *Handbook of market research: Partial least squares structural equation modeling*. Springer. <https://doi.org/10.1007/978-3-030-05253-1>

Sargeant, A., & Lee, S. (2004). Trust and relationship commitment in the United Kingdom voluntary sector: Determinants of donor behavior. *Psychology & Marketing*, 21(8), 613–635. <https://doi.org/10.1002/mar.20021>

Shaikh, S. A. (2016). Application of waqf for social and development finance. *ISRA International Journal of Islamic Finance*, 8(1), 5–14. <https://doi.org/10.1108/IJIF-07-2016-001>

Tazkia, N. H., Tanjung, H., & Arif, S. (2024). The impact of literacy, religiosity, and technology on students' interest in cash waqf. *International Journal of Waqf*, 4(1). <https://doi.org/10.58968/ijw.v4i1.547>

Thuba Jazil, S., Safirah Rofifah, & Tita Nursyamsiah. (2023). Determinant factors motivated waqif to donate waqf. *El Barka: Journal of Islamic Economics and Business*, 2(2). <https://doi.org/10.21154/elbarka.v2i2.1733>

Mohsin, M. I. A., Daftardar, H., Cizakca, M., Alhabshi, S. O., Razak, S. H. A., Sadr, S. K., & Al-Suhaibani, M. (2016). Financing the development of old waqf properties: Classical principles and innovative practices

around the world. Palgrave Macmillan.

Pitchay, A. A., Meera, A. K. M., & Saleem, M. Y. (2015). Factors influencing the behavioral intentions of Muslim employees to contribute to cash-waqf through salary deductions. *Journal of King Abdulaziz University: Islamic Economics*, 28(1), 63–98. <https://doi.org/10.4197/Islec.28-1.4>

Sarstedt, M., Ringle, C. M., & Hair, J. F. (2019). Partial least squares structural equation modeling. In Homburg, C., Klarmann, M., & Vomberg, A. (Eds.), *Handbook of Market Research* (pp. 1–47). Springer. https://doi.org/10.1007/978-3-319-05542-8_15-2

Sen, A. (1999). *Development as freedom*. Oxford University Press.

Shaikh, S. A. (2016). Role of Islamic finance in sustainable development goals. *International Journal of Islamic Economics and Finance Studies*, 2(1), 1–14. <https://doi.org/10.25272/j.2149-8407.2016.2.1.01>