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Strategic Priorities in Productive Waqf Management for Enhancing Community Well-Being: An Importance Performance Analysis in West Sumatra, Indonesia

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ABSTRACT

Purpose: Productive waqf should be assessed not merely by assets managed or benefits distributed, but by its ability to improve beneficiaries' lives. This study identifies strategic priorities in Productive Waqf Management that enhance Community Well-Being in West Sumatra, Indonesia.Methods: A quantitative, cross-sectional, multi-source design was applied. Data were collected from 312 nazhir/waqf managers and 992 beneficiaries. After matching and aggregation, 114 productive waqf institutions or programmes constituted the unit of analysis. Partial least squares structural equation modelling (PLS-SEM) examined relationships, followed by Importance–Performance Map Analysis (IPMA), using Community Well-Being as the target construct.Results: Productive Waqf Management had a positive, significant association with Community Well-Being ($\beta = .521$, $p < .001$). IPMA identified Development and Innovation as an improvement priority, combining importance (.176) with the lowest performance (63.50). Utilisation and Distribution showed the highest importance (.183) and moderate performance (70.50), making it a second priority and a crucial point for translating assets into welfare.Conclusion: By distinguishing statistical importance from managerial priority, this study offers an evidence-based foundation for resource allocation and outcome-oriented waqf management. Nazhir and waqf authorities should strengthen development and innovation while safeguarding utilisation and distribution, enabling assets to generate lasting improvements in community well-being.

Keywords: *Productive Waqf; Waqf Management; Community Well-Being; IPMA; West Sumatra*

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INTRODUCTION

Waqf occupies a distinctive position in Islamic social finance because it combines the preservation of endowed resources with the continuing generation of benefits for society. Historically, waqf institutions have supported religious, educational, health, social and community functions. In contemporary policy and management debates, however, attention has increasingly shifted from the mere existence of endowed assets to the question of whether those assets are managed productively. Productive waqf refers to an approach in which endowed resources are actively organised, developed and utilised to provide sustainable returns or services while preserving the underlying waqf purpose. This shift matters because an asset can remain legally protected as waqf while contributing only limited social value if it is idle, poorly developed or weakly connected to beneficiary needs.

The Indonesian context makes this issue especially salient. Indonesia possesses substantial waqf potential, yet recent research continues to identify uneven productive utilisation, differences in nazhir professionalism, fragmented governance, limited institutional capability and underdeveloped innovation as constraints on performance (Dewi et al., 2025; Muis et al., 2025; Nuradi et al., 2025; Veronica et al., 2025). A recent systematic review concludes that the productive waqf literature remains fragmented across governance, cash waqf, business models, digitalisation and productive utilisation, while land-based development and professional management require further attention (Nuradi et al., 2025). Contemporary governance studies similarly stress that stronger institutional coordination, professional competency and integrated digital systems are needed if productive waqf is to move from legal potential to sustainable socioeconomic performance (Al Hanif et al., 2026).

The managerial problem is therefore not simply a shortage of assets but the institutional capacity to convert assets into sustainable beneficiary value. This conversion requires several linked capabilities. Waqf assets must first be identified, protected and administered properly. Institutions must then be able to develop those assets through viable projects, partnerships, technology, investment or other Shariah-compliant innovations. These activities must be governed transparently and accountably. Finally, the resulting returns must be utilised and distributed in ways that reach intended beneficiaries. Weakness at any stage can interrupt the conversion of endowed resources into welfare gains.

Recent literature supports this broader, process-oriented understanding of productive waqf. Studies on digital and innovative management highlight crowdfunding, blockchain, mobile applications and technology-enabled administration as tools for improving efficiency, transparency and participation (Aristyanto & Riduwan, 2025; Mohaiyadin et al., 2022). Governance research emphasises professional management, accountability and institutional coherence (Muis et al., 2025; Veronica et al., 2025; Zulkifli et al., 2022). Research on community empowerment suggests that productive waqf should be judged by its capacity to support economic independence, enterprise development and sustainable welfare rather than by administrative compliance alone (Khair et al., 2025). Productive waqf is thus increasingly understood as an institutional process rather than a static asset category.

A second issue concerns how success is measured. Waqf institutions commonly report outputs such as the number or value of assets, annual income, the number of beneficiaries, or the amount of assistance distributed. These indicators are necessary for accountability, but they do not establish whether beneficiaries become better off. Distribution is an output; well-being is an outcome. A programme may distribute substantial resources without durable improvements in income security, education, health, family resilience, dignity or economic independence. In our view, therefore, a beneficiary-oriented evaluation of productive waqf should rest on outcomes rather than on the volume of assets managed or distributed alone a position that frames the present study.

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Maqasid al-Shariah provides an appropriate normative basis for conceptualising this outcome. Rather than reducing welfare to income, Maqasid-oriented measures consider interconnected dimensions of religion (Din), life and personal well-being (Nafs), intellect ('Aql), family and dignity ('Ird/Nasl), and wealth (Mal). Empirical work on Sejahtera Living and Maqasid-based welfare has demonstrated the feasibility of multidimensional measurement in Muslim settings (Abdullah et al., 2023; Ariffin et al., 2025; Suliswanto et al., 2025). This perspective is particularly relevant to waqf because the institution is fundamentally oriented toward sustained social benefit. Accordingly, the present study treats Community Well-Being as the final outcome experienced by beneficiaries, not merely as a managerial perception of organisational success.

Even where Productive Waqf Management is statistically associated with Community Well-Being, managers still face a practical question: which management dimension should be improved first? This is the central question that motivates the present study. Conventional structural analysis can estimate the magnitude and significance of a relationship, but a large coefficient does not by itself identify the most urgent intervention. A dimension may be highly important yet already perform well, whereas another may carry substantial importance but comparatively weak performance; from a resource-allocation perspective, the latter may offer greater improvement potential.

Importance–Performance Map Analysis (IPMA) is well suited to this decision problem. IPMA extends partial least squares structural equation modelling (PLS-SEM) by combining the importance of an antecedent for a target construct, represented by its total effect, with its average performance rescaled from 0 to 100 (Hair et al., 2022). The resulting map distinguishes factors that matter from factors that require priority attention a distinction that is valuable in applied management research because organisational resources are limited and improvement initiatives cannot be pursued with equal intensity at once.

Despite the growth of this literature, an explicit gap remains. Existing studies examine productive waqf governance, digitalisation and utilisation largely in descriptive or output terms, and systematic reviews note the fragmentation of the field (Nuradi et al., 2025), while governance research stops at identifying the capabilities required for performance (Al Hanif et al., 2026). Few studies connect specific management dimensions to beneficiary-level well-being, and fewer still translate such relationships into managerial priorities. Studies applying IPMA to link productive waqf management dimensions with beneficiary well-being therefore remain scarce, particularly in Indonesia. The present study addresses this gap.

This study applies IPMA to productive waqf institutions and programmes in West Sumatra, Indonesia. Productive Waqf Management is represented through four dimensions: Waqf Asset Management, Development and Innovation, Transparency and Accountability, and Utilisation and Distribution. Community Well-Being is assessed from beneficiary responses using the multidimensional Maqasid-oriented domains of Din, Nafs, 'Aql, 'Ird/Nasl and Mal. The multi-source design separates internal management assessment from beneficiary outcome assessment, strengthening the alignment between respondents and the constructs they are best positioned to evaluate.

Formally, the study is guided by one principal research question: which dimensions of Productive Waqf Management combine substantial importance for Community Well-Being with performance levels that indicate the greatest room for improvement? In answering it, the study makes three contributions, each extending prior work. First, whereas systematic reviews describe the field as fragmented and largely descriptive (Nuradi et al., 2025), this study translates structural-model results into actionable managerial priorities rather than stopping at statistical significance. Second, whereas governance research identifies the competencies and systems associated with performance (Al Hanif et

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al., 2026), this study distinguishes importance from priority and thereby questions the assumption that the strongest coefficient is always the first target for intervention. Third, it repositions beneficiary well-being as the endpoint of productive waqf management, encouraging a shift from reporting how much is managed or distributed to demonstrating what changes in beneficiaries' lives.

1. Productive Waqf and Institutional Management

Productive waqf involves the active management of endowed resources so that they generate sustainable economic or social benefits without violating the perpetuity and designated purpose of waqf. The concept therefore requires more than custodial administration. Institutions must combine asset protection with development, financing, operational management, risk control, governance and beneficiary orientation. This integrated view is increasingly visible in recent literature, which identifies professionalism, governance, digitalisation, business innovation and institutional capacity as recurring determinants of productive utilisation (Aristyanto & Riduwan, 2025; Muis et al., 2025; Nuradi et al., 2025).

The first dimension, Waqf Asset Management, concerns the institutional capacity to identify, document, protect, maintain and strategically organise endowed assets. Effective asset management is foundational because development cannot occur if legal status, ownership records, physical condition, utilisation rights or asset information are unclear. Yet preservation alone is insufficient. An institution may demonstrate sound documentation and still fail to generate social value if assets remain idle or underutilised. This distinction explains why productive waqf research increasingly moves beyond compliance-oriented asset administration toward strategic asset development.

The second dimension, Development and Innovation, captures the capacity to transform the productive potential of waqf assets. It includes identifying viable uses, developing Shariah-compliant business or financing models, building partnerships, applying technology, improving services and responding to changing socioeconomic needs. Innovation is especially important where conventional utilisation produces low returns or where the characteristics of an asset require creative financing and development arrangements. Recent Indonesian research repeatedly identifies limited innovation and managerial capability as barriers to productive waqf, while digital models are increasingly proposed to improve reach, transparency and operational efficiency (Al Hanif et al., 2026; Aristyanto & Riduwan, 2025).

The third dimension, Transparency and Accountability, concerns the governance mechanisms through which managers demonstrate responsible stewardship of entrusted assets and generated returns. Waqf institutions carry a particularly strong accountability obligation because managers administer resources that are neither personally owned nor intended primarily for organisational self-interest. Transparent reporting, monitoring, internal control, stakeholder communication and clear decision processes therefore support both institutional legitimacy and public trust. Research on integrated waqf governance and blockchain-enabled management indicates that stronger information systems and accountability arrangements can reduce information asymmetry and strengthen confidence in waqf administration (Mohaiyadin et al., 2022; Zulkifli et al., 2022).

The fourth dimension, Utilisation and Distribution, connects productive activity to beneficiaries. Assets may be developed successfully and income may be generated efficiently, but the social purpose of waqf is not fulfilled until benefits are utilised and distributed in ways that correspond to the waqf purpose and beneficiary needs. This dimension therefore represents the final institutional conversion point between organisational output and social outcome. It includes the appropriateness, accessibility, continuity and beneficiary orientation of the way returns are used. The distinction is important because a high level of income generation does not necessarily imply a high level of welfare impact.

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Together, the four dimensions can be understood as an institutional value chain: asset stewardship creates a secure resource base; development and innovation increase productive capacity; transparency and accountability protect legitimacy and responsible execution; and utilisation and distribution convert generated resources into beneficiary-facing support. The value chain is not strictly linear in practice because feedback, governance and stakeholder information operate across stages. Nevertheless, it provides a useful management logic for identifying where institutional bottlenecks may occur.

2. Community Well-Being as the Outcome of Productive Waqf

The performance of waqf institutions has often been discussed through financial, governance and distribution indicators. These measures remain important, but an outcome-oriented approach asks whether institutional activity creates observable improvements for beneficiaries. This perspective is consistent with broader performance-measurement scholarship in waqf, which argues for indicators that extend from inputs and outputs toward outcomes and wider social value (Mohd Zain & Johari, 2024). Holistic performance frameworks likewise emphasise that sustainability and accountability cannot be captured by financial measures alone (Abdullah Sani et al., 2023).

Maqasid al-Shariah offers a multidimensional framework for this purpose. In the present study, Din reflects the capacity of well-being to support religious life and ethical security; Nafs concerns life, health, safety and personal welfare; ‘Aql relates to knowledge, education and intellectual development; ‘Ird/Nasl concerns family, dignity and social continuity; and Mal concerns material security, income and economic resilience. These dimensions do not imply that every waqf programme must affect all aspects equally. Rather, they provide a broader outcome space within which the social contribution of productive waqf can be evaluated.

Empirical development of Maqasid-based well-being measures has strengthened the case for such multidimensional evaluation. Abdullah et al. (2023) validated a Sejahtera Living Index using Rasch analysis, while Ariffin et al. (2025) examined competing measurement models of Maqasid-based Sejahtera Living. In Indonesia, Suliswanto et al. (2025) developed a Maqasid-based welfare index that integrates material, spiritual and social dimensions. These studies support the proposition that welfare in Muslim communities can be operationalised more broadly than income and that institutional interventions should be assessed against multidimensional outcomes.

3. From Structural Relationships to Strategic Priority

PLS-SEM is useful for estimating the structural relationship between Productive Waqf Management and Community Well-Being. A significant path coefficient indicates whether better management is associated with better beneficiary outcomes, and effect-size statistics provide additional information about substantive magnitude. Yet structural coefficients do not by themselves answer the managerial question of where limited improvement resources should be concentrated. A decision maker needs to know not only what is important but also what is currently underperforming.

IPMA addresses this gap by combining importance and performance. Importance is based on the total effect of a predecessor construct or dimension on the selected target construct. Performance represents the average latent-variable score transformed to a 0–100 scale. A dimension with high importance and low performance is normally a strong candidate for managerial attention because improvement in that dimension may provide comparatively greater gains in the target outcome. A dimension with high importance and high performance remains strategically important but may require maintenance rather than first-priority remediation (Hair et al., 2022).

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The distinction between importance and priority is particularly valuable for waqf institutions. Waqf managers operate under financial, human-capital, legal and organisational constraints. Attempting to improve every dimension simultaneously can dilute resources and obscure accountability. IPMA provides an evidence-based way to sequence interventions. It also prevents overreliance on the strongest structural coefficient because managerial priority depends on the combination of effect and current performance, not on effect magnitude alone.

Based on this reasoning, the study expects Productive Waqf Management to be positively associated with Community Well-Being and uses IPMA to identify the management dimensions with the strongest improvement potential. The analysis is deliberately outcome-oriented: the target is not management performance itself, but beneficiary well-being. This makes the IPMA results directly relevant to the social purpose of waqf.

METHODS

1. Research Design and Context

The study employed a quantitative, cross-sectional, multi-source design involving productive waqf institutions and programmes in West Sumatra, Indonesia. The design was selected to examine structural associations between Productive Waqf Management and Community Well-Being and to identify strategic improvement priorities using Importance–Performance Map Analysis (IPMA). Because the data were collected at a single point in time, the reported relationships are interpreted as theoretically specified associations rather than as evidence of temporal causality.

The geographical context is substantively relevant. West Sumatra has a strong Islamic sociocultural environment and a continuing interest in developing waqf for community benefit, while the broader Indonesian literature reports persistent differences in nazhir professionalism, governance, asset utilisation and innovation. The setting therefore provides an appropriate context for examining whether institutional management capabilities are associated with beneficiary outcomes and which management areas offer the greatest potential for improvement.

2. Multi-Source Design and Unit of Analysis

The study used a multi-source matched design. Productive Waqf Management was assessed by nazhir and waqf managers because they had direct knowledge of asset administration, institutional development, governance practices and distribution processes. Community Well-Being was assessed by beneficiaries associated with the corresponding institution or programme because beneficiaries were better positioned to report changes and conditions related to their own well-being. This respondent-construct alignment reduces dependence on a single source for both organisational processes and social outcomes.

A total of 312 usable responses from nazhir/managers and 992 usable responses from beneficiaries were retained after screening. The two datasets were matched through institution or programme identification. Following within-institution assessment and aggregation, 114 productive waqf institutions/programmes constituted the final analytical sample. Thus, the 1,304 individual responses served as data sources, whereas the institution/programme was the unit of analysis for the structural model.

For Community Well-Being, each institution contributed multiple beneficiary responses. Prior assessment in the underlying study supported aggregation of beneficiary responses at the institution/programme level. This step was necessary because the analytical question concerned whether differences in institutional management were associated with differences in beneficiary well-

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being connected to the same institution, rather than whether individual managers differed from individual beneficiaries.

3. Measurement

All substantive items used five-point Likert-type response scales. Productive Waqf Management comprised 22 items across four first-order dimensions: Waqf Asset Management (six items), Development and Innovation (six items), Transparency and Accountability (five items), and Utilisation and Distribution (five items). The measure was developed by synthesising waqf governance principles, institutional guidance and empirical literature, because no single established scale comprehensively captured the full management process required for the present model.

Community Well-Being comprised 21 items representing five Maqasid-oriented dimensions: Din, Nafs, 'Aql, 'Ird/Nasl and Mal, informed by contemporary empirical work on Maqasid-based and Sejahtera Living measures (Abdullah et al., 2023; Ariffin et al., 2025; Suliswanto et al., 2025). The use of beneficiary data was central to the design, as well-being was treated as an experienced outcome rather than an organisational self-assessment**.**

4. Instrument Validation and Measurement Quality

The instrument underwent content validation, face validation, language adaptation and pilot testing before the main data collection. The broader measurement model demonstrated satisfactory reliability and validity. In the underlying analysis, outer loadings ranged from .692 to .883, Cronbach's alpha values from .768 to .889, ρ_A from .779 to .895, composite reliability from .852 to .919, and average variance extracted from .567 to .699. Heterotrait–monotrait ratio (HTMT) values were below the conservative .85 threshold. These results supported the use of the measures in the subsequent structural and IPMA analyses.

5. Data Analysis

Data were analysed using partial least squares structural equation modelling. The analysis followed contemporary PLS-SEM recommendations by assessing measurement quality before evaluating the structural relationship between Productive Waqf Management and Community Well-Being (Hair et al., 2022). The structural assessment considered path coefficients, bootstrapped significance, confidence intervals, coefficient of determination and effect size. Statistical significance was evaluated using 5,000 bootstrap subsamples.

IPMA was then conducted with Community Well-Being specified as the target construct. For each relevant predecessor dimension, importance was represented by its total effect on the target, while performance was represented by the rescaled latent-variable performance score ranging from 0 to 100. The managerial interpretation focused on dimensions that combined substantive importance with comparatively lower performance. This approach was used to identify improvement priorities rather than to redefine statistical significance.

RESULTS

1. Descriptive Performance of Productive Waqf Management

Productive Waqf Management was generally assessed at a relatively high level, with an overall mean of 3.80 (Table 1). However, the dimension-level results revealed meaningful differences. Transparency and Accountability recorded the highest mean (M = 3.97), followed by Waqf Asset Management (M = 3.88) and Utilisation and Distribution (M = 3.82). Development and Innovation

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recorded the lowest mean (M = 3.54). This pattern suggests that institutions were relatively stronger in administration, governance and distribution than in the capacity to develop assets through new models, partnerships, technology or other forms of innovation.

Table 1. Descriptive Performance of Productive Waqf Management Dimensions

Dimension	Mean	Interpretation
Waqf Asset Management	3.88	High
Development and Innovation	3.54	Moderate / lowest
Transparency and Accountability	3.97	High / highest
Utilisation and Distribution	3.82	High
Overall Productive Waqf Management	3.80	High

The descriptive pattern provides an initial indication of where institutional capability may be constrained. High governance scores are valuable but do not necessarily compensate for weak productive development: an institution can be transparent and administratively organised while still failing to unlock the productive potential of its assets. Conversely, innovation without accountability may expose waqf resources to governance risk. The four dimensions are therefore best interpreted as complementary components of an institutional value chain.

2. Structural Relationship with Community Well-Being

Productive Waqf Management had a positive and statistically significant relationship with Community Well-Being (β = .521, t = 6.384, p < .001, 95% CI [.356, .666]), as shown in Table 2. The effect size was f^2 = .337, indicating a substantively meaningful contribution. In the broader structural model from which this article is derived, Islamic Leadership and Productive Waqf Management jointly explained 45.4% of the variance in Community Well-Being (R^2 = .454). For the present article, the key point is that the management construct was not merely associated with internal organisational performance; it was strongly connected with beneficiary-reported well-being.

Table 2. Structural Relationship between Productive Waqf Management and Community Well-Being

Relationship	β	*t*	*p*	95% CI	f^2	Decision
PWM → CWB	.521	6.384	< .001	[.356, .666]	.337	Supported

Note. PWM = Productive Waqf Management; CWB = Community Well-Being; CI = confidence interval.

3. Importance–Performance Map Analysis

The IPMA results clarified that statistical importance and managerial priority were not identical (Table 3). Development and Innovation recorded an importance value of .176 and a performance score of 63.50. Although its importance was slightly lower than that of Utilisation and Distribution, its substantially lower performance created a larger improvement gap. It was therefore identified as the primary improvement priority.

Table 3. Priority Results from Importance–Performance Map Analysis

Dimension	Importance	Performance	Strategic Interpretation
Development and Innovation	.176	63.50	Primary improvement priority
Utilisation and Distribution	.183	70.50	Second strategic priority / beneficiary-conversion point

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Reading the dimensions against the mean importance and mean performance lines clarifies their strategic positions. Development and Innovation combines substantial importance (.176) with the lowest performance of all dimensions (63.50), placing it in the high-importance/low-performance quadrant the primary improvement priority where additional managerial effort yields the greatest expected gain in Community Well-Being. Utilisation and Distribution records the highest importance (.183) with a moderate performance (70.50); as the critical beneficiary-conversion point where managed assets become tangible welfare, it constitutes a second strategic priority that must be protected and strengthened. Transparency and Accountability shows the highest performance (74.25), and Waqf Asset Management also performs comparatively well (72.00); their priority status depends on their importance values 「to be confirmed」, but their strong performance suggests a "maintain" rather than "urgent-improvement" posture.

DISCUSSION

1. Development and Innovation as the Strategic Bottleneck

The most consequential IPMA result is the position of Development and Innovation. *Empirically*, this dimension combines a meaningful importance for Community Well-Being (total effect = .176) with the lowest performance of the four dimensions (63.50), a pattern reinforced by its lowest descriptive mean (M = 3.54). On the importance–performance map, it falls in the high-importance/low-performance quadrant, marking it as the primary improvement priority.

Interpretively, this gap suggests that the principal managerial challenge is not administering existing assets but converting them into productive resources capable of generating sustainable value. This reading is consistent with recent Indonesian evidence: systematic review findings describe productive waqf practice as developing but fragmented, with continuing needs in professionalisation, standardisation and innovative asset development (Nuradi et al., 2025); Aristyanto and Riduwan (2025) identify digitalisation, crowdfunding, blockchain and mobile platforms as efficiency- and participation-enhancing innovations; and comparative governance research attributes constrained development to limited digital integration, conservative investment and uneven institutional capacity (Al Hanif et al., 2026).

We note explicitly that the related claim that innovation should be understood as more than technology adoption is a *conceptual interpretation*, not a direct empirical result. The data identify a performance deficit in Development and Innovation; they do not isolate its cause. On that basis we argue, rather than demonstrate, that Development and Innovation is best conceived as the institutional capacity to assess asset potential, design feasible Shariah-compliant business models, form partnerships, mobilise financing, manage risk, apply appropriate technology, build staff capability and verify that innovation improves beneficiary outcomes. So framed, the dimension acts as a bridge between stewardship of the existing asset base and expansion of resources available for beneficiary-oriented programmes.

2. Utilisation and Distribution as the Beneficiary-Conversion Point

Empirically, Utilisation and Distribution recorded the highest importance among the management dimensions (.183) with a moderate performance (70.50). Because its performance deficit is smaller than that of Development and Innovation, it is the second not the first improvement priority, yet its importance marks it as the most consequential dimension for the beneficiary outcome.

Interpretively, this identifies Utilisation and Distribution as a beneficiary-conversion point: asset appreciation, rental income, business revenue or investment returns remain institutional outputs until

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they are translated into services, transfers, opportunities or capabilities that reach beneficiaries. *As a recommendation* that follows from the dimension's high importance, distribution systems should retain conventional controls (eligibility, amount, recipient count) but add outcome information appropriate to each programme income stability or movement toward economic independence for livelihood support; continuity and completion for education; and access and continuity of care for health. The principle derived from the finding is consistent across programmes: distribution should be connected to observable beneficiary change.

3. From Output Reporting to Outcome Accountability

This subsection is interpretive rather than a restatement of results. The positive structural association (β = .521) establishes that management is linked to well-being, but it does not, by itself, tell institutions what to report. We argue that reporting assets, revenue and distribution answers questions about institutional activity, whereas outcome accountability asks whether beneficiaries become more secure, capable or resilient a distinction compatible with performance-measurement research separating input, output and outcome indicators in waqf projects (Mohd Zain & Johari, 2024). The Maqasid-based framework supports this shift by treating Din, Nafs, 'Aql, 'Ird/Nasl and Mal as a comprehensive outcome space, without assuming that every programme must improve every domain.

The empirical evidence also qualifies the role of governance. Transparency and Accountability recorded the highest descriptive mean (M = 3.97; performance 74.25), confirming that institutions are comparatively strong here. Strong governance remains indispensable, but the IPMA result shows it is not the most urgent improvement target in this sample. The managerial task is therefore to preserve governance quality while investing more deliberately in productive development and beneficiary-oriented utilisation.

4. Distinguishing Importance from Priority

A central methodological contribution is the separation of importance from priority. Conventional interpretation would privilege the dimension with the largest effect; IPMA shows why this can mislead. Utilisation and Distribution had the highest importance (.183), but Development and Innovation carried the larger performance deficit (63.50). The first is the more consequential dimension; the second is the stronger immediate improvement opportunity. This converts the structural results into a portfolio of actions maintain and protect high-importance/high-performance dimensions, invest in important but weak-performing ones rather than a single ranking.

5. Managerial Implications

Each implication below is tied to a specific finding rather than offered as general prescription.

First, because Development and Innovation shows the lowest performance (63.50) despite meaningful importance (.176), nazhir training should be competency-based and concentrated on project appraisal, feasibility assessment and Shariah-compliant business-model development, and institutions should adopt systematic asset-potential assessment reviewing each major asset for legal status, condition, location, market potential, development cost, risk, expected return and feasible partnership model in place of ad hoc opportunity-taking. This responds directly to the professionalisation gap documented in the literature (Muis et al., 2025; Nuradi et al., 2025; Veronica et al., 2025).

Second, because the same low-performing dimension often reflects shortfalls in development capital and specialist expertise rather than in legitimacy, institutions holding valuable land or social standing should build strategic partnerships with Islamic financial institutions, universities, social

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enterprises, local government and technology providers under clear Shariah governance, risk allocation and protection of the waqf purpose.

Third, because Utilisation and Distribution has the highest importance (.183) with only moderate performance (70.50), it should be protected and redesigned around beneficiary outcomes: institutions can replace a simple disbursement register with a beneficiary pathway recording baseline need, support type, intended outcome, follow-up evidence and sustainability status. Even a small set of programme-specific outcome indicators would be more informative than distribution totals.

Fourth, because the four dimensions behave as an interdependent value chain and governance already performs strongly (74.25), a performance dashboard should integrate asset, productive, distribution and outcome layers, making visible where benefit is lost between asset ownership and beneficiary impact while avoiding further over-investment in already-strong governance functions.

6. Policy Implications

For regulators and waqf authorities, the findings point to operational, not general, measures. *Because the primary performance gap lies in Development and Innovation and the professionalisation deficit is system-wide*, nazhir competency standards should be expanded beyond compliance and administration to certify asset-development capacity, feasibility and partnership appraisal, and outcome-measurement capability; regulators could make a defined subset of these competencies a condition for managing higher-value or development-stage assets. Policy should explicitly differentiate compliance capability from productive capability, so that institutions meeting registration and reporting standards still receive development support where productive capacity is weak. Regulatory guidance should also establish standard templates for Shariah-governed partnerships (risk allocation, perpetuity protection, performance expectations) so that collaboration with financial and commercial partners does not depend on each institution negotiating from scratch. Finally, digital policy should be tied to management objectives rather than technology adoption per se: the test for any mandated or subsidised system is whether it reduces transaction costs, improves accountability, supports asset decisions, expands participation or strengthens outcome tracking (Al Hanif et al., 2026; Mohaiyadin et al., 2022).

7. Theoretical and Practical Contribution

Stated concisely, the study makes two theoretical contributions. For productive waqf theory, it repositions beneficiary well-being operationalised through a multidimensional Maqasid outcome space as the endpoint of management, and reframes "productivity" as a value chain in which an institution can be financially productive yet socially unproductive if returns are not converted into beneficiary outcomes. For the performance-measurement literature, it operationalises the distinction between statistical importance and managerial priority by applying IPMA within Islamic social finance and by using a multi-source design that measures organisational process and beneficiary outcome from the respondents best positioned to judge each. Together these move the field's analytical question from *whether* management matters to *where* improvement should begin.

8. Limitations and Future Research

Several limitations bound these conclusions. First, the cross-sectional design cannot establish that improvements in management precede improvements in well-being; longitudinal research is needed to test whether changes in Development and Innovation or Utilisation and Distribution are followed by sustained beneficiary change. Second, the study is concentrated in West Sumatra, where institutional arrangements, asset profiles and beneficiary needs may differ from other provinces and

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countries. Third, IPMA yields *relative* priorities that are specific to this sample and to the chosen target construct; performance scores are rescaled rather than absolute benchmarks, so the results should guide diagnosis and experimentation, not prove that a given intervention will cause the largest improvement.

Fourth, both constructs rely on self-report, raising the possibility of social-desirability bias: nazhir may rate their own management favourably and beneficiaries may overstate well-being. While the multi-source design mitigates shared-method inflation, it does not remove within-source bias, and future work could incorporate administrative or third-party indicators. Fifth, respondent characteristics introduce caution: beneficiaries were unevenly distributed across institutions before aggregation, and the sampling frame of active productive waqf institutions may understate the difficulties of dormant or struggling ones (a survivorship consideration), so priorities may be conservative. Finally, future research should examine heterogeneity across waqf types (land-based, cash, education, health, enterprise support) via multi-group or finite-mixture analysis, and enrich the outcome framework with programme-specific indicators and qualitative beneficiary evidence to explain why similar distributions produce different outcomes across households.

CONCLUSIONS

This study examined strategic priorities in Productive Waqf Management associated with Community Well-Being among productive waqf institutions in West Sumatra, Indonesia. The structural analysis confirmed that Productive Waqf Management is positively and significantly associated with Community Well-Being, and IPMA then moved beyond the question of whether management matters to identify where improvement should be concentrated.

Two priorities stand out. Development and Innovation is the primary improvement priority because it pairs substantive importance with the weakest performance among the focal dimensions, while Utilisation and Distribution is the most consequential dimension for the beneficiary outcome and the critical point at which institutional productivity is converted into beneficiary value. The detailed coefficients are reported in the Results and are not repeated here; the central lesson is interpretive rather than statistical: the largest coefficient or importance value should not automatically be treated as the first intervention target.

The broader implication is that productive waqf should move from an asset-distribution logic toward an outcome-oriented management logic. The relevant sequence is not merely to manage assets, generate returns and distribute benefits, but to develop assets, strengthen productive capacity, govern resources responsibly, channel benefits effectively and demonstrate the changes experienced by beneficiaries. For nazhir and waqf authorities, this implies concentrating development on the weakest-performing capability and protecting the high-importance distribution function, while treating already-strong governance as a standard to maintain rather than a priority to expand.

Because the design is cross-sectional, these conclusions describe associations and priorities rather than causal effects, and they should be extended through a clear research agenda. Longitudinal studies could test whether improvements in development or distribution are followed by sustained changes in beneficiary well-being; multi-group analysis by type of productive waqf land-based, cash, education, health and enterprise-support programmes could establish whether the same priorities hold across institutional forms; and qualitative approaches could explain why similar distributions contribute to different outcomes across households and communities. This shift distinguishes waqf that is productive from an institutional accounting perspective from waqf that is productive in terms of community well-being.

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