

Optimalization Of Waqf Management In Indonesia

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Abstract. *This research is aimed at maximizing public trust in nazhir, through efforts to optimize waqf management. This research takes a qualitative approach, with data obtained through literature studies collected from various scientific articles, journals and other publications that discuss relevant topics. Data analysis was carried out by utilizing SWOT analysis, to find strengths, weaknesses, opportunities and threats in the implementation of waqf management in Indonesia. The research results show that its strength is because the majority of Indonesia's population is Muslim, so its application can be more realistic. Meanwhile, the weaknesses are due to the low level of nazhir transparency, unprofessional waqf management, as well as promotional and development activities of waqf that is not yet optimal. This waqf management has the opportunity to launch a cash waqf type. However, what needs to be paid attention to are threats in the form of a lack of public understanding of the implementation of waqf, the emergence of the danger of waqf nazhir, and various social investments. The researchers formulated several strategies that were considered effective for overcoming waqf management problems, such as through implementing improvements to waqf management, maximizing marketing and promotional activities, and improving nazhir certification.*

Keywords: *Optimalization, Waqf, Management.*

INTRODUCTION

Waqf in Indonesia is managed by nazhir who are divided into three categories, namely individual nazhir, organizational nazhir, and legal entity nazhir. The nazhir's role in waqf management is a very important factor in whether or not a waqf develops. Nazir is the person most responsible for the waqf assets he holds, both for the waqf assets themselves and for the results and efforts to develop them. Every nazhir's activities regarding waqf assets must take into account the continuity of waqf assets in order to channel the benefits for the interests of the mauquf 'alaih or waqf recipients.

Indonesia is considered as one of the country with largest Islamic Population in the world. Based on the data obtained from Dukcapil 2021, 86.88% Indonesian population is Muslim, or it is equal to 236.53 million citizens of Indonesia (Dukcapil, 2021). This high proportion of Muslim population can be a competitive advantage for Islamic financial instruments development.

In this case, Waqf is one of the prospective Islamic financial instrument that has a high potential to develop and grow rapidly in this era. Moreover, the waqf in Indonesia has a fairly large source of waqf assets (Nurhidayat et al, 2022). Based on data derived from the Waqf

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Information System (SIWAK), the potential for Land Waqf reaches 440,512 locations in 2022. It covers a wide land area, or equal to 55,259.87 hectares. Meanwhile, the main problem is that the Waqf assets haven't been developed effectively. It is in accordance as stated by the Chairman of Indonesian Waqf Agency Professional Certification Institute, Nurul Huda. She stated that by utilizing this high muslim population, Indonesia is highly potential to obtain large assets of Waqf, and it is projected to be able to reach until Rp 180 trillion. On the other hand, the total assets waqf collected in Indonesia have only reach Rp 860 billion (BWI, 2022). This huge gap between the expectation and reality indicates that the application of waqf management, in terms of developing and utilizing the waqf is not optimal yet.

One of the popular waqf collection institution is Nazhir. Nazhir plays an important role in distributing and collecting waqf in Indonesia. The duties and obligations of Nazhir is explained on Peraturan Pemerintah No. 46 of 2005. Their duties include managing funds of Waqf, educating public, managing administration, and distributing waqf profits. It is safe to state that the implementation of waqf management in Indonesia is highly potential. However, we should consider that many people in Indonesia still don't believe about the implementation of Nazhir tasks in distributing the social funds. This is in accordance with the research performed by Aldeen et al. (2021), which stated that major people in Indonesia still don't believe about the nazhir practices and they are not satisfied enough with the promotion of waqf that they carry out.

Especially, the millennial generation that has a high awareness in the cash waqf, but they doesn't have much willingness to fulfill those waqf. Another research conducted by Yumarni et al. (2020), stated about three main problems that is related to the implementation of Waqf in Bogor. Those problems include the role of Nazhir, land legality issues, and low professionalism of waqf management. Furthermore, it seems the effort to develop waqf assets is still low, so that they are less productive. This is as well as research done by Harahap & Darwanto (2021), which stated that the implementation of waqf management in Semarang still has problems. Those problems include the administrations issues, lack of professionalism in waqf management, as well as the performance of nazhir is still not optimal yet.

This problems are due to the weak understanding of waqf management practices, so that the nazhir role haven't been carried professionally (Safitri et al., 2021). Thus, it is need to be considered about the nazhir role in managing waqf. If the nazhir human resources don't have a clear understanding about waqf, the managing performance won't be optimal, even it will cause the amount of assets decreases.

Hence, this makes the researcher attracted to analyze about the waqf management practices in Indonesia, as well as analyzing the major problems happening in fact, due to the lack of public awareness or waqf understanding. Then, the researchers used to analyze the SWOT of waqf management by nazhir, to formulate an effective strategy to boost waqf optimalization in its practices.

LITERATURE REVIEW

Waqf Management

Waqf asset management aims to develop and maximize waqf assets so that it can improve the welfare of the community. The use of waqf is carried out in a productive and consumptive manner. Productive management can open up new jobs that can ease the economic burden on the community. In managing waqf, nadzir requires management skills to carry out his duties. Management is used to provide good relations between the wakif, the community and the nadzir. Management functions that must be understood by inner nadzir (Oktaviana et al., 2020) There are 4 types, namely planning, organizing, implementing and monitoring, some of which will be explained, among others:

- a. Planning (Nadzir Program), in implementing it you must make a work plan for the next year. In the collection of funds that will be carried out. This was developed to maintain the usefulness of waqf assets.
- b. Organizing, this is done by determining and grouping activities to carry them out. The organization carried out is by dividing work according to each job disk.
- c. Implementation aims to ensure that all parties (nadzir) can carry out their work responsibly. Implementation will be carried out with a program that has been prepared for the tasks of each section.
- d. Supervision is a process that will be carried out in order to ensure that all activities carried out run according to the initial plan. In the supervision process, there are 2 types of responsibilities that will be carried out by the nadzir, namely direct supervision and indirect supervision.

Nazhir

The management of Waqf assets are performed by a nazhir. Nazhir is a part of human resource, which plays an essential role, and have their own obligation in maintaining, managing, developing, and utilizing waqf assets (Afkar, 2021). Meanwhile, the cleric in his

book of fiqh does not mention nazhir waqf as one of the pillars of waqf because waqf is included in tabarruk worship. Meanwhile, the nazhir presence is needed, and it should be more optimal, by the role of nazhir to develop, manage, and distribute profits and results that are generated (Choiriyah, 2017). The research that conducted by Harahap & Darwanto, (2021) stated that to become a nazhir, there are some provisions that should be fulfilled, which are:

- a. Muslim : It is applied to muslim citizens.
- b. Adult (baligh) : A person who has not baligh is not legal to be a nazhir because he has not been considered capable.
- c. Amanah : A nazhir should be trustworthy in managing waqf assets properly.
- d. Ability to manage waqf : It means that a nazhir must have responsibility. Waqf assets should be well managed, with a nazhir that pays attention on their responsibility and obligations.

Moreover, there are four duties that should be fulfilled in waqf management by nazhir based on (Anohib, 2017). The duties include:

- a. Managing the administration of waqf assets
- b. The administrative process of waqf assets must be carried out in detail and accordance with applicable standards or regulations. So that later reports related to waqf assets can be data and received properly.
- c. Responsible for managing and developing waqf assets or assets per their purposes and functions.
- d. Protecting and supervising waqf assets
- e. The goal is to protect waqf assets, so their value does not decrease, either due to force majeure events or investment losses.
- f. Provide reports on the implementation and management of waqf assets to waqf institutions, namely BWI.

In addition, according to BWI, a nazhir, when carrying out waqf management, must pay attention to things that can improve waqf management, including (BWI et al., 2018):

- a. Maslahat, meaning that a nazhir must prioritize the maslahat aspect and avoid aspects that are mudarat so that the benefits given to mauqf alaih are more optimal.
- b. Transparency means that a nazhir in managing waqf assets should be carried out transparently and follow good governance. Then a nazhir must also update financial statements regularly so the public can easily access them.

- c. Productivity, meaning that a nazhir must be able to develop waqf funds productively so that mauquf alaih can get and feel the benefits of the waqf property sustainably.

Trusted, meaning that a nazhir must be able to maintain the level of public trust so that it is necessary to avoid business processes and opportunities that can pose moral risks. In addition, a nazhir must also run and manage waqf according to Islamic sharia. So that if this is maintained, will also increase public trust.

METHODOLOGY

This research has a qualitative-descriptive approach, with emphasis on data collection through literature study. Literature study is an activity of collecting relevant data and information regarding this research topic, which can be obtained from scientific journals, articles, writing scientific publications such as theses, or related data in related news, to then be analyzed using qualitative analysis techniques.

In this context, data collected from previous research and various literature sources is simplified or reduced, by selecting research data that is essential and relevant to this research. Next, the reduced data is presented to support the author's arguments so that conclusions can then be drawn on the research results. This data was analyzed using SWOT analysis, to measure and find strengths, weaknesses, opportunities and threats in implementing waqf management in Indonesia.

RESULTS AND DISCUSSIONS

Problems related to the Implementation of Waqf Management in Indonesia

Based on the activity of reduction and simplification of data, it can be interpreted that the research conducted by Yumarni et al. (2020), stated about three main problems that is related to the implementation of Waqf in Bogor. Those problems include the role of Nazhir, land legality issues, and low professionalism of waqf management. Furthermore, it seems the effort to develop waqf assets is still low, so that they are less productive. This low effort is characterized as due to the low understanding of the human resources of nazhir in carrying out their duties, functions and responsibilities in managing waqf assets. In other words, they do not have an adequate understanding of optimal waqf management efforts. This results in their

performance not being optimal, and the assets/cash held in waqf cannot be allocated and utilized effectively.

This is as well as research done by Harahap & Darwanto (2021), which stated that the implementation of waqf management in Semarang still has problems. Those problems include the administrations issues, lack of professionalism in waqf management, as well as the performance of nazhir is still not optimal yet. This problems are due to the weak understanding of waqf management practices, so that the nazhir role haven't been carried professionally (Safitri et al., 2021). Thus, it is need to be considered about the nazhir role in managing waqf. If the nazhir human resources don't have a clear understanding about waqf, the managing performance won't be optimal, even it will cause the amount of assets decreases.

Strength Analysis on Waqf Management in Indonesia

The strength aspect on waqf management in Indonesia includes:

- a. The existence of law which regulates and controls about the implementation of waqf management, so that it used as a foundation to carry out those activities.
- b. The presence of Waqf Core Principles (WCP) which is issued by Indonesian Waqf Board as a guildlines for them to obtain a clean waqf management. It act as a cooperation between Islamic Development Bank, BI, and BWI.
- c. Indonesian majority population consists of Muslim citizens. The percentage of muslim citizens reach 86.88% of Indonesian total population
- d. Waqf management instruments considered more varied compared to the other Islamic social instruments. At this moment, those instrument haven't been only growing in form of assets like land, but also in form of cash. This is seen from the appearance of cash waqf-linked such as Sukuk.

Weakness Analysis on Waqf management in Indonesia

The weakness aspect on waqf management in Indonesia includes:

- a. The management waqf implementation is currently still considered less transparent. It is shown by the activities of managing waqf assets by nazhir which is not yet carried out transparently based on good governance practices. It is because the nazhir doesn't open to provide information such as financial statements.
- b. The management of waqf haven't been managed professionally. This is indicated by the low knowledge of nazhir, so that the creativity in managing waqf is still lack. Moreover, this makes nazhir being a side job instead of the main job. Furthermore, regarding the appointment process, nazhir is based on feelings, and not based on ability, so that the performance is not too optimal.
- c. Conventional works strategy of nazhir is seems to be conventional. It is because the nazhir's mindset and work ethic in managing waqf is still limited to the development of worship facilities only. Hence, the waqf assets are still maintained manually due to the lack understanding.
- d. Promotion and socialization of waqf carried out by waqf institutions still not optimal. In this terms, they perform promotion and socialization haven't applied a good digital marketing. So that the information provided haven't been conveyed properly. This results in the lack of public's understanding.

- e. The development of waqf assets is still not carried out optimally, so waqf assets become less productive. It happened because most property types today are immovable assets such as land and buildings.

Opportunities Analysis on Waqf management in Indonesia

The opportunities aspect on waqf management in Indonesia includes:

- a. The potential of stock waqf in Indonesia. This is due to the increase on number of investors as well as public interest in Sharia stocks significantly from year to year. In 2018, the investors recorded reach 44.536 investors. It is increasing from 2017 which only reach 23.207 investors. Moreover, the majority of Indonesian population was Muslims.
- b. The development of waqf money or cash. This high potential of waqf cash reaching target of Rp 180 trillion rupiah should be managed and utilized properly.
- c. Expanding cooperation with potential institutions, such as maintaining a corporation between BWI, BI, and the ministry of religious affairs. By performing cooperation, it is hopefully bring positive impact to the waqf development and growth.
- d. Maximize the use of technology. This strategy can help strengthen digital- based waqf by using E-wallets, Fintech, Crowdfunding Platforms, and E- commerce Platforms.

Threats Analysis on Waqf management in Indonesia

The threats aspect on waqf management in Indonesia includes:

- a. Lack of the community's understanding and willingness to fulfill waqf. This could be a threat because if lack of understanding, the waqf potential couldn't be maximized.
- b. The existence of moral hazard nazhir waqf. It will threaten waqf management because if nazhir commits a moral hazard, it can be ascertained that waqf management will not run optimally.
- c. People prefer other social fund alternatives besides waqf. Because in Indonesia, there are many options for distributing social funds that the community can do. For example, people still tend to choose to allocate their assets to other forms of social funds such as zakat, infaq, and alms because people's literacy regarding waqf is still relatively low.

Strategy to Overcome Waqf Management Problems in Indonesia

Based on the SWOT analysis results, it can be interpreted that there are some problems that might decrease waqf management performance. Hence, a strategy is needed to minimize those problems. This strategy is performed by maximizing the aspects of strengths and opportunities and overcome aspects of weaknesses and threats in waqf management. The strategies and solutions carried out in this study are by improving waqf management, improve nazhir certification, and increasing waqf promotion (Nurhidayat et al, 2022).

- a. Improve waqf management

Since the weakness of waqf management is located on the traditional works of nazhir, we need a development by maximizing technology usage to help strengthen digital-based waqf. Moreover, the management should be in a good and clear planning to manage the assets effectively. In this case, the nazhir personnels should also have entrepreneurial spirits, to develop productive assets that can be used effectively for its sustainability. this is followed by the ability to perform risk management strategy.

b. Improve Nazhir Certification

Based on the analysis before, it can be interpreted that the waqf management weakness found in the waqf nazhir. In its practice, nazhir seems to be considered unprofessional so that there is no transparency. It is necessary improve and develop nazhir competence and ability in maintaining waqf management. This can be obtained through coaching and training, related to the financial administration, management, distribution, collection, and other related-materials.

c. Increase Waqf Promotion and Marketing

Due to improve public participation in waqf, nazhir needs to promote and market waqf products. In this terms, marketing waqf products are promoted through an effective, eye-catching, and attractive marketing strategies to improve public interest, sales, and their understanding. This can be performed through social media ads, pamphlets, brochures, billboards assignments, or by holding webinars or seminars to increase public awareness and knowledge about waqf management (Nurhidayat et al, 2022).

Some general comparisons that may occur between the results of current research and previous research regarding waqf management in Indonesia include:

- 1) Increasing Community Awareness and Participation in this regard Recent research may show the results of increasing community awareness about waqf and community participation in waqf management. This can have a positive impact on the effectiveness and transparency of waqf management.
- 2) Use of Technology, in Current research may examine the role of information technology in waqf management, including the use of online platforms to collect and manage waqf funds.
- 3) Collaboration with Financial Institutions, there are several recent studies that may highlight the development of cooperation between waqf institutions and financial institutions to strengthen the management of waqf funds.
- 4) Legal and Regulatory Developments, the latest research discusses changes in rules and regulations that can affect waqf management in Indonesia.
- 5) Religious Education and Islamic Financial Awareness in this research may highlight efforts in increasing public understanding of the principles of waqf and the importance of ethical management within the Islamic financial framework.

It is important to rely on the latest scientific literature, follow the latest developments in waqf management, and check official sources to obtain the most up-to-date information on the latest research on this topic. As is known, waqf management in Indonesia has several problems, one of which is a complex issue and requires various strategies to overcome it. Waqf is a donation made by a person or even an institution aimed at social or religious purposes. The following are several strategies that can be used to overcome waqf management problems in Indonesia:

1) Increasing Public Awareness

This can be done by holding educational activities to increase public awareness about the importance of waqf. And can socialize the benefits of waqf in social and economic development.

2) Increased Transparency

By creating a regulation that requires a waqf institution to carry out transparent and accountable financial management. As well as utilizing information technology to monitor and report the use of waqf funds.

3) **Training and Capacity Building**

Providing training to waqf management officers to increase their understanding of the principles of more efficient management and good business ethics and to encourage collaboration with financial institutions and management consultants to support professional waqf management.

4) **Legal Infrastructure Development**

By increasing legal infrastructure that will support waqf management, including providing clear regulations and legal protection for waqf institutions.

5) **Preparation of Planning and Evaluation**

Can develop long-term plans and clear objectives for the use of waqf funds and can carry out regular evaluations of programs and projects funded by waqf.

6) **Collaboration with the Government**

By building partnerships with the government, this can be useful for developing policies that support the growth of waqf. And it can encourage the government to provide tax incentives to individuals or institutions who donate waqf.

Each country and region may have different contexts and challenges in waqf management. Therefore, it is important to adapt this strategy according to local needs and regulations. With the right actions, waqf management in Indonesia can be improved, so that waqf funds can be used more effectively for the benefit of society and sustainable development

CONCLUSION

Based on the research findings and discussions about the SWOT analysis of waqf management in Indonesia, it can be concluded that its strength is located in its majority of Indonesia's population is Muslim, so its application can be more realistic. Meanwhile, the weaknesses are due to the low level of nazhir transparency, unprofessional waqf management, as well as promotional and development activities of waqf that is not yet optimal. This waqf management has the opportunity to launch a cash waqf type. However, what needs to be paid attention to are threats in the form of a lack of public understanding of the implementation of waqf, the emergence of the danger of waqf nazhir, and various social investments. The researchers formulated several strategies that were considered effective for overcoming waqf management problems, such as through implementing improvements to waqf management, maximizing marketing and promotional activities, and improving nazhir certification.

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