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NAZIR MANAGEMENT IMPROVEMENT AND REGULATION ADJUSTMENTS TO INCREASE WAQF LAND PRODUCTIVITY

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Nazir Management Improvement and Regulation Adjustments to Increase Waqf Land Productivity

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Abstract

One of the most important issues in the utilization of waqf land in Indonesia lies on its productivity aspect. Most of the waqf land in the country is unproductive. This paper discusses endeavor to increase waqf land productivity. Analytic Network Process (ANP) approach is employed by this research. The research model is validated by selected waqf experts. Data were collected from seven experts and practitioners from different perspectives. The results suggest that the most important aspect in optimizing waqf land in the country is improvement of management quality of nazir. It also finds that based on respondents' collective insights, regulation adjustment is the best strategy framework to increase the productivity of waqf land and to provide optimum economic impact. Policy implication reflecting these adjustments has also been discussed in this paper.

Keywords: Waqf land optimization, Productive waqf, Waqf regulation

Introductions

A vast potency in waqf land asset is inherited by Indonesian muslims. Data from the Ministry of Religious Affairs or *Kementerian Agama* (2021) suggest that currently there are 399.072 waqf land location spread across Indonesia. The waqf assets area is around 53.341,94 acres wide. However, the asset utilization is far from optimum despite its huge potential. In fact, 72,48% of the whole waqf land asset is still used to facilitate ritual worship only through building the mosque (*Kementerian Agama*, 2021). There is no further explanation about waqf land utilization in terms of economic and productive programs in the published data.

This actual condition is basically contradictive with basic idea of waqf promoted by the Prophet Muhammad PBUH. According to his guidance, waqf assets should be put in more productive approach. This idea is based on the Messenger's history with one of his close companions, namely Umar bin Khattab RA in Khaibar. Delivered by Umar bin Khattab RA,

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the Prophet Muhammad PBUH said “if you please, hold the assets and do charity from its benefit (Reported by Muslim)”. Hoexter (1998) stated that historically, land waqf is channeled not only for Muslim ritual worship facilities but also utilized for infrastructure development such as agriculture, education, and public services.

Land is a highly valued asset in Indonesia. Its price tends to increase annually. According to *Property Market Outlook* (2020), the land price index is escalated up to 107% in a third quarter of 2019. Meanwhile, its supply index is drop by 20%. This trend is used as the basis in turning land into an investment asset. On the other hand, there is a difficulty felt by the society in owning and utilizing this kind of asset. This difficulty is hardly impacted especially to the part of society which is struggling their lives through doing business.

To a businessman, land is one of the requirements in their activities. This asset is needed as a channel to any kind of business process, such as production and marketing process. Although internet provides alternative such as online market place, land is still an essential asset to the business activities. Society’s difficulty towards land grows bolder as its demography changes. According to the data of Central Board of Statistic or *Badan Pusat Statistik (BPS)*, there is an escalation in unemployment rate by 1,32% on February 2021 compared to its data a year ago (BPS, 2021). Besides, there is also an uplift in national poverty rate as much as 2,76 million peoples on September 2020 compared to its previous data on September last year (BPS, 2021).

An optimum waqf land management in Indonesia could provide solution to certain problems. Technically, waqf land management is fully delegated to nazir as waqf manager. In many cases, institutional nazir as legal entity is trusted to manage waqf land assets donated by the waqif (waqf payer). According to the current regulation mentioned in the Waqf Act No 41 Year 2004, nazir is divided into three categories. Those categories are individual nazir, organizational nazir (mass organization), and legal entity nazir which focuses on social-religious aspect.

Dahlan (2014) stated that nazir holds an important role in waqf assets management. One of the reasons is regardless the waqf asset’s size and potential inherited in it, if it is handled by an incompetent and unprofessional nazir then it will not be as productive as expected. Thus, the Prophet guidance in waqf cannot be fulfilled. Therefore, institutional nazir priority consideration in waqf asset’s management is essential to solve this problem.

Literature Reviews and Method

Al Bajuri (2002) explains that waqf is *al habsu* which literally means to hold. Interpretation to this definition is holding certain assets in order to provide its benefit to determined beneficiaries according to Islamic law. Shiddiqy (2018) stated that waqf is one of the recommended worship forms in Islam. The main reason is this deed holds more benefit to the Muslim society in social, economy, culture, and religious aspects. According to Al Arif (2010), waqf's main term lies on the eternity in its aspect. Another waqf's main terminology is that it needs to be managed in order to generate benefit. The purpose of this main terms is to give waqf benefit to Muslim society continuously. Due to its waqf asset origins, the benefit channeling policy can also be determined by the waqif (donor) decision.

A well-developed waqf assets through various cooperation model could bring benefits economically. Historically, Zuki (2012) stated that waqf could provide public service and increase social welfare in Muslim society. Rahman (2009) explains that large profit can be generated from waqf's utilization and empowerment. Besides, entrepreneurial-based waqf management could distribute wealth to society (Salarzahi et al 2010). This statement related to waqf asset optimization benefit to small business is also supported by Yuli (2015). According to her statement, those activities could be a strength in order to solve poverty, create jobs, and increase family income.

Problem towards land waqf asset management is solved through Analytic Network Process (ANP) approach as this research method (vide Appendix 1). According to Ascarya (2005), this method's purpose is to make a decision without using any kind of assumptions. There are three main aspects studied in this model. Those are regulation, management, and financing aspect. Based on the expert validation, these aspects are nazir's main consideration in waqf asset management. Each aspect has three defined problems and four offered solutions. Each study in specific aspect will be combined and processed to define an optimizing decision. There are three decisions in this approach. Those are regulation adjustment, forum establishment between nazir and entrepreneur, and innovative business model implementation.

There is no specific instruction related to the amount of data collected. The main instruction regarding this approach is the data qualification. Rusydiana and Devi (2013) suggest that data should be taken from a competent and experienced respondent towards the topic discussed. Therefore, data are taken from 7 (seven) respondents. Each respondent represents various perspective related to the topic. Besides respondent from the official waqf institution's perspective, those data are taken from academic, entrepreneur, and land regulator's point of view.

Discussions

Results suggest that management aspect happens to be the nazir's major consideration in optimizing waqf assets management. According to data, management aspect's Geometric Mean score is 0.340. Another result shows that nazir's lack of competency is the major problem in management aspect. This is supported by its Geometric Mean score which is equal to 0.365. The results also show that the best solution to that problem is a reinforcement in human resource's professionalism and competency. This finding is based on its Geometric Mean score which is 0.299. Compared to the other aspects being studied, those are the highest score in each category. These findings are supported by Fattach (2015) who stated that the main factor in the success of productive waqf lies on its nazir's professionalism. He also said that human factor's capacity enhancement is a requirement in developing waqf through investment.

According to Hasan (2011), most of nazir is not selected based on expertise, experience, nor competency. In fact, most of them is chosen because of its personal affair with the waqif. Waqf assets management's lack of innovation is caused by this condition. Yusuf (2017) stated that a poor professionalism in human resource factor is an obstacle in waqf assets management. This statement is supported by Rusydiana et al. (2021) which stated that nazir's professionalism and competency issue is a major weakness in waqf development. This condition affects waqf benefit's effectiveness towards Muslim society. According to Ihsan and Ibrahim (2011), waqf management could be more efficient through a combination between human resource's competency and integrated information technology system.

There are requirements which is needed to be fulfilled by nazir. According to Adams (2011), there are five qualifications that nazir should master. First is communication skills and access to its waqif. Second is management and investment skills towards waqf assets. Third is administration skill towards waqf management. Fourth is distribution skills to the benefits waqf assets have generated. Fifth is good credibility or reputation in performing waqf management based on the regulation. This requirement is supported by Muchtar (2012) who said that nazir needs to have good integrity and professionalism in managing waqf assets. Djamil (2011) added requirements related to nazir in details. Nazir should be willing to comply with the regulations given in managing waqf assets. Moreover, he added that nazir needs to be emotionally and spiritually brilliant. Technically, nazir is demanded to have a good leadership, visionary, and a clear program in managing waqf assets.

The ideal productive waqf could be measured through these indicators. Munir (2015) stated that waqf assets will be productive if it is managed in line with Islamic law. According to Waqf Law No. 41 Year 2004, a productive waqf should be conducted to uplift both nazir

and society welfare in general. Medias (2010) stated that productive waqf assets is not transferred directly to the recipients (mauquf 'alaih). It has to be processed first, then recipients are granted by the benefits generated from the managed assets. Based on the statement from Hakim (2010), waqf management is called productive if it can create new jobs and form effective public service which could escalate society welfare economically.

According to respondents' insight, regulation adjustment is an ideal framework to solve problems occurred in waqf land management in a productive purpose. From the official waqf institution perspective, the regulations available needs to be revised and modified. Until now, many attempts have been conducted by the official waqf institution to fortify regulations related to waqf activity, but the results are still far from the expectations. This idea is supported by Satyawan et al. (2018) stating that the official regulations is the institutional nazir's main strength in managing waqf land productively. Personal approach to parliament is being done by the official institution as a response to that situation.

This opinion is also seconded by the entrepreneur. According to entrepreneur perspective, the current regulation does not give any kind of advantage to businessman, as a third party in this waqf assets management, to help nazir in managing waqf land. Moreover, entrepreneur's major weakness in assisting nazir comes from the regulation itself. Entrepreneur's limited access and authorization leading to limited business model implemented in waqf land management becomes the consequences.

This condition requires government attention as the main regulator to formulate the required adjusted policy. Respondent suggest that the regulator needs to separate between owning issue and utilizing issue in waqf land. An adjustment in regulation will also be a literacy-reinforcement agent to the waqif, which also helps nazir in realizing noble waqf aspiration. Satyawan et al. (2018) stated that proper regulation will promote waqf management to be more applicable and effective. This idea is also supported by Djunaidi and Al Asyhar (2010). They suggest that this attempt will provide a guarantee to every party involved in this project including the waqif, nazir, and the waqf beneficiaries (mauquf 'alaih). Most importantly, this adjusted regulation is a sign of the government support to waqf assets development in Indonesia (Djunaid and Al Asyhar 2010).

Policy Implication

Through the regulation adjustment strategy framework, nazir training and certification program can be made as an attempt to reinforce their competency. Adams (2011) stated that Total Quality Management approach (TQM) could be the measurement in reinforcing nazir

competency. According to Laili (2016), TQM is a method in doing business based on organizational competitive orientation to maximize improvement on product, workforce, process, and environment aspect. The purpose of this reinforcement is to ensure institutional nazir can perform their job well, even in front of entrepreneur as the third party in the project. This can be achieved through internship and training program, collaborated with the related entrepreneur. Another attempt is strengthening synergy with different nazir institution and project. This attempt will create more professional and capable nazir in running the waqf land and asset.

In waqf land aspect, establishment of SHGB (Sertifikat Hak Guna atas Bangunan or Certificate of Building Rights Title) can be done as an attempt to separate between waqf land owning and waqf land utilizing issue. This attempt could make the business model in waqf land management more flexible and dynamic. Government could revise every regulation related to waqf land management including zonation regulation. Another attempt is simplification over waqf land procedure, such as registration or exchange policy of waqf land. One of the implementations is to put a lower cost of waqf land certification to the waqif.

Another policy implication is that government should regulate Islamic business model in the waqf land utilization. This attempt will make business more dynamic. The example of Islamic business model suited in optimizing waqf land management are *Al-Hikr* and *Musharakah Muntahiya Bittamlik*. *Al-Hikr* is an Islamic business model which allows long term rent through big payment from the beginning (Furqon 2014). *Musharakah Muntahiya Bittamlik* is an Islamic business model which is conducted by doing a fundraising and the authorities upon it can be transferred from one shareholder to another through trading or handover or both (Furqon 2014). These suggestions are given because of its low-risk characteristics.

Finally, collaboration with Islamic bank should be optimized. Islamic banks can be used as vehicle to raise cash waqf collection. In addition, Islamic banks could also be used as funding channel to all kind of productive waqf assets including waqf land for BWI (Indonesia Waqf Board) as the state waqf agency and for other nazir institutions under BWI coordination. This collaboration is expected to give significant multiplier effect to the economy.

Conclusion

Waqf land in Indonesia has a huge potential despite most of the land is still unproductive. The problem of land unproductiveness faced by the country should be overcome through continuous improvement of management quality of nazir and regulation adjustments that meet

the need of current progress of waqf development. Further investigation on the issue of waqf land optimization is highly needed as part of our endeavor to mainstreaming waqf in the national economic policy.

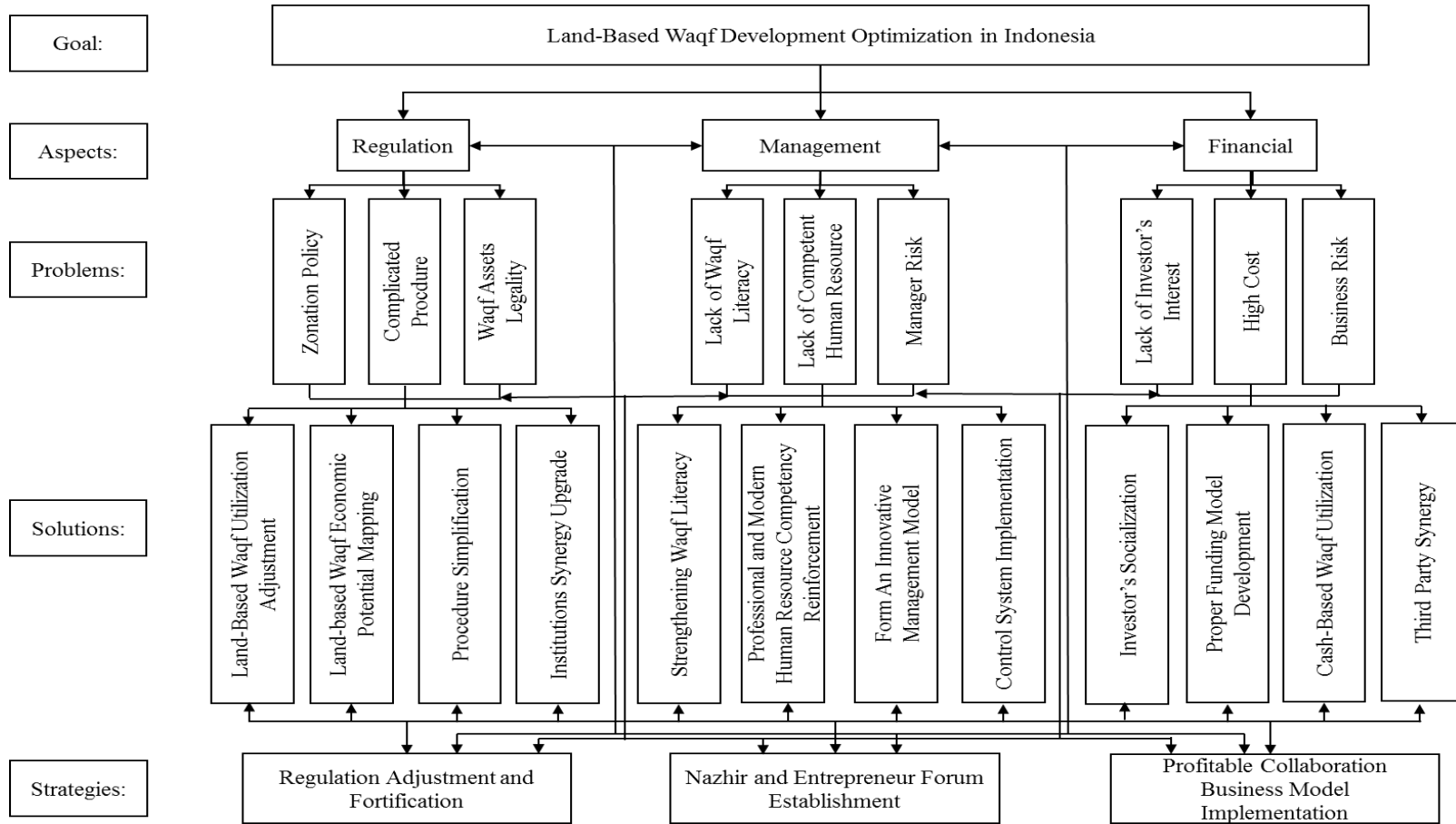
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Appendix 1 ANP Model Research



Appendix 2 Data Analysis Table (Normalized by Cluster)

No	Name	Respondent 1	Respondent 2	Respondent 3	Respondent 4	Respondent 5	Respondent 6	Respondent 7	GMk
1	Institutions Synergy Upgrade	0,2743	0,24359	0,29149	0,21571	0,28959	0,27079	0,13835	0,2463
2	Land-Based Waqf Economic Potential M	0,23834	0,22527	0,17614	0,20439	0,29218	0,2243	0,3703	0,2473
3	Procedure Simplification	0,20532	0,30494	0,24738	0,333	0,1651	0,28503	0,18817	0,2470
4	Land-Based Waqf Utilization Adjustmen	0,28204	0,2262	0,28498	0,2469	0,25313	0,21988	0,30318	0,2595
1	Form An Innovative Management Model	0,23671	0,2298	0,2592	0,1895	0,2844	0,28304	0,18474	0,2382
2	Strengthening Waqf Literacy	0,33354	0,31056	0,18286	0,19094	0,15037	0,25387	0,31536	0,2482
3	Professional and Modern Human Resourc	0,25095	0,28663	0,33436	0,31743	0,34644	0,31319	0,2466	0,2994
4	Control System Implementation	0,1788	0,17301	0,22358	0,30212	0,2188	0,14991	0,2533	0,2142
1	Proper Funding Model Development	0,23365	0,28199	0,31459	0,21516	0,20643	0,35294	0,28457	0,2699
2	Third Party Synergy	0,264	0,27463	0,23178	0,27732	0,32222	0,27446	0,31968	0,2806
3	Cash-Based Waqf Utilization	0,20905	0,16211	0,21968	0,23327	0,30602	0,13457	0,20238	0,2096
4	Investor's Socialization	0,2933	0,28127	0,23395	0,27425	0,16533	0,23803	0,19337	0,2399
1	Management	0,3314	0,36793	0,34269	0,31661	0,33346	0,40864	0,27923	0,3400
2	Financial	0,32872	0,29474	0,33029	0,31661	0,34738	0,40864	0,27923	0,3294
3	Regulation	0,33988	0,33734	0,32702	0,36678	0,31916	0,18272	0,44154	0,3306
1	Complicated Procedure	0,31116	0,33348	0,34791	0,38858	0,29505	0,35108	0,39486	0,3460
2	Zonation Policy	0,36409	0,33659	0,33819	0,31661	0,34799	0,38819	0,33809	0,3471
3	Waqf Assets Legality	0,32475	0,32993	0,31389	0,29482	0,35696	0,26073	0,26705	0,3069
1	Lack of Competent Human Resource	0,30778	0,36763	0,35896	0,34972	0,46163	0,38669	0,32394	0,3652
2	Lack of Waqf Literacy	0,33192	0,32348	0,33409	0,34163	0,11477	0,28865	0,38017	0,3021
3	Manager Risk	0,3603	0,30889	0,30695	0,30865	0,42359	0,32466	0,29589	0,3327
1	High Cost	0,31151	0,31799	0,37268	0,35158	0,31128	0,31342	0,3584	0,3338
2	Lack of Investor's Interest	0,34867	0,34108	0,32028	0,36561	0,35032	0,43864	0,41563	0,3686
3	Business Risk	0,33982	0,34093	0,30704	0,28281	0,33839	0,24794	0,22598	0,2976
1	Profitable Collaboration Business Model	0,33127	0,34906	0,30836	0,32169	0,36511	0,3156	0,31403	0,3293
2	Nazhir and Entrepreneur Forum Establish	0,33025	0,29245	0,37247	0,32308	0,35121	0,30252	0,28981	0,3231
3	Regulation Adjustment and Fortification	0,33848	0,35849	0,31917	0,35524	0,28369	0,38188	0,39615	0,3476

Appendix 3 ANP Geometric Mean Graphic

