

Business Strategy in Managing Cash Productive Waqf (Case Study at BMT UMMAT)

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ABSTRACT :Islamic economy has developed very rapidly in the last few decades. This is because the potential of the Islamic industry is very promising, namely the number of Muslim communities in the world is very large. One of the pioneers of its development is Islamic finance. In addition to the Islamic finance industry, which is purely profit oriented, this field also has another category that is no less interesting to apply, namely Islamic social finance. One instrument that has received great attention in the Islamic world, including Indonesia, is the waqf, which is currently developing into a cash productive waqf. BMT UMMAT as one of the Islamic financial institutions that has issued productive cash waqf products in its management has a problem that is not achieving the target of funds and wakif on a project. This problem attracted the author to research in depth using the PPT theory (people, process, and output) to get the root cause and the right strategy to overcome the problem. The method used is qualitative by conducting in-depth interviews, FGDs, and observations at BMT UMMAT. From the PPT theory, the author developed 17 sub-indicators and it was found that 64.7% of the existing sub-indicators experienced a gap. means that only 35.3% percent are in line with the target. This gap is used as the basis for generating the right strategy and allowing it to be implemented soon in accordance with the resources owned by BMT UMMAT.

KEYWORDS –people process and technology, waqf,cash productive waqf

I. Introduction

Over the past few decades, Islamic economy has attracted the attention of many academics and practitioners around the world. This is because the Muslims began to have attention to their religion so that their awareness in using halal products is increasing. Moreover, non-Muslim residents also use halal products because they feel the added value of the product. Halal industry is a very wide field of business and covers almost all products and services in the world. In the state of global Islamic economy report 2019/2020 (<https://www.dinarstandard.com>), Halal food, modest fashion, media and recreation, and Muslim-friendly recreation occupies the top 4 positions of the halal industry in spending money and will experience the highest development in earnings in the next few years.

Islamic financial industry remains the backbone of the islamic economy of the world. Although in 2014 the growth of sharia banking assets decreased, but from 2012 to 2018 there was a good growth of assets that reached \$ 2.5 trillion in 2018. This growth will continue and is predicted to reach \$ 3.4 trillion in 2024 with a CAGR of 5.5% (www.dinarstandard.com). The achievement of Islamic social finance is also quite encouraging. This field reached \$76 billion in 2018 and \$410 billion in waqf (<https://www.dinarstandard.com>).waqf has indeed attracted the attention of many parties to be used as an instrument in the development of organizations and communities because of its great potential. In Indonesia, the potential of waqf money reached Rp. 180 trillion, but the realization of cash waqf as of January 20, 2021, only amounted to Rp. 819.36 billion (bwi.go.id). This means that cash waqf in Indonesia has only been realized by 0.455%.

BMT UMMAT as a sharia microfinance institution that is allowed to manage Islamic social finance sees the potential of this waqf and takes the initiative to issue productive cash waqf products. The cash productive waqf project which was launched at the end of 2020 is the first project whose funds will be used to invest in a drinking water company. However, the project is still having problems because the planned target has not been achieved.

Table 1.1. The Problem of Waqf Management in BMT UMMAT

Product	Target		Actual		Result
	Wakif	Fund	Wakif	Fund	
Cash waqf Project 1	20-30 people	Rp. 500 M	5 people	Rp. 305 M	Gap

Source: Author

Based on the feasibility study that has been made by the company's expert team and studied by BMT UMMAT management, this business can generate ROI as much as 2% every month in pandemic situation and 4-5 %/ month in normal condition. Because the target of fundraising on the first waqf cash project has not been achieved so that BMT UMMAT loses the opportunity to get a profit margin of Rp. 4 M/ month in this pandemic situation. This study aims to uncover gaps in detail and develop the right strategy for each existing gap.

II. Literature Review.

2.1. Waqf.

Waqf is one of the financial instruments in Islamic social finance that has only received attention in the last few decades. The main principle of waqf is the basic value should not be reduced or exhausted at all. As described by Dar, Waqf means maintaining the principal asset (*'Aşl*) and sharing/distributing its yields or benefits to the concerned (Dar, 2020). In this case, management team (*nazhir*) must manage the assets properly to get maximum results which could be distributed to many beneficiaries. However, there are still many people who think that waqf is limited to land, mosques, and school. Whereas waqf has a wide form and continues to develop. As Stated by Budiman, waqfis not limited in the type of fixed assets such as building or land, but could also in the type of liquid assets such as share or money (Budiman, 2014).

2.2. People, Process, and Technology Concept

People, process, and technology also familiarly known as ppt concept is an approach that has been widely known as a strategy in improving the performance of the organization. Prodan et al., stated that the concept was initially detected in 1964 on Leavitt's model (Prodan et al., 2015). Prodan et al., also confirmed that this concept originally came from the IT field because the Information Technology Infrastructure Library (ITIL) was the first organization introducing it to the public (Prodan et al., 2015).

people or human beings are the most important elements in an organization. An organization would not be able to run if no human beings were managing such institutions. Prodan et al., describe the human dimension of the process improvement model as follows:

- People know what and how to perform activities.
- People have the right skills and knowledge for the task.
- People are motivated and engaged to attain higher performance.
- People are encouraged to improve daily job and involved in improvement project.

In addition to the human element, Process is also an important part in the improvement and success of the organization. This is where many approaches or methods are usually applied to manage inputs into outputs effectively and efficiently. For instant, process is an activity of transforming inputs into outputs or distribution of goods from suppliers to consumer (Goldkuhl, 1998). Harrington provides an additional view that is quite interesting against the definition of process. Harrington said that Process is an activity to turn inputs into output by adding value for consumers both internal and external organizations. Harrington stressed that the process must be an action to increase the value so that output produced can indeed be useful for consumer (Harrington, 1991).

The business world is always changing over time demanding entrepreneurs be able to adapt to something new. If people or organization are unable to deal with the changes, the company will become a history. Today, technology is a very important instrument and close to human life. Undoubtedly, the business world is heavily affected by the development of technology. Tech-based businesses are popping up and subverting traditional businesses with a term known as start-ups. E-commers, Fintech, Educational start-ups, and more, have brought a different colour in the business field.

2.3. PPT in Waqf

To make it easier to perform an in-depth gap analysis of the conditions that occur, the authors break down each indicator into several sub-indicators and develop the parameters of each existing sub-indicator. Sub indicators and parameters were adopted from several literatures and benchmark results in established cash productive waqf institutions.

Table 2.1: People sub-indicators and parameter rubrics

Sub-indicator	Description	Parameters		
		Poor	Satisfactory	Excellent
Muslim	there are employees who are not Muslim	Not Available (This is N/A because in BWI regulation, Muslim is compulsory as waqf management official)		All employees are Muslim.

Source: Waqf core principles (2018)

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spiritually healthy and has puberty in term of Islamic regulation source: Waqf core principles (2018)	Based on Islamic regulation	There are employees who are not yet mature and do not practice the basic principles of Islam.	All employees are mature but there is employee does not practice the basic principles of Islam.	All employees who are not yet mature and do not practice the basic principles of Islam.
Completely trustworthy	Amanah (Islamic term)	There are employees have been in a legal case.	All employees have never been in a legal case.	All employees never get entangled in legal cases and get recommendations from Islamic organizations, Islamic figures, or local Islamic scholars councils.
Having a complete knowledge and understanding of waqf rulings and regulations Source: Waqf core principles (2018)	Knowledge Waqf in terms of Islamic Regulation, Government and BWI.	≤ 25 % Employees Have complete knowledge and understanding of waqf rulings and regulations	26-80 % Employees Have a complete knowledge and understanding of waqf rulings and regulations	≥ 80% Employees Have a complete knowledge and understanding of waqf rulings and regulations
Good management skill Source: National Waqf Index (BWI Working Paper Series),(Pikoli et al., 2021), Waqf core principles (2018)	Efficient and having the capability to manage assets.	≤ 25 % employees have the skills to manage waqf	26-80 % employees have knowledge or skills of management.	≥ 80% employees have knowledge or skills of management.
The number of people is sufficient Source:Pyeman et al., (2016)	Sufficient in managing waqf	≤ 25 % workers don't have double positions and duties.	26-80 % workers have double positions and duties, but they can finish the job quite good.	≥ 80% workers focus on one position and one task or do not have double job.
Certified Source:National Waqf Index (BWI Working Paper Series)	Such as ISO 9001:2015	≤ 25 % employees have relevant certificate from authorized certification institutions	26-80 % employees have relevant certificate from authorized certification institutions	≥ 80% employees have relevant certificate from authorized certification institutions
Having Entrepreneurial Skill Source:(Zainal, 2016)	Able to see business and market opportunities and run a business in Islamic compliance	≤ 25 % employee have knowledge or skills of entrepreneurship.	26-80 % employees have knowledge or skills of entrepreneurship.	≥ 80% employees have knowledge or skills of entrepreneurship.

Table 2.2: Process sub-indicators and parameter rubrics

Sub-indicator	Description	Parameters		
		Poor	Satisfactory	Excellent
Collecting/funding		Collecting is conducted in a very simple way that invites	Collecting is conducted in a simple way by targeting the wider	Collecting is done in a professional and systematic way ranging from planning to implementation by

		certain people to do waqf.	community to take care.	targeting the wider community as a party who will do waqf.
Managing	Planning, Distributing, Feasibility Product, Monitoring and evaluating	Simple management implementation without document (SOP, Manual, Working Instruction, and others)	Good management implementation, Planning, Distributing, Feasibility Product, Monitoring and evaluating but no organization document (SOP, Manual, Working Instruction, and others)	Good management implementation, Planning, Feasibility Monitoring and evaluating based on organization document (SOP, Manual, Working Instruction, and others)
Reporting	For accountability and transparency purpose.	No reporting at all	There is simple report to internal controller of company	Comprehensive report to all stakeholders including wakif and beneficiaries, government, and others
Auditing	To assure that management team could implement SOP and other company's document and follow the regulation.	No auditing process	Do internal audit	Do external audit and get minimum criteria "wajardenganpencegualian"

Source: BWI Working Paper Series and strategy of developing waqf money at <https://fiskal.kemenkeu.go.id/>

Table 2.3: Technology sub indicator and parameters rubric

Sub-indicator	Description	Parameters		
		Poor	Satisfactory	Excellent
Waqf Mobile Apps Source: (Nurjamil & Siti Nurhayati, 2021)	This kind of technology allows people to do waqf without coming to the office and meeting with <i>nazhir</i> .	Not have at all	Already have an app with simple features and few users.	Already have an app with complex features and many users.
Crowdfunding platform Source: Nurhayati, 2021)	This application can reach many people and raise huge funds in a short time.	Do not use the crowdfunding platform for raising funds	Collaborate with crowdfunding platforms but in limited number of posts which is ≤ 2 post/year.	campaign postings on the crowdfunding platform regularly (every 3 month) with good management.
Information System (Website or Apps) Source: (Rusydia & Devi, 2016)	This technology can be used as a medium of campaigns and public education related to waqf, utilization of waqf funds and reports on the distribution of waqf funds that they give.	Not have at all	Already have a simple Information system (landing page or statis website)	Already have a advance Information system (dynamic website or have many feature)
Accounting System	Applications used to create standardized financial	Not have at all	Already have with manual recording	Already have with automatic

	records and book all forms of financial transactions to facilitate reporting and auditing.		by books.	accounting software
Source:(Rohmah & Syah, 2020)				
Digital Marketing	Chanel used to deliver message and value to society such as WA, FB Ads, Instagram Ads, etc	Very limited number (≤ 2 of digital marketing channels)	Have many digital marketing channels (> 2) but operated in a very simple way	Have many digital marketing channels (> 2) and operated in a professional manner.
Source: Wakaf Salman Primary data (interview held on Oct 19,2021)				

III. Research Method.

In this study, the authors used the qualitative approach as a key foundation in collecting and analysing data. The method of data collection through the qualitative approach itself is quite a lot. Specifically for this study, the author will focus on interviews and FGD with BMT UMMAT employees and observations in the company’s environment. Author uses an approach in organizational development strategies, namely the concept of ppt (people, process, and technology) to be the basic framework in analysing the problems that occur and the solutions that will be produced.

To strengthen this theory, the author will also benchmark one of the established waqf organization to see the best practice of ppt theory implementation. In Benchmark to established waqf institutions, the Author will conduct interviews in a semi-structured manner with people who have an important role in the management of waqf or doing FGD with them. In addition to secondary data from the institution will also be collected to be a complement in this study.

IV. Finding and Discussion.

To get a comprehensive overview of the existing problems, the author conducted an in-depth gap analysis through several steps. The first is to set target of cash productive waqf activities in BMT UMMAT based on sub indicators of PPT concept. After getting the desired target, a comparison is made between the parameters and the target. Based on the results of interviews and FGD conducted, the authors summarize and categorize overall data that can make it easier to carry out a more in-depth analysis. From the summary, the author then describes the current condition so that the gap between the parameters and the target can be obtained as illustrated in the table below.

Table 4.1: people indicator gaps

Sub Indicator	Actual Condition	Parameters		Result	
		Target	Gap	Match	
Muslim	All officials are Muslims	Excellent	Excellent	✓	
spiritually healthy and has puberty in term of Islamic regulation	All employees have puberty, perform good worship to Allah, and get islamic mentoring classes weekly.	Excellent	Excellent	✓	
Having a complete knowledge and understanding of waqf rulings and regulations	Only 25 % of Employees have complete knowledge and understanding of waqf rulings and regulations. Some employees only have partial knowledge of waqf in terms of Islam and Indonesian government regulations.	Poor	Satisfactory	✓	
Good management skill	Only 50 % employees have good management skills, especially in managing finances in Sharia.	Satisfactory	Satisfactory	✓	
The number of people is sufficient	All workers in BMT UMMAT have double positions and jobs so that they do not focus on one task that have an impact on less maximal of work results.	Poor	Satisfactory	✓	
Completely trustworthy	All employees never get entangled in legal cases and get recommendations from local islamic organizations.	Excellent	Excellent	✓	
Certified	No employees have certificates from authorized certification institutions	Poor	Excellent	✓	
Having Entrepreneurial Skill	Only 50 % of employees have good entrepreneurial skills who can create business plan, do feasibility study, running business, etc.	Satisfactory	Satisfactory	✓	
37,5 % 62,5%					

source: author

Table 4.2: Process indicator gaps

Sub Indicator	Actual Condition	Parameters		Result	
		Target	Gap	Match	
Collecting	BMT UMMAT just collected funds by contacting and inviting the closest people to do waqf.	Poor	Excellent	✓	
Managing	The management process in BMT UMMAT is still conducted in simple manner, despite applying some management principles such as planning and organizing in the process. BMT UMMAT has not been supported by documents that make all organizational activities can run based on standards.	Poor	Excellent	✓	
Reporting	BMT UMMAT has made a simple report both verbally and in writing to the company's internal supervisor.	Satisfactory	Excellent	✓	
Auditing	There has never been an audit process in BMT UMMAT both externally and internally.	Poor	Excellent	✓	
100 % 0					

source: author

Table 4.3: Technology indicator gaps

Sub Indicator	Actual Condition	Parameters	Target	Result	
				Gap	Match
Waqf Mobile Apps	BMT UMMAT don't have any mobile apps at all	Poor	Excellent	✓	
Crowdfunding Platform	BMT UMMAT haven't post campaign in any crowdfunding platform at all	Poor	Excellent	✓	
Information System	BMT UMMAT don't have any information system such as website at all	Poor	Excellent	✓	
Accounting System	BMT UMMAT already have standard accounting system which is like banking system	Excellent	Excellent		✓
Digital Marketing	BMT UMMAT only do digital marketing through WA group and FB, it doesn't have other channels are like FB Ads, Ig Ads, website etc	Poor	Excellent	✓	
				80 %	20 %

source: author

After an in-depth analysis based on existing data, the gaps that occur in BMT UMMAT can be well defined. Now is to determine the right strategy to overcome these gaps so that the management of cash productive waqf at BMT UMMAT can be better. The strategies developed to overcome all the gaps that occur are as follows:

- Strategy A: Involving BMT UMMAT employees in waqf awareness training.
- Strategy B: Hire new employees to meet the needs of the ideal number of employees.
- Strategy C: Participate in employee training and competency certification.
- Strategy D: Carry out planned and systematic funding activities
- Strategy E: Create and implement consistent SOPs for cash productive waqf management.
- Strategy F: Conduct standardized reporting to internal and external stakeholders.
- Strategy G: Conduct audits from independent external agencies.
- Strategy H: Build waqf mobile apps.
- Strategy I: Build partnerships to conduct campaigns on the crowdfunding platform.
- Strategy J: Create a digitally established information system.
- Strategy K: Conduct attractive and consistent digital marketing.

Because the resources at BMT UMMAT are quite limited, a priority scale must be determined in choosing the right strategy. Management must be able to make a priority scale and be able to determine which strategy is most suitable to be implemented at that time. To choose the best strategy, 2 standards have been set as references, namely effort and impact. Strategies that occupy the top level to the bottom will be grouped based on the criteria below:

- Grade 1: Low effort and high impact
- Grade 2: Low effort and medium impact
- Grade 3: medium effort and high impact
- Grade 4: medium effort and medium impact
- Grade 5: High effort and high impact
- Grade 6: Low effort and low impact
- Grade 7: High effort and medium impact
- Grade 8: medium effort and low impact
- Grade 9: High effort and low impact

Furthermore, the strategies will be grouped to find out the level of each strategy that has been made. This step will determine the most appropriate alternative to be applied immediately. As previously described, BMT UMMAT has limited resources, especially funds, so this is one of the main considerations in choosing a strategy. Strategy levels from grade 1 to grade 9 indicate priority levels based on available resources. Grade 1 occupies the priority and is sequentially up to grade 9 as the last priority. BMT UMMAT at this stage has determined that the strategies that can be chosen to be implemented immediately are those in grades 1 to 3. This means that there are 6 forms of strategy that are the priority to be conducted. The strategies are:

- Carry out planned and systematic funding activities.
- Participate in employee training and competency certification.
- Create and implement consistent SOPs for cash productive waqf management.
- Conduct standardized reporting to internal and external stakeholders.
- Build partnerships to conduct campaigns on the crowdfunding platform.
- Conduct attractive and consistent digital marketing.

V. Conclusion

BMT UMMAT is a sharia microfinance institution which has 2 main functions, namely *maal* or social and *tamwil* or business functions. For some time since its establishment BMT UMMAT has served the community through its business functions. It takes the initiative to carry out new product development in the field of social finance, namely cash productive waqf. However, the launch of this new product, the cash productive waqf, still has many shortcomings. The first gap obtained was the failure to achieve the target of raising funds and the number of wakif (donors) causing BMT UMMAT to lose potential income of 4 million rupiah during the pandemic.

After conducted an in-depth analysis of the problems experienced by BMT UMMAT using the PPT (people, process, and technology) theory, it was found that the number of gaps that occurred based on the developed sub-indicators was quite high. From 17 existing sub-indicators, only 35.3% are on target, so there are 64.7% gaps that must be a concern for BMT UMMAT to be resolved. There are 64.7% or 11 gaps that must be a concern for BMT UMMAT to be resolved. This research has produced strategies according to the number of existing gaps, namely 11 strategies. However, due to the limited resources owned by BMT UMMAT, the strategies chosen to be implemented in the future amount to 6 strategies.

This research will be very useful not only for BMT UMMAT but also for other institutions that manage cash productive waqf based on people, process, and technology indicators. The development of this study is still very wide open since waqf continues to experience significant growth in various countries. Specifically in the management of productive cash waqf and there still are numerous other fields such as organizational development waqf, marketing waqf, literacy waqf, and others.

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