The Role of Productive Waqf in Community Economic Empowerment: A Case Study of Muhammadiyah Regional Board of Lumajang, East Java, Indonesia

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ABSTRACT. This article aims to examine the role of productive waqf(1) in community economic empowerment. The object under study is a waqf managed by the Muhammadiyah Regional Board (PDM) of Lumajang East Java, Indonesia; a gas station business unit called SPBU Shirkah Amānah. PDM of Lumajang is taken as the subject of research because it has succeeded in managing profitable and productive waqf in business entities, and is playing a role in the community’s economic empowerment. In this study, the data is collected through interviews, document reviews, and observations. The findings of this study show that creative innovation in developing productive waqf both in the form of business entities and business cooperation models conducted by PDM of Lumajang can generate a significant contribution in opening new jobs and investment. Further, it can also increase the community’s financial income, increase social service facilities, and provide financial contribution to the sustainability of religious and social activities. Accordingly, it is argued that this productive waqf is likely able to play a significant role in the empowerment of the community’s economy and might also be adapted to be a pilot model for productive waqf management.

KEYWORDS: Muhammadiyah, Productive waqf, Economic empowerment, Shirkah Amānah

JEL CLASSIFICATION: L31, D64

KAUJIE CLASSIFICATION: E23

(1) The definitions for all Arabic terms in the paper are given in the ‘Glossary’ in the intro pages.
1. Introduction

Waqf is one of the essential instruments of community economic empowerment in the Islamic economic system. Waqf assets have considerable potential as lasting social funds to be utilized in more productive sectors which have economic values. Various economic sectors can be explored through waqf assets to create productive, profitable, and sustainable values. The benefits of waqf assets to empower the community’s economy is one of the waqf goals.

As a country with the largest Muslim population globally, Indonesia has quite significant waqf assets. Based on the waqf asset data compiled from the Indonesian Waqf Agency (BWI), it shows that in addition to cash waqf, Indonesia’s waqf land assets cover 420 hectares and are spread over 435,768 locations throughout Indonesia. However, only 5 percent of this amount is managed for the productive sector, while the rest is used partly for the social service infrastructure sector and partly unmanaged. As for the utilization of waqf land assets used for social service infrastructure, according to data from the Ministry of Religion, in 2019, it consisted of Mosques (44.17%), musallás (28.4%), graveyards (4.45%), educational institutions (10.69%), Islamic boarding schools (3.59%), and other social institutions (8.7%).

The management of waqf assets in Indonesia is dominated by the nāzir from religious organizations. The management of waqf assets is mainly for constructing public facilities such as; educational institutions, hospitals, orphanages, mosques, and other social institutions. Therefore, if facilities and infrastructure development are not required, the waqf land assets are neglected and not utilized. Thus, the waqf assets cannot provide more productive benefits. This situation shows that the current tradition does not lead to innovation in the management of waqf assets as it still adheres to the old view that waqf assets are only managed for the construction of public facilities and religious activities.

This issue is a challenge for the nāzir in managing waqf land assets in Indonesia. The huge waqf land assets should be used for more productive activities to develop community economic empowerment in various fields. However, this enormous potential has not been fully exploited to become an economic power that can generate higher profits and contribute financially to the community’s economic empowerment.
The problems above show the need for innovation in the management and development of waqf assets in various sectors, especially productive sectors that can provide economic value. The development of an effective and efficient waqf management model is expected to improve the management of a productive waqf, contributing to the empowerment of the community’s economy by opening of new jobs, sources of investment, and social service facilities improvement. The construction of various facilities and infrastructure can also be developed from increased financial income from a productive waqf. In this case, the waqf assets can not only be used for the current generation, but can be passed on to future generations as well. Hence, it is clear that waqf has an essential role in realizing social justice and social welfare.

Muhammadiyah, is one of the nāzirs from the religious organizations that has experience in developing business charities; it has excellent potential in managing and developing waqf assets to be more productive. Therefore, Muhammadiyah is expected to play an essential role in empowering its waqf assets to provide solutions to improve waqf assets’ benefits to impact the community’s empowerment and welfare, especially in the economic sector. Therefore, we pose this question, “How is the community’s economic empowerment achieved through the management of productive waqf by the Muhammadiyah Regional Board of Lumajang?”

This article aims to examine one of the productive waqf management models managed by Muhammadiyah. The discussion in this article is focused on examining the model of productive waqf development carried out by the Muhammadiyah Regional Board (PDM) of Lumajang in the form of a gas station (SPBU) and its role in empowering the community’s economy and increasing the organization’s financial resources. PDM of Lumajang is used as an object of research because it has successfully managed productive waqf, especially in business entities, namely, CV Shirkah Amānah with its SPBU business unit.

2. Literature Review

As an instrument for improving society’s living conditions, waqf has been implemented since the time of the Prophet Muhammad (ﷺ) (Ihsan et al., 2017, p. 14). Waqf is a type of non-compulsory alms often called eternal charity. The endowments prescribed in Islam have two dimensions: the spiritual dimension, and the socio-economic dimension. The spiritual dimension is that the waqf is a prescription in Islam that needs to be practiced in Muslim communities’ lives so that those who give waqf (waqf) get a reward from Allah (Y) for obeying His commands. While the socio-economic dimension is that the waqf contains economic and social elements where waqf activities through the benefactors’ contributions help foster a sense of brotherhood among the members of the society by helping those in need (Rochmiyatun, 2018, p. 87). That is why Islam has guided poverty alleviation through the principle of justice in distributing wealth, and justice in getting opportunities (Hassan et al., 2018, p. 102).

Although there is philanthropy in every country and religion, waqf is a unique institution in Islamic teachings (Malik, 2018, p. 181). In addition to zakāh, infāq, and alms in Islam, waqf is known as part of the Islamic teachings with social welfare dimensions. The existence of waqf in Islamic economic instruments is arguably unique and strategic. Waqf characteristics are different as compared to zakāh. The main characteristic of waqf is the role of the manager. In zakāh, the ʿāmil (zakāh collector) is obliged to distribute all zakāh assets to one or all of eight groups. Whereas, the waqf manager (nāzir) must maintain the waqf property and keep it intact. What can be distributed are the benefits or results of managing waqf assets (mawqūf). Waqf’s strategic value can be seen from the management side. If zakāh is intended to ensure the continued fulfillment of eight groups’ basic needs, waqf is more than that. The waqf management can be used for various social levels without class restrictions for social welfare and building civilization. The virtue of waqf lies in its entire property and its benefits, which continue to multiply and flow eternally (Hadi, 2009, p. 14).

Usman (2017, p. 40) explains that in terms of function, waqf can be divided into waqf mubāshir and waqf istitihmārī. Waqf mubāshir is a waqf asset that produces community services such as mosques, educational institutions, and hospitals. This type of waqf’s weakness is that it is consumptive, requires regular funds, and does not have a source of funds attached to the object of waqf. While waqf istitihmārī is a waqf in which the asset is used for investment in the production of goods and services permitted by
Sharī‘ah, and the proceeds are utilized for the community’s benefit. *Istithmār waqf* is also called productive *waqf*, namely *waqf* assets used for investment whether in agriculture, industry, trade, or services. The benefits taken from productive *waqf* are not obtained from *waqf* assets directly but from investment returns (Bakhri & Srifariyati, 2017, p. 130). Alternatively, in other words, this *waqf* focuses on the productivity of *waqf* assets to obtain profits to be distributed to the *mawqūf ʿalayh*. Therefore, Munir (2013, p. 162) asserted that mobilizing the economic sector of society with *waqf* instruments is rational. Empowering of *waqf* is important because *waqf* is very closely related to creating socio-economic justice.

According to Munir (2013, p. 168), the conception of socio-economic justice in Islam has the following characteristics: (a) Social justice is based on the principle of faith, which dictates that all beings in the universe belong to Allah (ʿ). As the *khālifah* of Allah (ʿ), humans regard ownership as His gift; (b) Promoting a built-in system of redistribution of income, which places more emphasis on the pleasure of Allah (ʿ); (3) Social justice in Islam is rooted in morals. The implication of this is that it automatically pushes the obligation to do justice and help each other.

*Waqf* assets must be managed productively to produce opportunities for the opening of profitable strategic sectors, such as; opening new jobs and managing public services that ease society’s economic burden. Managing productive *waqf* means someone has moved wealth from consumption efforts to reproduction and investment in the form of productive capital that can produce something that can be consumed in the future, both by individuals and groups (Hakim, 2010, p. 21). Managing *waqf* means developing productive assets for future generations following the *waqf* objectives, both in the form of benefits, services, and utilization of the proceeds. The developed *waqf* assets become part or unit of the *waqf* investment funds because *waqf* is a form of charitable investment that cannot be eliminated and must continue to be preserved. Productive *waqf* will also contribute to the economic growth and poverty eradication by exploiting these enduring investments (Cokroha-disumarto & Ismail, 2018, p. 109).

Based on the above, it is clear that *waqf* institutions occupy a strategic position for empowering society. In this case, *waqf* institutions’ existence becomes urgent as one aspect of Islamic teachings emphasizes the importance of socio-economic welfare. Therefore, it is essential to re-interpret and manage *waqf* institutions so that their existence can contribute to the community’s welfare and empowerment (Bakhri, 2016, p. 213). According to Muslim (2017, p. 37), *waqf* institutions have a significant role and function as instruments for developing the Islamic economy and play a role in building a healthy economy.

In Indonesia, the management of *waqf* is under the Indonesian *Waqf* Board (BWI). This institution was formed by the President in 2006, based on *Waqf* Law number 41 of 2004 (Haneef et al., 2017, p. 136). BWI has the authority to coordinate and monitor *nāzir* in managing *waqf* assets to be managed better and more productively to provide more significant benefits to the community, whether in social services, economic empowerment, or building public infrastructure. *Nāzir* as managers of the *waqf* in Indonesia are of three types, namely; *nāzir* from religious organizations, *nāzir* from legal entities, and *nāzir* from individuals (Saripertiwi et al., 2019, p. 775). *Waqf* management in Indonesia has made significant progress in quantity (total *waqf* assets) and quality (management). According to BWI data, Indonesia has *waqf* assets of land covering an area of 420 hectares and the potential for *waqf* asset growth of up to Rp 2000 trillion per year (*waqf* property and cash *waqf*) (Saptono, 2019, p. 6). Meanwhile, in the management of *waqf* assets, previously, *awqaf* only used to construct worship places, educational institutions, orphanages, and tombs. However, now it has begun to be managed productively, such as building hospitals and hotels, and *waqf* investments such as: stocks, banking, business institutions, insurance, and others.

Apart from Indonesia, in the last few decades, studies and development of productive *waqf* management have received serious attention in many Muslim-majority countries. These developments can be seen from the revitalization and reform of *waqf* management, the development of financing instruments, and the growth of *waqf* assets in many countries. The following are examples of successes from these countries in managing *waqf*:
(a) Kuwait:

The Kuwait Awqaf Public Foundation (KAPF) manages the awqāf in Kuwait. KAPF was established based on the Emir of Kuwait’s decision: Amire Ordinance No. 257 of 1993 issued on November 13, 1993. KAPF, as a government agency, has the authority to regulate and manage waqf. The primary responsibility of KAPF is to encourage the emergence of new waqf and organize and allocate funds for activities and asset investment. Besides, KAPF coordinates with government and non-governmental agencies to develop waqf projects that comply with Sharīʿah to achieve waqf’s objectives (Ahmad et al., 2015, p. 10). Productive waqf management has been started since the period before 1921, and this can be proven by the existence of various forms of waqf at that time, such as shop waqf, house, tree (coconut) waqf, fishery, and others. Meanwhile, the application of contemporary waqf models such as waqf investment and cash waqf provides a significant contribution to increasing waqf assets (Khalil et al., 2014, p. 72).

(b) Malaysia:

Waqf management in Malaysia is managed by the State Islamic Religious Council (SIRC)s in each state, under the guidance and supervision of the Central Government through the Department of waqf, zakāh, and hajj (JAWHAR). JAWHAR functions to monitor waqf management’s efficiency and effectiveness in each state in Malaysia (Saad et al., 2017, p. 94). Revitalization of waqf management in Malaysia has been carried out effectively. Waqf assets have increased significantly by applying cash waqf and waqf investment in various sectors such as hotels, companies, capital markets, etc. (Norzilan, 2018, p. 147).

(c) Turkey:

Waqf reform in Turkey began when the waqf law was passed in 1967. The management of waqf in Turkey is under the General Directory of Waqf, which is appointed under the prime minister’s supervision. Besides, waqf is also managed by the nāzir, whose supervision and guidance are under the General Directory of Waqf. The development of waqf in Turkey is very progressive and plays a role in developing social services, especially education and health services. Turkey is one of the pioneers in developing waqf investment. The General Directory makes waqf investments in various sectors such as hospitals, banking, and industrial sectors (export/import, copper, textiles, construction, and others) whose benefits are used for development and social services (Rusydiana, 2018, p. 125). Apart from waqf investment, cash waqf is also a trend and is growing in Turkey.

(d) Bangladesh:

Based on the waqf law of 1962, the management of waqf in Bangladesh is managed by an autonomous organization under the Ministry of Religious Affairs, which supervises and controls the management of waqf assets by appointing nāzirs. The head office is in downtown Dhaka and has 38 branch offices throughout Bangladesh. Waqf assets are managed for educational services, worship services, hospitals, orphanages, and other social institutions. More than 8,000 educational institutions and 123,000 mosques also provide religious educational services (Nabi et al., 2019, p. 116). At this time, cash waqf is a new trend that is increasingly popular and growing in Bangladesh (Ahmad & Karim, 2019, p. 196).

(e) Iran:

In 1972, the management of waqf in Iran was under the Ministry of Land Reforms and Land Administration, which was previously under the Ministry of Education’s management. However, currently, the management of waqf in Iran is under the Ministry of Religious Affairs. In 1984, the law on waqf was passed. This law regulates that each waqf is a legal entity, and the nāzir is the waqf’s legal representative (Dastjerdi & Shahidi, 2018, pp. 39-40). Waqf reform in Iran has changed the model of waqf management. Waqf has been developed in the commercial business sector, universities, hospitals, agriculture, monetary units, etc. However, the enormous waqf assets have not been fully utilized to contribute to community empowerment and economic growth.

3. Research Methodology

The type of approach used in this research is descriptive qualitative. This approach is expected to explore existing data sources. We then interpret them based on the results obtained in the field about productive waqf and its role in community economic empowerment managed by Muhammadiyah Regional Board
of Lumajang, precisely at the SPBU Shirkah Amānah. This study's data sources are primary and secondary data obtained through interviews, observations, and documentation. Triangulation is carried out to help obtain information from various sources and ensure data validity. The data obtained from the field are then selected to adjust the relevance of the research objectives. Then, the data is processed, sorted into manageable units, patterns are searched for and found, what is essential and what is learned, and then processed according to the research theme, namely productive waqf management, and then concluded based on analysis and understanding.

4. Management of Productive Waqf at SPBU Shirkah Amānah

The management of productive waqf, managed by the Muhammadiyah Regional Board of Lumajang, starts from waqf land ownership in Labruk, Lumajang Regency, East Java, covering 93 meters x 113 meters, i.e., a total area of 14,177 m² by the Muhammadiyah Central Board. The land was pledged on July 24, 1990, in front of Officials Maker of the Waqf Pledge Deed (PPAIW). The Head of KUA Lumajang, acting as nāzir during the ceremony was the Muhammadiyah Organization, represented by nāzir from the chairman of the Muhammadiyah Branch of Lumajang, in this case, Mr. Ahmad Wibisono as nāzir’s chairman. The management of waqf in Muhammadiyah uses a centralized ownership system, whereby all waqf assets owned by Muhammadiyah are recorded in the name of the Muhammadiyah Central Board. It was done in order to maintain and consolidate all waqf assets owned by Muhammadiyah. At the same time, the management of the waqf land was left to the Muhammadiyah branch.

In managing the waqf land, the Muhammadiyah branch manager of Lumajang established a Muhammadiyah Orphanage on 5,899 m², and established the Muhammadiyah Vocational High School (SMK), covering an area of 4,692 m². However, in 2018, PDM of Lumajang decided to convert a portion of the waqf land to establish a hospital. Hence, the Muhammadiyah Orphanage was moved to Jl Teratai Labruk Lor, Citrodiwangsan, Lumajang. The land was then used to establish a hospital, whose construction began on April 11, 2018, and was later inaugurated and began operating on February 11, 2020. Whereas the remaining waqf land area of 2,500 m², which was previously leased for agricultural land, was then utilized by building productive business units upon it, namely SPBU Shirkah Amānah, using capital sharing and profit-sharing.

The SPBU Shirkah Amānah, established in 2007, aims to develop waqf land to be more productive by establishing business units. The SPBU business unit’s establishment was made on the Muhammadiyah Branch initiative of the Rogotrunan, Lumajang sub-district in 2006, after observing, mapping, and considering the more favorable economic potential of the very strategic geographical layout of the waqf land and available business opportunities. Hence, that led to the idea of establishing an SPBU Shirkah Amānah business unit. Then, the idea was proposed to the Muhammadiyah Regional Board of Lumajang, and it was decided to establish an SPBU business unit whose construction began in 2007, and it began operating in 2009.

By establishing the SPBU business unit, the waqf land was made more productive. However, the process of establishing the business unit was long and difficult. Many problems were faced, including financial problems and licensing issues. These problems can be appropriately overcome over time. Licensing issues require the ownership of SPBU by individuals or legal entities, hence, it was decided that the licensing of SPBU would be made on behalf of the individual, namely Mr. Suharyo AP.SH, who represents the Muhammadiyah Regional Board of Lumajang administratively. While solving financial problems in the gas station construction process, there is a uniqueness that can become a ‘pilot model’ for solving financial problems, especially in making waqf land more productive, which is one of Indonesia’s main problems. Financial problems in the construction of SPBU Shirkah Amānah were resolved with a capital investment cooperation model that involved various elements, namely, Muhammadiyah Business Charity (AUM), Persyarikatan Muhammadiyah, Muhammadiyah’s Autonomous Organization (ORTOM), and the general public.

In terms of SPBU management, the Muhammadiyah Regional Board of Lumajang formed a business unit, namely CV (Commanditaire Vennootschap/limited partnership). Shirah Amānah is a Muhammadiyah owned business enterprise (BUMM) whose duty is to manage SPBU operations. It is done to build professional and open management based on
modern business management principles to increase its revenue. The methods used are to improve governance, optimize the performance of its employees, and increase the company’s product sales. Consequently, its profits can be increased to the maximum.

4.1 Business Cooperation Model

There are two business cooperation models in managing SPBU Shirkah Amānah; the first is muḍārabah cooperation between shareholders and CV Shirkah Amānah is the party that manages the SPBU. In this case, shareholders are obliged to provide investment capital in the management of SPBU. While CV Shirkah Amānah is obliged to manage SPBU in order to benefit from the business. Furthermore, the second is the mushārakah cooperation, i.e., the cooperation of shareholders’ capital participation to meet the needs in the construction and management of SPBU. All parties involved in the contract make a capital contribution (investment) and agree that the risks and benefits are borne together.

In starting business activities, SPBU Shirkah Amānah required substantial capital. It was decided that the mushārakah contract investment model be used by the Persyarikatan Muhammadiyah because the Muhammadiyah Regional Board (PDM) of Lumajang did not have enough capital to build an SPBU that needed funds of Rp. 5.6 billion at that time. The parties involved in capital investment (mushārakah) cooperation include; first, from the Persyarikatan Muhammadiyah are PDM of Lumajang, Muhammadiyah branches (PCM) throughout Lumajang regency; second, Muahammadiyah business charities; third, Muhammadiyah’s autonomous organization (ORTOM); and fourth, the general public.

In this context, the PDM of Lumajang analyzed the potential of the Persyarikatan Muhammadiyah and the surrounding community. This mushārakah collaboration model proved to solve the financial problems in establishing the SPBU business unit. Through the parties’ involvement in the collaboration, financial needs were overcome and 5.6 billion rupiahs of capital were collected to establish the SPBU Shirkah Amānah.

The distribution of the amount of capital invested by each party is divided into institutional and individual. First, the distribution of the institutional investment was as follows: Persyarikatan Muhammadiyah amounting to 1.476 billion (26.4%) out of 13 institutions, consisting of the PDM of Lumajang, and Muhammadiyah branches throughout Lumajang regency with a total of 858 million; Muahammadiyah business charities amounting to 600 million (500 million from the conversion of waqf land values); Muhammadiyah autonomous organization (ORTOM) amounting to 18 million. Second, the distribution of the individuals’ investment was as follows; equity participation from the general public on behalf of individuals, amounting to 4,124 billion (73.6%) of 81 people. From the amount of money, as much as 5.6 billion was converted into 5600 shares, the value of one share being 1 million rupiahs.

In 2017, CV Shirkah Amānah issued 400 new shares to increase capital requirements, which was due to rising fuel prices. Individuals bought these new shares, so the number of individuals who owned shares increased to 90 people in 2017.

Besides, it needs to be understood that the mushārakah cooperation was only limited to capital cooperation (investment). Simultaneously, the gas station’s operational activities’ responsibility was CV Shirkah Amānah’s obligation, formed directly by the Muhammadiyah regional board of Lumajang. Therefore, the SPBU Shirkah Amānah business management model has similarities with the management model of the Commanditaire Vennootschap (limited partnership). On the other hand, it also has similarities with a limited liabilities company. Figure 2 summarizes the business cooperation model used.

Meanwhile, in terms of ownership of institutional shares, it is regulated in separate administrative procedures. It relates to a law that prohibits ownership of investment capital in the name of socio-religious organizations in law number 40 of 2007 concerning the formation of business entities in the form of limited liabilities. Hence, it was decided that administratively, the institutional shares owned by the Persyarikatan Muhammadiyah, be registered in the name of the chairman of Persyarikatan Muhammadiyah, and shares owned by the Muahammadiyah business charity (AUM), be registered in the name of the manager of AUM. At the same time, rights and obligations were the institutional rights of Persyarikatan Muhammadiyah and AUM.
4.2 Profit-Sharing System

As explained above, in SPBU Shirkah Amānah’s management, there are two types of business cooperation, with the principle of profit and loss sharing between the parties involved in the cooperation. First is the muḍārabah contract, which is implemented between the shareholders (capital contribution) and CV Shirkah Amānah as SPBU Shirkah Amānah’s operational manager. The profit and loss sharing scheme in the muḍārabah contract is the main prerequisite that must be obeyed by parties involved in the business cooperation. Business profits are divided according to contributions and risk-sharing (profit and loss sharing) between business managers and shareholders. CV Shirkah Amānah provides operational contributions while the shareholders make capital contributions.

The second type of cooperation is the capital investment cooperation in managing productive waqf with the principle of mutual benefit. The mutual benefit principle is realized by using the mushāarakah agreement with a profit-sharing scheme agreed by all parties involved in the equity participation. The shareholders are bound by a business contract. If they get a profit, it will be shared equitably with all parties involved according to the agreed ratio. Furthermore, if the business happens to suffer a loss, all parties bear the loss according to their portion in the investment. The benefits and risks borne by shareholders follow the value of the capital invested. Hence, what is divided, is the revenue from the gas station after deducting operational costs for managing the SPBU Shirkah Amānah, as explained in the first contract. Net income (dividends) will be divided by the terms agreed upon at the beginning of the mushāarakah contract.

Profit-sharing in managing the waqf at SPBU Shirkah Amānah has been agreed with dividend distribution as follows: first, shareholders get a 70% share of the total dividends; second, 10% is allocated for development funds; and third, Muhammadiyah as nāẓir receives a 20% share of the total dividends. The 20% dividend received by Muhammadiyah from the productive waqf management is used for community benefit and development. This is shown in figure 3.
Meanwhile, 70% of dividends are distributed to shareholders, with profit divided based on the proportion of equity participation (number of shares). The total number of shares issued was 6000 shares. It was divided into the ownership of the Perayrikatan Muhammadiyah (PCM & PDM) totaling 858 shares, Muahammadiyah business charity, 600 shares, Muhammadiyah autonomous organization (ORTOM), 18 shares, and individual (public), 4,524 shares from 90 shareholders (as shown in table 1).

![Figure (3) Dividend Distribution from Profit Sharing at the SPBU Shirkah Amānah](image)

Source: CV Shirkah Amānah annual report 2019

<table>
<thead>
<tr>
<th>No.</th>
<th>Shareholder</th>
<th>Number of Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Muhammadiyah</td>
<td>858 shares</td>
</tr>
<tr>
<td>2</td>
<td>Muahammadiyah Business Charity</td>
<td>600 shares</td>
</tr>
<tr>
<td>3</td>
<td>Muhammadiyah Autonomous Organization</td>
<td>18 shares</td>
</tr>
<tr>
<td>4</td>
<td>Individual Shareholding (public)</td>
<td>4,524 shares</td>
</tr>
</tbody>
</table>

Source: CV Shirkah Amānah annual report 2019

### 4.3 Community Economic Empowerment

As explained by the Director of Zakāh and Waqf Empowerment, productive waqf is a waqf donation management scheme from the community, i.e., by efforts to manage donations more productively to produce a sustainable surplus. Waqf donations can be in movable objects, such as money and precious metals, or immovable objects, such as land and buildings. This productive waqf surplus is a source of an endowment for financing the people’s needs, such as funding for education and quality health services.

Referring to the definition of productive waqf above, it can be seen that the waqf management model in SPBU Shirkah Amānah of Lumajang qualifies as a productive waqf. It can be proven that the previously less productive waqf land used for agricultural land can be turned into a profitable business unit. In each annual report, CV Shirkah Amānah at the shareholders meeting (RPS) proved that this business could provide good profit value and promising performance. This profitability can be observed in the graph of the net profit income of CV Shirkah Amānah (figure 4). Besides, this waqf management can also provide new jobs, where there are 30 employees employed in various sectors. The management of productive waqf at SPBU Shirkah Amānah shows that when the waqf land is well managed in the form of a business unit, it will undoubtedly involve many parties. Hence, the benefits can be felt by all stakeholders, especially the community. In other words, this productive waqf makes a significant contribution to the community’s economic empowerment, both directly and indirectly.
The direct contribution of waqf management in community economic empowerment is in the ownership of individual shares. The benefits can be felt directly by the community consisting of 90 shareholders who receive dividend from the revenue sharing, which continues to increase every year. Besides, this business can also provide lessons to the community in investing. Because all individual shareholders are not big capital owners, but from lower-middle-class people, who have little savings but have the enthusiasm to contribute to developing the waqf land. While the indirect contribution in social-economic empowerment can be seen through the institutional shareholders and from their receipt of 20% dividends by Muhammadiyah. The income from dividends is used to finance the construction of public facilities and community development, such as funding for education, health services, social assistance, and others. Besides, there are CSR (corporate social responsibility) funds directly distributed by CV Shirkah Amānah and are included in its operational costs.

Furthermore, the management of productive waqf has a continuous benefit value. It continues to grow to be passed on to future generations following the essence of the waqf itself, which is to become a rewarding investment that is sustainable and has eternal value. Because dividends obtained from institutional shares are used for the construction and development of community facilities, if this continues and develops, the socio-economic impact will be very evident in the community’s economic empowerment and its role in helping the country’s economic growth. Besides, this productive waqf can also help the financial sources of socio-religious organizations. Business charities and social institutions in Indonesia have historically generated their financial resources from philanthropic funds.

4.4 Contributions of the Proposed Model

Waqf management can be categorized in the professional stage if it has fulfilled several elements: the quality of human resources, the establishment of cooperation with related parties, and good governance and administration. In this context, the management of waqf in the form of SPBU Shirkah Amānah by PDM of Lumajang can fulfill these three elements, so it can be said that the management of productive waqf is at the professional management stage. This can be seen from the achievements, benefits, administrative governance, and management accountability level carried out by CV Shirkah Amānah. Besides, productive waqf management results have also contributed to improving the community’s welfare in financial and social services. Furthermore, and more importantly, this productive waqf management model is providing sustainable benefits.

In addition to the above, professionalism in the waqf assets’ management will give satisfaction to the wāqif and increase public confidence in waqf management (nāzir). PDM of Lumajang as nāzir has carried out its duties by managing waqf assets under their functions and purposes. Hence, this waqf man-
agement can be used as a pilot model for productive waqf management, especially waqf in the form of land. Waqf management models like this, if developed and sustained, will significantly contribute to eradicating poverty and encouraging economic growth. Therefore, if productive waqf is managed effectively and efficiently, it will increase the society’s welfare. The benefits of this productive waqf can continuously be felt by the entire community and bring perpetual reward to the wāqif.

Meanwhile, the capital investment cooperation model undertaken by SPBU Shirkah Amānah is a creative innovation in solving financial problems in starting a business. This mushārakah collaboration model can be a reference and a first pilot project, where the limitations of financial resources can be overcome by collaborating with various parties. On the other hand, investment cooperation like this is not easy to attract investors to invest their capital without trust in the business manager. Competent and credible religious organizations or institutions are needed to build mushārakah cooperation in developing businesses in the field of productive waqf. Therefore, SPBU Shirkah Amānah’s success in solving financial problems in starting a business is inseparable from the role of Muhammadiyah as a socio-religious organization in providing guarantees of trust and confidence to investors. Muhammadiyah, which has been known for its amānah in carrying out the people’s mandate and success in managing various business charities, is essential in building investor confidence, particularly in the general public.

5. Conclusion

There are four essential points in the success of waqf land management used to increase productivity at the SPBU Shirkah Amānah. First, the nāẓir’s ability to read business opportunities and present creative ideas makes a significant contribution to the success of waqf asset management. Second, financial problems in starting a business to manage waqf land can be overcome by exploring the potential sources of capital from various parties, especially the community, through capital participation and cooperation. Third, the establishment of an independent business entity through CV Shirkah Amānah makes a significant contribution in managing professional business activities. Fourth, benefits can be achieved for all parties of waqf management, both those involved in capital cooperation and those not involved in the cooperation.

Meanwhile, in terms of the role of productive waqf management, it can be concluded that the waqf management model at the SPBU Shirkah Amānah fulfills the criteria for productive waqf management. Furthermore, it has contributed to the community’s economic empowerment in six main areas. First, it opens new profitable strategic sectors. Second, there is economic value by becoming a more productive business unit. Third, surplus value is generated through the profit from business revenue that can contribute financially to the community’s needs. Fourth, opening up new jobs from waqf management, which can ease the economic burden on the community. Fifth, it increases people’s financial income. Sixth, it has a sustainable benefit value for the society and a reward for the wāqif.

It should be mentioned here that there are other models in dealing with the management of productive waqf. Accordingly, it is necessary to carry out similar follow-up studies both by academicians and stakeholders in order to increase the number of references to manage waqf assets productively. Hence, further specific studies covering this issue are imperative.
References


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دور الوقف المنتج في التمكين الاقتصادي للمجتمع:
دراسة حالة المنظمة المحمدية المحلية بلوماجانج جاوى الشرقية في إندونيسيا

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المستخلص: هدفت هذه الدراسة إلى فحص دور الوقف المنتج في التمكين الاقتصادي للمجتمع المحلي الذي تديره رئاسة المنظمة المحمدية المحلية (PDM) بلوماجانج جاوى الشرقية في إندونيسيا، مع وحدة أعمال محطات البنزين المسماة بـ "شركة الأمانة" (Shirkāt Amanāh) المنظمة المحمدية (PDM) هدفًا رئيسًا للبحث لأنها نجحت في إدارة الوقف المنتج المذر للربح في شكل كيانات تجارية لعبت دورًا مهمًا في التمكين الاقتصادي للمجتمع المحلي على مستوى المنطقة محل الدراسة. تم جمع البيانات المتعلقة بالدراسة من خلال المقابلات، والوثائق، والملاحظات. أظهرت النتائج أن SOFTWARE.jpg المبادرات الإبداعية التي نفذتها رئاسة المنظمة المحمدية المحلية بلوماجانج في تطوير الوقف المنتج على شكل كيانات تجارية ومشاريع للتعاون التجاري قادرة على المساهمة الكبيرة في إتاحة فرص عمل جديدة، وزيادة العائد المالي للمجتمع المحلي، بالإضافة إلى المساهمة المالية في استدامة الأنشطة الاجتماعية والدينية. وعلى يمكن القول بأن هذا النموذج للوقف المنتج قادر على القيام بدور كبير في التمكين الاقتصادي للمجتمع. كما يمكن استخدامه كدراسة حالة أولية لإدارة مشاريع الوقف المنتج بحيث يمكن الاستفادة منها في مجتمعات محلية أخرى.

الكلمات الدالة: منظمة المحمدية، الوقف المنتج، التمكين الاقتصادي، شركة الأمانة.

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