

## The Effectiveness and Efficiency of Cash Waqf Management in Tabung Wakaf Indonesia

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### Abstract

*Nazhir is one of the key factors in the success of waqf management institutions. Therefore, it is necessary for Nazhir to understand and assess the effectiveness and efficiency of cash waqf management performance. One of the cash waqf nazhir that has been active for a long time is Tabung Wakaf Indonesia. The purpose of this study was to describe and assess the effectiveness and efficiency of cash waqf management. The research method used in this study is an analysis of institutional management by analyzing the financial statements of Tabung Wakaf Indonesia in 2013-2019. Based on the results of the analysis, it is known that the efficiency and effectiveness of Tabung Wakaf Indonesia fluctuates considering the uncertain profit sharing, therefore it is necessary to strengthen institutions such as reforming institutions and regulations, increasing resources (Nazhir) by conducting training and studying existing research in assessing and producing cash waqf.*

**Keywords:** Cash Waqf, Nazhir, Management, Effectiveness, Efficiency

**Citation suggestions:** Sujono, R. I., Wibowo, F. W., Rafi', M., & Musoffi, A. (2022). The Effectiveness and Efficiency of Cash Waqf Management in Tabung Wakaf Indonesia. *Jurnal Ilmiah Ekonomi Islam*, 8(02), 1442-1447. doi: <http://dx.doi.org/10.29040/jiei.v8i2.4986>

**DOI:** <http://dx.doi.org/10.29040/jiei.v8i2.4986>

### 1. INTRODUCTION

Waqf enters the area of the economic system which can be understood as an economic paradigm that is valuable in bringing to the benefit of the people and social economic welfare (Cizakca, 2015). Based on the pillars of the Sustainable Development Goals (SDGs), the role of waqf management and utilization consists of poverty alleviation, Improved access and quality of health, Improving the quality of education (M. Abdullah, 2018). Waqf which is not only in the form of property or immovable objects but waqf can be with movable objects (Rozalinda, 2016) based on the waqf principle, an innovation of waqf products is made, namely cash waqf, which can provide multiple benefits.

Indonesia is one of the countries where the majority of the population is Muslim. Cash waqf can reach trillions of rupiah, if every Muslim population is able to donate money for waqf every month. This potential is of course something that certainly needs to be developed and utilized. Unfortunately, according to the Indonesian Waqf Board (BWI), the potential for

waqf assets in Indonesia reaches IDR 2,000 trillion, while the potential for cash waqf in Indonesia reaches IDR 180 trillion. However, in 2017, the total collection of cash waqf only reached IDR 400 billion. The not yet optimal potential for waqf can be correlated with the low level of community literacy (Wulandari et al., 2019). Cash Waqf has not been managed properly in terms of collection to distribution, even though the potential is high (Ismiati et al., 2021). This is certainly a critical point for the low management of cash waqf in Indonesia.

In fact, if cash waqf is developed effectively, efficiently and better, it can support development in Indonesia in the future. The results of the cash waqf investment can be used for improving social welfare, developing education and health, economic empowerment, improving religious and social infrastructure, as well as community welfare (social benefits) (Noordin et al., 2017).

However, unfortunately, the utilization of this cash waqf investment has not yet been felt by the

surrounding community (Ilmiah, 2019). Apart from the fact that there are still few waqf funds collected in nazhir, another reason is the need for more efficient and effective cash waqf management which is assessed based on the comparison of the input and output values of cash waqf management in nazhir (Rozalinda, 2016).

The management of waqf institutions is responsible for carrying out systematic performance measurements in order to provide adequate information to funders. Therefore, it is important to convince stakeholders to assure them that the management is efficient and free from errors, corruption or misuse of resources (Noordin et al., 2017)

Based on the Waqf Law Number 41 of 2004 regarding nazhir, that nazhir cash waqf must be registered with the Ministry of Religion and BWI. One of the nazhir cash waqf in Indonesia that has high credibility is Tabung Wakaf Indonesia. This Nazhir is under the Dompot Dhuafa Republika Foundation and has received legality from the Indonesian Waqf Board as a cash waqf nazhir on February 11, 2020.

Tabung Wakaf Indonesia has started to move into cash waqf nazhir from 2002, because one of the nazhir's tasks is managing cash waqf assets as according to PP no. 42 of 2006 article 13 paragraph 1. The management of cash waqf managed by nazhir is an important thing or key to the success of cash waqf, because of course it will affect the reputation of nazhir to the real sector of society.

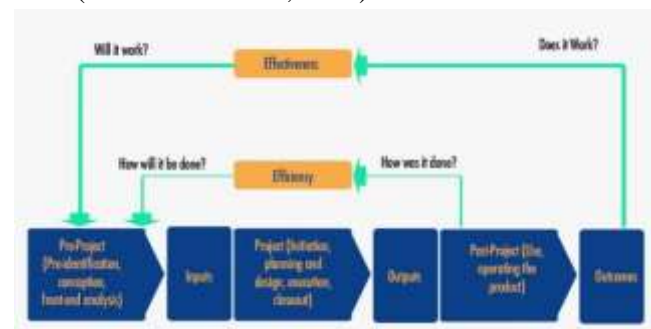
## 2. METHODOLOGY

The method used in this study is to apply an institutional management approach through financial reports, which aims to analyze the efficiency and effectiveness in detail regarding the management of cash waqf in Tabung Wakaf Indonesia. This study analyzes only to the level of description, namely analyzing and presenting facts systematically so that it can be easier to understand and conclude. This study uses secondary data, namely the financial statements of Dompot Dhuafa in 2013 – 2019 which contain information on the accounts needed to assess the effectiveness and efficiency of cash waqf management in Tabung Wakaf Indonesia

## 3. RESULT AND DISCUSSION

### 3.1. Effectiveness And Efficiency In Management

The industry or organization is very easy to achieve high efficiency at this time (Sujono & Wibowo, 2020), because the technology is already very high to help management (Akther & Rahman, 2021). Olsson explained that the notion of efficiency is different from effectiveness, efficiency is related to the output produced, while effectiveness is related to the added value of owners and users (Zidane & Olsson, 2017). Eikland's explanation of efficiency is how management manages time and cost so as to produce certain outputs (Béckelie, 2016). Efficiency can be measured by the quality and quantity of output produced (Randeree & Ninan, 2011). From some of these definitions, it can be concluded that efficiency is how an institution performs to produce outputs, this can be compared to the inputs used. The effectiveness explanation in some papers is effectiveness of the program occurs after the operation of the resulting product has a positive impact in the medium and long term (Zidane & Olsson, 2017).



**Figure 1**  
**Model Working Effectiveness and Efficiency**

Financial ratios can be used to measure the effectiveness and efficiency of waqf institutions regarding the information that needs to be disclosed in their reporting so that they can carry out transparency and waqf institutions can gain the trust of stakeholders for the quality of their transparency (Roshayani & Norzaihan, 2017). According to Rosyani in measuring the performance of waqf institutions in using financial and non-financial approaches. but in this paper the author uses a financial approach.



**Figure 2**

**Measurement Performance of Waqf Institution**

**3.2. Cash Waqf**

In general, the meaning of waqf is the word waqf itself comes from the verb waqofa (fiil madi), yaqifu (fiil mudori'), waqfan (isim masdar) which means to stop or stand. Meanwhile, according to syara' waqf is holding property that may be taken advantage of without spending or destroying the object (other) and used for good (Adijani Al-Alabij, 1989). In Law Number 41 of 2004 the definition of Waqf according to the Indonesian Waqf Board is a legal act of wakif to separate and/or surrender part of his property to be used forever or for a certain period of time in accordance with his interests for the purposes of worship and/or public welfare according to sharia.

Cash waqf also has several benefits and advantages is (Supriyatin, 2013) :

- a. The number of waqf can be varied allowing more people to waqf.
- b. Waqf assets in the form of vacant land can be utilized, either by constructing buildings or processing them into agricultural land.
- c. Can be used to help educational institutions that lack funds.
- d. Muslims can be independent in developing educational institutions.

Waqf is divided into three types, based on the pattern of management is (Indonesia, 2016) :

- a. Traditional waqf management is characterized by the placement of waqf as mahdhoh worship or ritual worship so that waqf assets are mostly in the form of physical development, such as mosques, Islamic boarding schools, graveyards, and so on.
- b. Semi-professional waqf management is characterized by the development of waqf assets, such as meeting building facilities, shops, and other facilities in the mosque environment that

stand on waqf land. The results of these efforts are used to finance waqf in the field of education, as was done by Pondok Modern Darussalam Gontor and the Waqf Board of the Islamic University of Indonesia.

- c. Professional waqf management is characterized by productive waqf empowerment and management professionalism which includes aspects of management, nazhir human resources (HR), business partnership patterns, and forms of waqf of movable objects, such as money and securities supported by applicable waqf laws. The results of waqf management are used for Islamic education, hospital development, economic empowerment of the people, and assistance in developing worship facilities and infrastructure.

In the Regulation of the Indonesian Waqf Board Number 1 of 2020, the management of nazhir cash waqf is required to distinguish between the management of cash waqf for a certain period and cash waqf for a permanent period. In the management of cash waqf for a certain period of time, nazhir is obliged to ensure that payments for cash waqf are fulfilled for a certain period of time.

In addition, the management of cash waqf in the way of development to be made productive is divided into two, namely directly and indirectly, directly which is intended to be made productive with investors who cooperate with Nazhir, while for the indirect, namely through institutions that meet the institutional eligibility criteria and are profitable.

Previous studies related to cash waqf were more focused on the results empowerment method used, such as the research of (Muliani; Irwan Muhammad; Huzaini, 2019) in this study discussing how the influence of cash waqf in improving people's welfare with various programs. However, in this study, it is more specific to explain the development of cash waqf where from a collection of some money it is intended to buy goods that can provide benefits to the community, this of course the development is much different from cash waqf by Regulation Waqf Board Indonesia No. 1 of 2020. Cash waqf can also have a great influence on people's welfare in the form of religious investment, education and social services (Hasan, 2010). In addition, in his research (Kasdi, 2006) also explains the potential for cash waqf management in Indonesia, but it needs to be managed by professional managers or nazhir which are then invested in productive sectors.

### 3.3. Nazhir Waqf

Human resource management is one of the sources of competitive advantage in an institution (Akther & Rahman, 2021). Nazhir's professionalism must of course be balanced with Nazhir's knowledge or understanding of the management of cash waqf, Nazhir's view of cash waqf can be formed if Nazhir has experience and insight into cash waqf (Dahlan, 2014). The management of cash waqf is still relatively new in some nazhir, one of which is an independent orphanage where the new nazhir cash waqf has not yet implemented the legalized management of cash waqf and is still not ready to produce cash waqf and has only made plans related to cash waqf management (Jamal & Fathonah, 2022). in the future, especially in the readiness of human resources, namely independent orphans who plan to hold training with practitioners or from the Ministry of Religion and even the Indonesian Waqf Board (Susanti, 2019).

### 3.4. Effectiveness And Efficiency In Cash Waqf Management

Nazhir is one of the keys to the success of cash waqf management. With the successful management of cash waqf, this is certainly a potential for the development of the Indonesian economy, especially increasing the level of community welfare.

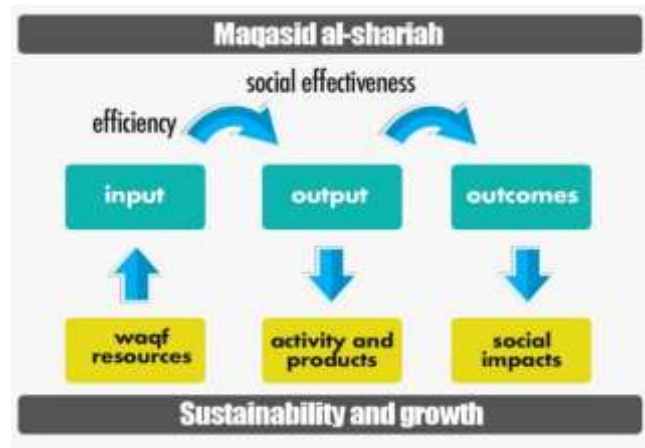
Such a goal certainly needs to be followed by the effectiveness and efficiency of Nazhir's cash waqf management. There are several parameters for measuring the effectiveness and efficiency of cash waqf fund management is (Rozalinda, 2016) :

- Efficiency is the relationship between profit and cost, which is to carry out activities with minimal costs. This can be seen by comparing the income and expenditure. In the management of cash waqf, that is by comparing the funds obtained or received with the funds distributed, so that one of the formulas is:

$$\frac{\text{Return on Investment}}{\text{Invested Waqf Assets}} \times 100\%$$

- Effectiveness is the level of realization of results against the expected goals, this is divided by comparison with the performance of the same institution in previous years.

Measurement of the Efficiency and Effectiveness of Cash Waqf Institutions can also be done through calculation techniques as shown below (Noordin et al., 2017) :



Picture 3

### Framework for Measuring Waqf Performance

Analysis in the management of cash waqf in Tabung Wakaf Indonesia in 2013 – 2019 which can be seen in Table 1 :

Table 1

### Cash Waqf Efficiency Index 2013 – 2019

Year	Money Waqf Efficiency Index
2013	4,5%
2014	35%
2015	94%
2016	18%
2017	9,1%
2018	5,3%
2019	15%

Based on Table 1, it can be concluded that the Efficiency Level of Cash Waqf Management in Tabung Wakaf Indonesia is fluctuating, where the profit sharing in 2015 has increased up to 2 times from the disbursed funds, but has decreased in subsequent years such as in 2016 which below 20% which is 18%, as well as in 2017 it was 9.1%, in 2018 it was 5.3% and 2019 was 15%. The low efficiency of cash waqf management from 2016 has made the funds distributed to mauqufalaih less than expected, but this is of course also adjusted to the cash waqf funds received, as in Table 2 below it is explained that the collected cash waqf funds also fluctuating.

Table 2

### Cash Waqf Funds Collected from 2013-2019

Year	Collected Cash Waqf
2013	Rp. 17.097.317.425
2014	Rp. 7.560.715.508
2015	Rp. 11.875.146.851
2016	Rp. 10.812.346.705
2017	Rp. 20.004.435.003
2018	Rp. 34.449.727.582
2019	Rp. 23.746.404.279



But unfortunately, when compared between the Cash Waqf Efficiency Index Table and the Collected Cash Waqf Fund Table, this clearly raises a question. We can take an example as in 2015 with a total fund raised of Rp. 11,875,146,851 can get an Efficiency Index value of 94%, but it is different from 2016 where the value of cash waqf funds collected is not much different from the previous year, which is Rp. 10,812,346,705 only get an Efficiency Index value of 18%. The management of cash waqf is basically based on the profit-sharing value of the invested cash waqf funds where the profit-sharing itself is uncertain, that is, it depends on the level of profit.

In this case, it is necessary to strengthen the management of cash waqf in Tabung Wakaf Indonesia, as explained by the Indonesian Waqf Board is:

- a. Institutional and Regulatory Reform, namely by strengthening the supervisory role of the Indonesian Waqf Board and establishing or improving good cash waqf accounting standards.
- b. Human Resources, namely by providing training for nazhir to have maximum, creative and innovative experience and knowledge of cash waqf management (Harahap & Rafika, 2020).
- c. Opening eyes for field research, namely by assessing various forms of productive waqf management and developing alternative models that are feasible for financing sources.
- d. The Ministry of Religion in collaboration with the Ministry of Manpower plans to formulate SKKNI (Indonesian National Work Competency Standards), namely work abilities that include aspects of knowledge, skills, and/or expertise as well as work attitudes that are relevant to the implementation of tasks and job requirements set. Hopefully with this plan the Nazhir can be more professional, transparent and accountable in carrying out waqf management so as to increase public trust.
- e. As long as point 4 is being planned, Nazhir can manage waqf guided by the waqf core principle that has been made by the Indonesian Waqf Board, so it is hoped that with this waqf management can be effective and efficient (A. Abdullah, 2020)

Researchers emphasize the second point, namely in human resource management, this is because according to the survey the majority of nazhir waqf in

Indonesia are less professional in managing waqf, based on the results of the CSRC survey, the number of nazhir who work full-time is very minimal (16%) and work part-time (84%). This fact illustrates that the nazhir profession is not the expected profession in society, because of the low opinion of nazhir on waqf management.

As a result of this unprofessionalism, many waqf assets do not provide benefits to the community. In addition, it is also an obstacle for a candidate for waqif so he is hesitant to endow his wealth (Rozalinda, 2016).

#### 4. CONCLUSION

The management of Cash Waqf in Tabung Wakaf Indonesia is fluctuating, as explained in the table of the Cash Waqf Efficiency Index and a description of its effectiveness. This is of course a problem, because the value of the benefits obtained by the community can also be small. Therefore, there is a need for strengthening related to the management of cash waqf in Tabung Wakaf Indonesia, namely reforming institutions and regulations, increasing resources (nazhir) by conducting training and studying existing research in assessing and producing cash waqf.

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