

opción

Revista de Antropología, Ciencias de la Comunicación y de la Información, Filosofía,
Lingüística y Semiótica, Problemas del Desarrollo, la Ciencia y la Tecnología

Año 35, 2019, Especial N°

21

Revista de Ciencias Humanas y Sociales

ISSN 1012-1587/ ISSNc: 2477-9385

Depósito Legal pp 198402ZU45



Universidad del Zulia
Facultad Experimental de Ciencias
Departamento de Ciencias Humanas
Maracaibo - Venezuela

The potential of Indonesia waqf-venture in increasing welfare through islamic-socialpreneurship

Sulistiyowati¹

¹Islamic Economic Program
sulistiyowati@ibs.ac.id

Muslich Anshori^{2*}

²Postgraduate School Universitas Airlangga Surabaya, Indonesia
slich@feb.unair.ac.id

Abstract

This paper aims to present the potential Indonesia Waqf Venture (IWV) in increasing social welfare through Islamic-social entrepreneurship. This study is exploratory research, using primary and secondary data by the documentary study of stakeholders of IWV. The findings are identified and summarized that Indonesia Waqf Venture has potentials in the several elements that are a demographic factor, productive and asset waqf, legal, and also human resources. In conclusion, Pentahelix of Indonesia Waqf-Venture (IWV) model is a finding by the author's thought for an outstanding Waqf Venture.

Keywords: Indonesia Waqf-Ventura, Islamic-Socialpreneurship.

El potencial de Indonesia Waqf-venture para aumentar el bienestar a través del islamismo social islámico

Resumen

Este documento pretende presentar el potencial de Indonesia Waqf Venture (IWV) para aumentar el bienestar social a través del espíritu empresarial islámico-social. Este estudio es una investigación exploratoria que utiliza datos primarios y secundarios del estudio

documental de las partes interesadas de IWV. Los hallazgos se identifican y resumen que Indonesia Waqf Venture tiene potencial en los diversos elementos que son un factor demográfico, waqf productivo y de activos, legal y también recursos humanos. En conclusión, el modelo de Pentahelix de Indonesia Waqf-Venture (IWV) es un hallazgo del pensamiento del autor para un destacado Waqf Venture.

Palabras clave: Indonesia Waqf-Ventura, islámico-socialpreneurship.

1. INTRODUCTION

Indonesia Waqf Venture (IWV) is a venture institution funded by endowment funds initiated by Ikatan Cendekiawan Muslim Indonesia (ICMI) since 2014 and is planned to operate in 2017 (www.icmi.co.id). BWVI is categorized as a non-bank financial institution (NBF), Financial Services Authority (OJK) is waiting for the submission according to the process and regulation of the ICMI. IWV is an institution that will be focused on the Micro Small Medium Enterprise (MSMEs) both focused on business and social entrepreneurship as well as lower class people in the city, village and pesantren in particular. This is a good plan that should be appreciated by all parties in order to overcome the economic problems of Indonesia. Based on data from the Central Bureau of Statistics (BPS), the number of poor people in Indonesia in March 2017 reached 27.77 million people (10.64 percent), up 6.90 thousand people compared to the poor in September 2016 which amounted to 27.76 million people (10.70 percent).

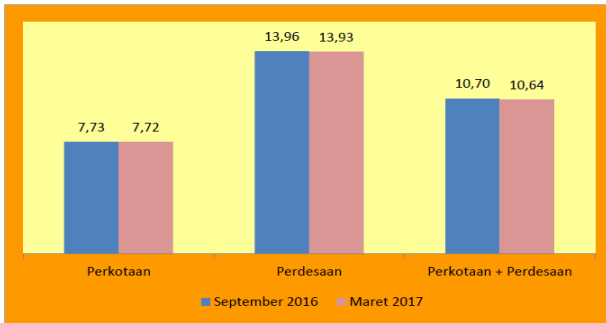


Figure 1: Poor people in Indonesia based on regions (September 2016 – March 2017). Source Central Bureau of Statistics

IWV has a target for SMEs primarily in rural areas, it is appropriate that most of the poor live in rural areas of 61.56 percent of the total poor population of Indonesia (figure 1) and it is due to an increase in population growth from year to year at present reached 261 million people. It is a good signal because this institution plays crucial roles in economic growth, venture capitalists are still less developed in Indonesia. As of February 2017, the country has only four Islamic venture capitalists and 66 conventional ones. Their total assets altogether account for less than 1 percent of total NBFi assets (Yuniarti et al., 2018). With regard to the realization of the establishment of IWV, it is necessary to mobilize the source of cash waqf for the success of this new institution. Based on the calculation of Indonesian Waqf Board (IWB), the potential of waqf funds in Indonesia reaches 120 trillion rupiah per year with the assumption that 100 million people donate 100 thousand rupiahs per month.

This potential must be optimized by the commitment of the relevant institutions. Opportunities to develop cash waqf in Indonesia

is very wide. It supported by large waqf potential because Indonesia has the largest Muslim population so that the potential of waqf is very large. But the Waqf management of surviving waqf-institutions as been traditionally poor and far from utilizing modern financial instruments, despite its enormous potential (Junaidi, 2017). According to the ICMI's plan to launch IWV, this study tries to describe the potentials of it from several aspects to increase social welfare through SMEs financing in Indonesia.

2. LITERATURE REVIEW

A venture capital company is a company that invests some of its fortunes in the form of capital/equity participation with business partners. Since the investment format is equity participation, there is no guarantee of return on investment, and that causes so-called high risk and there is a high return opportunity as well. Therefore, the most applicable contract utilized in an Islamic venture capital company is a profit-sharing agreement they are mudharabah and musharakah (Tanjung, 2018). Many researchers did the study of cash waqf recently time in Indonesia.

Junaidi (2017) explains that in general, the waqf management of surviving waqf-institutions as been traditionally poor and far from utilizing modern financial instruments, despite its enormous potential. Indonesia has waqf land as much as five times Singapore's size, but this managed simply as underproductive land. In contrast, waqf

management is the very same Islamic legal institution that has contributed to the development of the charitable trust system in the western world Gaudiosi in the (Junaidi, 2017). The plan of ICMI to adopt good corporate governance (GCG) principles in Indonesia's waqf venture, indeed place waqf as the next best thing in Islamic finance.

Rozalinda (2015) explain that business facilities provided by the waqf management institutions give communities more chances to get employed or to expand their businesses and gain more profits so increase their living standards as well. As a whole, the waqf management in West Sumatra has gone well and got supported by most community members. The only obstacle is limited cash waqf so make it rather difficult to expand the waqf assets. Therefore in order to make the ummah economic empowerment on the basis of productive waqf becomes more effective, it is suggested that the waqf management institutions introduce a money waqf movement.

Hence, Rozalinda's research in one of the provinces in Indonesia, become some description of potential waqf of Indonesia. As many purposes of the waqf above, Islamic social entrepreneurship is the proper way to reach it. The basic activity of Social Entrepreneurship is divided into two contrary things at the same time, that is socially driven and profit-driven but the most focusing activities is in social motives (Mulyaningsih, 2014). The concept of Islamic entrepreneurship centers on ensuring community well-being as the priority, which is one of the important objectives (Maqasid) of the

Islamic Shari'ah (Alam et al., 2018). As Boulven (2018) quoted by the figure below.

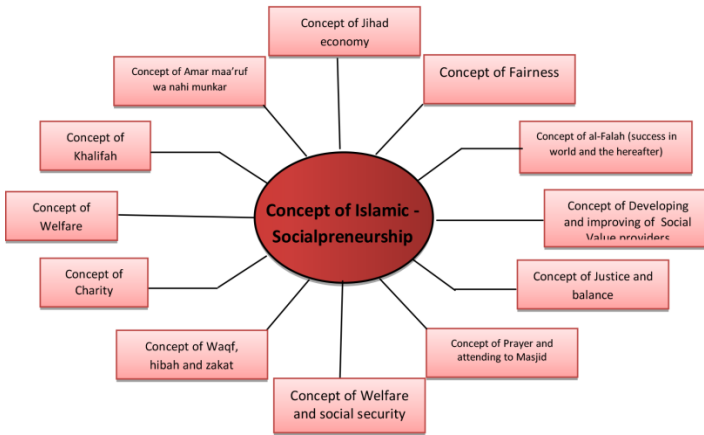


Figure 2: The Concept of Islamic-Socialpreneurship (Boulven, 2018)

By developing this model it will not only helps successful Muslim social entrepreneur to implement the Islamic Social entrepreneurship but it can also be a guide to the new social entrepreneurs to learn and practice. Moreover, findings from the participants has shown that majority of the experts and Muslim social entrepreneurs agreed and perceived the elements in Model of Islamic social entrepreneurship useful and helpful to the Muslim social entrepreneur to implement the Islamic social entrepreneurship; help to seek the pleasure of Allah SWT; help to increase the activity of Islamic social entrepreneurship in Malaysia; help to increase the awareness of

Muslim social entrepreneur (Boulven, 2018; Hidayanto, 2017; Nadrattuzaman, 2017).

3. METHODOLOGY

This study is an exploratory research, using primary and secondary data by documentary study on various science paper and websites from stakeholders of IWV, there are Ikatan Cendekiawan Muslim Indonesia (ICMI) as initiator or founder, Islamic philanthropy organization of Indonesia such as Badan Waqf Indonesia (IWB), Dompot Dhuafa (DD), Social SMEs (entrepreneurship), and Otoritas Jasa Keuangan (OJK).

4. DISCUSSION

4.1. Potential of cash waqf, properties and other productive waqf in Indonesia

Posumah said that Waqf has been taken an important role in Muslim society for a long time, as a matter of fact, not a few people thought that waqf only for land especially either unproductive land or dispute land (Perpetuity). Cash waqf indeed remains to grow along with the number and level of development of Muslim's welfare. Tohirin stated cash waqf as a relatively new method in Islamic

voluntary activities might be considered as an important avenue to contribute to the development of a more productive waqf property's management, which ultimately capable of producing various public services needed by the community. It can be implemented side by side to assist other types of waqf properties, especially buildings or lands, to enhance their productivity. It also can be implemented separately as independent waqf property directed to achieve similar purposes in the area of public services. In short, its public benefit or *maslahah* that being taken care of most.

Indonesia is a country with the larger Muslim population in the world with the percentage of 85% total population or it has about 217.142.455 Muslims. This means that Islamic culture to have a very strong impact in the country, especially waqf. The potential of cash waqf in Indonesia could reach 7,2 trillion rupiahs per year if simulated 20 million Muslims to donate a thousand rupiah per day or 30 thousand rupiahs per month. If four million Muslims earning 5 million rupiahs per month, they spend 60,000 rupiahs per month for the waqf of 2.28 trillion rupiahs worth of waqf per year. Similarly, if three million Muslims is earning 1 rupiahs to 2 million rupiahs per month and donate 10.000 rupiahs per month, it will be collected potential zakat of 360 billion rupiahs. So the potential and strength of waqf is huge and will become people's power in Indonesia.

Basyuni (2015) in the rise of Islamic economics said that the success of Waqf management is measured by how much benefit is generated for the society but in fact, some potential waqf is not given

the sustain multiplier effect yet because waqf land it has not been managed optimally. Indonesia has waqf land as much as five times Singapore's size, but this managed simply as underproductive land (Junaidi, 2017). It is showed by the number of waqf institutions concerned in the field above. Besides of cash waqf, there are also several kinds of productive waqf such as plantation, agriculture and farms; transportations; food and beverages. Furthermore, Indonesia has many active nazhirs which are influencing the rise of Islamic economic especially for eradicate poverty and tries to reach economic and social welfare for the poor.

4.2. The potential to realize the outstanding human resources as an object of SMEs Financing to create Islamic-Socialpreneurship

According to the plan, Indonesia Waqf Venture (IWV) might be established to target Small and Medium Enterprises (SMEs). In this regards, it can be used to empower SMEs especially by provide financing which cannot be accessed through the banking system due to bankability problem. The empowered SMEs will have a significant impact on some important aspects, such as more economic activities, employment, and income that can be enhanced. These will contribute to the betterment of income distribution among all segments in society. With 56.5 Million units of Small and Medium Enterprises contributed 60% of Indonesian GDP and about 97% of labor force, these SMEs

access to financial institutions only 2% of the total new units, which means about 13 million SMEs.

And if this waqf potential explored and well managed, undoubtedly Indonesia will have a tremendous economic system by optimization the small and medium enterprises to increase income and the welfare of the poor. This is what ICMI is trying to do as a strategic step through the establishment of IWV. Furthermore, Gümüşay (2014) tells his research about the role of religion in entrepreneurship and more broadly management is sparse. In this conceptual article, he complements the existing entrepreneurship theory by examining entrepreneurship from an Islamic perspective (EIP). EIP is based on three interconnected pillars: the entrepreneurial, socio-economic/ethical, and religion-spiritual. He was outlined how Islam shapes entrepreneurship at the micro-, meso, and macro-level, indicate how Islam may be considered an entrepreneurial religion in the sense that it enables and encourages entrepreneurial activity, review research streams interlinking Islam with entrepreneurship and management.

Related to the plan of the launching of IWV, it is a good thought to guide in to practice as Dewi and Kasri (2011) said that the hawalah-based financing could be used to facilitate and partnership between SMEs (muhaal), Islamic cooperative (muhaalalaih) and corporate/business-partner (as muhil). Benefits from using the scheme could further be enhanced if appropriate mechanism, risk management practices and partnership with relevant institutions (Islamic banks, government agencies and donor organizations) are in place. Surely, the establishment of IWV is good signal helping the poor to solve their economic inequality problem, it is poverty. ICMI plans the IWV could

empower the passive people transforms to productive people as facilitator cheap funding as the main program.

4.3. Opportunities of larger areas for Islamic SMEs Equity Participation by Indonesia Waqf-Venture (IWV)

As a legal company, IWV is the first Islamic venture capital based on waqf in Indonesia. In case, cash waqf position is holding an urgent role. ICD analyzes that there is an urgent need for amendments to the current law and administration of waqf in almost all Muslim countries to encourage more founders to create waqf, especially cash waqf. The cash waqf can play at least two roles in reinvigorating the old waqf properties and financing other socio-economic projects in Muslim societies. The cash waqf is a special type of endowment that differs from the ordinary real estate waqf in that its original capital consists, purely or partially, of cash. Nonetheless, similar to the current centralized administration of the immovable waqf properties the cash waqf based products and institutions may face challenges in Indonesia where the existing laws are not favorable for such activities and operations.

Hence, it is imperative that an enabling environment is created for their successful and efficient functioning. There have been some cases where some trustees changed their cash waqf schemes into trusts, endowments or foundation structures to escape from usurping the management of their cash waqf under the current centralized administration of waqf.

Meanwhile, focus on the structure of waqf venture, let us refer to (Yahya and Rustemov, 2012). They explain that Venture capital is mainly provided for early-stage and high potential growth companies in the interest of generating a high return through an eventual buyout or initial public offering. Apart from Mudaraba and Musharaka, the Wakala structure is also widely used in Islamic venture capital. In Wakala structure, an investor (as the principal) authorizes the asset manager (as its agent) to act on his behalf, based on agreed terms and conditions. A Wakala contract confers the powers and rights to the agent to act on behalf of the principal as long as the principal is alive. In order to ensure that the business and operation of the Islamic venture capital company complies with Shariah principles and requirements, a Shariah advisor should be appointed to advise and provide guidance on all matters related to the proposed investment structures and the business activities of the Islamic venture capital company.

4.4. Pentahelix of Indonesia Waqf-Venture (IWV): A Proposed Model for Indonesia

IWV integrates social and commercial finance concepts, this is the great early step because the integration between social and commercial sector can not only reduce poverty, improve social economic welfare, and increase holistic financial inclusion, but also improve financial system stability. Meanwhile, Cash waqf Nazhirs including IWB in it, from 2015 to 2017, the amounts of cash waqf registered noted by IWB is around 202 to 140 agencies throughout

Indonesia ([www. iwb.go.id](http://www.iwb.go.id)). It such a large potential to enhance the nazhir itself become more proactive according to the recent phenomenon in Indonesia. Of course, the acceleration of achieving goals, a harmonious synergy is needed among five stakeholders as pentahelix of IWV (SAFDARI et al, 2013).

IWV as a financial institution is expected to be a reference for the development of a productive waqf economy. Moreover, IWV would be the first legal entity in Indonesia based on waqf as well as Nazir including its shareholders. To all components of the nation, especially government, society, ulama, businessmen and mass organizations can play an active role and participate in the economic development of people and nations through the productive wakaf economic model. Islamic organizations in Indonesia not only focus on the main activities of da'wah and social, but also actively participate in improving the economic pillar development activities for members. So in the long-term, the activities of the organization will be intact in four pillars, there are da'wah, social, economy and education. The four pillars are expected to cultivate new entrepreneurship among the middle class and IWV would answer that challenge to increase economic and social welfare for new Indonesia (Hassan et al., 2019)

5. CONCLUSION

Indonesia Waqf-Venture (IWV) has large potentials to be a viable alternative of Islamic investment and as sources of financing for investors and entrepreneurs. The potentials of IWV itself as four big

grand elements are a demographic factor, productive and asset waqf, legal, and also human resources. Particularly in Indonesia, currently, the government is very supportive and gives recognition to the significance and importance of the Islamic SMEs industry to the Indonesian Islamic economic SDGs through cheap and easy financing for the poor through Islamic social entrepreneurship. Furthermore, for the successful implementation of IWV concepts, pentahelix model consists of five stakeholders of IWV by the author should be adopted by its official for an outstanding Islamic venture institution based on waqf in Indonesia.

REFERENCES

- ALAM, M. 2018. **Waqf as a Tool for Rendering Social Welfare Services in the Social Entrepreneurship Context**. GJAT | JANUARY 2018 | SPECIAL ISSUE. 87 ISSN: 2232-0474| E-ISSN: 2232-0482 www.gjat.my. Indonesia.
- BASYUNI, M. 2015. **The Awakening of Productive Waqf**. Maftuh. Www. IWB.go.id. Maftuh.
- BOULVEN, M. 2018. **Model of Islamic Social Entrepreneurship: A Study on Successful Muslim Social Entrepreneur in Malaysia**. MATEC Web of Conferences. Vol. 150, pp. 05-93. UK. <https://doi.org/10.1051/mateconf/201815005093> MUCET 2017.
- DEWI, M., & KASRI, R. 2011. **SMEs Financing Innovation Application of Hawalah in Islamic Cooperative (Case Study)**. International Journal of Excellence in Islamic Banking and Finance. Vol. 1, N^o 2. ISSN 2220-8291. UAE.
- GÜMÜSAY, A. 2014. **Entrepreneurship from an Islamic Perspective**, Received: 23 September 2013/Accepted: 8 May 2014/Published online: 24 May 2014 © Springer Science + Business Media Dordrecht 2014, Cross Mark. J Bus Ethics.

- Vol. 130, pp. 199–208. DOI 10.1007/s10551-014-2223-7. Germany.
- HIDAYANTO, S. 2017. **ICMI Invites Islamic Organizations to Participate in Developing People's and Nation's Economy**. ICMI News. Wwww.icmi.or.id. UK.
- JUNAIDI, E. 2017. **Waqf the next best thing in Islamic Finance**. Jakarta Post. <https://www.pressreader.com/indonesia/the-jakarta-post/20170228/281711204427356>. Indonesia.
- MULYANINGSIH, H. 2014. **Social Entrepreneurship in Islamic Social Welfare System**. DOI: 10.7763/IPEDR. 2014. Vol. 73. N^o 2. Indonesia.
- NADRATUZZAMAN, M. 2017. **Waqf Management for Social Purposes and Creating Sustained Happiness**. Indonesian Waqf Board (IWB). August 2017 delivered in Islamic finance conference. Indonesia.
- ROZALINDA, A. 2015. **The Economic Empowerment of the Ummah on the Basis of Productive Waqf in West Sumatra**. International Journal of Nusantara Islam. Vol. 03, N^o 1: 133–46. Indonesia.
- TANJUNG, H. 2018. **An Integration of Waqf and Ventura Capital: A Proposed Model for Indonesia**. Journal of Islamic Monetary Economics and Finance. Vol. 3, pp. 125 – 140. ISSN: 2460-6146, e-ISSN; 2460-6618. Indonesia.
- YAHYA, A., & RUSTEMOV, T. 2012. **Latest trends in venture capital in Islamic banking**. AZMI & Associates. Vol. 10, N^o 9. Malaysia.
- YUNIARTI, A., FAUZIAH, R., ALATAS, H. 2018. **Combining Waqf**. Fin Tech and Venture Capital. Jakarta. Indonesia. Post, September 5th 2017, <https://fauziahrizkiyuniarti.wordpress.com/2018/02/20/combining-waqf-fintech-and-venture-capital/>.
- Hassan, M. N., Abdullah, A. H., Ismail, N., Suhud, S. N. A., & Hamzah, M. H. (2019). **Mathematics Curriculum Framework for Early Childhood Education Based on Science, Technology, Engineering and Mathematics (STEM)**.

International Electronic Journal of Mathematics Education,
14(1), 15-31. <https://doi.org/10.12973/iejme/3960>

SAFDARI, M., ARAB, B. A., & BAGHERI, G. A. (2013).
Realization of economic justice through teleworking, UCT
Journal of Management and Accounting Studies, 1(1): 11-13.



**UNIVERSIDAD
DEL ZULIA**

opción

Revista de Ciencias Humanas y Sociales
Año 35, Especial N° 21, (2019)

Esta revista fue editada en formato digital por el personal de la Oficina de Publicaciones Científicas de la Facultad Experimental de Ciencias, Universidad del Zulia.
Maracaibo - Venezuela

www.luz.edu.ve

www.serbi.luz.edu.ve

produccioncientifica.luz.edu.ve