



**MANAGEMENT OF BAITULMAAL MUAMALAT (BMM)
EAST JAVA REPRESENTATIVE IN MANAGEMENT OF PRODUCTIVE
WAQF IN THE REAL SECTOR**

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Abstract

This study aims to analyze the management of productive waqf in the real sector by highlighting the partnership between Baitulmaal Muamalat (BMM) and Ayam Bakar Pak D outlet Kartini, Sidoarjo. This study uses a qualitative approach through a field study method to explore the implementation of productive waqf management applied by BMM. Primary data was obtained through in-depth interviews with BMM managers, while secondary data was taken from internal documents and related publications. Data analysis was carried out using the Bogdan and Taylor interactive model. The results of the study indicate that the management of productive waqf in the real sector at the outlet is quite effective, with the implementation of management functions including planning, organizing, actuating, and controlling. The benefits generated from this partnership have contributed to improving the socio-economic welfare of the community. However, there are obstacles in the form of a lack of diversification of management sectors and operational challenges that require a thorough evaluation. The implications of this study highlight the importance of developing innovations in Sharia business models and optimizing partnerships in supporting the sustainability of productive waqf.

Keywords: Productive Waqf, Economic Partnership, Baitulmaal Muamalat, Sharia Management



INTRODUCTION

Waqf is one of the important instruments in Islamic teachings that connects religious aspects with the socio-economic dimensions of Muslim society. Conceptually, waqf functions as a bridge for vertical relationships with Allah (*hablum minallah*) and horizontal relationships with fellow human beings (*hablum minannas*). Although the Qur'an does not explicitly mention the term waqf, this concept is interpreted by scholars from verses that encourage charity and ongoing charity, such as QS. Ali Imran (3): 92 and QS. Al-Hajj (22): 77 (Shalehah, 2022).

Along with the development of the times, waqf management has undergone a dynamic transformation to meet the needs of modern society. One of the innovations that has emerged is cash waqf which is managed productively, known as productive waqf. Through this model, waqf is not only a means of worship but also contributes to the development of a sustainable Islamic economy. Productive waqf has great potential in reducing socio-economic disparities, supporting micro and small businesses, strengthening the local economy, and encouraging the distribution of social justice through optimal management of assets.

However, in Indonesia, the management of productive waqf has not been fully utilized optimally. Based on data from the Indonesian Waqf Board (BWI), the potential for cash waqf in Indonesia is estimated to reach IDR 180 trillion per year, but in 2023, the accumulated realization was only around 2%, which is IDR 2.23 trillion (Contributor, 2024). One of the main obstacles is the low level of public literacy about cash waqf, coupled with the complexity of financial instruments such as Cash Waqf Linked Sukuk (CWLS), Sukuk Linked Waqf (SLW), and Cash Waqf Linked Deposit (CWLDD).



Nevertheless, there has been an increase in the performance of waqf management in Indonesia. Until 2023, the area of waqf land was recorded to have reached 57,263 hectares spread across 440,512 locations. The number of waqf institutions has also increased to 407 institutions, supported by 44 Islamic banks integrated into the national waqf ecosystem (BWI, 2023). One of the institutions that is active in waqf management is Baitulmaal Muamalat (BMM). In addition to acting as a zakat institution, BMM also acts as a waqf *nadzir* with various innovative programs such as waqf for religious teachers, educational waqf, Al-Qur'an waqf, and productive waqf for the real sector.

In 2022, the BMM East Java Representative took a strategic step in managing productive waqf by partnering with the Ayam Bakar Pak D outlet in Sidoarjo. Through investment in this real sector, the management of waqf funds is expected to generate sustainable profits. The profits are allocated for various social programs, such as the distribution of Al-Quran manuscripts, renovation of places of worship, food assistance, and capital for MSMEs.

Based on this background, this study aims to analyze the effectiveness of productive waqf management by BMM, especially through partnerships in the real sector, and to explore its impact on improving the socio-economic welfare of the community.

LITERATURE REVIEW

Management

According to James AF Stonner, "Management is the process of planning, organizing, directing, and supervising the efforts of members of the organization and the use of other organizational resources to achieve predetermined goals"



(Amri, 2022). Based on this definition, management functions include five main activities: 1) **Planning**: Determine targets and objectives, and formulate strategic steps so that objectives can be achieved; 2) **Organizing**: Prepare planned activities and distribute tasks and responsibilities to ensure smooth program implementation; 3) **Staffing**: Managing human resources, including selection, training, and development of workforce capabilities; 4) **Motivating**: Provide direction and encouragement to ensure all activities remain focused on organizational goals; 5) **Controlling**: Carrying out supervision, evaluation, and control of activities that have been carried out, and taking necessary corrective actions (Terry & Rue, 2019).

Apart from these functions, there are five important elements in management known as 5M, namely: 1) **Man (Human)**: The main element in running and advancing an organization; 2) **Money**: An important foundation for the implementation of every organizational activity or program; 3) **Machine (Machine)**: Includes equipment, logistics, and technology that support organizational activities; 4) **Materials (Materials)**: Resources required for the production process or provision of services, which require efficient management of materials; 5) **Method (Method)**: The approach used in implementing activities, taking into account targets, facilities, time, funds, and activity processes (Amri, 2022).

The main objectives of management are to ensure business sustainability, maximize profits, create jobs, obtain investment, and support sustainable business growth (Siswanto, 2018). With optimal utilization of resources, these objectives can be achieved effectively.



Productive Waqf

In terms of language, waqf means "to hold", namely to hold property so that its benefits can be utilized, while the form of the property remains intact. Waqf is only intended for things that do not conflict with sharia to obtain Allah's pleasure. After being waqf, the property legally changes ownership from the wakif, so that it can no longer be claimed by the wakif (Afifuddin, Rosyidah, & Sutrisno, 2021).

Productive waqf refers to the use of waqf assets for production activities. The results of these activities are allocated to support social and religious goals that are in accordance with Sharia principles. Productive waqf provides long-term benefits to beneficiaries. For example, cash waqf can be invested in economic, educational, and health activities to reduce poverty (Satyawan, 2018).

According to Muhammad Syafi'i Antonio (in Sirojudin & Munir, 2015), the main characteristics of productive waqf are: 1) Integrated management pattern; 2) Based on the principle of *Nadzir's* welfare; 3) Have social responsibility; 4) Supporting economic transformation through waqf empowerment.

Real Sector

The real sector includes economic activities directly related to the production of goods and services. This sector includes agriculture, industry, mining, tourism, construction, trade, and services. The performance of the real sector is an important indicator of a country's economic health. The growth of the real sector contributes to increased income, job creation, and sustainable economic development.



As a sector that supports economic growth, the real sector has a strategic role in increasing productivity and public welfare. Therefore, the sustainability of the real sector is a priority in national economic policy.

RESEARCH METHOD

This type of research is field research with a descriptive qualitative approach. According to Bogdan and Taylor (1975), qualitative research methods are research procedures that produce descriptive data in the form of written or spoken words from individuals and observable behavior. This approach is aimed at understanding the background and individuals as a whole, without isolating individuals into variables or hypotheses, but rather viewed as a whole (Agusven et al., 2023). This approach was chosen because of its relevance in exploring and understanding the management process of productive waqf management in the real sector carried out by Baitulmaal Muamalat.

Primary data in this study were obtained through in-depth interviews and participant observation. Interviews were conducted in a semi-structured manner using an interview guide prepared based on the research objectives. The main sources included the Head of BMM East Java Representative, Mr. Alib Bagus Suyoto, SE, and BMM staff such as Mr. Galeh Pujonegoro and Mr. Virli. Observations were conducted directly in the BMM work environment to record the management process of productive waqf management in the real sector. The focus of observation includes interactions between team members, work mechanisms, and implementation of productive waqf programs.

Secondary data were obtained from official documents of Baitulmaal Muamalat, books, journal articles, reports, program plans, and other literature



sources relevant to the management of productive waqf and the real sector. This data is used to support and complement primary data to provide a more comprehensive understanding of the research context.

Informants were selected using the purposive sampling method, namely based on certain criteria that are relevant to the research. These criteria include the capacity of respondents as decision-makers, contributions in managing productive waqf, and an in-depth understanding of the real sector. The number of respondents interviewed was three people, who were selected based on considerations of role representation and experience in managing productive waqf.

To ensure the validity of the data, this study uses source and method triangulation techniques. Source triangulation is done by comparing information obtained from interviews, observations, and official documents. Method triangulation is done by combining interview techniques, observations, and document analysis to verify the consistency of the data obtained.

The data obtained were analyzed using thematic analysis techniques. The first step was to identify the main themes that emerged from the interview and observation data. Next, the data were grouped into categories based on their relevance and suitability to the research objectives.

Interpretation is done to understand the meaning of the data that has been analyzed. After researchers gain a deep understanding of the management of productive waqf in the real sector, conclusions are drawn based on the patterns and thematic relationships found.

This study was conducted following the principles of research ethics. Before data collection, all respondents were given informed consent explaining



the purpose of the study, their right to confidentiality, and the freedom to discontinue participation at any time. The data obtained were kept confidential and used only for research purposes.

With this systematic approach, the research is expected to produce credible findings and provide significant contributions to the development of theory and practice of productive waqf management in the real sector.

RESULTS AND DISCUSSION

Baitulmaal Muamalat (BMM)

Baitulmaal Muamalat (BMM) is an Islamic philanthropic institution that functions as the National Zakat Amil Institution (LAZNAS) as well as a legal entity waqf nadzir. BMM was established on June 16th, 2000, to collect and distribute zakat, infak, sedekah (ZIS), and other social funds in a trustworthy and competent manner. In 2001, BMM was officially recognized by the government as LAZNAS. BMM's commitment can be seen from various programs that support community empowerment, such as productive financing for MSMEs which began in 2006.

To ensure the quality of service, BMM obtained ISO 9001:2008 certification in 2011. The award of "Best Empowering in Economics" in the same year confirmed BMM's role in empowering the community's economy. In 2012, the Indonesian Waqf Board (BWI) approved BMM's status as a waqf *nadzir*, which allows BMM to manage and develop productive waqf. Furthermore, in 2019, BMM implemented PSAK 112 to increase transparency in waqf fund management.

Vision and mission

Vision: To become a national zakat collector who is independent, professional, and superior in facilitating zakat payers following sharia and improving the welfare of *mustahik*.

Mission:

1. Developing technology-based governance in zakat and waqf management.
2. Improving human resource competency.
3. Building strategic alliances for institutional sustainability.
4. Providing easy zakat services according to sharia.
5. Developing empowerment programs for the welfare of *mustahik*.



Figure 2
Baitul Management Structure



The management of productive waqf has undergone significant development since the time of the Prophet Muhammad SAW. Initially, the Prophet Muhammad SAW donated his land to build a mosque, an early example of the concept of productive waqf. Then, Umar bin Khattab followed in the footsteps of the Prophet Muhammad SAW by donating a fertile garden in Khaibar, the results of which were used for the benefit of the community after receiving instructions from the Prophet Muhammad SAW. Likewise, other companions such as Utsman bin Affan and Ali bin Abi Thalib also donated part of their wealth to be managed and the results were used for the benefit of the community (Zainal, 2016).

In this historical context, productive waqf began to show great potential as a social financial instrument that not only functions as a charity but also as a resource that can be utilized to improve the welfare of the community. However, in its development in the modern era, especially after the fatwa of the Indonesian Ulema Council (MUI) and Law No. 41 of 2004 concerning Waqf, waqf management is now increasingly complex. Cash waqf management, which was introduced in the MUI fatwa (2002), provides new opportunities, where money as an object of waqf not only functions as a means of exchange but also as a commodity that can be developed into a productive investment.

Cash Waqf Management Analysis

Cash waqf is one of the innovations in waqf management that changes the old paradigm of waqf which is only limited to land or property. With the introduction of cash waqf, Muslims can now participate in waqf with a more affordable nominal value, and this can even be done through financial instruments such as securities. According to the MUI (2002), the principal value



of cash waqf must be maintained, it cannot be sold, donated, or inherited. The implementation of this concept is further facilitated by the presence of the Indonesian Waqf Board (BWI) which became a pioneer in the cash waqf movement in 2010 (Astuti, 2022). This movement aims to change the paradigm of waqf to be more productive by opening investment opportunities in various social, educational, and economic sectors.

However, although cash waqf provides new hope, the challenges faced in its implementation remain significant. One of them is the issue of transparency in the management of waqf funds, as well as the need for stricter supervision so that the results of waqf management can truly provide maximum benefits for the community. Therefore, innovation in waqf management must be accompanied by increased institutional capacity and professionalism of waqf managers.

The Strategic Role of Waqf Institutions in Managing Productive Waqf

Effective waqf management requires a professional institution that has two important roles, namely as a non-governmental organization (NGO) and a sharia financial institution (LKS). Waqf institutions not only function as managers of social funds, but must also have sufficient managerial capabilities to manage waqf assets productively. This requires waqf institutions to have a transparent, accountable, and sustainable management system. In this context, Baitulmaal Muamalat (BMM) as one of the institutions that manages productive waqf, has implemented various strategies to ensure that waqf management can have a positive impact on society.

Waqf Management Strategy by Baitulmaal Muamalat

BMM has successfully managed productive waqf by implementing a holistic approach. The strategies implemented include strengthening branding,



diversifying waqf products, increasing transparency, and collaborating with various parties, including the government and related institutions. BMM also proposed the concept of micro waqf, which allows for small donations, as well as more personal thematic waqf, to involve more community participation.

However, in addition to these achievements, BMM also faces several challenges in managing productive waqf, especially those related to risk management. In this case, the risk of fluctuations in the real sector business and personnel changes can affect the continuity of the program. Therefore, BMM needs to focus more on risk management, such as through hedging mechanisms and periodic evaluations to minimize potential losses that may occur.

Selection and Management of Investments in the Real Sector

In 2022, BMM decided to invest in the real sector by choosing a trusted business partner, namely the Ayam Bakar Pak “D” outlet in Sidoarjo. This selection was based on a thorough analysis of the potential profits and social impacts that could be generated. In managing this investment, BMM applies the principle of targeting accuracy, which refers to the selection of partners who can manage waqf funds well. Based on an interview with the Director of BMM Waqf, Mr. Galeh Pujonegoro, this program is considered quite on target because it pays attention to important aspects such as risk analysis, transparent management, and business sustainability.

However, although investment in the real sector has great potential, challenges such as the risk of fluctuations in the real sector business and personnel changes must continue to be considered so that the management of waqf funds continues to run effectively. Therefore, BMM needs to continue to monitor and



evaluate periodically so that the resulting socio-economic impact remains optimal.

Waqf Management: A Holistic Approach

BMM has demonstrated a strong commitment to improving the socio-economic welfare of the community through the management of productive waqf. The programs implemented, such as the distribution of Al-Qur'an copies, mosque renovation, food assistance, and capital assistance for MSMEs, have had a positive impact on the community. However, to ensure the sustainability of this program, a more in-depth evaluation is needed regarding the effectiveness and long-term impact of waqf management. The author suggests that BMM conduct further analysis related to the socio-economic resilience of the beneficiary community, as well as evaluating the factors that influence the sustainability of the program.

CONCLUSION

The management of productive waqf carried out by Baitulmaal Muamalat shows great potential in improving the welfare of the people, but the challenges faced in its implementation still need to be taken seriously. Transparent management, proper risk management, and program sustainability must be the main focus in the management of productive waqf in the future. With the right strategy, productive waqf can become a resource that not only provides short-term benefits but also provides sustainable socio-economic impacts for Muslims.

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