

Sustainability of Cash Waqf Development in Indonesia: A Quintuple Helix Perspective

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Abstract

The objective of this paper is to analyze the sustainability of cash waqf (endowment) development in Indonesia from a quintuple perspective. Waqf can be in the form of productive assets (either current or fixed) or non-productive fixed assets. The method of this research uses qualitative research based on a literature review and in-depth interview with some top management of cash waqf management. Quintuple helix analysis is used to see relations among aspects which support waqf development. The result shows that cash waqf needs support from many aspects in order to maintain its sustainability. Knowledge creation and innovation from related aspects can strengthen the sustainable development of cash waqf in any form. Educational, economic and political systems are identified as important aspects which support sustainability.

Keywords: Sustainability, cash waqf, knowledge creation, innovation.

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1.0 INTRODUCTION

Waqf (or Islamic endowment) has a significant role in empowering the Muslim economy (Mannan, 2005; Mannan, 2011; Muhith, 2013). Waqf assets must be sustainable during a period of time. It must be able to generate income for specific beneficiaries. However, waqf needs support from many aspects, especially government, to provide the system and regulation. Society should be educated on the importance of waqf, besides it having a diverse type based on the current context need. Knowledge creation is needed for each aspect to collaborate and to support cash waqf development.

To see a collaboration of each aspect which supports waqf development, a quintuple helix analysis can be useful. It employs five related aspects to support sustainable development of cash waqf in Indonesia. Those are educational, economic, environmental, media and political systems.

The paper firstly discusses the introduction of how cash waqf can create knowledge creation for each supporting factor. Second is the literature review on cash waqf development and quintuple helix analysis. The third is research methodology, which explains how the research is conducted. The fourth is the analysis. Last not but least is the conclusion.

2.0 LITERATURE REVIEW

The development of cash waqf has been significantly increased since Act No. 41/2004 was issued. Some new waqf institutions have been established to accommodate the need of society on waqf. Thus, the variety and kind of waqf have also occurred. In general, the Act supported cash waqf, which is based on money, and managed productive assets such as money and capital markets or fixed assets (Qahar, 2000; Nasution, 2005; Mubarak, 2008). But some money is still allocated to unproductive assets such as houses for orphans, bridges, and hospitals (Hasanah, 2011).

This cash waqf growth involved many aspects, e.g., government, private, society, media, and others. The important issue on waqf is on sustainability and preservation. This may also affect the natural environment with which to be concerned. A similar sample was conducted by Ustman bin Affan, who had a dates plantation in the 7th century. The income generated from that plantation was transferred to a bank account and given to beneficiaries. The account was managed by the Department of Agricultural Arab Saudi. From that generated income, a hotel was built which can contribute 50 million Saudi Riyal per year (equivalent to 14 million USD). At the beginning, waqf was practiced in the form of a plantation. This was also conducted by Prophet Muhammad PBUH, who gave seven dates plantations in Madinah (Departemen Agama RI, 2008; 2013a; 2013b).

Waqf has perpetual value and may be eternal if it is managed properly. Even though the location of waqf was acquired by imperialists in the case of the colonization period, Kozlowski (1985) emphasized good administration of waqf in case the country was taken by a non-Muslim country, such as in India. This also occurred in Jerusalem when it was acquired by British colonialists (Reiter, 1996). The eternal

value of waqf has become a concern in waqf practices today (Newman, 2005). The problem may become complex when the value of money decreases compared to commodity value.

Acharya & Dimson (2007) and Clark (2009) analyze waqf in universities in the UK as being in the form of money and capital markets. But in developing countries like Malaysia, it may be different (Azha *et al.*, 2013; Ibrahim & Muhammad, 2013). It can be based on a banking model (Ramli & Jalil, 2013), or in Indonesia (Bamualim & Abubakar, 2005) it can also be in capital markets (Wardhani, 2011). In Indonesia, waqf funds can also be used for social loans for small enterprises (Tanjung & Wajidi, 2010). In Singapore, waqf is dominantly in the form of property such as malls and apartments (MUIS, 2012; Karim, 2007). In Singapore, the allocation of waqf may be changed based on priority, which actually may not be allowed but permitted based on strong reason (Khosyi'ah, 2010).

To maintain the sustainability of waqf, it needs support from many aspects (as stated above), e.g., government, private and universities as the center of education. This three-pronged collaboration is known as the triple helix (Etzkowitz, 2007). In general, Al-Tabbaa *et al.* (2013) commented that collaboration between the private and public sector is quite important. Then, if it involves culture, society and media, it is known as the quadro helix, while the quintuple helix is the environment. In figure 1, the quintuple helix covers other parts, including the previous helix. Sustainability occurs if there is production, knowledge and innovation (Carayannis & Campbell, 2011; 2012). The transition creates innovation with an incentive for the next innovation (Park, 2014; Carayannis & Rakhmatullin, 2014; Carayannis, Barth & Campbell, 2012). In stakeholder theory, an organization is also accountable to other aspects, even though it does not have a direct relationship, but it may have an indirect relationship (Fassin, 2008). A good organization should be able to identify aspects that may have a relationship with their activities (Freeman, 1984; Fassin, 2009).

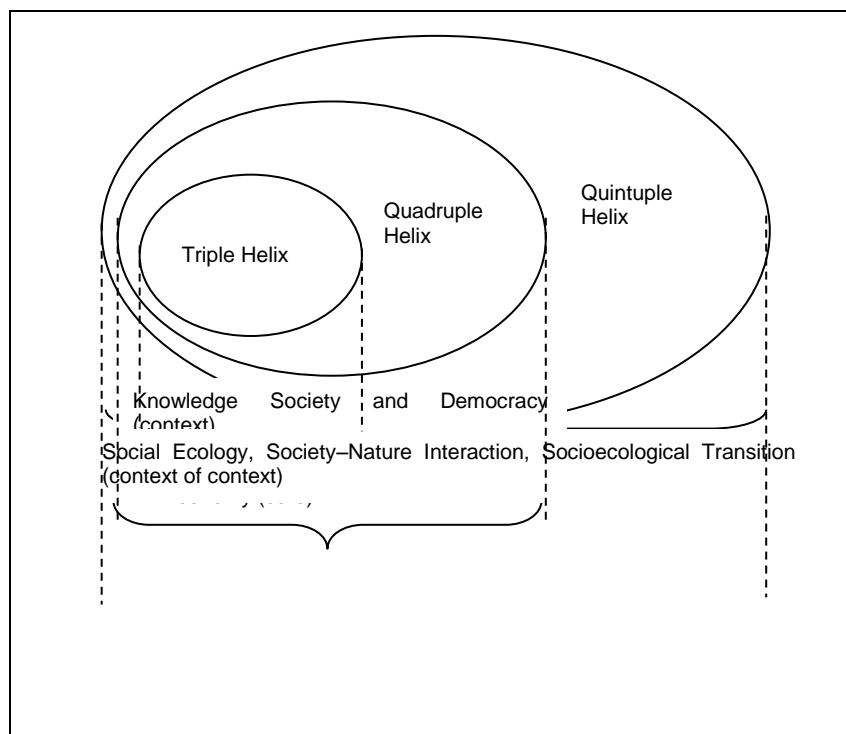


Figure 1 Transition from triple to quintuple helix
Sources: Carayannis & Rakhmatullin (2014); Carayannis, Barth & Campbell (2012)

A quintuple helix may cause knowledge creation continuously, then innovation with sustainable development. Carayannis, Barth & Campbell (2012) gave an illustration on the five-helix relationship in the case of global warming, as follows (refer to figure 2):

1. Education investment in global warming is quite important. This can create expertise in this area.
2. Create a qualified economy and concern with the environment.
3. Input from green economics would protect nature and enhance environmental education.
4. Input on lifestyle, which concerns the environment, and affects media, culture and society.
5. Increasing lifestyle and society satisfaction. Output would emphasize politics and policy, which support education. Each phase creates innovation, which preserves sustainability.

This scheme can be applied also in the case of cash waqf in Indonesia because it needs cooperation from some aspects (as stated above). The interactive process can support the development of cash waqf in Indonesia. Each aspect can have knowledge creation, which comes from input and generates output. This also creates innovation to make sustainable development for cash waqf in Indonesia.

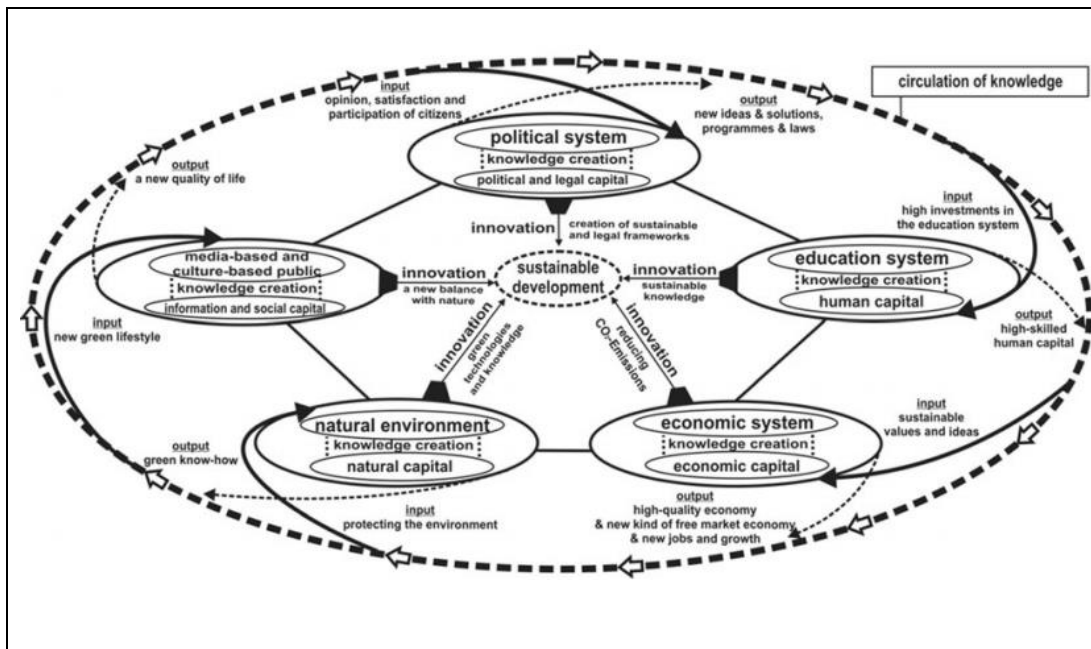


Figure 2 Impact of education investment on sustainability
Source: Carayannis, Barth & Campbell (2012)

3.0 RESEARCH METHODOLOGY

The research applied a qualitative method based on in-depth interviews with and observations of waqf institutions. It is a case study which refers to Gerring (2007), while the research design refers to Creswell (2009). The informants comprise top management and customer service of waqf management. Topics discussed with top management include strategy of waqf institutions in allocating waqf funds, cooperation with other aspects, and the stakeholder and internal management program. Topics discussed with customer service include the administration system, waqf allocation, and reporting to waqf payers. The interview is based on a semi-structure with open questions whenever necessary. The researcher also participated in contributing waqf funds, which can be a tool to see how waqf institutions treat their customers. An observation can be passive as the researcher was not involved in the sample activities. Triangulation in this research is conducted by technique, using different means to get the data. Data analysis is based on Miles & Huberman (1994).

The sample in this research comprised three waqf institutions in Indonesia. One is an independent institution, and the other is still in division and under zakat organization. For independent waqf, which only focuses on waqf management, it may be difficult to get operational funds if the total waqf funds are still at an economic level. It is only the generated income of waqf funds which can be used for operating cost and beneficiaries.

4.0 ANALYSIS

The cycle of circulation of knowledge may not be in a sequence as the process may be random but continuous. They have the same goal: to create innovation, which can cause sustainable development. The explanation is as follows:

a. Education system

Education can be interpreted as the waqf topic being informed in education materials in Indonesia. This can be started from junior high school. Students at that level must be introduced to the importance of waqf. The Indonesian education system has a dual system: general and religion-based (Islamic). In an Islamic boarding school (Pesantren), waqf is introduced as their building and property may be based on waqf. Many new buildings in Pesantren were established using the waqf scheme. This also occurs until undergraduate level, which is in Islamic school.

At undergraduate level, the issue of waqf is introduced in an Islamic economic program on the general campus. But the composition may not be so big compared to other topics. Waqf is also disseminated through conferences and websites such as Twitter. Each waqf institution has Twitter — they usually discuss their waqf routine daily.

In the input aspect, waqf must have high investment in order to be socialized better, which then would generate high knowledge of waqf in society. Knowledge creation is human capital. If the awareness of waqf from the education system is succeeded, it can influence the paradigm of people being aware of waqf. Therefore, the number of waqf payers will increase. Innovation in this aspect is sustainable knowledge in waqf awareness. So far, the achievement has still been very low, but it has a positive trend.

b. Economic system

The Waqf Act was issued in 2004, and then government established waqf institutions in 2007, namely Badan Wakaf Indonesia (BWI). But the private waqf institution was established in 2005. This shows that the private sector was more aggressive in responding to the Act.

Rumah Wakaf Indonesia was established in 2013, which is an independent waqf institution focused on waqf development. However, Rumah Yatim is actually a zakat organization which has a waqf program for orphanage buildings — this uses the waqf scheme. It was established in 2007. Daarut Tauhid is a foundation which focuses on Islamic education, which was established in 1990. The waqf division was established in 2008, but many programs used the waqf scheme before the division was established. There are many ways to develop waqf, as it has varied characteristics. It needs an idea to boost waqf funds, which also can cause concern on waqf increasing. Knowledge creation in this aspect is economic capital. Waqf needs big capital to meet economies of scale and generate big income to be allocated to beneficiaries. To be sustainable, waqf funds must be increasing in a big amount. In fact, it is still very low but it has a positive trend.

c. Media-based and culture-based public

Waqf concerns may be related to media and society, who are also aware of waqf. Therefore, it needs socialization for the society in order to be aware of waqf. Knowledge creation is on information and social capital by media and society to shift the paradigm from private to public.

d. Natural environment

One type of waqf scheme concerns plantation, farming and plant conservation. This includes natural environment aspects in the quintuple helix. This also is based on the first case example of waqf, which was on dates plantation. The output is preserving the plantation or natural environment. Knowledge creation in this aspect is natural capital. So far, there have not been many waqf institution concerns in this area.

e. Political system

In order to be effective, waqf needs political support from government. This can be in the form of regulation. Rumah Yatim is coordinated with the mayor of Bandung city in providing their services. If the infrastructure is also supported, it is easier for better waqf development.

Table 1 Quintuple helix circulation knowledge of waqf institution

Component	Input	Output	Knowledge Creation	Innovation	Indicator +/-
Education system	High investment in education system	High knowledge in waqf	Human capital	Sustainable knowledge	Very low/+
Economic system	Sustainable ideas and funds	Waqf concerns increasing	Economic capital	Waqf fund increasing	Very low/+
Media-based and culture-based public	Waqf concerns	Long-term-minded	Information and social capital	Shifting paradigm from private to public	Very low/+
Natural environment	Plantation, farming	Preserving plantation	Natural capital	Varieties of waqf plantation	Very low/+
Political system	Support from private, society	Regulation, infrastructure	Political and legal capital	Creation of legal framework	Very low/+

Each aspect must support simultaneously and continuously to create knowledge creation in each aspect of the quintuple helix. Important aspects in the case of cash waqf development include education and media-based and culture-based public and economic systems. In figure 3, the size of the oval may show important aspects from a quintuple helix perspective. However, these can be the important aspects for waqf to reach sustainable development, but the lowest indicator. This can be caused by some factors as follows:

a. Cash waqf is still fairly unknown by the society of Indonesia.

The Act of waqf was issued in 2007, which is quite recent. Thus, not many people are aware of waqf. In the case of zakat, the Act was issued in 1999. But the private zakat institution was established in 1994, Dompot Duafa, while the governmental zakat institution was in 1968, Bazis DKI. But on a national level, the national zakat organization was established in 2001. So far, the achievement target has still been low. Compared to waqf, it needs some time to be made aware of by society.

b. Education system still majorly refers to the profit sector in Indonesia.

Most education curricula still focus on the profit sector. In faculties of economics in Indonesian universities, non-profit subjects are not offered in all programs. In fact, in advanced countries like the USA, non-profit subjects are offered as an obligatory subject under the management and accounting program. There should be proportional subjects for the non-profit sector so that students are more concerned with this area, especially waqf.

c. Lack of massive promotion and socialization to society.

To be known by society, it needs massive and far-reaching promotion through advertisements and socialization to society. This actually must be conducted by government. Government also has waqf institutions. Waqf benefits government as it can solve social problems in society.

d. Lack of good example from top leader of government of Indonesia.

To involve societal participation in the waqf program, it needs a role model in the form of a top leader of government of Indonesia. This is because society needs an example of a top leader to be followed. Previously, the president of Indonesia practiced in paying

zakat maal, which was followed by other top leaders in the government. In the case of waqf, at the age of Prophet Muhammad PBUH, he directly gave his property to be converted into waqf assets.

If constraints above can be solved effectively, circulation of knowledge on waqf can increase significantly. Not all aspects have proportional contribution to innovation, which can create sustainable development of waqf. As stated above, if three main aspects can be boosted to increase knowledge creation, it will affect other aspects in order to contribute as well.

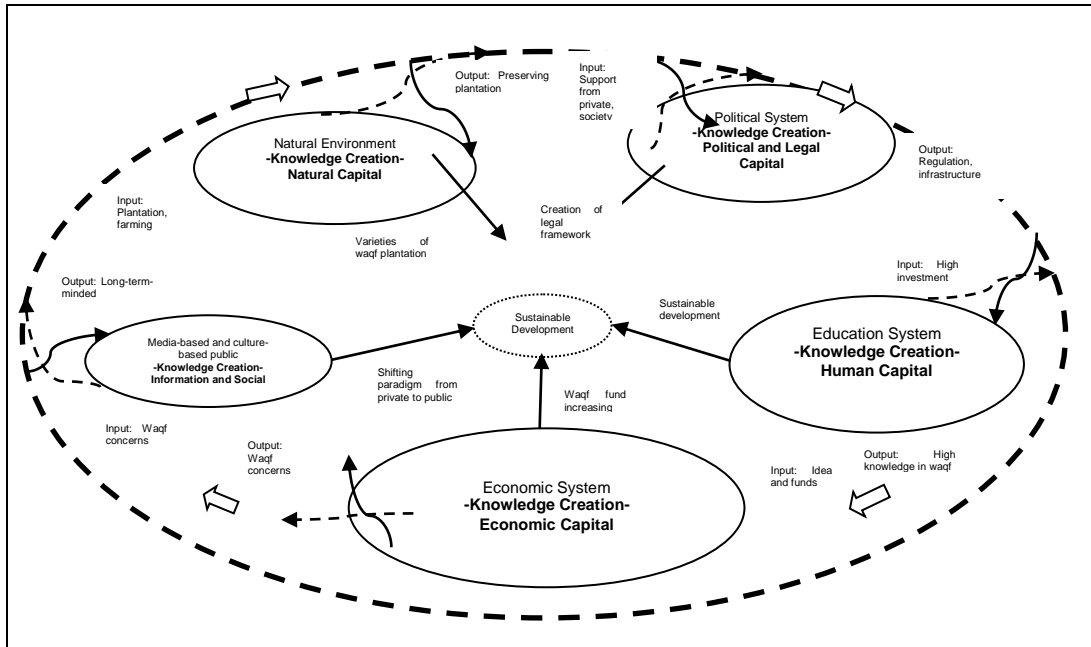


Figure 3 Quintuple helix on waqf sustainability

5.0 CONCLUSION

Waqf as part of the solution to improve the social problems in Indonesia still may face some constraints. Using the quintuple helix approach, we can see which aspect must be concerned and emphasized to increase the sustainable development well. Three main aspects should be emphasized and concerned in order to create sustainability in cash waqf in Indonesia.

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