

**ANALYSIS OF WAQF MANAGEMENT  
AND ITS IMPACT ON COMMUNITY WELFARE  
(Case Study at the Waqf Utilization Council PC Muhammadiyah Majenang)**

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**Abstract**

*This research aims to analyze the optimization of waqf management at the PC Muhammadiyah Majenang Waqf Utilization Council based on Law Number 41 of 2004 concerning Waqf, and examine its impact on community welfare. Effective and efficient waqf management is expected to increase the contribution of waqf in social and economic development. This research method uses a qualitative approach with descriptive analysis. Data was obtained through literature studies, interviews with related parties, field observations, and documentation. The results of this research indicate that the implementation of Law no. 41 of 2004 still faces various challenges, such as a lack of public understanding about waqf, limited human resources, and low transparency and accountability in waqf management. However, with the right optimization strategy, such as increasing the capacity of nazhir (waqf managers), using information technology, and collaborating with sharia financial institutions, waqf management can be more effective and have a positive impact on community welfare. This research concludes that optimizing waqf management based on Law No. 41 of 2004 can make a significant contribution to improving community welfare, especially in the fields of education, health and the economy.*

**Keywords:** *Waqf management, Law Number 41 of 2004 Concerning Waqf, Community Welfare.*

**A. Introduction**

Waqf management mentioned in this research must at least follow the provisions stipulated in Republic of Indonesia Law Number 41 of 2004 concerning waqf nazir. This provision emphasizes that the waqf nazir is responsible for managing and developing waqf assets with the aim of utilizing waqf assets in accordance with their function. This includes realizing the potential and economic benefits of waqf assets for religious purposes and improving general welfare.<sup>1</sup>

In Indonesia, waqf is regulated in statutory regulations. Historically, there are two types of legislation regarding waqf: those promulgated by the Indonesian government and those promulgated by the Dutch government. Birth of Law Number 41 of 2004 concerning waqf is expected to strengthen regulations regarding the management and development of waqf assets. Based on data from the Waqf Information System (SIWAK), the potential for waqf land in Indonesia reaches 432,760 locations with a total area of 56,447.17 Hectares. According to the Indonesian Waqf Board

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<sup>1</sup> Jaharudin, *Manajemen Wakaf Produktif: Potensi, Konsep, dan Praktik*, (Jakarta: Kaizen Sarana Edukasi, 2020), hal. 126.

(BWI), the potential for cash waqf in Indonesia reaches IDR 180 trillion per year from a total population of 272,229,372 people. Waqf has been known and implemented in Indonesia since Islam first entered this country. However, the management of waqf is still not productive because its use is mostly consumptive, such as for mosques, prayer rooms, cemeteries, and schools.<sup>2</sup>

Waqf management can also be carried out by social religious organizations such as Muhammadiyah. Founded in 1912 by KH Ahmad Dahlan, Muhammadiyah plays an important role in the development of education, health and social philanthropy, especially in managing waqf. Muhammadiyah has a waqf management system which is carried out at several levels, namely Central Leadership, Regional Leadership, Regional Leadership, Branch Leadership and Branch Leadership. One of the waqf assets managed by Muhammadiyah throughout Indonesia is obtained from the purchase of productive waqf surpluses that have received legitimacy from the government, managed professionally and productively. Treasure Waqf management at Muhammadiyah is influenced by the large number of assets that are properly recorded and validated by the Waqf and Assets Council.<sup>3</sup>

One of the efforts to manage waqf in PD Muhammadiyah Cilacap Regency is at least 356,102 M<sup>2</sup>, while the location of waqf land in Majenang District which is managed by the Waqf Utilization Council of PC Muhammadiyah Majenang with an area of 63,706 M<sup>2</sup>, PC Muhammadiyah Majenang is trying to manage the waqf land to be more productive and provide benefits. for society. From this waqf land, schools and mosques have been built. However, there are also waqf lands that are still neglected and their management has not been carried out optimally and productively. Apart from that, it is not yet known whether the management is in accordance with Law Number 41 of 2004 concerning Waqf or not. Seeing this phenomenon, researchers wanted to research further regarding the management of waqf.

## **B. Literature Review**

In this research review, the author includes a number of previous studies that are relevant with the title "Analysis of the Suitability of Waqf Management in Law Number 41 of 2004 and its Impact on Community Welfare (Case Study at the PC Muhammadiyah Majenang Waqf Utilization Council)". There are three previous studies that are related to this research, namely research conducted by Raudatul Jannah in 2019, research conducted by Nuzul Fitri in 2021, and research conducted by Hidayah Rahmawati in 2022. These studies are considered relevant because they can provide in-depth insight and understanding regarding the research topic being conducted. By analyzing the findings and methodology of previous studies, authors can enrich the theoretical framework and methodology of their own research, as well as demonstrate the contribution of this latest research to existing literature.

The first thesis is the work of Raudatul Jannah, a student of Islamic Economics and Business/Sharia Economics at the Palu State Islamic Institute in 2019, entitled "Waqf Land Management for Community Welfare in Bulumario Village, Sarudu District, Pasangkayu Regency". This research is field research with a qualitative descriptive type of research. Data collection methods are carried out through observation, documentation and interviews. The approach used is an inductive approach, while the data analysis techniques used include data reduction, data

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<sup>2</sup> Badan Wakaf Indonesia, "Undang-Undang No. 41 tahun 2004", [<https://www.bwi.go.id/wp-content/uploads/2019/09/Undang-undang-No.-41-2004-Tentang-Wakaf.pdf>]

<sup>3</sup> Waqf management at Muhammadiyah is influenced by the large number of assets that are properly recorded and validated by the Waqf and Assets Council.

presentation, and data validation, which is then continued with data checking. The results of these findings indicate that the management of waqf land in Bulumario Village has been carried out properly and as much as possible. The waqf land managed by several Nazirs has an area of around 6,015 Hectares, with the types of waqf managed including places of worship, health centers and other facilities. This management can improve community welfare from a social perspective. Apart from that, the Nazirs also renewed the vacant waqf land by planting oil palm to support the welfare of the community in Bulumario Village.

The second thesis is the work of Thesis of Nuzul Fitri, student of the Islamic Economics and Business Study Program, Faculty of Sharia Economics, Ar-Raniry State Islamic University, Banda Aceh, in 2021, entitled "Management and Utilization of Waqf Assets in Pidie Regency and the Impact on the Community's Economy (the Case Study at the Baitul Istiqomah Mosque, Glumpang Tiga District)". This research aims to analyze the management and utilization of waqf assets in Pidie Regency, as well as evaluating its impact on the economy of the people, using a case study at the Baitul Istiqomah Mosque, Glumpang Tiga District. This research discusses waqf property management practices and strategies for their utilization, as well as identifying the economic contribution of the use of waqf assets to local communities.

The second thesis aims to determine the management and use of waqf in Pidie Regency, as well as its impact on the economy of the congregation at the Baitul Istiqomah Mosque, Glumpang Tiga District. This type of research is qualitative research, which uses primary data through literature study methods, interviews, and observations. In the research, the author will carry out an in-depth analysis of the management of waqf assets in the area, including the utilization strategies that have been implemented. Apart from that, this research will also evaluate the impact of waqf management on the people's economy, with a focus on the economic contribution generated. Through a qualitative approach and primary data collection using literature study, interviews and observation methods, it is hoped that this research can provide an in-depth understanding of waqf management practices and their impact on the economic welfare of local communities.

The third thesis is the work of Hidayah Rahmawati, a student of the Islamic Economics Study Program at the Faculty of Islamic Economics and Business, Walisongo State Islamic University, Semarang in 2022, who has written a thesis with the title "Analysis of the Potential of Mosques in Community Economic Empowerment Through Optimizing Productive Waqf Management at the Kendal Grand Mosque ". This research was conducted to understand the various strategies that have been implemented by the Kendal Grand Mosque in an effort to increase economic empowerment through productive waqf management. This study adopted a qualitative approach with data collection methods through observation, interviews and documentation. The collected data was then analyzed using a descriptive approach.

The findings from the third thesis identify several key points. Mosques have the potential to empower the community which includes the potential for human resources, finances and the activities carried out. The management of productive waqf at the Kendal Grand Mosque is in accordance with the management function, however the funds collected are more often used for the operational needs of the mosque rather than for productive activities. The results of productive waqf management have not been directly utilized to improve the community's economy. Despite this, the Kendal Grand Mosque actively participates in community empowerment programs covering the economic, educational, social and health sectors.

### **C. Research Method**

The method applied is a qualitative approach through field research, which aims to understand social phenomena or events by providing detailed descriptions of them, so that in the end they can produce theories. This research applies a qualitative descriptive approach, where data and facts are collected in the form of words or images, not through statistical procedures or other calculations. The focus of this research is on the Land Waqf Management system and its impact on community welfare. The research subject is the PC Muhammadiyah Majenang Waqf and Empowerment Council.

### **D. Discussion**

The aim of waqf management is to maximize the potential of waqf to improve the economic and social welfare of the people. The use of waqf is not only for consumptive purposes but also in a productive form, so that the welfare of the people can increase in a sustainable manner. Currently, productive waqf is increasingly in demand because of the convenience it offers compared to consumer waqf. Productive waqf provides real feedback for the people and is more efficient in producing goods. Utilizing waqf for productive activities can be an alternative source of funding to strengthen the community's economy, for example waqf land used for agriculture can be managed by the community to generate profits.

Waqf at PC Muhammadiyah (PCM) Majenang, which is coordinated by Nazir, namely the Waqf Utilization Council, is mostly in the form of buildings, such as mosques, prayer rooms, madrasas and Islamic boarding schools. The waqf that is managed productively is the rice field waqf. The management of this rice field is carried out by Nazir using a profit sharing system (paroan). In this system, rice fields are handed over to sharecroppers for planting after an agreement regarding the percentage of profit sharing is reached. According to the Nazirs' experience, this profit sharing system is much more profitable than other systems, such as rent.

From the results of the author's research, it can be seen that the number of waqf assets in the Majenang PCM Waqf Utilization Council is quite large, which is a combination of eight branches in Majenang. Of the total waqf assets, some have been managed productively to produce something, such as building clinics, schools, mosques, etc. As for the Social Religious sector, these waqf assets are managed to be used as buildings, such as mosques and prayer rooms, but the management is not carried out by the Waqf Council, but by other charities from various assemblies in the Muhammadiyah Organizational Structure, such as schools under the auspices of the Council. Dikdasmen, PKU which is under the auspices of the General Health Services Council, cooperatives which are under the auspices of the Economic Council, and others.

At the Majenang PCM Waqf Utilization Council, there are 67 waqf locations which are used for the education sector, 30 waqf locations, starting from PAUD/Kindergarten level to vocational school level. For places of worship there are 28 waqf locations, while for health there is 1 location. This shows that the management of waqf land carried out by MPW PCM Majenang has great potential to improve the welfare of the surrounding community, especially in each Muhammadiyah branch. Nazir, who is responsible for waqf management, has succeeded in making the existing waqf productive, so that the goals of the waqf can be achieved. The results of waqf management can then be distributed according to their intended use.

Based on these facts, success or failure in managing productive waqf in several Muhammadiyah Branch Leaders (PRM) is largely determined by the role of the manager (nazir). Nazir has an important responsibility in ensuring that the waqf is managed productively in

accordance with the waqf's objectives, so that the proceeds are distributed appropriately. According to fiqh, apart from having to be a Muslim and amukallaf, a nazir must also have professional skills in managing waqf, as well as being trustworthy, honest and fair. To manage productive waqf, there are four principles that must be adhered to, namely: eternity of benefits, accountability, management professionalism, and social justice.

Based on field research, it was found that waqf nazir in several Muhammadiyah PCM Majenang branches still lack creativity and innovation in managing productive waqf, especially the rice fields they own. Nazir tends to only manage and distribute the results of the waqf in accordance with the pledge set by the wakif, which allocates rice fields as assets for the mosque. As professional Nazirs, they should be able to look for new innovations, both in the management and distribution of waqf proceeds. For this reason, ongoing guidance and training is needed for waqf nazir in the Majenang PCM Muhammadiyah Branch Leaders so that they have good management skills, so they can manage waqf more productively. Apart from that, it is necessary to pay attention to the principle of Nazir welfare so that Nazir work is no longer positioned as a social worker alone, but as a professional job that allows them to make a decent living from this profession.

Apart from having a professional nazir, strategy in management also occupies the top and most important position in managing waqf assets. The benefits and development of waqf really depend on the management pattern implemented. This form of waqf land management can be realized in businesses that generate profits, either through goods or services. The pattern of managing waqf land through productive businesses can be carried out if the Nazir has sufficient funds to finance the business operations. However, generally the wakifs, who handed over land to the nazir, were not accompanied by the necessary financing elements.

To manage, empower and develop productive and strategic waqf land, where almost all wakifs handed over their land to Nazirs without including funds to finance productive business operations, was of course a quite serious problem. Therefore, a real strategy is needed so that the large amount of waqf land can be utilized for the benefit of community welfare.

Even though waqf has played a very important role in the development of society, especially Muslim society, in reality, the issue of waqf has not been managed well and optimally. Therefore, it is time to further study, analyze and implement management strategies in the context of sustainable development of waqf. Thus, waqf assets, especially strategic waqf land, can be used as a real alternative in empowering the people's economy.

There needs to be innovation in developing waqf through other productive businesses, for example, managing waqf in the form of rice fields can be combined with fish cultivation or planting vegetables in the surrounding areas, so that rice fields become more productive and do not only depend on rice harvests alone. Apart from that, waqf development can also be done by establishing business partnerships, providing working capital assistance, or creating new jobs. In this way, the existing waqf at MPW PCM Majenang can be expanded. Currently, the waqf that is managed is only productive agricultural land, which means that the welfare of the people has not been achieved optimally.

Waqf in Islamic teachings is actually similar to an economic corporation, where there is capital to be developed and the profits are used for the benefit of the people. The eternity of waqf is guaranteed by the provision that waqf assets cannot be sold, converted into consumer goods, or left without being processed or utilized. Waqf assets must remain productive assets. In other words, at least theoretically, waqfs must always develop and even increase into new waqfs.

From research conducted in the field, it appears that productive waqf management still uses traditional patterns. The proceeds from waqf management tend to be used to prosper mosques and support the maintenance of educational infrastructure. Limited management strategies, such as profit sharing cooperation ('paroan') from rice cultivation on waqf paddy fields, have caused the development of existing waqfs to remain limited. In fact, if the results of waqf management in the form of agricultural land can be developed and utilized for other productive businesses, then the waqf at PCM Majenang can make a wider social contribution to society, for example by using the results from waqf management to buy land and set up a business. Small businesses, such as rice mills, retail shops, cooperatives/BMT, or workshops, can open up new business opportunities for the community and make existing waqf more productive.

To optimize waqf management, business partnerships with institutions, such as cooperatives or BMT, are needed. Through this collaboration, waqf management can be directed to more productive businesses. Collaboration between Nazir and cooperatives/BMT can also meet financing needs for business operations. Furthermore, a community development and empowerment program is needed through partnerships with community empowerment institutions that are professional and meet good institutional criteria.

In waqf management handled by the Nazir, the responsibility for managing the waqf, such as rice fields, prayer room buildings, madrasas and Islamic boarding schools, is often handed over to the management of each of these buildings, rather than being the direct responsibility of the Nazir. This shows that the Nazir was not always involved in the management of the waqf which he initially received as a waqf recipient. As a nazir who is entrusted with managing waqf from the community, the nazir should have responsibility for managing and utilizing the waqf he receives. In this way, the nazir can ensure that the management and utilization of the waqf, including the buildings, is in accordance with the waqf pledge that was initially established. This is important to ensure that the social benefits of waqf can be achieved optimally in accordance with its initial objectives.

Field research also revealed that waqf management at MPW PCM Majenang received little supervision from the community. Even though the Nazir is transparent and regularly conveys the results of productive waqf management, there is no effective monitoring mechanism from the community. The community completely entrusts the management of waqf to the nazir without any structured evaluation, making it difficult to assess the success of the nazir in carrying out his duties. This weak control has the potential to affect Nazir's performance because they do not receive adequate feedback for improvement and development. For this reason, active community participation in monitoring waqf management in their villages is very necessary. This aims to ensure that all activities and plans that have been designed run according to target, and so that the nazir can evaluate the extent to which success in managing waqf has been achieved.

As part of Islamic teachings, waqf has a very important role. The teachings of waqf are related to the issue of natural resources as wealth and human resources as the subject of utilization. One of the very important issues is good and fair management, utilization and regulation to ensure prosperity, well-being and happiness, both in the short and long term, for humans. This is known as seeking happiness in this world and the hereafter to ensure human physical and spiritual satisfaction and well-being.

Nazir's management of land waqf has had a significant impact on community welfare. The impacts of waqf management by Nazhir MPW PCM Majenang include the following:

1. Worship Area

The use of waqf land by the Muhammadiyah Association has made a significant contribution in providing convenience for worship for Muslims throughout Indonesia. With this waqf land, Muhammadiyah Majenang has built and maintained more than 15 mosques and 30 prayer rooms. These places of worship are not only centers of religious activities, but also function as centers of social and educational activities for the surrounding community. Thanks to the support and active participation of the community, the use of waqf land helps Muhammadiyah in carrying out its mission of da'wah and social services, ensuring that the spiritual needs and welfare of the people can be well met.

2. Agriculture and Plantation Sector

The use of waqf land by PC Muhammadiyah Majenang is not only limited to building places of worship, but also includes the fields of Agriculture and Plantation. Waqf land managed for agricultural and plantation activities makes an important contribution to improving community welfare. Through empowerment programs, Muhammadiyah helps local farmers by providing training, superior seeds, and access to modern agricultural technology. The results from agriculture and plantations not only fulfill people's food needs, but also become a source of income that can be used to fund social and educational activities. Thus, Muhammadiyah's use of waqf land for agriculture and plantations plays an important role in supporting the economic independence of the people and strengthening national food security.

3. Health Sector

Muhammadiyah has become the largest health service management network in Indonesia after the government. Through the Majenang PCM Health Council, 1 PKU Muhammadiyah Majenang clinic has been established at Jl. Abdul Fatah RT 004 RW 002 Pahonjean Village, Majenang District.

4. Education Sector

One of the aspects that makes PC Muhammadiyah Majenang District increasingly developed is its ability to manage waqf assets from the community in a productive and transparent manner. According to data from the secretary of PCM Majenang, PCM Majenang has 12 waqf assets in the education sector, including SMK Muhammadiyah Majenang, SMA Taruna Muhammadiyah Majenang, Madrasah Aliyah Muhammadiyah Majenang, MTs Muhammadiyah Majenang, SMP Muhammadiyah Majenang, MIM Padangjaya, MIM Tahfidz Jenang, SDM Pahonjean, SDM Salebu, SDM Mulyasari, SDM Cilopadang, and SDM PK Jenang, as well as 10 PAUDs, 6 Aisyiyah Bustanul Atfal Kindergartens, and 2 Islamic Boarding Schools, namely Nurul Iman and PP Darul Arqam.

5. Economic Sector

The use of waqf land by the Muhammadiyah Association in the economic sector has provided a significant positive impact on the welfare of society. By managing waqf land for various economic activities, such as agriculture, plantations and other productive businesses, Muhammadiyah creates employment opportunities and increases community income. Apart from that, Muhammadiyah Majenang also developed two economic institutions, such as cooperatives and Muhammadiyah-owned business entities which function to manage the proceeds from the waqf land. The income generated from this economic activity is not only used for operational purposes, but also to fund various social and educational programs. With this approach, Muhammadiyah is able to optimize the potential of waqf land, not only for

religious purposes, but also to increase the economic independence of the people and strengthen the national economy.

## **E. Conclusion**

Based on the results of the author's research at the Waqf Utilization Council (MPW) of the Muhammadiyah Branch Leadership (PCM) Majenang District, Cilacap Regency, it was concluded that the collection of waqf by the Waqf Utilization Council (MPW) of the Muhammadiyah Branch Leadership (PCM) Majenang District, Cilacap Regency, has succeeded in collecting plots of land. waqf with a total area of 69,784.00 M<sup>2</sup>. The use of waqf assets by the Waqf Utilization Council (MPW) of the Muhammadiyah Branch Leadership (PCM) Majenang District, Cilacap Regency, will be directed to the educational sector (TK, SD/MI, SMP/MTs, SMA, SMK), social religious sector (Mosque, Prayer Room, Meeting Hall, and Muhammadiyah Da'wah Building), as well as the economic and health sectors. The distribution of waqf by the Waqf Utilization Council (MPW) of the Muhammadiyah Branch Leadership (PCM) Majenang District, Cilacap Regency, is used for school operational funding needs as well as the operation and maintenance of places of worship.

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