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The Role of Waqf in Microeconomics Literature Study Research Results in Indonesia

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Abstract. The purpose of this study is to find out the role of waqf in microeconomics literature study review research results in Indonesia. This research method is a type of literature research; This means that the information materials used come from library sources in the form of books, encyclopedias, magazines, journals, newspapers, journals, The form of this research is descriptive, analytical, and critical. Therefore, the author can comprehensively describe the Knowledge of the Role of Waqf in Microeconomics Literature Study Review Research results in Indonesia. In this study, the author optimally uses two data sources related to this research, namely. Primary data sources and secondary data sources. The main source of this research is books and scientific journals on Knowledge of the Role of Waqf. At the same time, this research is supported (secondary) by other thought works related to Microeconomics data from journals. The results of the study show that the Micro Waqf Bank plays a role in the pandemic situation, namely by carrying out a new system in its services including the process of collecting data on customers affected by the pandemic, simplifying the installments, providing facilities for the use of online media as business development, closing the financing process but providing facilities to be directed to other financial institutions, financing and business assistance carried out by Micro Waqf Banks have an impact on increasing the number of production members. This increase in production has led to an increase in business revenue and customer profits which further helps improve the economic conditions of customers. Although it has increased, the increase has not increased significantly.

Keywords: Waqf; Economy Micro

1. Introduction

There are several models of Islamic financial instruments to ensure the welfare managed by Islamic Public Financial Institutions. Among the Islamic financial system, there are those that are mandatory (must be implemented) such as zakat and some are recommended such as infaq, alms, and waqf. Some of these Islamic financial systems are currently being promoted by Muslim communities in various parts of the world. However, Indonesia, as a country with the largest Muslim population, has not been carried out as expected for the distribution of zakat, infaq, alms and waqf. Even though Indonesia already has a law (UU) regarding zakat.(Cantika, 2015)

Islam teaches its adherents to be donors and helpers for those in need. Infaq and Sadaqah have a truly extraordinary influence on life in society. Infaq and Sadaqah are a form of Islamic concern for social problems. For this reason, those who live adequately are encouraged and even required to set aside some of their possessions to those in need. Islam's concern for the incapable is so great, it cannot be compared with any religion, both in terms of direction and in terms of regulation and application. The Qur'an as a guideline for the lives of Muslims is very concerned about this problem. In it there are many verses that contain an appeal to pay attention to the fate of the poor.

The issue of infaq is indeed discussed systematically in Islamic Fiqh books, but the Qur'an itself has special attention to this issue, which is explained in a number of His verses as a guide for all mankind, of course the Qur'an's explanation of infak must be understood and then practiced in order to achieve the level and quality of human beings who receive the pleasure of Allah SWT. Waqf is a form of worship activity that is highly recommended for Muslims because the reward of waqf will always flow even though the waqf has died. Historically, waqf is a maliyah instrument, which as a teaching is classified as sharia which is sacred and sacred, but the understanding and implementation of waqf is classified as fiqh (humanitarian efforts); Therefore, it can be understood that the practice and realization of waqf are closely related to the reality and interests of the ummah in each Muslim country (including Indonesia).(A.-A. Amin & Taufiq, 2023)(Al-Amin, Andespa & Bashir, 2022)(Al-Amin & Andespa, 2022)

Waqf has a very important role in the social life of the Muslim community. Because of the importance of the position of waqf, the scholars set elements and conditions for the implementation of waqf. Meanwhile, waqf in Indonesia has also been regulated in legislation by going through a long process until in 1977 Government Regulation Number 28 of 1977 concerning Waqf of Owned Land and Compilation of Islamic Law was born, the third book Number 1 of 1991 concerning Waqf of Owned Land and Law Number 41 of 2004 concerning waqf.(A. Amin et al., 2023)(Hawari et al., 2023)

Waqf is closely related to Islamic law and national law in a country where Islamic law is the legal basis for the implementation of waqf with certain rules, including the existence of harmony and conditions for implementation for the validity of a practice in the form of waqf, while national law or positive law about waqf in a country are rules that are applied for the management and development of the waqf in a sustainable manner in order to achieve the goal of economic empowerment the people so that a prosperous, just and prosperous society is realized.

2. Methods

This research is a type of literature research; This means that the information materials used come from library sources in the form of books, encyclopedias, magazines, journals, newspapers, journals, and others (Sutrisno Hadi, 1987) The form of this research is descriptive, analytical, and critical. Therefore, the author can comprehensively describe how the Role of Waqf in Microeconomics Study Research Results literature in Indonesia. In this study, the author optimally uses two data sources related to this research, namely. Primary data sources and secondary data sources. The main source of this research is books and scientific journals on Waqf in Microeconomics. At the same time, this research is supported (secondary) by other works of thought related to the research results related to the role of waqaf on micro and small economies. Such research has never existed so it is very important for the author to convey through this article The Role of Waqf in Microeconomics Study Literature Research Results in Indonesia.

3. Results and Discussion

3.1 Results

The results of previous research show that the Waqf Management Institute (endowments), an organization that empowers MSMEs through microfinance and business mentoring, offers several strategic steps that must be taken in managing a successful business, namely the provision of investment capital and working capital, providing training and skill improvement, business consulting, improving the quality of products, markets, business networks, and technology.(Putra, 2018) The results show that waqf is not only an economic instrument, but also a philanthropic tool that can increase access to social and economic services for people in need. In this context, waqf not only results in wealth redistribution, but also promotes overall social welfare. This research provides new insights into the potential of waqf in strengthening the foundation of Islamic economics oriented towards social justice and the welfare of the people.(Mursal et al., 2024) .

Development of waqf money to acquire strategically. Endowment fund money can be invested and distributed to economically empower women entrepreneurs through microfinance and business assistance. Cash waqf management institution to empower women by providing working capital and business development.(Rozalinda, 2014) The results of this study show that the role of community economic empowerment carried out by BWM Amanah Berkah Nusantara is through the provision of micro business financing to the poor who have businesses or people who intend to do business. Financing is provided with a predetermined nominal in accordance with the business priority scale and without using collateral. Communities that receive financial assistance are given assistance in developing businesses and religious guidance, so that empowerment activities can have an economic and spiritual impact.(Hidayat & Makhrus, 2021)

Waqf also supports the development of small and medium enterprises (SMEs), infrastructure development, and environmentally friendly projects. However, waqf management faces challenges such as lack of public understanding, limited regulations, and ineffective management. To increase the effectiveness and transparency of waqf management, regulatory reform and capacity building of managers are needed through education and training. Community participation can be increased through more intensive education and socialization programs, as well as collaboration with the government and the private sector. This research is expected to provide in-depth insights into the role of waqf in sustainable economic development and offer solutions to overcome existing challenges.(Masruroh et al., 2024)

Micro Waqf Bank provides access to capital for SMEs who often have difficulty obtaining loans from other financial institutions, thereby helping them expand their business, create jobs, and improve economic welfare. The role of banks also includes community economic empowerment through training and mentoring. The impact of productive waqf fund assistance on SME business development is also very significant. This assistance helps SMEs in business development, increasing competitiveness, and overcoming capital constraints. In addition to the economic impact, productive waqf fund assistance also builds confidence, motivation, and overall quality of life for SMEs.(Anggraeni & Anggraini, 2024)

3.2 Discussion

Based on the results of the above research, Waqf plays a significant role in the microeconomy, especially in supporting the welfare and development of communities on a small or individual scale. Here are some ways how waqf plays a role in the microeconomy: Provision of Social Services: Waqf can be used to provide social services that help economically weak communities. For example, productive waqf can fund schools, health clinics, or skills training centers that offer free or low-cost access to the community. This improves the quality of life and the ability of people to participate in the economy.

Job Creation: Productively managed waqf assets can create jobs in various sectors, such as the agriculture, trade, or small industry sectors. Through the creation of small businesses or waqf-based cooperatives, people can obtain jobs and income, which ultimately improves their standard of living. Micro and Small Business Funding: Waqf can also be channeled in the form of capital for micro, small, and medium enterprises (MSMEs). By using waqf assets as a source of funds, many MSMEs can obtain capital without having to rely on high-interest loans, which is often an obstacle for small business actors. This helps them develop their business without being burdened with debt.

Improving Community Welfare: Waqf assets used to build public facilities such as roads, markets, or irrigation networks help improve community welfare and productivity. This infrastructure greatly helps economic activities on a micro scale, such as trade or agriculture, which ultimately strengthens the local economy. Wealth Redistribution: In the microeconomy, waqf allows the redistribution of wealth from the able to the underprivileged, through the management and utilization of waqf assets. Because waqf assets cannot be sold or inherited, the benefits can be felt in a sustainable and long-term manner by many people, especially those in need.

Reducing Poverty: Waqf used to finance education and health has a major impact in the long run on poverty reduction. By increasing people's access to education and proper health, the potential of the microeconomy in society can continue to grow and develop.

4. Conclusion

Through this mechanism, waqf is not only a means of worship, but also an effective economic instrument to advance the welfare and economic independence of the community on a micro scale.

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