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## Strategic Management and Waqf: A Proposition

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### Abstract

This study builds the proposition about waqf as become one competitive advantage issue which develops under a model of management strategy. Although there were three steps in that model, this study only discusses the first step which is a formulation strategy to determine the external factors that considerate opportunity and threats. Many threats come from the situation like the habit to give priority into physical needs, ages such as biographical characteristics, investor mindset, government policy, and globalization could be factors that hinder people from doing waqf. Beside that nazir attitude and behavior explained strength and weakness managing waqf. Although this study only describes the proposition, as a basic idea to do next research, gives a contribution on how to proof factors that shape threats and opportunity to formulate a strategy implement waqf successfully.

Keywords: Strategy, Waqf, Opportunity, Threats, Strength, Opportunity

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## INTRODUCTION

There would be a lot of waqf power if one country did this activity, such as encourage development in all fields of knowledge. Waqf has increased development in all fields in accordance with the purposes of the application of trustees. Waqf is widely used to establish some infrastructure used in the long term such as schools, institutions or other facilities. Waqf is a very important aspect that could support the country development. The date from the number of units recorded waqf reached nearly 363 thousand plots of land, with a nominal value is estimated to reach billion values. Managing the full of money, land from a waqf is a big thing that we cannot abandon. Management strategy is a kind of knowledge that search for competitive advantage to gain such that knowledge to attain country power waqf compares the other country which did not do the waqf.

If one country could manage waqf can reach more success than the other's country who do not obtain waqf. So why we cannot manage waqf as one of the powers of our country. Waqf can be one of the competitive advantages of one country. Competitive advantage in a business concept describing attributes that Sallow an organization to outperform its competitors. To Gain that competitive advantage there should be a strategy to attain the goal. Strategy management consists of formulating, implementing and evaluation for the organization if they want to attain their goal. To attain that goal not only organization that in the business but organization that also in nonbusiness such as Lembaga Amil zakat is also needed a strategy to win their competitive advantage.

The goal of this study is to reach a proposition that underlines the statement that strategy organization especially formulation strategy is important for a country who organize waqf. Before implementation and evaluation strategy, a manager should build formulation strategy. The first in formulation steps managers should include considerate factor external which could create opportunity and threat factor that hinders the organization to attain strategy. Besides those managers must also looking for the internal factor which determines strength and weakness. External and internal factor in management strategy will be discussed in a proposition. As we know, research proposition is a suggested idea or concept leading to a project which requires some work to be carried out, and maybe need to support of others, to obtain useful results from it. However, the most popular view is that based on the existing literature in a field, a theory is built. Based on this theory, a set of assumptions are developed, and from these assumptions, a proposition is created. Thus,

propositions are of a qualitative nature. When we wish to convert this qualitative analysis into a quantitative one, we derive a hypothesis based on the proposition and use it to test the data sets.

This study only limits to build propositions of the external and internal factor that influence formulation strategy. From this proposition, a manager could develop the strategy that could use to attain waqf to be successfully applied in waqf management institutions, before that strategy could choose and applied, develop robust information from external and internal factor must be robust.

## **LITERATURE REVIEW**

### **Strategy Management**

Strategy defined as how the organization achieves their goals in a long-term by using activity that can be implemented by using their resources to obtain that goal. Nag, Hambrick, and Chen (2007) also define strategic management as an activity that involves the formulation and implementation of major goals. These activity initiatives by a company's top management on behalf of owners, based on consideration of resources and an assessment of the internal and external environment in which the organization competes. Model management strategies consist of three paths which are a formulation, implementation, and evaluation (David, 2015). Formulation strategies as the first part of the model, need management activity to analyze the environment in which an organization operates. The environment includes internal such as people and process that shape strong and weakness of organizations. External environment consists of political, economic, social, culture, which influence threats and opportunity for an organization (David, 2015).

### **Waqf**

Waqf in Islamic law is a legal act of a person or group of persons or legal entities that separates most of his possessions and instituted them in perpetuity for the benefit of worship or other public purposes by the teachings of Islam (Ali, 2014). Waqf as an institution, has many elements in its formation, among others waqif is the person donating his possessions. A wakif in donating their wealth needs to meet the requirements, namely adult, healthy minds, not blocked legal action, and has a will of its own, and is the owner of the property in question (Ali, 2014). The purpose of the waqf is to multiply wealth management for the public good and special that

makes human behavior not cut out altogether until death comes. Waqf was a net source of heart that is not interfered by doubts because it is a testament to the kindness someone with a sense of genuine and sincere, and extending all the way which is based on people's love that gives treasures.

## **METHODS**

The proposition proposes the hypothesis that still requires further testing. A proposition can be the basis of hypotheses for further research. Of course, the context of the research stays in touch with the waqf, because this proposition is specifically built for the opportunities, threats, strengths, and weaknesses associated with waqf associated with the strategy.

## **PROPOSITIONS**

### *Threats from External Factor*

#### **1. Physical Needs and Self Esteem Priority**

Wakif willingness for donating his property against their will could be a threat of external factors for waqf management institutions. Waqf management institutions must have a dependency on wakif to be donating land, money or other. When people outside who has a treasure not want to do waqf, it will not appear wakif. For waqf institution, it becomes a threat, because when it explained through the standpoint of strategic management, declining interest of people to be wakif causing a threat to the institution of waqf. The underlying question is whether the person has a desire for donating his property, can be explained by the theory of Maslow's Hierarchy of Needs.

A study needs according to the Maslow successively is a basic physiological need, safety needs, needs love and affection, esteem needs, and self-actualization (Robbins, 2012). Someone needs are met continuously new thinking to meet the needs in the next level. A person who has not fulfilled the needs of the physiological effect is like eating and drinking he will not be motivated to meet the needs of the next level. Someone will be wakif when his needs are already not on the basic physiological levels because being a wakif requires a willingness to esteem needs, namely the need to get the award. Humans need the respect of

others. When these needs are met, people feel confident and valuable as the people.

In Indonesia, if people got money, usually they spend on food. If they got heritage from their parents, usually money, they buy a house, and then they bring the house for their self. Alternatively, we can say that people when got money majority things used it to fulfill their own needs first. With the condition Indonesian as a developed country, where not many people in welfare condition, so the motivation to give their treasure for their needs becomes their priority more than religion things such as waqf.

If there is a desire to give waqf from property their owned, their goal is to meet the needs of esteem, like the third hierarchy needs Maslow which is esteem needs. The esteem needs are like a statement that waqf practice known before Islam do waqf for prestige (pride). While in Islam is to find ridla God and as a mean to get closer to Him (Nurkholis, 2010). The theory of hierarchy may explain this need Maslow, where one takes action because of the desire to get the esteem. Thus, if this can be proven, the results provide input on management of waqf management, which there should be efforts to increase the understanding waqf to more closeness with God.

**Proposition 1:** Habit to priority physical needs (such as acquire the land and used it for himself) regarding waqf is a threat for waqf management institution.

**Proposition 2:** Demand for esteem motivate someone to do waqf is a threat for waqf management institution.

## **2. Biographical Characteristics (Age):**

Values lay the foundation for an understanding of people's attitudes and motivation. There are several analyses of values that capture into groups attempt to capture the unique value of different cohort Robbins (Robbins, 2012). Biographical characteristics such as age are objective and easily obtained from the personal record. These value characteristics develop from the age. Much research found that older people have lower rate absenteeism, more productivity and commit to their organization (Lallemand & Rycx, 2009). From that research, it looks that older people have a level of prosperity and understanding of the values more than younger people.

Values are basic convictions that a specific mode of conduct or end state of existence is personally or socially prefer (Robbins, 2012). From that standpoint, Rocheach survey (Robbins, 2012) argued that values could

separate from two categories. First, terminal values refer to desirable end states. These are the goals a person would like to achieve during his or her lifetime, such as prosperity, world peace, freedom, go to heaven when die. The other is instrumental values, refers to preferred modes of behavior, or means of achieving the terminal values, such as self-reliance, personal discipline, kindness (Robbins, 2012). Each of us places value on both the ends (terminal values) and the means (instrumental values). The balance between the two is important as well as an understanding of the means to get there, which these values vary by the person. So, it could be said that older people have a more mature terminal value especially relate to religion, compare to younger people. Such as doing a kindness to other people by giving a waqf (instrumental value), so they can get heaven when dying (terminal value).

Young people today have a lot to have a pretty good income, and even has a variety of investment in the future such as houses and land. However, awareness of spontaneous generation who already have income, for donating his wealth becomes a threat to the management organization, for reducing the amount of revenue that can be managed waqf.

**Proposition 3:** Biographical characteristics (such as age) related with a desire to do waqf is a threat for waqf management institution.

### **3. Profitable investment and Government Policy**

People lack an understanding of the types of waqf. Waqf generally is understood as a surrender of land, construction of buildings for the benefit of society. In America even the relatively small number of Muslim has managed waqf, they considering aspects of the business. Thus, they manage waqf generate substantial funds which will further increase the waqf fund that they manage (Hasanah, 2008).

The other example waqf is available in Saudi Arabia in many forms such as hotels, land, buildings (homes) for people, shops, gardens and places of worship. Using the findings is how to improve the existing waqf to provide benefits to the people. It is clear that to maintain the waqf as well as generate funds that can be used for the rightful role of government is crucial. We need laws or regulations applicable to the maintenance and development and distribution of waqf.

**Proposition 4:** Waqf Investors view that waqf land generally for the cemetery, is a threat for waqf management institution.

**Proposition 5:** Less Information about government regulations regarding waqf is a threat to waqf management institutions.

#### **4. Mass Media**

Globalization increasingly accelerated by the presence of mass media. The media can be classified as print, and electronic media have brought great influence in every country. Free media especially electronic information in which there is information, news, messages, notes at high speed immediately spread all over the place. The strength of the mass media into one tool in this era of globalization can affect all areas of life, both economic and cultural.

For example, in various print and electronic media are promoting or advertising the sale of products that are not just aimed at children, teens, and parents, all of which offer basic physiological needs of nature. The effect can be positive or negative. The positive influence is emerging among various manufacturers creativity to attract customers by using a variety of strategies. On the other hand, for consumers who receive information continuously eventually become consumptive behavior. Consumptive behavior means that consumers buy the product not of necessity, but out of a desire as a result of persuasion of the sellers.

In connection with the desire to do waqf, the consumptive life pattern due to the strong influence of the media in influencing consumers to be a challenge for the managers of waqf. Waqf is supposed to be given voluntarily as a form needs weeks to do good in the way of Allah, be number two, or will not unthinkable at all. The doing waqf because employees are indoctrinated still strong in his mind to get what their leaders want, not on what is needed.

**Proposition 6:** Newspaper influence people being consumptive, it is a threat to waqf management institutions.

#### ***Opportunity from External Factor***

##### **1. Globalizations**

According to Anthony Giddens, globalization is the intensification of worldwide social relations that connect between the events that occur in different sites with one another as well as for the changes in both. Factors causing globalization, the first is the development of information and

communications technology that contributes to ease the economic transactions between countries. Second, the international economic cooperation that facilitates the agreements between countries is interwoven. Third, the rapid advancement of science in transportation technologies that facilitate transport and delivery services abroad (Fathoni, 2014).

Globalization has various positive and negative impacts. The positive impacts include increased development, support the acceleration of communication, facilitating access to information and knowledge. While the negative impact is the increasing emergence of consumptive attitude to life, the overflow of information not controlled and filtered thereby affecting the desire to follow a westernized lifestyle, and easily contaminated (Fathoni, 2014).

From the globalization, we could hear information about application waqf in another country. Such as how the country like Malaysia, Turki, Saudi Arabia which already applied and how they organize waqf in a professional. It could give benefits to all people in that country. Globalization makes people realize waqf development in other countries. Good development and management of waqf in other countries can serve as an example and motivate other countries. Especially Indonesia's with Muslim majority population, then waqf should grow and develop better.

**Proposition 7:** Globalization make people (in Indonesia) motivate to applied waqf it is an opportunity for waqf management institutions.

## **2. Muslim population**

Indonesia is one country with the highest Muslim population in the world. Waqf despite having the position as being the Sunnah, however, the ... can thrive in countries like Saudi Arabia, Egypt, Turkey, Jordan. If waqf can grow well in other countries, the waqf should have greater opportunities to grow in the country with the largest Muslim population.

**Proposition 8:** the largest Muslim population in Indonesia is an opportunity for the development of waqf.

### ***Weakness and Strength from Internal Factor***

#### **1. Nazir Managerial Activities**

Waqf in Indonesia is generally in the form of tombs, orphanages, mosques. The data from the Ministry of religion the number of land and buildings from waqf quite a lot but have not been able to improve social and economic conditions of society. The development of waqf property affected by nazir, someone who is trusted by wakif to manage waqf. In addition to maintenance, nazir also has a task to have manage waqf and share the results of the management to the society also to wakif. For that purpose, management of waqf needs managerial skills and abilities. Lack of ability is closely related to human resource development issues, such as low satisfaction, low motivation, low commitment to manage the trust.

Robbins (2012) studied managers activities, and it consists of traditional management, communication, human resources management, and networking. Traditional management includes how to make decision making, building planning, and to control people in organizations. Communication consists of exchanging routine information especially with interested persons. Human resources management which is managing the people in the waqf groups so that they stay motivated, sophisticated, well-trained, and disciplined. Also, last but not least is to do socialize, interacting with outsiders so it could introduce and work together to develop waqf with outsiders. It is essential to keep the waqf program could be maximized so the results will also be returned to the people.

Although the treasure that has been waqf a lot in Indonesia, nazir need to be given basic management capabilities such as planning the management waqf, how to decide with parties who will be joint to develop waqf, and how to control or evaluate an application from planning that has been done.

**Proposition 9:** less understood wakif managerial activities can be a weakness for management waqf in Indonesia.

## **2. Nazir Attitude and Behavior**

Attitude are evaluative statements about objects, people, or events (Robbins, 2015). There are various types of attitude that can be poured by someone at work. For example, increasing satisfied at work, involved in various activities in an organization, feel a strong commitment towards the organization, believes the organization support, involving fully to the work that is currently occupied. Positive attitudes appear because there is a cognitive component of event experienced by someone. These events further obtain an evaluation, the results are referred to as attitude.

Nazir could experience events in the management of waqf. For example, due to lack of managerial ability of a Nazir, it could make him become not popular or could be bad subject or pedestal error. This event is undoubtedly a part of the ups and downs of a nazir. This us and downs affect the appearance of nazir attitudes, such as less satisfied their duty, less commitment and would not get involved to manage waqf.

This negative attitude has a subsequent impact on the emergence of negative behavior. For example, the attitude of dissatisfaction in carrying out the mandate could be followed with the behavior leaving mandate as a nazir or acting exit. On the other hand, dissatisfaction can also carry out the mandate set forth by the active and constructive behavior that is actively providing input for the improvement of the management waqf property or called voice. Others behavior appeared when nazir had a negative attitude towards the role, and his job is to keep showing loyal behavior while waiting until the end to be good condition or loyalty. However, the most unfavorable behavior could occur by performing destructive actions and do not do anything, such as reducing the effort by not manage waqf properly and deliberately make waqf abandoned or neglect.

**Proposition 10:** Dissatisfied manner in carrying out the mandate as nazir raises exit behavior, it was a weakness for the managers of waqf.

**Proposition 11:** Dissatisfied manner in carrying out the mandate as nazir raises the behavior of neglect, it was a weakness for the managers of waqf.

**Proposition 12:** Dissatisfied manner in carrying out the mandate as nazir raises the behavior loyalty, it was a strength for the managers of waqf.

**Proposition 13:** Dissatisfied manner in carrying out the mandate as nazir raises the behavior of voice, it was a weakness for the managers of waqf.

## CONCLUSION

Management of waqf needs to consider strategies to manage the assets of the wakif. This management model is offering strategy formulation stage to plan waqf management strategies. This paper specifically looks at the stage of strategy formulation that includes the determination of external factors and internal factors. External factors

generating opportunities and threats need to be aware in managing waqf. Internal factors are generating strengths and weaknesses in managing waqf.

Some of the external factors that can be the proposition is a physical threat priority needs and self-esteem, age as biographical characteristics, profitable investment, less government policy about waqf, and the mass media that make people consumptive. The external proposition that may provide opportunities for management of waqf is a factor of globalization, the Muslim population.

Proposition for internal factors are the weaknesses management of waqf is a lack of managerial ability of the nazir. Nazir disgruntled attitude can also cause the appearance of behavior such as exit, neglect. Nazir dissatisfaction can also be internal factors that provided the backbone for the management of waqf if Nazir is a constructive and active and passive. Nazir active and constructive will be voice, while nazir, constructive passive tends to be more loyal.

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