



# Waqf Core Principles Implementation at Muhammadiyah *Nazhir* Waqf: An Analytic Network Process Approach

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**Abstract.** This study analyzes the Waqf Core Principles (WCP) implementation index on Muhammadiyah *nazhir* waqf DI Yogyakarta. The Multi Stage Weighted Index method was used in this study to calculate the procedural WCP implementation index and Network Process Analysis (ANP) to analyze problems, solutions, and Muhammadiyah *nazhir* strategies in WCP implementation. The results of the study present the fact that Muhammadiyah *nazhir* waqf DI Yogyakarta has a total index value of 0.51 or is in a fairly good category (its mean: Muhammadiyah *nazhir* waqf DI Yogyakarta has implemented the crucial WCP variable). Based on the ANP construction, there are 7 main problems encountered, namely the ownership of SOPs for collection and distribution, asset management partners, waqf supervisory procedures, internal and external audits, absence of a supervisory board, risk implementation guidelines, and waqf risk literacy. The solutions set are the formulation of SOPs and technical instructions. the determination of asset management partners, the formulation of waqf supervision rules, the formulation of supervision rules by the Indonesian Waqf Board, the preparation of risk implementation guidelines, and the improvement of risk competence in *nazhir*. The strategy for achieving this solution is collaboration with the Indonesian Waqf Board in the formulation of SOPs, policy development by the Muhammadiyah Central Executive, and collaboration with BWI in increasing *nazhir* competence.

**Keywords:** Implementation, Waqf Core Principles, Muhammadiyah *nazhir* Waqf, Analytic Network Process (ANP)

## 1 Introduction

Waqf has developed into a social tool that plays a significant part in ensuring socioeconomic justice, the advancement of education and health, public infrastructure, religious services, the alleviation of poverty, the creation of jobs, and support for the agri-

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cultural and industrial sectors—all without requiring financial outlays from the government [1], [2]. Waqf in Indonesia is not only managed by institutions, but also by organizations such as Muhammadiyah [3]. Muhammadiyah has played a significant part in the growth of Indonesia's educational, medical, social, and religious infrastructure since it was established as a *nazhir waqf* in 1972. Muhammadiyah possesses substantial waqf assets, including land covering an area of 217.865.061.14 M2 and 11.791 structures dispersed over 34 Indonesian provinces, according to information on <https://simam.wakafmu.org/tabel>.

The usage of waqf assets, which is still only little focused on the productive sector, represents a deficiency in the administration of Muhammadiyah waqf [4], [5]. For mosques, orphanages, cemeteries, and schools Muhammadiyah waqf is typically employed [6]. Lack of financial sources contributes to this imbalance by preventing the development and usage of waqf assets for the community's socioeconomic success [7].

At the IMF-World Bank Annual Meeting in Bali in 2018, Indonesian Central Bank and the Indonesian Waqf Agency (BWI) introduced the Waqf Core Principles (WCP) as a means of rebuilding waqf management. WCP seeks to strengthen *nazhir* institutions' governance so that they may develop waqf assets more effectively and distribute the proceeds of that development [8]. A clear position and systematics for waqf management are provided by the WCP, which has 29 waqf principles and meets 5 criteria (legal foundation, waqf supervision, waqf governance, risk management, and sharia governance). The WCP can also provide a methodology that includes the fundamentals of waqf management and monitoring system. The Analytic Network Process (ANP) has been employed in several studies as a research methodology to determine what challenges there are in putting a waqf management theory into practice [9]–[12].

There has been no research that has examined how to apply WCP with the ANP method as suggested in this study, despite the fact that research on the administration of Muhammadiyah waqf. WCP, and ANP has grown quickly and been evaluated by many prior researchers. Existing research in the area of Muhammadiyah waqf is focused on waqf management methods, waqf and community welfare, and types of waqf land usage [5], [6], [13], [14]. Risk management, limitations, solutions, and waqf management techniques (HR, trust, systems, and sharia implementation) have also been the subject of substantial research [13], [14]. While earlier studies on the ANP side focused on examining the Muhammadiyah *nazhir* ANP strategy to managing cash waqfs [9], [17]. challenges to managing cash waqfs in Indonesia [18], and the accountability of waqf administration [10].

This study will analyze the implementation of three WCP criteria for Muhammadiyah waqf *nazhir* and describes the issues, solutions, and strategies of Muhammadiyah *nazhir* waqf in implementing WCP using the Analytic Network Process (ANP) method, it is based on previous research gaps and the requirement that WCP be implemented in waqf management. This study's specific goal is to examine how WCP is being implemented on the Muhammadiyah *nazhir* waqf as well as to examine the challenges, solutions, and approaches for doing so using the ANP method.

## 2 Method

The Multi Stage Weighted Index calculation technique, created by the Indonesian Waqf Board through the WCP nazhir implementation report document, is used in this study's quantitative methodology to determine the WCP implementation index [19]. This quantitative technique calculates the index value procedurally and gradually, commencing with the computation of each dimension or element and continuing through the variable stage. The issues, solutions, and tactics employed by nazhir Muhammadiyah in implementing the WCP utilizing the ANP approach were then examined in this study once the implementation results had been acquired. Muhammadiyah nazhir waqf DI Yogyakarta is the subject of this research. The research object was Muhammadiyah nazhir waqf DI Yogyakarta because it is one of the nazhir waqfs in Indonesia with the most waqf assets.

Beginning with an examination of the WCP's implementation in Yogyakarta's Nazhir Muhammadiyah, the research data are next examined. Three areas are measured in line with the WCP implementation index measuring guide on the theory that Nazhir may directly manage or influence these three aspects [19]. The three categories are Sharia governance, risk management, and core activities. The tiered Likert approach was employed as the WCP implementation index analysis tool in this study. According to the WCP index evaluation matrix created by BWI, each variable is evaluated using a Likert scale from 1 to 5, where 1 indicates the worst value and 5 represents the ideal value for performance on the indicated variable. The Multi-Stage Weighted Index with Index Value Categories (Table 1) calculation process can be expressed mathematically as follows:

$$Total\ Index = \sum_n^i ((WD^i \times WV_n^i \times S_n^i) \div k) \tag{1}$$

Where:

- Total Index : Total Index value
- $WD^i$  : The value of weighting on dimension i
- $WV_n^i$  : The weighting value of the n indicator in dimension i
- $S_n^i$  : The average Likert value in the n indicator and the i dimension
- k : The number of Likert scales used

**Table 1.** WCP indicators

No	Value	Category	Explanation
1	0.00 – 0.20	Poor	Nazhir hasn't implemented WCP variables well yet
2	0.21 – 0.40	Fair	Nazhir is still in the process of implementing WCP variables
3	0.41 – 0.60	Good	Nazhir has implemented WCP variables which are crucial in Nazhir's management
4	0.61 – 0.80	Very Good	Nazhir has implemented WCP variables that support nazhir's performance
5	0.81 – 1.00	Excellent	Nazhir has become a model for institutions that have implemented WCP

The ANP approach was applied in the second step, and it was processed in three phases using the "Super Decision" program. First, the ANP model's development was based on evaluations of theoretical and empirical literature as well as the findings of in-depth interviews with waqf practitioners and experts. The respondents for this study were two waqf practitioners and one expert from PWM DI Yogyakarta. On a scale of 1 to 9, the quantification step of the model employs the ANP instrument in the form of a cluster to determine which variable is more dominating and how much the difference differs from it (same big effect until very, very big effect). The third stage then involves synthesizing the findings in the form of an ANP interpretation.

### 3 Result and Discussion

#### 3.1 WCP Implementation Index Analysis

The purpose of WCP, as previously stated, is to enhance the governance of waqf institutions in managing waqf assets and channeling the outcomes of their administration in a more professional and productive way. Only 17 WCPs (WCP numbers 13 to 29) were chosen from the 29 existing principles to be directly regulated by Nazhir in the IIWCP. According to the IIWCP, the seventeen principles are classified as indicators. These indicators are then categorized into three basic dimensions: core activities, governance, and risk management.

The observed Muhammadiyah nazhir Waqf DI Yogyakarta has a total index value in the range of 0.10 to 0.23 based on the overall IIWCP score for the nazhir waqf Muhammadiyah Special Region of Yogyakarta provided in Table 2. The IIWCP Muhammadiyah nazhir Waqf DI Yogyakarta's overall index value is 0.51, which is considered to be in a good category. This indicates that the WCP variable, which is essential for nazhir management, has been applied at Muhammadiyah nazhir Waqf DI Yogyakarta. The dimensions of risk management activities yield the highest contribution value, followed by governance and core activities.

Referring to the outcomes of the analysis of the WCP implementation index on the Muhammadiyah DI Yogyakarta *nazhir* waqf above, it is clear that among the three (three) dimensions of WCP that the *nazhir* has implemented, there are still a number of indicators that are "poor" and "need to be addressed," including collection management, distribution management, transactions, internal audit, and market risk, each of which was rated on a scale of 1 to 5. According to the Muhammadiyah *nazhir* waqf DI Yogyakarta, there are a number of challenges to overcome, including the lack of rules and technical guidelines for waqf management, a lack of certified human resources, a lack of an internal auditing institution, and a lack of a process for mitigating risks that may arise. The WCP implementation index results are consistent with the information provided by BWI about the accomplishment of the WCP implementation index in a number of Indonesian waqf *nazhirs* [19]. This suggests that in order for waqf to be useful for the socioeconomic growth of society, *nazhir* waqf, especially Muhammadiyah, must comprehend WCP.

**Table 2.** WCP implementation index values for *nazhir* Muhammadiyah DI Yogyakarta

No	Dimensions (d)	Weight Dimensions (bd)	Indicator (i)	Weight Indicator (bi)	Likert scale (sl)	Total (bd*bi*sl)/5	Average Per-Activity
1	Core Activities	0.36	Management Collection	0.51	1	0.04	0.10
		0.36	Management Distribution	0.19	1	0.01	
		0.36	Problem Treasure Waqf, Provision and reserves	0.13	4	0.04	
		0.36	Transaction with party related	0.16	1	0.01	
2	Governance	0.34	Good Nazir governance	0.25	5	0.09	0.18
		0.34	Compliance and Internal Audit	0.33	1	0.02	
		0.34	Report Finance and External Audit	0.13	3	0.03	
		0.34	Disclosure and Transparency	0.16	2	0.02	
		0.34	Abuse Treasure Waqf	0.12	3	0.02	
3	Management Risk	0.3	Management risk	0.19	2	0.02	0.23
		0.3	Risk partnership management asset or waqf funds	0.18	3	0.03	
		0.3	Transfer and country risks	0.03	5	0.01	
		0.3	Market risk	0.06	1	0.00	
		0.3	Risk lost reputation and assets waqf	0.21	5	0.06	
		0.3	Risk acceptance and sharing results	0.13	5	0.04	
		0.3	Risk distribution	0.09	5	0.03	
		0.3	Risk operational and compliance sharia	0.11	5	0.03	
<b>IHWCP weight</b>						<b>0.51</b>	

Source: authors analysis

### 3.2 Analytic Network Process (ANP) Result

Muhammadiyah nazhir Waqf DI Yogyakarta's WCP implementation may be broken down into three categories: core activities, sharia governance, and risk management. The building of the ANP model based on the findings of interviews with two practitioners and one waqf specialist is the first step in this investigation. To identify the dominating cluster, the construction next moves onto the quantification stage. Then, the clusters are combined to form clusters of problems, solutions, and targets (Fig. 1).

The following difficulties, solutions, and strategies are established based on the problems, issues, and targets of the WCP implementation elements on the Muhammadiyah waqf nazhir:

**Problems.** 7 major issues with the implementation of 3 aspects of WCP were identified based on the findings of expert and practitioner interviews and a literature review. These problems are as follows: 1) Ownership of SOP for collection and distribution: Many factors go into why regulatory aspects in the form of SOPs are made the main issue in resolving WCP implementation issues. SOPs constituted the primary foundation for nazhir waqf as instructions for waqf administration in the early phases of implementation; 2) Asset management partners: Muhammadiyah *nazhir* waqf still has a small number of asset management partners, making external collaboration difficult; 3) Waqf monitoring procedures: Although there is now no defined procedures, there has been continuing waqf oversight; 4) Internal and external audits: Muhammadiyah *nazhir* waqf do not conduct internal or external audits. This is because the Waqf Council was not sent by the Central Executive of Muhammadiyah and lacked thorough financial reporting; 5) Muhammadiyah *nazhir* waqf already has a DPS (Sharia Supervisory Board), however it has not yet received certification; 6) Instructions for risk implementation: there are still instructions for risk implementation that nazirs do not understand, which leads to issues with transactions with linked parties that result in the misappropriation of waqf assets; and 7) Waqf risk literacy: *nazirs* do not understand how to handle waqf risks.

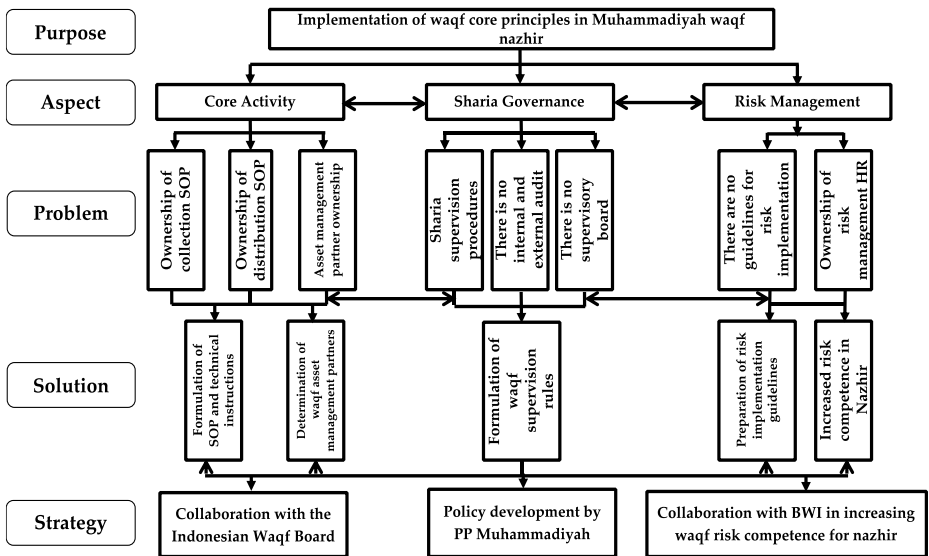


Fig. 1. WCP implementation ANP network

**Solutions.** The issues raised above have the following solutions: 1) The creation of SOPs and technical instructions is crucial to the administration of waqf because *nazhir* can exercise his authority and carry out his obligations in accordance with documented technical instructions; 2) Selection of asset management partners: *nazhir* must work with both private partners who are part of the community and partners who are corporations or agencies for the management of waqf assets; 3) Development of waqf supervision regulations: The Indonesian Waqf Board develops regulations for waqf supervision to give the Waqf Council a framework for control; 4) Preparation of risk implementation guidelines: the importance of BWI in terms of risk implementation, BWI carries out the preparation of guidelines so that nazirs can control waqf risks; and 5) Increasing the risk competence of the *nazhir*: in this case the waqf *nazhir* conducts monitoring and evaluation in order to be able to monitor the *nazhir* on a regular basis to identify related competencies to the *nazhir*.

**Strategies.** The current ANP model provides alternatives that may be used to create WCP in *nazhir* waqf in the most effective way possible. These possibilities include: 1) Collaboration with the Indonesian Waqf Board in the development of SOPs: In order to achieve the best possible waqf management, the Indonesian Waqf Board, and others can work together to link the Standard Operating Procedures; 2) Muhammadiyah Central Executive may establish policies in a number of ways, one of which is by completing a feasibility study on the collaboration plan. 3) Cooperation between BWI and the Wakaf Council to improve *nazhir* proficiency: One-way BWI and the Wakaf Council may collaborate by offering specialized training for nazirs.

The ANP results on the implementation of WCP are at least consistent with earlier studies, which claimed that Indonesia's issues with waqf administration are caused by a lack of clearly defined standards that are tailored to local circumstances and by unqualified human resources [10], [20], [21].

## 4 Conclusion

This study examines Yogyakarta's *nazhir* waqf Muhammadiyah Special Region's issues and the WCP index used by waqf organizations. The overall index value for Yogyakarta's *Nazhir* Waqf Muhammadiyah Special Region ranges from 0.10 to 0.23. The IHWCP *nazhir* waqf Muhammadiyah DI Yogyakarta's overall index value is 0.51, which is considered to be in a good category. The ownership of SOP collection and distribution, asset management partners, waqf supervisory processes, internal and external audits, the lack of a supervisory board, risk implementation guidelines, and waqf risk literacy are the seven key problems identified from the ANP construction. The creation of SOPs and technical standards, selection of asset management partners, and creation of waqf oversight norms are solutions to these issues. The Indonesian Waqf Board develops regulations for waqf supervision in order to give the Waqf Council structured monitoring, greater risk competency in *nazhirs*, and creation of implementation instructions. The last ANP model presents alternatives that can be implemented to ensure that the implementation of WCP in *nazhir* waqf is carried out as effectively as possible. These

strategies include working with the Indonesian Waqf Agency to develop SOPs, the Muhammadiyah Central Executive to develop policies, and the BWI to improve *nazhir* competence.

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