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PRODUCTIVE WAQF SCHEME OF MICRO AND SMALL BUSINESS START UP FOR UNEMPLOYMENT (AN APPROACH MODEL OF “RUMAH GEMILANG AL AZHAR” INDONESIA)

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Aditya Kusuma²
Bambang Tutuko³

Abstract: *Indonesia unemployment is one of severe economic problem needs to be tackled and overcome from multi-support perspectives. Despite massive and structured Indonesia government program addressing and benefiting the unemployment, civil society contribution is tremendously expected into a place of productive waqf initiated from non-government organization. Rumah Gemilang Indonesia (RGI) as prospective integrative part of Al Azhar Peduli Umat has come into an existence to assist and support Indonesia government program in handling and solving unemployment. The research is to examine how the productive waqf program being initiated by RGI Program has been effectively raising the status of unemployment to be employment (employee/worker). In addition, a uniqueness and effectiveness of the program is also intensively studied to figure out how far the alumni can reach a level of income independent. The study employs qualitative method approach using regular direct observation and focus group discussion uncovering information from key figures of the program. The result of study shows that RGI program has been successful to contribute and encourage young productive unemployment to obtain job position or acquire skill and competence. The alumni can earn and receive adequate amount of income after attending the short course.*

Keywords: *Unemployment, Waqf, RGI, and Income*

Introduction

Waqf is a form of religious and social worship in spending wealth and income for the sake of God. The implementation of waqf benefiting human life creates social and economic impact of society. Waqf and zakat (alms-giving) has been placed in the top of worship priority as a sense of solidarity among human being. Waqf requires the sincerity of its donator or contributor in the form of cash, goods, land or anything else to be utilized its usufruct and retain the perpetuity of original asset. Waqf contract can be done temporarily or permanently and its lasting usability varies according to Islamic school of thought and country regulation about waqf.

Despite substantial Indonesia government program to tackle and overcome unemployment problem accounting for around 7 million people (Indonesia Statistic Bureau, 2019), the non-government entity measures and supports, such as Al Azhar Peduli Umat, are considerably needed to enhance the equality and opportunity of economic development. The research and study about effectiveness and efficacy of integration between zakat and waqf into poverty alleviation program have been exemplary

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generally and proven scientifically. To cite some of the groundbreaking researches on waqf-zakat and poverty alleviation nexus, the study mentions the works and contribution of Sadeq (2002), Magda (2013), and Raimi et.al. (2014).

The practice and implementation of waqf concept, defined as endowment to some extent in the literature and general term, has gradually evolved and developed according to its needs and challenges of the time. The inclination of waqf donation and giving has changed from asset-based participation namely land, building or property toward more liquid and intangible parts such as cash money and company share. Furthermore, to some understandings on waqf involvement from Muslim society, property right, thought, skill and competency support and alike can be waqf contribution for the benefit of others. As far as the waqf practice and dedication comply with the Syariah rule and no significant dispute among Islamic scholar emerges, such efforts to take waqf into existence should be supported proportionally.

Al Azhar Peduli Umat is one of non-government entity in Indonesia founded as a charity and social organization from Al Azhar Mosque in Jakarta, which takes a part in the recent development and establishment of waqf via Rumah Gemilang Indonesia. The primary activity and considerable impact of its waqf program spreads around several cities and regions in Indonesia. According to its best practice, Rumah Gemilang Indonesia has combined and constructed the productive waqf schemes, which is specialized for unemployment youth within productive ages, for further clear information www.rumahgemilang.com. Its current waqf implementation pattern has utilized asset based-participation (land and building) as well as cash waqf with support of zakat fund as operational cost for zakat recipient (*mustahiq*). The Al Azhar Waqf scheme model has been approved by Islamic Scholars from Indonesia Ulema Council.

The fundamental reason, why Al Azhar waqf model propels the research focus, is its ability and compatibility to deliver comprehensive short course scheme using tailor-made curriculum for young unemployment within shorter periods. The potential students of Al Azhar through Rumah Gemilang Program are expected to be independent economically at the end of 6 months course. This program objective has outplayed and surpassed the formal school system which takes longer time to educate and equip students with soft skill and hard skill to be knowledgeable and competent in the work service. Both programs have similar aims and targets in the economic context, which its alumni and outcome of program can make money and earn income after completion.

The research problem and question, which authors would like to answer and discuss in the article, are related with the operation of program structure and its impacts on Indonesia youth productive unemployment with respect to micro specific capability of the institution. The first research point will be how the process of waqf funding and contribution takes a place and attracts trust from donators and society. The second research point moreover deals with how the waqf fund, contribution and participation are maintained and optimized. The third research point finally deliberates how the possible productive cash waqf scheme enables the scaling up and lifting process of micro and small business startup graduates from Rumah Gemilang's Programs. In addition, an approach model of Al Azhar Indonesia signifies the long-term holistic process uniting productive waqf instruments supported and encouraged zakat infaq shodaqoh as cost operational of youth unemployment empowerment.

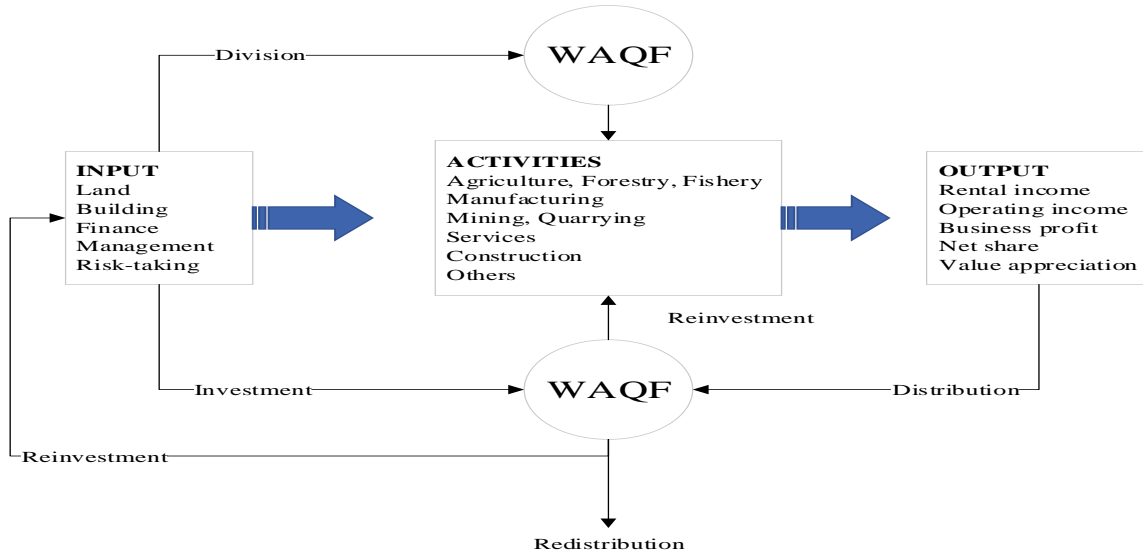
Literature Review

The nexus between waqf and poverty alleviation program is undeniably effective and powerful relation of economic development. Waqf instrument is considered complimentary and supportive to any government poverty alleviation approaches due to its voluntarism and customized characteristics. Budiman, (2014) comprehensively studied and discussed the benefit of waqf integration into economic development paradigm by comparing the work of pioneers in Islamic economics such as Monzher Kahf, Islahi, A.A., Manan, M.A., Timur Kuran and many other prominent scholars. Among significant conclusions of the study, the waqf integration along with zakat suits to economy of the country can bring about the economic impacts on economic progress enhancement, poverty eradication, equal distribution of income, financing deficit prevention and more efficient government expenditure.

Waqf program intervention is not successfully utilized and allocated without integrating the zakat fund support system. Shirazi (2014) conducted empirical study and examined an analysis of integrating zakat and waqf into poverty reduction strategy of the IDB member countries. By applying and utilizing zakat and waqf instruments together simultaneously, IDB member countries can generate fiscal revenue and finance sufficient-pro poor expenditure programs. For optimum and tangible outcome, the institution of zakat and waqf and supporting infrastructure and regulation are very essential to integrate and play bigger role into the poverty reduction strategy of IDB member countries. Therefore, the pro-poor budgetary expenditure alongside zakat and waqf programs can coexist in harmony to alleviate poverty of IDB member countries.

The effectiveness and successful lesson of waqf linked to poverty alleviation program are defined and developed from cash waqf management optimization. To the best of researcher knowledge, ample and intensive study on the relation between productive cash waqf and poverty alleviation has been sharpened and executed through micro and small medium enterprises approaches. For further reading on such topics, several recent studies can be found at Shabana Hasan (2011), Magda (2013), Raimi, et.al. (2014), Farhana, et.al. (2014), Pramanik et.al (2015), Gustani dan Ernawan, (2016), Mar Iman and Mohammad (2017), and Duasa and Thaker (2018). The integrated measures for poverty alleviation program are feasible through entrepreneurial skills and qualifications resulting from adequate rehearsal, internship and practice. The outcome of waqf asset and utilization of its usufruct can attain the minimum requirements for waqf beneficiaries to get into the employment opportunity and earn certain level of income.

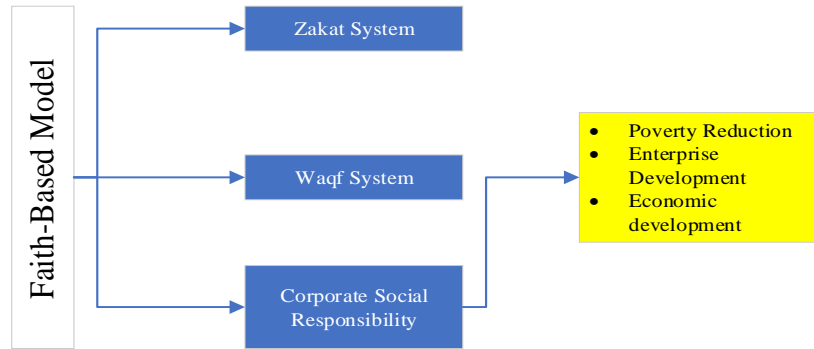
Picture 1 : The Possible Link between Entrepreneurship and Waqf



Source: Mar Iman and Mohammad, 2017

The possible and potential relation between entrepreneurship and waqf can be explained through input and output economic model proposed by Mar Iman and Mohammad (2017) (as delineated in figure 2.1). From the input part, resources such as land, building and finance are obtained through waqf mechanism involving open donation and contribution to be employed in various business activities. Then, such waqf collection is expected to reach a certain level of business operation in various sub-sectors of the economy via input division or investment. *Nadzir* (waqf management and its associates) is essentially required to possess an entrepreneurial skill and competence to create an output generating income or profit from these business activities. Such business result of income can be then distributed into waqf fund for re-distribution to the society and reinvestment into entrepreneurial activities. This model of productive waqf optimization asserts the increasing waqf value asset in the first place of waqf business process before distributing its usufruct for the poor and the needy. The growing and expanding waqf value grounded in proper business process has prompted the creation of wealth through waqf assets comprising the variety of economic and financial portfolios.

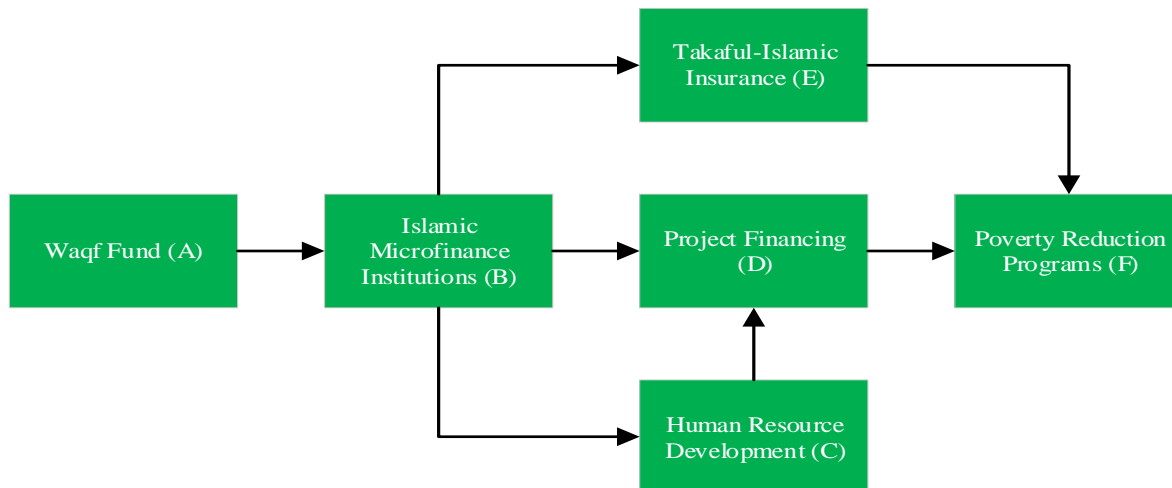
Picture 2 : The Framework of Faith-Based Model for Poverty Alleviation Programs



Source: Raimi, 2013

In the context of poverty alleviation program with target of unemployment, the muslim-populated countries have opted a distinctive and unique approach relying on the government fiscal programs complemented by zakat, waqf and corporate social responsibility system. Theoretically, the FBM model (faith-based model) is proposed as an ultra-conventional mechanism for reducing and alleviating poverty and other socio-economic problems in muslim-majority nations due to the religious beliefs embraced by the majority population (Raimi 2013 and Raimi, et.al 2014). Typically, FBM is a religious-oriented paradigm about poverty alleviation program which is built on Islamic Economic Principles designed to enhance and take care of the well-being of the people. The FBM approach model structures employs three concepts: corporate social responsibility, waqf and zakat. These three instruments of Islamic poverty alleviation program need to be properly executed and implemented to fast-track efforts for economic and social problems, such as unemployment, chronic diseases, poverty reduction, enterprise development and economic empowerment.

Picture 3 : An integrated Waqf-based Islamic microfinance (IWIM) model



Source: Pramanik, 2015

Waqf fund either cash or asset is a flexible and adjustable resource for assisting and supporting every government poverty alleviation program. Pramanik, et.al (2015) developed and came up with an integrated Waqf-based Islamic microfinance (IWIM) model, which was potentially delivered to poverty reduction program. Figure explains the process of model and how at last waqf fund can be applied to manage a benefit for the poor. Waqf funds can be used to reduce the cost of capital for expanding Islamic microfinance activities [A]. Islamic microfinance can provide Takaful coverage (insurance), project financing and human resource development programs [B]. Human resource capacities acquired can subsequently complement proper project implementation [C]. Successful implementation of funded projects is expected to contribute towards poverty alleviation [D]. Takaful coverage is expected to mitigate the financing and family risks of the poor [E].

Research Methodology

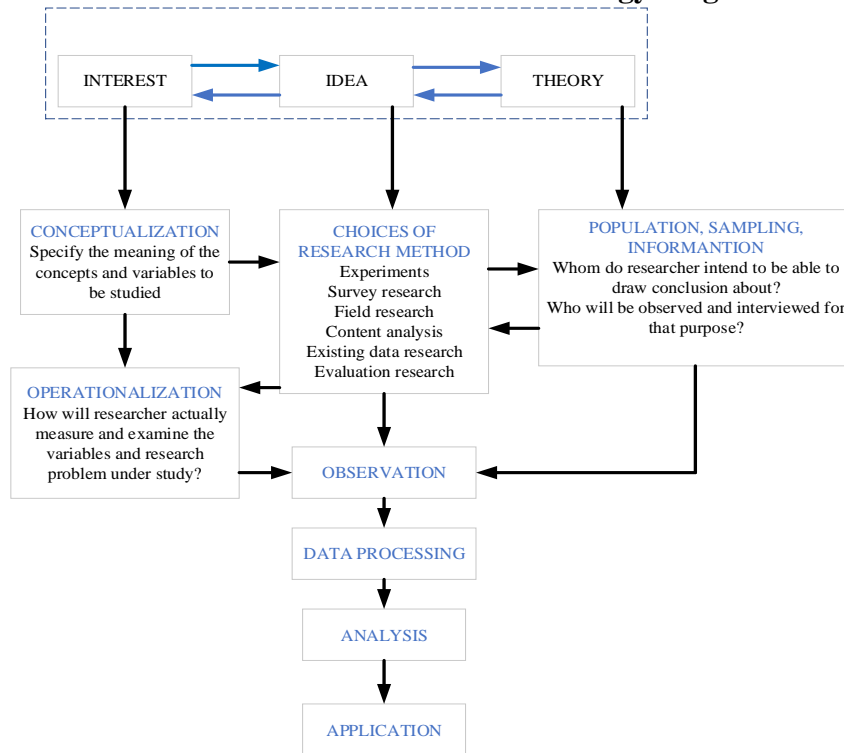
To achieve the objective and answer research question, the study has selected qualitative method applying observation and interview approaches. Observational activities were conducted to describe and capture the process of productive waqf in Rumah Gemilang Al Azhar Indonesia. In addition, such procedures were to confirm several information collected through library research. During observation process taking a place in some branch offices and headquarter of Rumah Gemilang Al Azhar for 6 months, researcher team documented and filed the important and reliable information for study completion. The interview, including focus group discussion, involved actively the relevant key figures consisting of lead consultant of Rumah Gemilang Al Azhar, alumni, students, managers and staffs. The profile detail of key informants is to be concealed for the privacy and the researcher retain and preserve detail of information within database and documentation for any further clarification and conformation.

Key Position	Relevancies	Objectives
Lead Consultant	Figures, who are independently monitoring and developing the program	To examine how the program is comprehensively delivered and maintained for the beneficiaries
Alumni	The beneficiaries of productive waqf program, who are thoroughly impacted and trained. Input-Output approach: the program is being tested its effectiveness to raise the status unemployment to be employment	To achieve and identify the effectiveness and workability of the productive waqf programs
Students	Figures, who are trained and educated in the productive waqf program	To examine how the productive waqf program has been run and implemented for the vulnerable incoming trainee or students
Managers	Figures, who are running and managing regular affairs and operation of the productive waqf program	To examine how the productive waqf program is managed and directed to achieve its objectives
Staffs	Figures, who are involved in regular daily routine productive waqf program	To examine and verify the key figure steps and decision have been rigorously and intensively delivered to achieve productive waqf program

Table 1 : List and Rationality of Key Research Informants

The process of research completion and finalization to answer its main objective begins with the check and balance interaction among interest of the topic, idea and theory. For this article, the link between theory and research is drawn and triangulated from the literature study, observation and interview. Prior to information gathering, the researcher is essentially prepared with the design of inquiries (interview draft) developed from research problems. According to Babbie (2007) a qualitative interview is a reciprocal directional interaction among interviewer and respondents to discuss topics about research subjects. Unlike quantitative, the characteristics of such qualitative research asserts a narrow focus and depth of answerability of problem in the research. The researcher is supposed to listen more and reply many statements except clarifying the direction of research question.

Picture 4 : The Research Methodology Stages



Source: Babbie, E., 2007

The procedures in obtaining a qualitative analysis outcome shall consist of several steps (Creswell, 2003):

1. Preliminary exploration of the data by reading through the transcripts and writing memo
2. Coding the data by segmenting and labeling the text
3. Utilizing codes to develop themes by aggregating similar codes together
4. Connecting and interrelating themes
5. Constructing a narrative.

The similar research method was employed by Thaker 2018 to examine and look inside the possibility and feasibility of cash waqf model as a source of financing for micro enterprises. Such study and inquiry on cash waqf model is profoundly influencing and inspiring the current analysis concentrating on more specified case study in RGI Al Azhar Peduli Umat Indonesia.

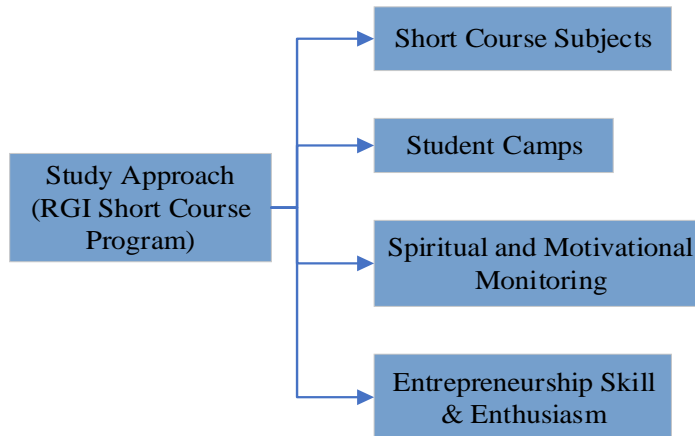
Analysis and Discussion

RGI Overview and Its Important Role on Indonesia Unemployment Problem

Rumah Gemilang Indonesia or translated in English as Brilliant House (RGI) was officially established in 2009 as a unit of LAZ Azhar Peduli Umat Indonesia (Philanthropy Non-Government Organization). Its program area operates in several cities in Indonesia such as Depok, Surabaya, Magelang, Banda Aceh and Jakarta. The financial operational cost of program is covered by its head institution employing zakat, infaq, shodaqoh and waqf donation and participation. RGI program is to

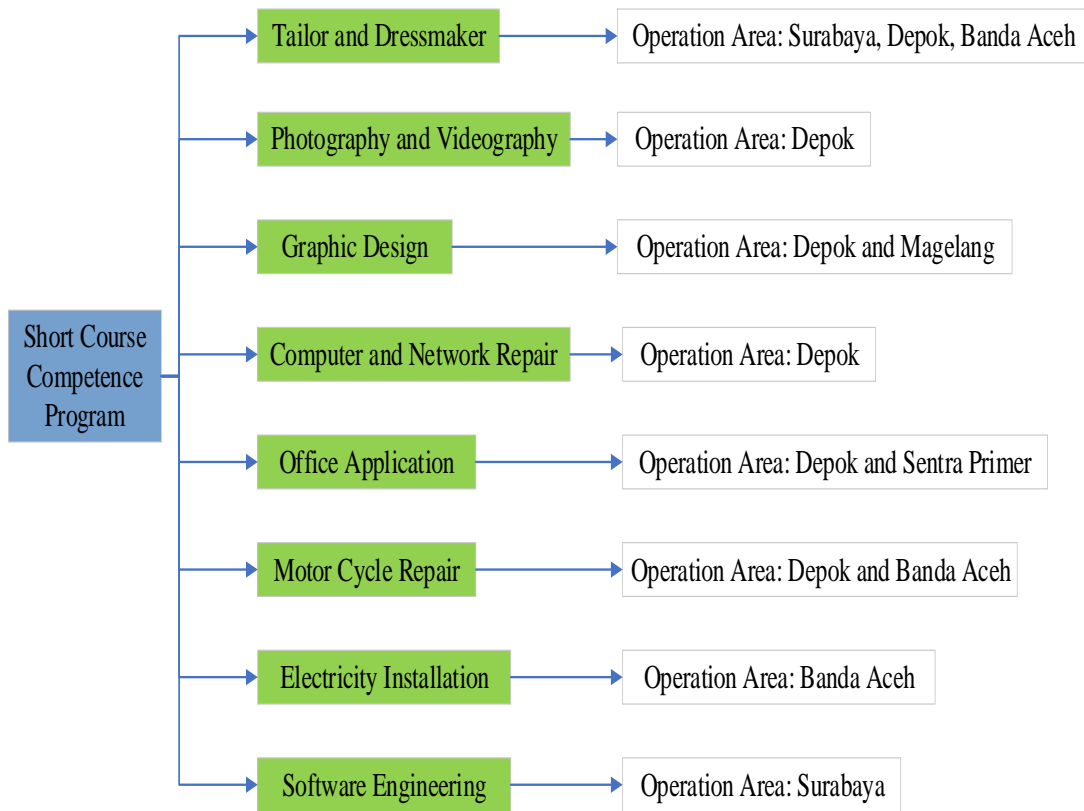
concentrate on productive young unemployment coming from the vulnerable poor families. The excellence of study and short course approach lies in the intensive applicability and proper usefulness of course program in answering industry service and community demand. The alumni of program are expected to penetrate employment opportunity and able to earn enough income. The design of study and course program is structured and developed from potential huge market demand in Indonesia such as garment and clothing industry, computer and network sectors, and automotive market.

Picture 5 : Rumah Gemilang Indonesia Study Approach



RGI program aims not only to educate and train the young unemployment with life skill subjects but also equip and inculcate the religious and mentality values. The study and short course curriculum approach enable the alumni or graduate from RGI programs to survive the challenge of industry service and reach the ultimate goals of life. Unlike majority of similar programs, RGI program is one of program that assist and supervise the young unemployment student with camp facilities allowing full student educational process. The successfulness and effectiveness of RGI program objective is to raise and nurture young skillful and competent alumni to fulfill the industry service demand. Moreover, longer objectives are to encourage and lead the emergence of new micro and small business entrepreneur within shorter period. Not impossible dream and target, these RGI alumni network and community give birth to professional entrepreneurs and wealthy businessmen.

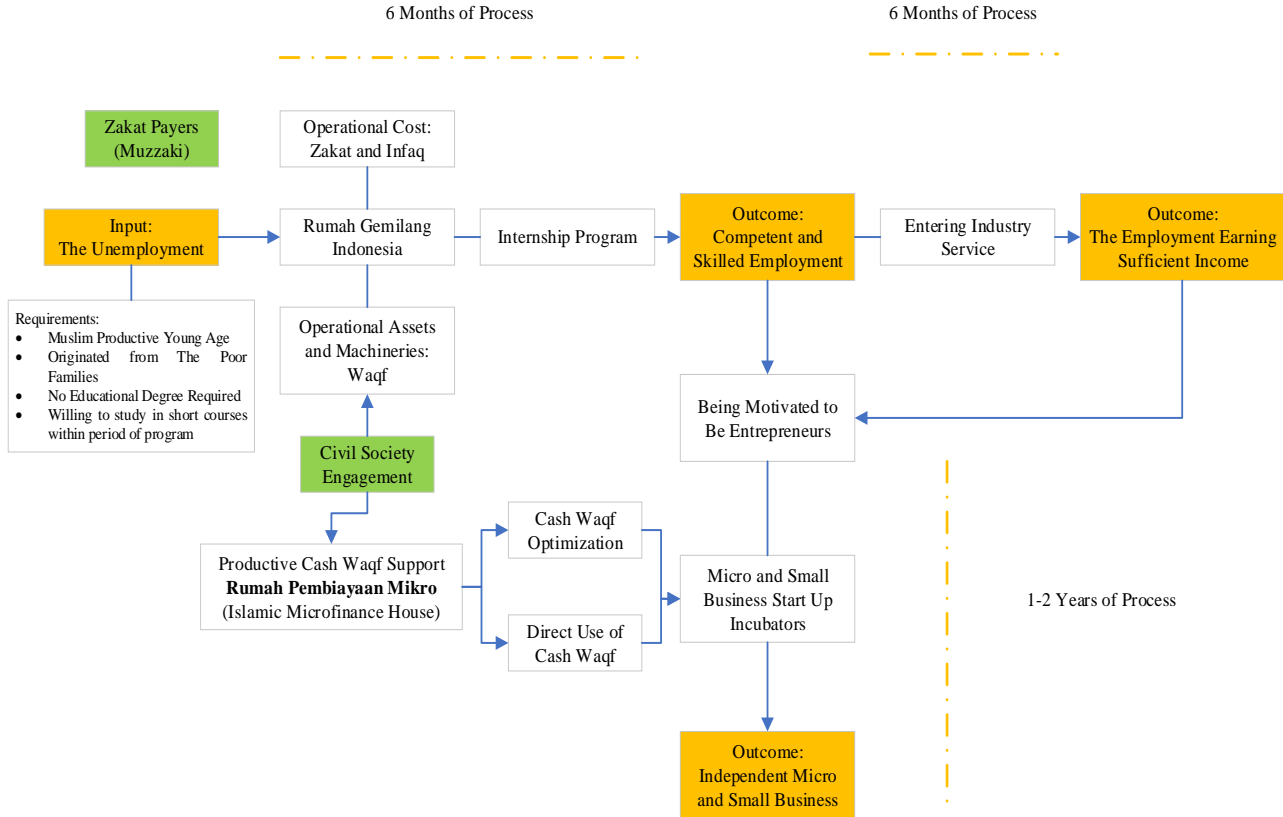
Picture 6 : The Short-Course Competence Programs



Integrative, Open Participatory and Continuous Approach of RGI Programs

To deal with young unemployment program to be self-financial independence, RGI programs begin with the fit and proper incoming students originating from poor families across major urban and rural region in Indonesia. This requirement is to ensure that the RGI program complies with zakat, infaq and waqf criteria as stated and explained clearly in Al Quran and discussed by Islamic scholars about its recipients (*mustahiq*). Unlike, formal education curriculum, objective and approach, RGI program is simply to bring about alumni with skillful competence to answer the demand of market and industry. Thus, RGI programs-being developed, are very applicative, applicable and compactible with many micro and small business companies and economic demand from society. Within less periods of short course and training, the students are expected to acquire certain degree of knowledge and competence to enter industry service and earn minimum salary in the region standard.

Picture 7 : The Operational Framework of Rumah Gemilang Indonesia Programs



RGI program as subsidiary unit of philanthropy institution is eligible to receive flexible types of funding from zakat, waqf, corporate social responsibility and another similar fund and donation. The flexibility of funding makes the program is executable and financeable as far as the quality and transparency of management prevails and improves. RGI program impresses and attracts wider voluntarism not only through zakat and infaq mechanism but also social waqf participation to assist the operability of running program. The profile of RGI students is thoroughly pictured in the zakat program donation. Hence, the zakat payers (muzaki) are hoped to contribute without hesitate and blindness toward zakat recipients (*mustahiq*) and waqf usufruct beneficiaries (*mauquf alaih*). Civil society engagement through RGI productive waqf program helps to realize the formation of operational assets and machinery such as building, land, sewing machine, and computer. The cash waqf donation is solely allocated for productive financing for micro and small business start up via house of Islamic microfinance.

The outcome of RGI program is to create and produce competent and skilled employee within shorter periods around 6 months. To realize the objective RGI program uses the channels and medium of internship in sharpening and improving student competence. After attending and learning in the class for 4 months and participating in the internship program around 1 to 2 months, the students are considered being capable of on job training process and rewarded according to their contribution in the partner small and business companies. After performing and meeting the professional standard in the industry service, RGI students are recruited and employed to be the workers receiving amount of salary.

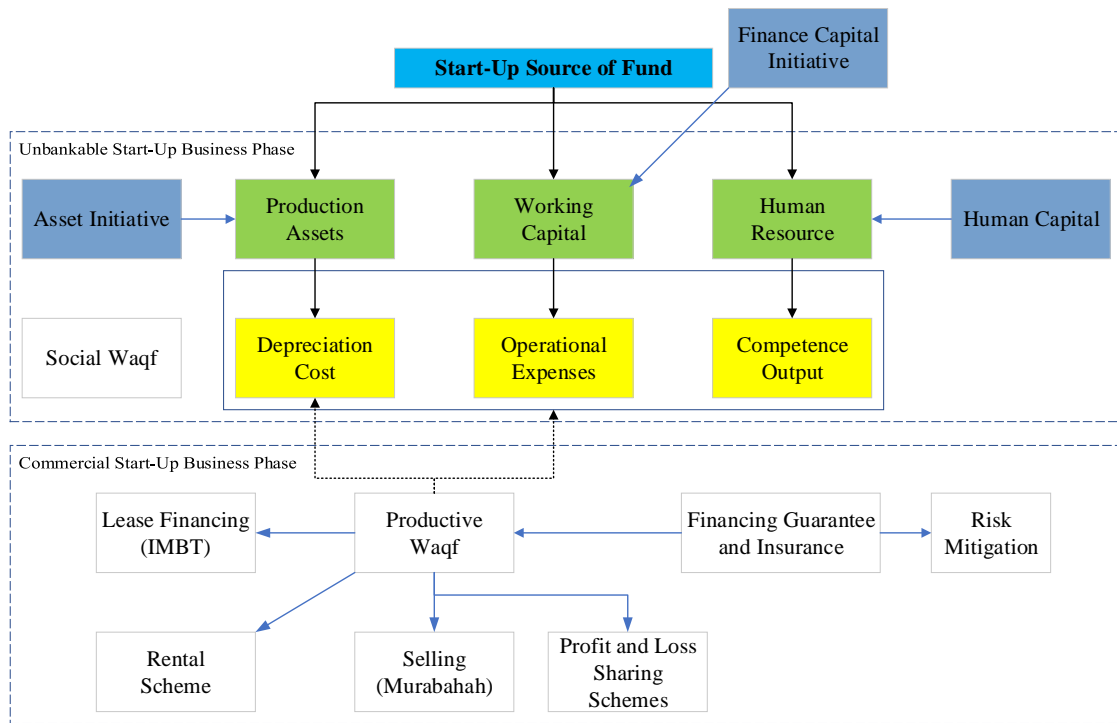
The successful alumni and students are consciously being motivated to be a businessperson need to further advance and improve the training and mentorship through RGI start up business incubator program. The participants of program must possess a skill competence linked with personal micro and small business start-up. The RGI incubator is responsible for the rising process of employee status toward employer (entrepreneur). To the best of RGI experience and other scaling up business process, the students can reach the level of independent micro and small businessperson within 1 up to 2 years. This process depends on the agility, cleverness and hard-working mentality of students. During RGI entrepreneurship program, the financing for operational cost and asset formation are supported by either productive cash waqf or profits from optimization of cash waqf through prospective business. At this stage, the business startup is nor commercially feasible for Islamic banking financing scheme due to trial business process with excessive risk. The probability of start-up business outcome can be successfully profitable or end up with total loss condition. The commercial financing scheme is made possible after these micro and small business start-up can run smoothly generating profit and income.

Independent and Supporting Source of Fund for Micro and Small Business Start-Up

Initiating micro and small business start-up through RGI business incubator requires large amount of monetary and social capital. The very beginning phase of micro and small business start-up should be not profitable and promising capital return. This step needs a supporting financial scheme compatible with unbankable business process. The contribution and participation of social waqf enthusiasm emerging from society can render the possibility of RGI micro and small business start-up to scale up and grow independently. The scheme of social waqf consists of three involvements namely asset initiative for production asset purpose, financial capital for working capital use and human capital or expertise for human resource formation. At the beginning steps, the micro and small business start-up run by RGI alumni is vulnerable and fragile toward bankruptcy and discontinuation due to potential under performance.

The micro and small business start-up can survive and generate profit is feasible to take up commercial financing schemes provided by RGI business incubator using productive waqf. The most precious assistance relies on human capital or entrepreneurship expertise mentoring RGI small and business start-up. The potential commercial contract varies according to the prospects and viability of business projects ranging from lease financing (*ijarah munthiyah bitamlik /IMBT*), rental scheme, selling scheme (*murabahah*), and profit and loss sharing (*mudharabah*). The various contracts are directed to support the need of micro and small business start-up to finance working capital and formation of production asset. Under RGI incubator care and handle, micro and small business start-up is not ready yet to receive and wield commercial Islamic bank product and similar service. They are still deemed weak and fragile institution despite financially independent entities. Financing guarantee and insurance scheme is connected to the productive waqf financing scheme to prevent and averse a substantial business risk and potential personal hardship. To the best of RGI incubator process and similar business enhancement, raising the micro and small business start-up takes a time approximately from 1 until 2 years.

Picture 8 : Rumah Gemilang Source of Fund for Micro and Small Business Start-Up



Conclusion and Policy Recommendation

Rumah Gemilang Indonesia (RGI) program serving in several cities in Indonesia has been utilizing zakat, infaq, shodaqoh and waqf donation and participation to make its key essential activities are more viable and reliable. RGI program is to focus on productive young unemployment coming from the vulnerable poor families. RGI program is not only to educate and train the young unemployment with life skill subjects but also equip and inculcate the religious and mentality values. The approach of study and its curriculum encourages the alumni or graduate from RGI programs to integrate into the demand of industry service and reach the ultimate goals of life.

The beginning process of program involves young unemployment program to be self-financial independence. The incoming students are competitively selected with the fit and proper test. Most student candidates are originating from poor families across major urban and rural region in Indonesia. This condition is to make sure that the RGI program satisfy with zakat, infaq and waqf classification, as stated and explained clearly in Al Quran and explained by Islamic scholars about its recipients (*mustahiq*). RGI program as subsidiary unit of philanthropy institution is qualifying to reap and obtain the flexible sources of funding from zakat, waqf, corporate social responsibility and another similar fund and donation. The various possibility of fund raising sustains the program more executable and financeable as far as the quality and transparency of management prevails and increases.

The outcome of RGI program is to create and build a competent and skilled employee within shorter periods of time around 6 months up to 1 year. To attain and gain the objective of RGI program lies in the channels and medium of internship in enhancing and developing student competence. The successful alumni and students are consciously being motivated to be a businessperson and need to

further develop and improve their own skill and competence via the training and mentorship provided by RGI start up business incubator program. The participants of such program are highly expected to possess a skill and competence ability applicable with personal micro and small business start-up.

Nurturing and raising micro and small business start-up for the unemployment through RGI business incubator involves a large amount of monetary and social capital. The very early steps of micro and small business start-up might be not profitable and generating capital return for investors of business incubators. The micro and small business start-up can survive and sustain life cycle of lucrative business, then these business embryos are feasible to take up commercial financing schemes provided by RGI business incubator using productive waqf. The most precious assistance lies on human capital or entrepreneurship expertise mentoring RGI small and business start-up. The potential commercial contract varies according to the prospects and viability of business projects ranging from lease financing (*ijarah munthiyah bitamluk* /IMBT), rental scheme, selling scheme (*murabahah*), and profit and loss sharing (*mudharabah*).

The RGI program being initiated by Al Azhar Indonesia has been complementing the poverty alleviation program being run and managed by government. Based on current zakat management system in Indonesia, the integrated programs of zakat distribution and poverty eradication are institutionally separated between ministries and autonomous bodies. In addition, Indonesia government along with its recognition on encouragement toward philanthropy donation into taxation system (exemptional part of income tax) is essential to consider and realize the structured and coordinated database programs. The vulnerable poor groups and families should be under good care of government office program and philanthropy institution like Al Azhar Peduli Umat via RGI programs. The role of philanthropy programs is to enhance and support the poverty alleviation government program and not to eliminate or replace the essential and substantial government program. The philanthropy, charity and non-government organization alike need to be concentrated on thematic program such as linking young unemployment and micro business startup.

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