



## Innovation of Cash Waqf in Rotte Bakery Business: a SWOT analysis

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Article Info	Abstract
<p><b>Article history:</b> Received June 11, 2024 Revised July 01, 2024 Accepted August 29, 2024</p>	<p>The economic development within the framework of Sharia is in line with the Sustainable Development Goals (SDGs). Among these goals, the concept of waqf is significant for achieving long-term community welfare. Waqf, particularly in the form of cash waqf, is a powerful tool for financial and social development. This study examines the strengths, weaknesses, opportunities, and threats (SWOT) of the Rotte Bakery business model based on cash waqf managed by the Rotte Indonesia Mulya Foundation (YRIM). This qualitative study uses SWOT analysis to evaluate the Rotte Bakery business model. Primary data were collected through Focus Group Discussions (FGD) and in-depth interviews with informants. Secondary data were obtained from nationally and internationally reputable articles. Research findings show that Rotte Bakery, supported by cash waqf, demonstrates strong potential due to its well-known brand, quality products at competitive prices, and sustainable funding model based on Islamic values. However, to sustain growth and overcome challenges, Rotte Bakery needs to expand its market reach, innovate products, and conduct feasibility studies to avoid risks. The study implies that cash waqf managers (nazhir) in</p>
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Indonesia should manage productive real sector businesses to increase the benefits of cash waqf. Policymakers should focus on enhancing the professionalism of nazhir to impact society positively. This research also serves as a guide for further investment in real sector waqf initiatives.

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Page: 241-249

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## INTRODUCTION

Long-term Sharia economic development aligns with the Sustainable Development Goals (SDGs). There are 17 goals outlined by the SDGs, and one of these frameworks is waqf-based development that can be implemented by stakeholders, including policymakers (Sukmana, 2020). Waqf serves as a medium for community welfare in several countries. In the modern era, professional waqf institutions are needed and chosen for waqf asset management (Fadilah, 2015). Waqf provides humanitarian aid, dignity, financial support, and social needs to reduce poverty in society (Yusuff et al., 2016). Waqf plays a crucial role as an investment instrument. An integrated Islamic social finance model can prove to be 12% more effective for the poor to become wealthier, including waqf (Widiastuti et al., 2022). Waqf can also contribute to the government by reducing national debt (Ambrose et al., 2015). Hence, government assistance in supporting infrastructure, such as laws, regulatory frameworks, and policy environments, is crucial for waqf development (Maulina et al., 2023). YD Lestari et al. stated that government regulation is the highest factor in developing the National Waqf Index (Lestari et al., 2023).

Cash waqf is increasingly popular among Muslims, including Malaysian Muslims (Pitchay et al., 2015). In Indonesia, cash waqf is managed by nazhir (waqf managers) who have been registered with the Indonesian Waqf Board (BWI) (B. W. Indonesia, 2023). A total of 432 nazhir have been registered with the Indonesian Waqf Board (BWI) (BW Indonesia, 2024). Meanwhile, in Riau Province, there are 9 cash waqf nazhir (Andrini, 2023b). The Indonesian Waqf Board representative in Riau Province is also included among the cash waqf nazhir. The management carried out by BWI representatives in Riau Province is limited to investment through deposits in sharia banks (Andrini, 2023a).

One of the nazhir managing cash waqf in Riau Province is the Rotte Indonesia Mulya Foundation (YRIM). The cash waqf funds collected are managed in the form of the Rotte business. The success of Rotte in developing its business has attracted significant attention. Among several cash waqf nazhir in Riau Province, the Rotte Foundation is one of the most active and successful in managing cash waqf funds (Andrini, 2023b).

Many researchers have conducted studies related to waqf. For instance, a study by Muhammad Beni Ardy et al. in 2021 analyzed the SWOT of cash waqf at the Indonesian Waqf Board in South Sumatra Province. They found that the challenges in managing cash waqf include the significant potential of cash waqf, the lack of operational office funds, threats from global economic instability, and low public literacy about cash waqf (Ardy et al., 2021).

Another study conducted by Mutiara Tasqiroh et al. in 2022 analyzed the management of cash waqf using the SWOT method to improve MSMEs at the Micro Waqf Bank Aulia Palembang. The study concluded that the SO (strength-opportunity) strategy is the most appropriate for managing and improving MSME customers by maximizing internal strengths and utilizing external opportunities (Tasqiroh et al., 2023). From previous studies, the authors found no specific research discussing the Rotte business based on a comprehensive SWOT analysis of cash waqf. This study is important to analyze the strengths, weaknesses, opportunities, and threats of the Rotte business managed with cash waqf funds. The research results are expected to provide recommendations for managing cash waqf through investment in the real sector.

## **METHOD**

This study employs a descriptive qualitative approach (Sugiyono, 2018) utilizing SWOT analysis (strengths, weaknesses, opportunities, threats) as proposed (Legionosuko et al., 2020). The subject of the study is Nazir waqf, while the object of the study is the SWOT analysis of Rotte-based cash waqf businesses. Primary and secondary data were utilized in this research. Primary data were gathered through Focus Group Discussions (FGD) (Lehoux et al., 2006) and in-depth interviews conducted with three informants, including one key informant, one main informant, and one additional informant. Meanwhile, secondary data were obtained from a thorough analysis of previous literature from reputable journals.

## **RESULT AND DISCUSSION**

Waqf has been practiced since the time of Rasulullah SAW and remains popular to this day. The essence of waqf is that the donated assets continue to exist and are utilized by the nazhir waqf, making waqf known as a perpetual charity (alms Jariyah). Waqf can be interpreted as a charitable act where the person making the waqf withholds ownership of the donated assets, ensuring they are used for general welfare without diminishing the principal (Qahaf, 2005).

Hanafi scholars define waqf as the act of holding onto one's property and donating the benefits thereof for charitable purposes (Al-Jurjani, 1993). According to Islamic Law on Waqf, as mentioned in the Compilation of Islamic Law, waqf involves separating part of one's property indefinitely or for a specified period to serve religious or general welfare purposes in accordance with Islamic teachings (Aulia, 2020).

According to Law number 41 of 2004 concerning waqf in Indonesia, waqf is defined as the legal act where a wakif separates and/or hands over part of their property indefinitely or for a

certain period to be used in accordance with sharia principles for worship or general welfare purposes (Republik Indonesia, 2004). Cash waqf, on the other hand, refers to the endowment of money that must be managed productively, with its proceeds benefiting the mauquf alaih (Badan Wakaf Indonesia, 2020).

Cash Waqf is also defined as Waqf carried out by a person, group of people, institution or legal entity in the form of money (Djunaidi, 2007). Fatwa of the Indonesian Ulema Council issued on May 11, 2002 states that Waqf money is to hold assets that can be utilized (Indonesia, 2002).

Waqf is implicitly mentioned in Surah Al-Baqarah verses 261-262 of the Quran, emphasizing the benefits and ethical rewards of spending wealth in the way of Allah (D. A. R. Indonesia, 1989).

مَثَلُ الَّذِينَ يُنْفِقُونَ أَمْوَالَهُمْ فِي سَبِيلِ اللَّهِ كَمَثَلِ حَبَّةٍ أَنْبَتَتْ سَبْعَ سَنَابِلٍ فِي كُلِّ سُنْبُلَةٍ مِائَةٌ حَبَّةٌ وَاللَّهُ يُضَعِفُ  
لِمَنْ يَشَاءُ وَاللَّهُ وَاسِعٌ عَلِيمٌ ۚ ۲۶۱ الَّذِينَ يُنْفِقُونَ أَمْوَالَهُمْ فِي سَبِيلِ اللَّهِ ثُمَّ لَا يُتَّبِعُونَ مَا أَنْفَقُوا مَثًا وَلَا أَدَى  
لَهُمْ أَجْرُهُمْ عِنْدَ رَبِّهِمْ وَلَا خَوْفٌ عَلَيْهِمْ وَلَا هُمْ يَحْزَنُونَ ۚ ۲۶۲

Meaning: " 261. The parable of people spending their wealth to spend in the way of Allah is like a seed that grows seven spikes, in each spike there are a hundred seeds. Allah multiplies the reward for whom He wills. And Allah's grace is very wide and all-knowing. 262. Those who spend their wealth in the way of Allah, then do not mention the gift and do not harm those who receive it, then their reward will be theirs. There is no worry for them and neither (nor) do they grieve." (QS. Al-Baqarah: 261-262)

The verse above discusses the ethics and rewards of giving charity in the way of Allah SWT. As an example, Allah SWT will give multiple rewards to everyone who donates in the way of Allah SWT just to hope for His approval. One act of kindness will be rewarded ten times to 700 times (Zuhaili, 2005).

The hadith also supports the concept of waqf, as narrated by Abu Hurairah, highlighting the perpetual rewards for charitable deeds such as waqf (Al-Hajj, 2003).

عن أبي هريرة أن رسول الله صلى الله عليه وسلم قال إذا مات الإنسان انقطع عمله إلا من ثلاث : صدقة جارية أو علم ينتفع به أو ولد صالح يدعو له

It means: Narrated by Abu Hurairah ra. Indeed, the Prophet SAW. Has sai : " If a Adam's son died , then break up his charity except three thing : alms . Jariyah, useful knowledge, child pious who prays for his parents." (HR Muslim Volume 3 Page 1255 No. 1631)

The Hadith above discusses the virtues of Waqf, all property related to Waqf can increase good deeds for people who are Waqf/wakif (Al-Asqalani, 2006). One of the forms of

sadaqah jariyah in the Hadith above is Waqf. This means that the value of the reward of Waqf will always flow forever to the person who is Waqf/wakif.

The scholars agree that Waqf law is sunnah. Imam al-Shafi'i revealed that Waqf is a characteristic of Muslims (Al-Asqalani, 2006). Hanafi scholars argue, based on istihsan allow mewakafkan movable objects, such as money (dinars and dirhams) that have occurred according to custom/custom, such as Waqf books, and Waqf equipment maintenance bodies.

Some regulations relating to cash waqf issued by the government and scholars are Law No. 41 of 2004 on waqf (Republik Indonesia, 2004), Government Regulation No. 42 Of 2006 on Implementation of the Waqf Law (Indonesia, 2006), Regulation of the Minister of Religious Affairs of the Republic Of Indonesia No. 4 of 2009 on the administration of cash waqf registration (Indonesia, 2009), BWI Regulation No. 2 of 2010 on the Procedure for Registration of Nazhir Cash Waqf (Indonesia, 2010), Fatwa of the Indonesian Ulema Council (MUI) dated 11 year 2002 on Cash Waqf (Indonesia, 2002).

Cash waqf offers flexibility and significant benefits, including the ability to endow even small amounts, managing assets like vacant land, supporting Islamic education institutions, and fostering independence in education development among Muslims (Anshori, 2005). To ensure the preservation of waqf assets and avoid loss, professional management by *nazhir* is crucial. Cash waqf management involves fundraising, investment, and distributing benefits derived from the waqf (Rozalinda, 2016). Forgiveness cash waqf (*fundraising*) is activity from individual, organization as well as legal entities. Collection of cash waqf funds is divided into two types that is collection in a way directly (via telephone, email, advertising) and indirectly (cooperation, seminars, mediation figure) (Rozalinda, 2015). Winceh Herlena and Abdul Mujib mentioned that collection cash waqf can done with internal methods (directors, managers, marketing, employees and members) and external methods (community, social media, print media) (Herlena & Mujib, 2021).

Possible pattern used in management cash waqf is investment mudharabah, musyarakah, salam, istishna, account investment in sharia banks, investment through letter valuable shares and sukuk. (Rozalinda, 2016) . Whereas distribution benefit cash waqf can done First follow wakif provisions in pledge waqf. Second set aside some of the results management waqf for maintenance treasure object waqf. Third distribution benefit waqf for interest general (Zamhari, 2013).

## **Business SWOT Analysis of Rotte through Cash Waqf**

### **1. Strength**

Rotte Bakery demonstrates resilience in uncertain economic conditions, boasting a strong and reputable brand across Riau Province with 40 outlets. Their products are affordable yet maintain high quality, offering over 100 diverse variants including popular items like Fit-O. Innovatively using technology for promotion and emphasizing quality service with transparent "open kitchen" operations further enhances customer trust. Additionally, their business model

incorporates Islamic values through innovative waqf financing, fostering a culture of Islamic business practices (Suhari, 2023).

## **2. Weaknesses**

Despite its strengths, Rotte Bakery faces limitations such as geographical constraints within Riau Province, dependence on fluctuating cash waqf funding, and the time-consuming wakif selection process which may impede rapid expansion. Operational risks associated with quick expansion without adequate study are also concerns (Huges, 2023).

## **3. Opportunities**

There are opportunities for Rotte Bakery to increase awareness and participation in cash waqf, expand into new territories beyond Riau Province, innovate product offerings, and establish partnerships with Islamic financial institutions to enhance cash waqf collection (Rasyid, 2023).

## **4. Threats**

Threats in Rotte business need to be a serious concern for Rotte business development. Threats include intensifying market competition, economic instability affecting consumer purchasing power, regulatory changes impacting business operations, and disruptions in the supply chain for quality materials (Suhari, 2023). In conclusion, despite its strong brand and foundation in Islamic principles through waqf financing, Rotte Bakery must strategically expand its business scope, innovate its product line, and mitigate operational risks to sustain growth and overcome challenges in the bakery industry.

## **CONCLUSION**

Capitalizing on market opportunities and consumer consumption trends in Pekanbaru City has enabled Rotte to thrive. The productive business model of Rotte, managed through cash waqf by the Rotte Indonesia Mulya Foundation (YRIM), presents numerous opportunities and challenges. These factors necessitate recommendations for effectively managing cash waqf to yield greater returns compared to traditional banking investments such as deposits. The implications of this study call for stakeholders, including waqf trustees (nazir), to embrace professional and sharia-compliant business management practices. This approach involves understanding the nuances of productive business management. Stakeholders involved in the development and oversight of cash waqf, such as the government, Ministry of Religion, Indonesian Waqf Board (BWI), academics, and Sharia Financial Institutions (LKS-PWU), should support nazirs in managing cash waqf through entities like the Rotte Foundation. This would establish a robust framework for deepening cash waqf investments in the real sector. By leveraging these opportunities and addressing associated challenges effectively, stakeholders can enhance the impact of cash waqf investments, ensuring sustainable growth and broader socio-economic benefits aligned with Islamic principles.

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