

# CHAPTER I

## INTRODUCTION

### **A. Research Background**

Islamic economics in a language is a study of human economic behaviour that governed by the rules of Islamic religion and based on monotheism as stated in the pillars of the faith and the components of Islam. While Islamic economics in terms of all economic activities and rules based on Islamic teachings about economics, Islam encourages its people to carry out business activities (endeavours) to meet their socio-economic needs. Rasulullah SAW himself was involved in business activities as a trader with his wife, Khadijah. According to (Mewally, 1993), the notion of Islamic economics is the study of Muslim behaviour in an Islamic society that follows the basics of the Qur'an, Sunnah, Qiyas and Ijma. He also explained that in the teachings of Islam, someone's behaviour is controlled to be able to meet the needs and use of available resources. According to (Naqvi & Anam, 2003), Islamic economics is an economic system based on Islamic law based on the Koran and Hadith. The most dominant thing in Islamic economics is ethics and the need for the role of the state in economic activities.

In Islamic economics or other words referred to as Sharia economics, there is one sector of Sharia economy that has great potential to overcome the nation's problems, both economic and social. The industry is Sharia economy through ZISWAF instruments (Zakat, Infaq, Sadaqah, Waqf). The most dominant thing in Islamic economics is ethics and the need for the role of the state in economic activities. In Islamic economics or other words referred to as Sharia economics,

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Waqf is almsgiving, that is to give up our wealth for the benefit of the Ummah. Waqf assets may not be reduced in value, may not be sold and also bequeathed. Because in essence, the endowment is giving up ownership of personal property belongs to Allah in the name of the Ummah. Whereas according to the Waqf Law No. 41 of 2004 that: "Waqf is a legal act of endowment to separate part of his property, to be used forever or within a certain period according to his interests for worship or public welfare according to shari'a" Waqf has two types namely productive endowments and endowments not productive. This is stated in Article 16 paragraph 1) that Waqf property consists of immovable objects, and moving objects. Immovable objects referred to in the article above include land rights by the provisions of the law both registered and unregistered, buildings that stand on the land, plants that grow on the ground, ownership rights to the unit of flats, and other immovable objects that are on the ground. Movable objects that are intended to include: money, precious metals, securities, vehicles, intellectual

property rights, lease rights, and other movable objects by sharia provisions and applicable laws and regulations.

In general, the meaning of cash Waqf is to endow the principal and provide benefits to those in need. According to (Nasution, 2005), the basis of the cash Waqf mechanism is by investing, the benefits of the investment are given to the needy. Cash Waqf has also been implemented in several other countries, such as neighbouring countries, namely Singapore and Thailand. The two countries have different results. Singapore is an example of a successful cash Waqf system. Very effective Waqf management in Singapore can have a positive impact on other countries, such as India, Yemen, Saudi Arabia and Indonesia. This is due to the accountability and transparency of the management of Waqf carried out properly by Singaporean Muslims.

Cash Waqf in Indonesia has enormous potential to be developed into community economic empowerment solutions. Basically, Waqf is a charity activity which is classified as very difficult to do. (Qahaf & Rida, 2007) argues, endowments by transferring assets from consumptive efforts to reproductive and investment in the form of production capital that can produce something (consumption) in the future both individually and in groups.

One of the most potent sources of Waqf is money because money is more flexible in management. After all, it can be realized in investments into various sectors both in real and financial terms. Economically, Waqf money (cash) has huge potential to be developed, because the reach and mobility will be much more evenly distributed to the whole community. Compared to traditional Waqf models (land

and buildings). Because endowments of land and buildings can only be done by individuals, who are classified as rich. With the existence of cash Waqf, it will be easier for Nazhir to manage other types of Waqf, such as producing Waqf land by adjusting the potential and economic benefits of the land, while the benefits generated can be utilized for the development of the people and the nation as a whole, said (Nasution, 2005).

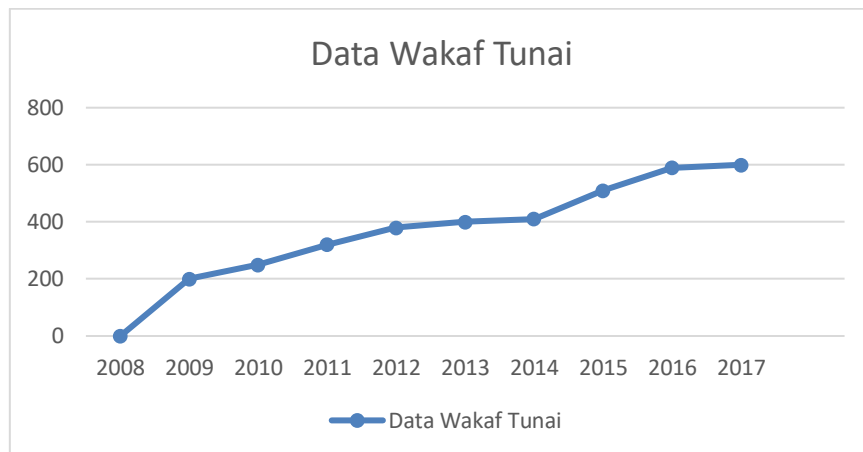
Based on data from the field of Islamic information in the regional office of the Ministry of Religion DIY 2017, the number of Nazhir and Waqf cash is several:

**Table I.1**  
**Nazhir Data, Amount of Waqf in 2017**

No	The name Nazhir	Amount of Cash Waqf
1	<i>BWUT MUI DIY</i>	Rp.600,000,000
2	<i>Badan Wakaf Uang DMI DIY</i>	IDR 17,605,000
3	<i>Baitul Maal BMT Al-Ikhlas</i>	Rp.55,000,000
4	<i>KSPPS BMT Beringharjo</i>	Rp.224,384,000
5	<i>BMT Bina Ummah</i>	Rp.19,876,000
6	<i>KSPPS BMT Mitra Usaha Mulia</i>	Rp.13,782,000.
7	<i>KSPPS BMT Agawe Makmur Merapi</i>	IDR 12,860,000
8	<i>KSU MBT Al Ikhwan</i>	Rp.17,50,5,500
9	<i>KSPPS BMT Artha Barokah</i>	Rp18,636,000
10	<i>KSPPS BMT Artha Amanah Sanden</i>	Rp.211,520,000
11	<i>KSPPS Syariah BMT Dana Insani</i>	IDR 60,677,000
	amount	Rp1,051,847,500

*Source: Islamic information field in the Regional Office of the Ministry of Religion  
DIY 2017*

From the data above, it can be seen that the amount of cash Waqf in DIY is 1.051 billion rupiahs which can be collected by nazhir Waqf in DIY in 2017. With the large Islamic population in DIY and which can allow the amount of cash Waqf collected to continue to increase. According to the data above, the lowest funds were collected is from KSPPS BMT Agawe Makmur Merapi with a value of IDR 12,860,000. Whereas the highest value comes from BWUT MUI DIY with a value of Rp. 600,000,000 million in 2017. Very significant nominal differences, lack of knowledge about cash Waqf, which is an obstacle in society. There is also a table about the development of the accumulation of cash Waqf collected by BWUT MUI DIY:



Source: BWUT MUI DIY

**Figure I.1**  
**BWUT MUI DIY Accumulated Waqf Data**

From data above can be known that the collection of cash Waqf by BWUT MUI from 2008 to 2017 is still in the range of Rp. 600,000,000 - million rupiah. In 2008, no one had donated money to BWUT MUI DIY, in the following year 2009 there began to be a representative. It can also be seen that the development of cash

Waqf has increased each year significantly, the highest amount of cash Waqf MUI DIY is Rp. 600,000,000, which occurred in 2017. This is inseparable from the technological advances, and young people's awareness about the cash Waqf, in (Handayani, 2019) Imam Rulyawan said the endowment funds as of September collected through the poor wallet were Rp. 25 billion in endowments. The amount is 55% of the millennial generation in the age group of 20-35 years.

Millennials are adolescents born in the mid-1990s to early 2000s at the end of birth, millennials, in general, are children of the baby boomers and old gen x generation. Millennials are also called "echo boomers" due to the large increase in the number of births in the 1980s and 1990s, fortunately, in the 20th century this trend to become a small family in developed countries in this case Indonesia continues to grow so that the relative impact of echo boomers not as big as in previous years. According to 2016 news, the number of millennials is 85 million people or 34.45% of the total population of Indonesia. This generation will also dominate the economy in Indonesia for the next 30 years. This millennial generation characteristic is more marked by the use and familiarity with digital media and technology. Their influence is marked by increased political and economic liberalization.

The education factor is one of the crucial things for the continuation of a good future for every human being. In this modern era, all walks of life are straightforward to get information from various parts of the world as a result of technological developments. In addition to having a positive impact on a particular nation or social aggregate, but indirectly having a negative effect, character

education is specifically needed to assess this impact. Indonesia still prioritizes scientific aspects and places less emphasis on character education for millennials.

The income factor is a human reason for working and then getting rewarded for what he does. Income or income has a positive and significant impact on millennial generation financial management. This statement shows that the higher a person gets, the more positive the financial condition he has.

The information media factor continues to develop each year; through the information media also; the public can find out information that is growing. Besides, information media can be used to interact with one another. With the information media, cash Waqf does not take long to be known by all people in the world.

The religiosity factor, according to (Glock & Stark, 1965), is the level of one's conception of religion and the level of one's commitment to his faith. There are two levels in it, namely: the level of conceptualization and the level of commitment. The level of conceptualization is the level of one's knowledge of his religion. While the level of commitment is something that is understood as a whole, so there are various ways for individuals to become religious.

For this reason, I, as a researcher, took the title Determinant of millennial generation preference for cash Waqf in Economic student UMY.

## **B. Research Problem Formulation**

From the introduction above, we can draw the formulation of a research problem, namely:

1. Does education influence millennial gene preferences regarding cash Waqf?

2. Does income influence millennial gene preferences regarding cash Waqf?
3. Can the delivery of information media on productive Waqf management influence millennial gene preferences regarding cash Waqf?
4. Does the level of religiosity of millennial genes influence their preferences regarding cash Waqf?

### **C. Research purposes**

The research objectives expected in this study are:

1. To analyze millennial gene education influences millennial gene preferences regarding cash Waqf
2. To explain and analyze millennial gene income influences millennial gene preferences regarding cash Waqf
3. To explain and analyze the delivery of productive waqf management information media can influence millennial gene preferences regarding cash Waqf
4. To explain and analyze the level of religiosity of millennial genes influences millennial gene preferences regarding cash Waqf

### **D. Benefits of research**

This research is expected to be beneficial for:

1. Theoretical use

The usefulness of this research for science, especially waqf law is the achievement of the implementation of waqf activities by Waqif (millennial genes) ideally both religiously and nationally.

2. Practical use



a. Government

Increasing coaching and controlling millennial genes to introduce Waqf interestingly and simply.

b. Wakif

Get legal protection for Waqf property that has been represented

c. Next research

It is expected to be able to be a new treasure of Islamic religious knowledge in this matter about the management and understanding of the Waqf property issued by the millennial generation.