



# Cash Waqf for the Corporatization on Muhammadiyah Company's in East Java

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**Abstract.** PT. Daya Matahari Utama (DMU) was founded by PW Muhammadiyah East Java in 2007 where the company is very important for the progress of Muhammadiyah organizations in the economic field. The initial capital collection uses a capital joint venture between members through cash waqf. This research will be focused on discussing the development and process of corporatization with cash waqf at PT. Daya Matahari Utama started from its establishment in 2007 until 2021, as well as the contribution made by the company to the Muhammadiyah organization. The research used is descriptive qualitative research with a case study approach method. Interviews were conducted with Muhammadiyah leaders, company leaders and employees of PT. DMU with informants can be said to be 8 people. This company makes a lot of contributions to the Muhammadiyah organization in the form of actions and materials. Contributions are in the form of activities engaged in da'wah, economy, education and social affairs. Contribution in the form of material in the process of preaching Muhammadiyah which is the result of PT.DMU was handed over to the Muhammadiyah East Java Regional Leadership. Corporatization with cash waqf can be carried out because of good business planning, professional management, employee work culture, community development strategies, cash waqf contributions from members, and company contributions to the Muhammadiyah Association.

**Keywords:** Corporatization · Cash Waqf · Contribution · Muhammadiyah

## 1 Introduction

Waqf cash, according to [1], is a fund or money collected by the waqf management institution (Nadzir) through the issuance of a certificate of waqf money purchased by the community. In another sense, cash waqf can also be interpreted as donating assets in the form of money or securities managed by banking institutions or shari'ah financial institutions whose profits will be donated, but the capital cannot be reduced for alms, while the collected waqf funds can then be rolled out and invested by them. Nadir into various business sectors that are lawful and productive, so that the benefits can be used for the development of the people and the nation [2].

Based on Article 16 Paragraph 3, Law No.41 of 2004, moving objects that can be donated are money, precious metals, securities, vehicles, intellectual property rights,

lease rights, and other movable objects in accordance with sharia provisions and applicable laws and regulations. The definition of cash waqf is the type of property that is given by waqf in cash waqf is money in the rupiah currency [3].

Company performance, especially financial performance, can increase if the company carries out a corporatization process. This is according to the research results [4]. Muhammadiyah is engaged in da'wah and social matters. Muhammadiyah also established educational institutions ranging from elementary to high levels. (First Pillar), health institutions (Second Pillar), and companies (Third Pillar) as supporters. Currently, the Muhammadiyah Regional Leadership of East Java has business charities, namely: 7 universities, 16 colleges, 82 hospitals and clinics, 1002 secondary schools, 1558 TK Aisyiyah, 219 PAUD, 120 orphanages, and business charities in the economic sector.

PT. Daya Matahari Utama (DMU) was founded by PW Muhammadiyah East Java in 2007, where the company plays an important role in the progress of Muhammadiyah organizations in the economic field. The initial capital collection uses a capital joint venture between members through cash waqf.

This research will be focused on discussing the development and process of Corporatization with cash waqf at PT. Daya Matahari Utama started from its establishment in 2007 until 2021, as well as the contribution made by the company to the Muhammadiyah organization.

The theory used is the theory of Continuity and Change, which is continuity/sustainability and Change [5]. Continuity is something that continues and lasts based on certain periods, while Change is something that has undergone changes and shifts caused by the times or changes in culture, the economy in society.

The theory of the firm is an organization that combines and organizes various resources with the aim of producing goods/services for sale.

John Week and Charles Galunic, who have introduced the theory of the cultural evolution of the firm. In this new theory, Week and Galunic argue that a corporation exists because it evolves [6].

Education for the Public Good? The Influence of Privatization in American Higher Education and Society, Mitigating Inequality: Higher Education Research. Policy and Practice in an Era of Massification and Stratification [7]. Emerald Group Publishing Limited, 85–125. This paper examines the growing influence of private companies in American higher education.

The impact of the corporatization process on the financial performance of Canadian state-owned enterprises. *International Journal of Public Sector Management*. State-owned enterprises (BUMN) have been described as inefficient and losing money [8]. Theories pretend that private property will solve the problem. In Practice, SOEs were reorganized to follow the private enterprise model, a period known as public sector corporatization.

The difference with the previous research is the object of research, namely Islamic mass organizations, while the previous research was universities in America and BUMN in Canada. The next difference is the process in the Corporatization of PT. DMU uses cash waqf at the time of its establishment.

Seeing the phenomena that occur in the background of the problem leads researchers to conduct in-depth studies, and this research will be directed to answer the following questions:

1. How is the development and process of Corporatization of PT. DMU with cash waqf since its establishment until it became a Holding Company?
2. What contributions did PT. DMU against Muhammadiyah organizations in East Java?

The purpose of this research is

1. To know the development and process of Corporatization with cash waqf PT.DMU since its establishment until it became a Holding Company
2. To find out the contribution made by PT. DMU against Muhammadiyah organizations in East Java.

The benefit of this research is expected to contribute knowledge in the field of management to the study of social-based company management through cash waqf.

## 2 Research Methods

The research used is descriptive qualitative research with a method or case study approach. This research focuses intensively on one particular object, which studies it as a case. Case study data can be obtained from all parties concerned; in other words, this study was collected from various sources [9].

As for collecting data in accordance with the object of research, the data collection techniques used in this study were observation, interviews with Muhammadiyah leaders and companies, and employees of PT. East Java DMU numbered eight people.

Secondary data is data obtained and collected by researchers from existing sources, for example, from reading material. This data is used to support primary information that has been obtained, namely from library materials in the form of company documents, previous research, literature studies (books) and Internet sources, and others.

Interpretation or interpretation is often said to be an effort to look back at the sources obtained, whether the sources obtained and those that have been tested for authenticity are interrelated, so the researcher provides an interpretation that there are sources that have been obtained. In this regard, in this study, researchers have made interpretations for the sake of data validity.

Data processing techniques with data reduction, data presentation, and drawing conclusions or verification, which are the final steps in qualitative analysis. Drawing conclusions is only part of an activity from a complete configuration. Conclusions were also verified throughout the study. The verification may be as short as a rethink that comes to mind, a review of field notes, or also extensive attempts to place a copy of a finding in another data set. The drawing of this conclusion depends on the size of the data set.

### 3 Result and Discussion

PT. DMU, which was originally established, occupied a building belonging to PW Muhammadiyah East Java, which is next to the office. However, because the construction of the East Java PWM office building has experienced extraordinary developments, in line with the dynamics of the organization's wheels, the PT.DMU was moved to a location relatively close to PWM East Java, namely Jl. Kertomenanggal III No. 3, which is also an asset belonging to PWM East Java with a borrow-to-use status and then in November 2013, in line with the company's development, PT. East Java DMU was able to buy three units of shophouses at Grand Ahmad Yani Jl. Ahmad Yani 151 Surabaya, which is currently named the Muhammadiyah Business Center.

The company's vision and mission is an important thing to do for anyone who is going to start a business. This vision and mission were inaugurated on January 5, 2007, by the Muhammadiyah Regional Leaders of East Java, as for the vision and mission of PT. East Java DMU as follows:

1. Vision, "To become the center of economic development as a means of supporting Muhammadiyah missionary missions."
2. Mission, To realize this vision, it is determined as follows:
  - a. Providing professional and complete service;
  - b. Becoming a BenchMark for Muhammadiyah Organization Economics.
  - c. Carry out Da'wah Islamiyah Amar Ma'ruf Nahi Mungkar.

From the above mission, Muhammadiyah will realize Muhammadiyah's independence and economic strength through the following efforts:

- 1) Build business networks with Business Charity institutions and economic/financial business entities owned by citizens and Muhammadiyah organizations.
- 2) Moving the grassroots economy to increase business efficiency and productivity.
- 3) Build a holding company at the regional level by making PT.DMU the parent company.

The work culture values applied by PT. DMU in carrying out daily tasks in order to achieve the vision and mission of the organization is:

1. Professionalism,
2. Work in partnership and togetherness (Team Work),
3. Amanah (Honest) in all activities,
4. Polite and friendly in providing services
5. Sincere and work

In 2016, PT. DMU has experienced a development in its organizational structure, which initially was only a Trading and Service Sales division, now it has been divided into many, including the Trading, IT, Tourism, Tajdied, and Matan Magazine divisions.

The following are internal and external factors owned by PT. DMU, including:

- A. Internal factors of PT. DMU, which directly or indirectly affects the success of PT. DMU in achieving its goals, including:
- 1) Organizational strength factors
    - a) Payment process without a down payment
    - b) Support of the PWM Primary Education Council (managing SD-SMA), which is quite strong
    - c) Adequate managerial skills
    - d) Healthy company performance
  - 2) organizational weakness factors
    - a) Marketing activities have not been optimally structured and planned
    - b) Service delivery has not focused on customer satisfaction (Customer Focus)
    - c) The level of human resource capacity is not evenly distributed. d) Excellent products have not been developed optimally
- B. External Factors

External factors of PT. DMU, which directly or indirectly affects the success of PT. DMU in achieving its goals.

- 1) organizational opportunity factor
  - a) Under the management of the Muhammadiyah organization
  - b) The number of AUMs in East Java, both in the education and health and economy sectors
  - c) Location of PT. DMU very strategic and close to the PWM office
  - d) The establishment of cooperation with the PWM Dikdasmen Council which is quite good
- 2) Organizational Threat Factors
  - a) Increasing the number and quality of competitors of similar companies, especially in the field of uniform
  - b) Increased risk of customer demands for the quality of goods so as to increase returns
  - c) The strict implementation of applicable laws and regulations, especially in the field of taxation
  - d) The commitment of school leaders to purchase PT. DMU is not evenly distributed
  - e) The state of the economy both nationally and internationally

The development strategy was implemented at PT. DMU as follows:

- a) Partnering in business
- b) Knowing the market
- c) Diversification of products

The contribution of PT. DMU is divided into several, among others:

- A. Contribution in the Field of Da'wah

The following are some of the divisions contained in PT. East Java DMU, which assisted the preaching process of Muhammadiyah, included:

1. Tajdied Division

It is one of the divisions established to serve schools and a division that provides fast and fun Al-Quran reading training.

2. Tourism Division

Da'wah activities can be carried out in various ways, including recreation or tourism. Therefore, PT. DMU provides several tour packages, namely: Tour and Tour Packages, Out Bond Packages, Gathering Packages, and Comparative Study Packages

3. IT Division

The Muhammadiyah organization, as a da'wah movement, also does not want to be outdated. Therefore, PT. DMU made the Muhammadiyah organization more developed by producing several IT products.

4. Trading Division

Apart from the ISMUBA Book (Islamic, Muhammadiyah, and Arabic), Tajdied Books, Sholeh Children's Pocket Books, and Student Uniform Batik, it also serves all the needs of schools, hospitals, universities, and other offices. Among other things, office equipment, electronics (AC, Electrical Network, CCTV, LCD Projectors, TV), Furniture (Tables, Chairs, Cabinets), Convection (Uniforms, Alma-mater, Toga, Batik, Bags, Shoes, Hats), and printing (Magazine, Leaflet or Pamphlet, Brochure).

5. Medical devises Division

Currently, it is still in the hands of the trading division but is directly under the supervision of the Board of Directors (Mr. Abdullah Smith). Currently, it is developed to the largest shareholding in the Infusion Factory in Pandaan.

6. Division of Matan

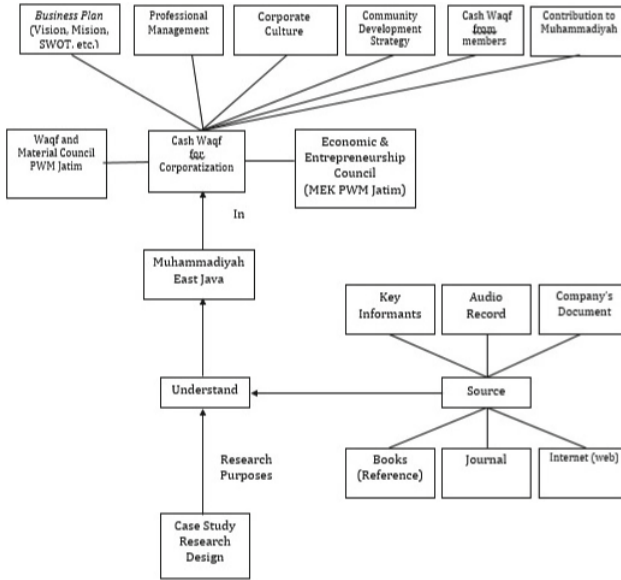
Muhammadiyah magazine that provides studies about Islam and about Muhammadiyah, which is under the auspices of PT. DMU.

It can be concluded that some of the divisions above were formed to facilitate the propagation process of Muhammadiyah.

## B. Contribution to the Education Sector

PT. DMU, one of the Muhammadiyah-owned companies that participate in helping facilitate the teaching and learning process at Muhammadiyah schools, by providing stationery supplies, batik uniforms, study guide books, and all school necessities. Apart from meeting the needs of Muhammadiyah schools, PT. DMU also offers its products to other non-Muhammadiyah schools.

## C. Contribution to the Economy



**Fig. 1.** Frameworks

PT. DMU is one of Muhammadiyah’s charities in the economic sector. The economic sector is the largest source of funds funding Muhammadiyah organizations, therefore the existence of PT. DMU is very influential in the rate of preaching Muhammadiyah, especially in East Java.

**D. Contribution to the Social Sector**

PT. DMU has contributed to realizing Muhammadiyah’s ideals in the social and health fields by helping hospitals and nursing homes under the auspices of the Muhammadiyah organization by providing all hospital needs such as medical equipment and allocating a portion of the profit from sales to help homes sick, nursing homes and orphanages under the auspices of Muhammadiyah (Fig. 1).

Following the limitation of this research is this research focuses more on discussing the development and process of Corporatization of PT. DMU. Since its establishment, has become a Holding Company, a company established under the auspices of an organization, namely the Muhammadiyah organization. And the company also made a major contribution to the Muhammadiyah organization in East Java (Table 1).

**Table 1.** Analysis of Strengths, Weaknesses, Opportunities and Threats (SWOT)

SWOT of PT.DMU	Strenghts	Weakness	Opportunities	Threats
	<ul style="list-style-type: none"> <li>- Payment process without a down payment</li> <li>- Support of the PWM Primary Education Council (managing SD-SMA), which is quite strong</li> <li>- Adequate managerial skills</li> <li>- Healthy company performance</li> </ul>	<ul style="list-style-type: none"> <li>- Marketing activities have not been optimally structured and planned</li> <li>- Service delivery has not focused on customer satisfaction (Customer Focus)</li> <li>- The level of human resource capacity is not evenly distributed.</li> <li>d) Excellent products have not been developed optimally</li> </ul>	<ul style="list-style-type: none"> <li>- Under the management of the Muhammadiyah organization</li> <li>- The number of AUMs in East Java, both in the education and health and economy sectors.</li> <li>- Location of PT. DMU very strategic and close to the PWM office</li> <li>- The establishment of cooperation with the PWM Dikdasmen Council which is quite good</li> </ul>	<ul style="list-style-type: none"> <li>- Increasing the number and quality of competitors of similar companies, especially in the field of uniform</li> <li>- Increased risk of customer demands for the quality of goods so as to increase returns</li> <li>- The strict implementation of applicable laws and regulations, especially in the field of taxation</li> <li>- The commitment of school leaders to purchase PT. DMU is not evenly distributed</li> <li>- The state of the economy both nationally and internationally</li> </ul>

## 4 Conclusion

Based on the description of “The Corporatization of PT. Daya Matahari Utama with Cash Waqf at Muhammadiyah East Java” since 2007–2021, the following conclusions can be drawn:

- 1) PW Muhammadiyah East Java agreed to establish a company named PT. Daya Matahari Utama, which is 100% owned by PWM East Java. PT. Daya Matahari Utama is expected to become a leading company and become a pilot for Muhammadiyah-owned companies in East Java and Indonesia in general.
- 2) The development of PT. Daya Matahari Utama, which includes work programs, products produced, organizational structure, development strategies, and company work programs, is getting better.



- 3) PT. DMU (Holding Company) provides many contributions to Muhammadiyah organizations in the form of actions and materials. Contributions are in the form of activities engaged in da'wah, economy, education, and social affairs, as for the contribution in the form of material, namely the funding of the Muhammadiyah da'wah process, which is the result of PT. DMU was partly handed over to the Muhammadiyah East Java Regional Leadership.
- 4) Corporatization with cash waqf can work due to the existence of a good business plan, professional management, employee work culture, community development strategies, cash waqf contributions from members, and company contributions to the Muhammadiyah organization.

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