

Cooperative Based on Corporate Share *Waqf* as a Disruption for Sustainable People's Economy Movement in Indonesia - A Proposal

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Abstract

The challenges faced by cooperatives are complex and largely internal. Issues such as value and goal disorientation, limited member participation in development, weak enforcement and supervision, and a lack of capacity building are common problems. These challenges stem from the foundation of cooperatives, which are their members. If the members are weak, the strength of the cooperative will also be disrupted. Resolving these internal issues is crucial for the progress and growth of cooperatives. The proposal for the Corporate Equity *Waqf*-based Cooperative Scheme is a disruption aimed at addressing internal issues within cooperatives, improving corporate governance, and ensuring the sustainability and continuity of the grassroots economic movement. This research utilizes a qualitative analysis method by analyzing secondary data through literature review and related documents. The literature review will provide a better understanding of the context and theoretical foundation of this scheme. With this scheme, cooperatives can obtain significant share ownership in companies, thus providing opportunities to receive a proportional share of the company's net profits. This income can become a sustainable source of revenue for cooperatives and their members. Additionally, this scheme also provides security and legal certainty regarding the ownership of *waqf* shares of the cooperative in corporations. With clear and unchangeable provisions, cooperatives can protect the interests of their members and prevent the takeover of the cooperative by irresponsible parties.

Keywords: Cooperative, Corporate Share *Waqf*, People's Economy Movement, Sustainable Economic Growth

Introductions

Cooperatives, as one form of economic organization based on principles of togetherness and social justice, play a significant role in promoting grassroots economic growth and improving the well-being of their members. However, cooperatives also face complex challenges, mostly originating from internal factors. Issues such as value and goal disorientation, limited member participation in development, poor planning quality, weak enforcement and supervision, and a lack of guidance often hinder the progress and growth of cooperatives (Rulli Nuryanto, 2019).

To address these challenges, innovative and disruptive efforts are needed to improve cooperative governance and ensure the sustainability of the grassroots economic movement. In this context, the proposal for a Corporate Share *Waqf*-based Cooperative Scheme emerges as a promising solution. This scheme aims to address internal issues within cooperatives, provide legal certainty regarding share ownership, and promote sustainable economic growth. The Corporate Share *Waqf*-based Cooperative Scheme enables cooperatives to acquire significant share ownership in corporations. By having strong share ownership, cooperatives and their members can receive a proportional share of the company's net profits (Letezia Tobing, 2015). This income can become a sustainable source of revenue for cooperatives and their members, thereby improving their well-being and economic resilience.

In addition to providing economic benefits, this scheme also offers security and legal certainty for the cooperative's *waqf* share ownership in corporations (Helmi Abdullah, 2020). With clear and unchangeable provisions, cooperatives can protect the interests of their members and prevent the takeover by irresponsible parties. This scheme serves as a strong foundation for enhancing the quality of cooperatives, reducing the risk of takeover by irresponsible parties, and promoting sustainable economic growth.

In the context of grassroots economic development, the Corporate Share *Waqf*-based Cooperative Scheme has great potential to become an instrument that can address internal issues within cooperatives. In this article, we will further discuss the concept and benefits of this scheme and its implications for sustainable economic growth and the well-being of cooperative members. This research aims to thoroughly examine the Corporate Share *Waqf*-based Cooperative Scheme as an innovative solution to address the internal issues faced by cooperatives. In this study, we will analyze the basic concept of this scheme, place it in the context of cooperatives as economic institutions, and explore the potential benefits that can be gained by cooperatives and their members.

This research is limited to internal issues within cooperatives, particularly focusing on incompetent, dishonest, or uncredible management, which may potentially lead to difficulties in finance, marketing, and organizational aspects that can be addressed through the implementation of the Corporate Share *Waqf*-based Cooperative Scheme. Specific aspects of the internal problems that are the focus of this research, such as value and goal disorientation, limited member participation, weak enforcement and supervision, and a lack of guidance, will be analyzed in the context of implementing this concept.

A literature review will serve as an important foundation for this research. We will provide a comprehensive overview of relevant literature, including

previous studies conducted in the field of cooperatives and share *waqf*. Thus, this literature review will provide a better understanding of the context and theoretical basis of the Corporate Share *Waqf*-based Cooperative Scheme. Furthermore, this research will utilize qualitative analysis methods to analyze the obtained data, which will primarily consist of secondary data obtained through literature studies and related documents. Through this approach, we will present comprehensive and in-depth findings regarding the effectiveness of this scheme in addressing internal issues within cooperatives and its impact on sustainable economic growth and the well-being of members.

It is expected that the results of this research will make a significant contribution to our understanding of the potential of share *waqf* in improving the quality of cooperatives and the grassroots economic movement as a whole. Additionally, this research is also expected to provide policy recommendations and guidance for the government, regulatory agencies, and other stakeholders in developing and implementing the Corporate Share *Waqf*-based Cooperative Scheme. Through a holistic and comprehensive approach, it is hoped that this research will make a valuable contribution to the development of cooperatives as sustainable and competitive economic institutions. By addressing internal issues, cooperatives will be able to enhance their role in driving grassroots economic development, reducing social inequalities, and improving the well-being of their members.

By implementing the Corporate Share *Waqf*-based Cooperative Scheme, cooperatives can overcome the challenges they face and create a more inclusive and prosperous economic environment. This scheme not only provides economic benefits to cooperatives and their members but also ensures legal certainty and protection of their interests. The research will shed light on the potential of this scheme to foster sustainable economic growth and contribute to the overall welfare of cooperative members.

In conclusion, this research aims to thoroughly explore the concept and benefits of the Corporate Share *Waqf*-based Cooperative Scheme as an innovative solution to address internal issues within cooperatives. By conducting a comprehensive literature review and utilizing qualitative analysis methods, the research aims to provide valuable insights into the effectiveness of this scheme in promoting sustainable economic growth and improving the well-being of cooperative members. The findings of this research are expected to contribute to the development of cooperatives and the advancement of the grassroots economic movement.

Methods

The research method used in this study is qualitative descriptive research

because the researcher attempts to describe a phenomenon, event, or occurrence that is happening at present. Descriptive research focuses on the actual problems as they exist during the research process. Qualitative research utilizes qualitative methods such as observation, interviews, or document analysis. This study uses secondary data, which is collected from articles, reviews, books, literature, internet sources, and print media that are relevant to the conducted research. The qualitative approach employed by the author in this study is document analysis method using literature study or phenomenological study approach based on previous research derived from articles, reviews, books, literature, internet, and other print media.

Results

This section presents findings and discussions by the researchers.

The Proposed Model

As previously discussed in the literature review, this research has elucidated various aspects related to cooperatives and the challenges they face in the context of the Indonesian economy. The literature review provided an understanding of the basic concept of cooperatives, the importance of good management, the development of cooperatives in Indonesia, as well as their performance and contribution to the economy.

During the analysis process, several gaps or limitations were revealed that require solutions or new solutive concepts. One identified limitation is the ongoing issue of declining numbers of active cooperatives, decreasing membership, and poorly performing cooperatives. Other challenges include the lack of a positive image of cooperatives in society, the misuse of cooperative institutions for personal gain, and increased business competition in the digital era.

The following will outline solutions or new concepts that can serve as strategic steps to address these gaps. The proposed new concept is called Cooperative Based on Corporate Share *Waqf*. It is expected that this concept will strengthen the institutional capacity of cooperatives, enhance tighter supervision, and improve sustainable cooperative governance, even though the involvement of cooperative members in developing cooperative businesses is still low due to a lack of education and literacy about cooperatives. With the offered solution, cooperatives can play a larger role in economic growth, economic equality, and community empowerment. Consequently, it is hoped that the proposed measures in this research will serve as a guide for relevant stakeholders, including cooperative management, cooperative members, and the government, in the sustainable development of cooperatives.

Cooperative Based on Corporate Share *Waqf*

Cooperative based on corporate share *waqf* is a cooperative model that combines the concepts of *waqf* (endowment) and cooperative share ownership within a corporation. In this model, cooperative members, through the cooperative institution, hold shares in a corporate entity. However, the ownership of these shares is based on *waqf* principles, where the ownership status has been transferred from an individual for the benefit of the public, either in perpetuity or for a specified period, in a productive manner managed with trust and professionalism as stated in the *waqf* declaration deed. Consequently, the proceeds can be utilized for religious and social purposes, benefiting the wider community (Helmi Abdullah, 2020).

In general, the concept of cooperative based on corporate share *waqf* aims to combine economic and social aspects within a single business entity. The goal is to create economic sustainability through share ownership while simultaneously promoting social welfare through the utilization of profit proceeds for community-based social programs. Cooperative based on corporate share *waqf* can be an innovative solution to address social and economic issues. By combining *waqf* principles and share ownership, this model can establish a strong link between business and social aspects. It provides dual benefits, enhancing the profits for cooperative members as investors (*wakif*) and beneficiaries (*ma'uquf alaihi*) through share investments, while also generating positive impacts through social programs funded by the profit proceeds.

Discussion

Strengthening Institutional Solutions

The *Waqf* Assets, including *waqf* shares, have special characteristics that make them unpledgeable, confiscated, donated, sold, bequeathed, or transferred in any other form of rights transfer (Helmi Abdullah, 2020). This provides additional strength to cooperatives as institutions. When *waqf* assets, such as shares, are intended for the business interests of the members and the social welfare of the general public, they are protected by the principles of *waqf* law. These legal provisions emphasize that *waqf* assets must be preserved and maintained for the designated business and social purposes. Therefore, *waqf* assets cannot be used for personal purposes or transferred to others. With these restrictions in place, *waqf*-based cooperatives gain strong institutional support. They can maintain the sustainability and stability of their *wakaf* assets, as there is no risk of these assets being lost or diverted by individuals or other parties. This instills confidence in cooperative members, the community, and other institutions that *wakaf*-based cooperatives are reliable and responsible entities in carrying out their business and

social missions. Thus, *waqf*-based cooperatives have a solid and reassuring foundation for their business activities. They can focus on economic development and social welfare while ensuring that the *waqf* assets they manage are not threatened or diverted. In this regard, the institutional strength of cooperatives grows, enabling them to make sustainable contributions to society and the overall economy.

Sustainability of Cooperatives Business

Sustainability of Cooperative Business derived from the broad outlines of the business direction set forth in the Deed of *Waqf* Declaration is closely related to the impossibility for the *waqf* asset managers to alter the provisions established in the deed. This is in accordance with Article 16 of Republic of Indonesia Law Number 41 of 2004, which states that a *waqf* declaration cannot be revoked.

In the context of *waqf*-based cooperatives, the Deed of *Waqf* Declaration serves as a binding foundation for the management of *waqf* assets. The Deed of *Waqf* Declaration contains provisions that have been established for the use and management of *waqf* assets. One important characteristic of the Deed of *Waqf* Declaration is that the provisions cannot be altered by the *waqf* asset managers. This has a positive impact on maintaining the sustainability of the cooperative. With the provisions established in the Deed of *Waqf* Declaration, the broad outlines of the cooperative's business direction become clear and cannot be arbitrarily changed. In the long run, this provides certainty and consistency to the cooperative's vision and mission.

In practice, the impossibility to alter the provisions in the Deed of *Waqf* Declaration encourages *waqf* asset managers to operate the cooperative business with a high sense of responsibility and considering sustainability aspects. They must ensure that the cooperative's business activities remain within the boundaries set forth in the Deed of *Waqf* Declaration, aligning with *waqf* values and public interests. Furthermore, the unalterable provisions in the Deed of *Waqf* Declaration also provide protection for the sustainability of the cooperative against potential policy changes or external pressures that may arise in the future. Similarly, it provides assurance of the cooperative's sustainability in the future, even when there is a change in leadership or an increase in membership as a result of the cooperative's business success, which enhances public interest in joining as members. Although members have voting rights and participate in decision-making, the transformation of assets into *waqf* assets restricts the management from freely changing the direction of the business, which could jeopardize the *waqf* goals and the long-term sustainability of the business.

Thus, through the Deed of *Waqf* Declaration, *waqf*-based cooperatives have a solid and sustainable framework for conducting their business. The unalterable

provisions provide clear guidance, protect *waqf* goals, and maintain the sustainability of the cooperative in achieving its vision and mission.

Overcoming The Labor and Employer Polemics

The corporate-based *waqf*-share cooperative offers several relevant advantages for both workers who are members of the worker cooperative and business owners. In this context, the *waqf*-based corporate share scheme has the potential to resolve the prolonged polemics between workers and employers regarding wage demands and low work motivation among some workers.

In this scheme, the worker cooperative institution acts as the manager of the *waqf*-share assets or *Nazhir* obtained from the majority shareholder of the corporation, who serves as the *Wakif*. The profits generated from the management of the corporate shares, according to the provisions stipulated in the *waqf* deed, can be distributed to the workers as cooperative members, allowing them to directly benefit from the business's success. The implementation of the *waqf*-based corporate share scheme also provides certainty and tranquility for the workers. The provisions in the *waqf* deed ensure that the *waqf* assets, including shares, cannot be mortgaged, confiscated, donated, sold, inherited, or transferred in any other form. This safeguards the sustainability of the cooperative and shields workers from uncertainties related to continuous policy changes or demands for wage increases, which are often perceived as burdensome by business owners.

For business owners, the partial transfer of corporate shares to the worker cooperative brings benefits. Besides maintaining control over the corporate business, they can also reduce the burden of business losses through the involvement of the worker cooperative in the company's management. This provides higher work motivation for the workers as they become part of the company's management and have a direct interest in its success. With improved worker performance, business profits can increase, which, in turn, can support wage increases, benefits, and overall worker welfare.

Through the *waqf*-based corporate share scheme, workers and employers can collaborate in maintaining and enhancing the corporate business's growth. With interconnected interests between both parties, common views and attitudes can be achieved, resulting in a more harmonious and sustainable work environment. Thus, this scheme can enhance the participation of cooperative members in improving the cooperative's performance and business sustainability.

Conclusion

Overall, this research has successfully achieved its objective of proposing models for implementing the concept of Cooperative Based on Corporate Share *Waqf*. The study explores various aspects related to cooperatives and the

challenges they face in the context of the Indonesian economy. In this context, a new concept called Cooperative Based on Corporate Share *Waqf* is proposed. This concept combines the concepts of *waqf* and cooperative share ownership within a corporate framework. With this concept, it is expected that cooperative institutions can be strengthened, oversight can be tighter, and cooperative governance can be sustainable. Although the participation of members in developing cooperative businesses is still low, this concept is expected to enhance the role of cooperatives in economic growth, economic equity, and community empowerment. Cooperative Based on Corporate Share *Waqf* has several advantages, such as a strong institutional foundation through non-transferable *waqf* assets, ensured business sustainability through unchangeable *waqf* declarations, and resolution of conflicts between workers and employers through the scheme of share-based corporate *waqf*. This scheme can bring benefits to both workers and business owners while increasing the participation of cooperative members in business sustainability. Therefore, the concept of Cooperative Based on Corporate Share *Waqf* can be seen as a strategic step to overcome the identified limitations of cooperatives in Indonesia. This concept is expected to provide guidance for cooperative management, cooperative members, and the government in developing cooperatives in a sustainable manner and contributing to economic growth and community empowerment at large.

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