

# Transcendental and Social Accountability in Productive Waqf Assets

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## ABSTRACT

**Objective** – The objective of the study is to formulate a concept of transcendental and social accountability in the management of *waqf* assets as a trustworthiness from God (Triyuwono, 2004). The concept is expected to be an Islamic accountability which is religious and social in nature (Hameed, 2000)

**Methodology/Technique** – The study uses *tawhidic* post-phenomenology, a modified post-phenomenology based on the basic tenet of Islam, as an instrument to analyze data. The method is actually the development and combination of philosophy of technology (Ihde, 1993) and Ibn Arabi's philosophy of being (Dobie, 2007). Financial statements of *waqf* institutions, in this study, are regarded as a technology and additional are collected by interviewing four informants in the Regional Board of Muhammadiyah in Gresik.

**Findings** – The study finds a *da'i* (preacher) metaphor as a form of accountability. This metaphor indicates that *waqf* assets functioned, firstly, as an instrument for doing Islamic missionary efforts with good practices (*dakwah bi al-hikmah*) such as helping orphans, the poor and the needy, and overcoming natural disaster; secondly, as a spot for Islamic missionary efforts with good advices (*dakwah bi al-mau'ihatul hasanah*) for patients, employees, and people at large; and thirdly as an instrument for taking care of environmental health.

**Novelty** – The study suggests transcendental and social accountability in the management of *waqf* assets as a trustworthiness from God.

**Type of Paper:** Empirical

**Keywords:** Transcendental; Social; Accountability; Post-Phenomenology; Tawhid.

**JEL Classification:** A13, M14, M41.

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## 1. Introduction

There are some issues related to *waqf* asset management in terms of accountability practices. These issues are namely the presence of the different perceptions upon the revenue of *waqf* asset management and the contribution to the community. The second issue is related to the mistakes in asset management, causing loss of *waqf* assets (Ihsan & Hameed, 2011). The third issue is the diversity in *waqf* accounting practices due to the absence of accounting standards for *waqf* assets (Ihsan & Adnan, 2009; Ihsan & Hameed, 2011).

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The accountability of waqf asset management is likely the same as the accountability of charity institutions (Hyndman & McDonnell, 2009) which describes the relationship of donors, governments and beneficiaries. Charities are obtained from both government and private donors. The charitable institutions must be responsible for the charities given according to the agreement with the donors. The donors gain benefits from the good effects due to observance of the regulations, while the regulator gives to the charity institutions the legality for the operation, supervision and tax exemptions. The institution provides benefits to the community, even though they have no direct obligation to the community.

Ihsan and Adnan (2009) developed a model of waqf accountability inspired by the accountability model of charity institution as asserted by Mitchell, Agle, and Wood (1997) and Hayes (1996). Nazhir<sup>1</sup> is responsible to the three stakeholders. First, Nazhir is responsible to the government as the regulator. Second, Nazhir is responsible for the interests of legitimacy to the other parties, especially potential donors or benefactors. Third, Nazhir is responsible to the beneficiary community as the recipient of the waqf assets.

Waqf asset accountability model developed by Ihsan and Adnan (2009) has some limitations. First, the assumptions used in the theory of stakeholders by Mitchell et al. (1997) are Weberian thought based on the philosophy of material. Second, the assumptions of organizational orientation used are profit-oriented organization, which describes the relationship between stakeholders and managers, whereas in fact the waqf assets management is not such profit oriented. Third, the assumptions of organizational accountability used are material accountability because the accountability is objectivity oriented to the fellow human beings. In reality, the metaphor of waqf is a continuous and non- interrupted charity. If the assets are utilized continuously, then rewards from God will continuously flow to the benefactors or donors (waqif<sup>2</sup>) (Widati, Triyuwono, & Sukoharsono, 2011).

Islam puts accounting, reporting, and accountability in the spiritual area (Kamla, Gallhofer, & Haslam, 2006). Triyuwono (2012) explains that the spiritual accountability is such vertical accountability (transcendental accountability). Yaacob and Nahar (2011) describe taklif as a framework which connects accounting and reporting having multi-dimensional accountability in the management of waqf assets, which is accountability to God and human beings.

Hameed (2000) describes the dual accountability as the caliph of God, where men are responsible to Allah (God) related to all resources entrusted to them and abide by all contracts made among the men. This accountability is very appropriate for the waqf asset because this issue is based on both religious motivation and public interests.

## 2. Tawhidic Post-phenomenology as Method

Post-phenomenology is phenomenological instrument discovered by Don Ihde<sup>3</sup>. Phenomenology is a method of using the instrument as a tool in reading the sensory phenomena (Ihde, 1993). That tool is called instrumental technology (artifacts<sup>4</sup>) (Hartanto, 2013). The use of these technological artifacts is to create the embedded perception between technology and the body. Being embedded is to make the tool as part of the body in order to look at the world of life (Lim, 2008). Post-phenomenology could be wider and more explorative by using the instrument and its relation to body in order to understand the reality. Don Ihde criticized phenomenology that should have been broader than just the relationship between the subject or ego by putting the body which can replace earthy awareness/ego in the transcendental phenomenology by Husserl (Hartanto, 2013).

<sup>1</sup> Nazhir is the recipient or beneficiary of *waqf* property or assets delivered by *waqif* in order to be managed and developed in accordance with the mandate or mutual consent between the *Nazhir* and the *waqif*. Further definition of this institution is stipulated in Law of Republic of Indonesia Number 41 of 2004 on *Waqf*.

<sup>2</sup> *Waqif* is person or any party delivering the assets for *waqf*.

<sup>3</sup> Don Ihde is a philosopher who finds technological philosophy. Ihde was born in Hope, Kansas, the United States on 14 January 1934. His expertise is in the area of technological and scientific philosophy. (Lim, 2008, p. 4).

<sup>4</sup> Artifact is human made technology in the world (Lim, 2008, p. 81)

Post-phenomenology is based on human perception. There are both micro and macro perceptions in the human perception. Micro perception is likely defined as the man's perception connected directly through his body with all senses (Ihde, 1990). The living world is directly connected with the human body. The body is in the world called as body one by (Ihde, 2002; Lim, 2008). Macro perception is the human's perception obtained through the structure or culture where humans reside, and it is viewed through the social community. Macro perception is the cultural and hermeneutic perception (Ihde, 2009). Such perception is referred to as body two (Ihde, 2002). There are technological artifacts between body one and body two. Perception of human that employs technology is the embodiment relationship. Human beings have perception of the life world through the instrument in the form of technology. The instrument is an extension of the body (Lim, 2008).

Phenomenology in Islam requires some adjustments to the Islamic methodology. The essence of this methodology is monotheism (tawhid), unity of creation, the unity of truth and knowledge, unity of life, and unity of community (ummah) (Al-Faruqi, 1988). Tawhid is the basis of ontology, epistemology and methodology. Post-phenomenology of Don Ihde is developed by using the concept of tawhid which is then called as tawhidic post phenomenology.

Phenomenology in Islam is developed by Ibn al-Arabi called the "phenomenology of beings" (Dobie, 2007). Choudhury (2008) states that phenomenology which is based on the unity of knowledge is referred to as phenomenology of monotheism. Dobie (2007) says that there are differences in opinion between Ibn al-Arabi and Heidegger. Al-Arabi stated the term "being" means "existence" which indicates the existence of God as existence of the Absolute. Disclosure of God to His creation is expressed through the verses (of the Qur'an). It implies that the Qur'an is the media to reveal the truth and becomes source of knowledge. On the other hand, Heidegger says "being" as "existence" is the result of human thought by using technology to reveal the truth.

The researchers create post-phenomenology combined with monotheism called as tawhidic post-phenomenology. This methodology means beyond the post-phenomenology using monotheism as the basis of the thought. The researchers create hyper body as an embodiment of monotheism which is the aspect of accountability to God. The subjects to be interviewed as the body one are Nazhir. The financial statement of Amal Usaha Muhammadiyah (Muhammadiyah Charitable Enterprise - AUM) is used as the instrument. Horizontal accountability serves as the body two and vertical accountability serves as the hyper body.

Data are collected by interviewing Nazhir. Nazhir in this research is the Muhammadiyah, one of the prominent Islamic community organizations in Indonesia. The researchers interview the representatives of the organization, namely those who involved in the management of productive waqf assets used as a place to set up a hospital, and the informants involved here are Suprpto, Suwarno, Rahmat Jumadi, and Uswatun Hasanah. They are the members of the Regional Board of Muhammadiyah Gresik.

### **3. The Results of the Research**

The form of the accountability of waqf asset management by Nazhir becomes the focus of this research. The accountability emphasizes the accountability to God and to fellow human beings (Hameed, 2000; Yaacob & Nahar, 2011). These vertical and horizontal accountabilities which are carried out simultaneously represents the principles of accountability based on the "theological philosophy", which is the basic concept of ethical and holistic welfare theory. The purpose of these accountabilities is to realize the ethical responsibility of human to God, fellow human beings, and nature (Triyuwono, 2012).

#### **3.1 Transcendental (Vertical) Accountability to God**

Waqf assets are used as the preaching media in the form of spiritual guidance activities, as stated by the interviewee Mr. Suwarno as follows:

“Our preaching activities are inherent in the activities I have just told; indeed, spiritual guidance activities are included. It is the part of the preaching because in this forum we teach the people how to pray according to the sunna, and it is inherent in the teaching. Preaching...the religious vision is there, including the earlier Islamic discussion was part of our mission. Monthly discussion, umroh (a religious pilgrimage to Mecca) is included too; that is our uniqueness. All means costs and inherent in the financial statements.”

Spiritual Guidance is a form of preaching to the patients. Patients are given the guidance to endure the ordeal of God. Spiritual guidance is a form of preaching *bi al-mau'ihatulhasanah*. Informants (body one) use the financial statements as the instrument by which they have a perception about preaching to the patients. The process is called spiritual hermeneutics (*ta'wil*). The preaching has been developed culturally by Muhammadiyah. The concept of preaching calls for individuals or communities to embrace and practice the teachings of Islam to embody the teachings of Islam in the activities and everyday life (Mahmuzi, 2013).

Waqf assets should be managed trustworthily. Trustworthiness (*amanah*) is the basic principle in utilizing the waqf assets for preaching activities, because the donors do not expect material rewards from the waqf assets they have given, but expect continuous rewards from God. The form of the trustworthiness can be observed from the honesty in the asset management and can be verified by audit as stated by the informant Mr. Rahmat Jumadi as follows:

“...yes, (the management) is annually audited, independently audited, audited independently by the accounting firm... audit was done in regional level for objectivity purpose, the regional board of (Muhammadiyah) appointed public accountant.”

The informant uses the results of financial audit as an instrument by which he has a perception about the trustworthiness to manage the assets. The trustworthiness according to the Muhammadiyah entrepreneurs is a combination of the highest responsibility, daily prayers and pious practices (Mulawarman, 2011, p. 156).

Waqf assets are used as places of worship. Worship is an attempt to approach closely to Allah as God by means obeying His commandments and avoiding His prohibition and serves the practices in accordance with His commands (Nasir, 2014). It is stated by the informant Mrs. Uswatun Hasanah:

“Surah Al-Maa'uun (small kindness) is being focused. In short of our language, although someone has become pilgrim for hajj for ten times or umroh twenty five times, meanwhile his interpersonal relationship with others is not good for other people around us, it did not make a sense; the essence of our worship is when the results of our worship is both for the better connection to God (*hablumminalloh*) and to humans (*hablumminannas*).”

The informant cites Surah Al-Maa'uun as the basis and instrument of the Amal Usaha Muhammadiyah (Muhammadiyah Charitable Enterprise - AUM) in which the AUM on the waqf land serves as a place of worship for the people in general. The strategy the informant used by citing Quran is as spiritual process of hermeneutics. The pious practices are as the efforts to approach close to Allah by being committed to all of His instructions and avoiding His prohibitions (Nashir, 2014, p. 72).

Nazhir always manages the waqf assets sincerely. Nazhir does not obtain nor receive any material rewards in managing the waqf assets. The only reward received by the Nazhir is the reward from God. It was stated by the informant Mr. Suprpto: “...it is all about the connection to God; in Muhammadiyah the connection to God means they do not receive any salary. The owner (Nazhir) is not paid.”

The informants used financial statements as the instrument thereby they have the perception that the owner (Nazhir) does not enjoy the welfare resulting from the waqf (this is material hermeneutics). The sincerity is a condition of faithful heart without expecting any material compensation in any circumstances.

Sincere individuals only expect the reward from God later in the hereafter. As stated by K.H. Ahmad Dahlan, “Let’s nurture the life of Muhammadiyah, but let’s not to seek for living in Muhammadiyah” (Sahli, 2013).

### **3.2 Social (Horizontal) Accountability to Fellow Human Beings and Nature**

The proceeds of the productive waqf assets are used to finance the activities and operation related to orphanages. This information is stated by Mr. Suprpto:

“An orphan is indeed included in social program as a form of the horizontal relationship among human beings... If I’m not wrong, they are included... Thus, the hospital also has a program to help the orphanage... In terms of the MPKUPS (Board of the Community Welfare Development and Social Service), as it concerns with the livelihood, the board is involved in the community social service activity... and this activity is supported by the hospital.”

The informant uses the financial statements as the instrument thereby he has a perception that the waqf assets are utilized to help the orphans. The process is a material hermeneutics. Muhammadiyah is an organization with the intention of Islamic preaching to empower prosperous, safe, and wealthy community, so there will be equality, sincerity, brotherhood, cooperation, and mutual supports based on the teaching of Allah (Nasri, Nashir, & Sudjarwo, 2009).

Disaster Management Center of Muhammadiyah conducts natural disasters management by involving Muhammadiyah Hospital in Gresik. The hospital is founded by using the waqf land, as confirmed by Suprpto:

“We can see such pure humanity connection, such as when we heard disaster occur like flood, it is spontaneity. When the disaster occurs any time, the team which has been established will visit the location to help the victims.”

The informant uses the financial statements as the instrument, thereby he has a perception of concern in dealing with natural disasters. The process is a material hermeneutics. Muslim should help each other to alleviate misery, not only because of love but also it is a call in Islamic teaching to conduct good deeds (Mahmuzi, 2013).

Amal Usaha Kesehatan (AUK – Charitable Enterprise in Health Service) is an institution that is sensitive to and take care of people and environmental health, it is associated with medical and non-medical wastes. Muhammadiyah Hospital in Gresik has been maintaining the environmental health as stated by Mr. Suwarno:

“The hospital has had a medical waste management plant, which is far from residential areas by making the incinerator... The investment was about two hundred and thirty million... For non-medical waste, we already have waste management plant. If we don’t have waste management plant, the operating license for hospital will not be given to us.”

The informant uses the financial statements as the instrument thereby he has the perception that the AUK has been maintaining the environmental health through the good waste management. Triyuwono (2012) describes that human beings who are ordered to go down to earth to have social contract with community and nature.

### **3.3 The Metaphor of Preacher**

The researchers use “preacher” (da’i) as the metaphor of the research findings. Preachers are those who preach to the people and spread the religion in the community to engage, learn, embrace and practice the teachings of Islam (Department of National Education, 2008). There are three methods of preaching: first, bi

al-hikmah is the method of preaching by giving examples of good and wise models; second, bi al-mau'idhatulhasanah a method of preaching by providing advice using well-organized linguistic structure in the form of lectures; Third, al-Mujadalah bi bi-allatihiahsan is the preaching done by dialogue or exchanging opinions about religion with the two parties of different religions (Warastuti, 2014).

Figure 1 shows the metaphor of the preacher as a form of the accountability of productive waqf assets. The productive waqf assets are used as the media of delivering preaching to the community. Preaching (Islam: da'wah) here is done by bi al-mau'idhatulhasanah by delivering spiritual guidance to the patients, employees and the surrounding communities and bi al-hikmah which is to finance the orphanages and how to cope and manage natural disasters and maintain the environmental health.

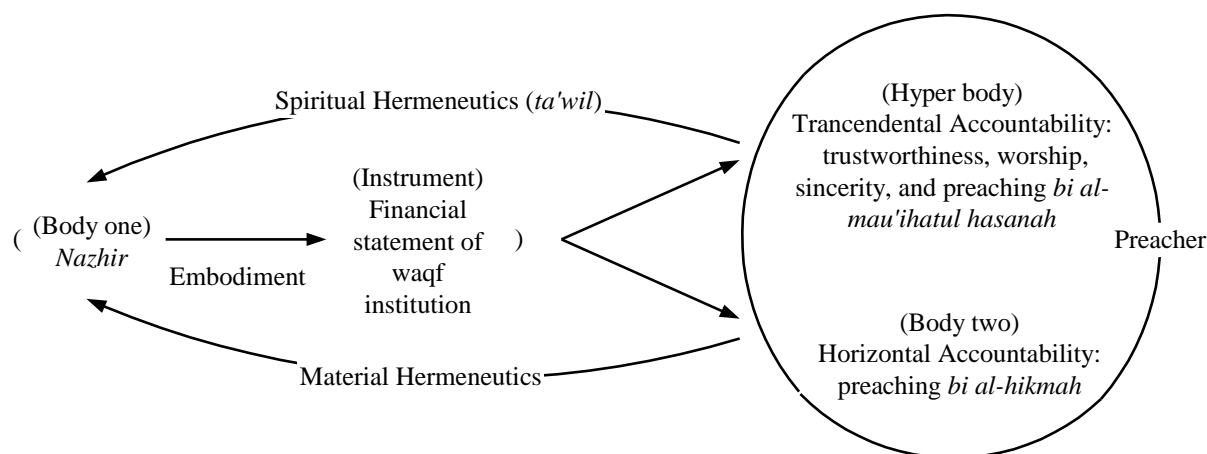


Figure 1. The metaphor of preacher

#### 4. The Concept of Religious Charity Social Entrepreneurship

The concept of religious charity social entrepreneurship is the finding of this study. The concept is based on five assumptions of waqf assets for Muhammadiyah Charitable Enterprises. The assumptions are including religious, social, possession, revenue sharing, and personnel of Nazhir who do not receive welfare (salary and other monetary rewards). The main assumption of waqf assets is to get the reward of God continuously even though the donors or beneficiaries had died. The donors do not expect material rewards (e.g. money) from the waqf assets (e.g. land) which have been given.

The social assumption of the waqf asset is the asset that would be useful for the community in general, such as to build a house of worships (mosque), schools, orphanages, hospitals, maternity clinics, libraries, and others; those places are intended for social purposes. As long as the waqf assets are managed to give good benefits for the community, then the donors will get rewards from God.

The assumption in relation to propriety rights of waqf assets in Muhammadiyah is that the waqf assets are owned on behalf of the organization. Thus, any waqf assets under the name of Muhammadiyah should not be owned by individuals. This is to avoid conflicts of interest in the future. All assets are assigned under the name of Muhammadiyah organization.

The assumption relates to the revenue sharing in Muhammadiyah is intended to develop Islamic preaching. This is to realize the ideas of Muhammadiyah to empower the people to become prosperous, secure and peaceful people, so as to bring justice, honesty, brotherhood, mutual help, and benefits, which are based on the pure order of law from God (Nashir, 2014).

Personnel of Nazhir representing the owners does not receive benefits (e.g. money) from the operating proceeds of productive waqf assets. The only expectation of Nazhiris rewards from God for what they do in managing the waqf assets sincerely and trustworthily.

## 5. Conclusion

This study finds a form of accountability with the preacher as the metaphor. The metaphor of preacher stands for preaching, trustworthiness, worship, and sincerity. Vertical (transcendental) and horizontal (social and natural) accountabilities are referred to religious accountability. The vertical (transcendental) accountability may take the form of the waqf assets which are used as the medium of preaching activity where such assets are managed trustworthily, used as a place of worship and managed sincerely. Horizontal (social and natural) accountability may take the form of the waqf assets which are used to help others through public health by improving the welfare of the people, especially helping the poor and the orphans and the conservation of the natural environment.

The results of the research find the concept of “religious charity social entrepreneurship”, a charitable entrepreneurship concept of charity which has different assumptions from either the assumption of business or social entrepreneurship. The differences in these assumptions include five aspects, namely religious, social, asset ownership, revenue sharing, and personnel of Nazhir who do not receive benefits (e.g. money) from the productive waqf assets. The concept applies and is carried out to manage the productive waqf assets in the research site. The management of the assets is different from what is employed by the company for business or social entrepreneurship with the approach based on another theory, like the theory of the entity, the theory of joint venture (enterprise theory), and the theory of social entrepreneurship.

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