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**ECONOMIC PROTECTION TOWARD FINANCIAL
MANAGEMENT HAJJ FUNDS: INDONESIAN CASE**¹Muhammad Iqbal Fasa, ²Adib Fachri, ³Ghina Ulfah Saefurrohman, ⁴Ahmad Hazas
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ABSTRACT

The potential for Haj funds in Indonesia is enormous. However, the long queues to perform the Haj pilgrimage lasted up to 17 years. The state has not wholly-owned facilities for operational needs. This study offers a new model in the management of Hajj funds in Indonesia. The offer in this research is the formation of economic independence protection by developing business units such as accommodation facilities in Mecca and Medina, Hajj planes, tours and trips, catering, hajj and umrah equipment stores, convenience stores, Indonesian culinary specialties, convection, e-payment systems. Hajj, Bottled Drinking Water, Sukuk Investment, and Other Investments. All of the profits from these funds are turned back for capital and business unit development. Thus, all the benefits of the hajj fund will again be felt by the people of Indonesia.

Keyword: *economic protection, financial management, hajj fund*

A. INTRODUCTION

Setyawan et al. (2020) stated, during the period between 2014 and 2019, the highest number of pilgrims occurred in 2019, with 229,613 thousand pilgrims. Then in 2014, the number of pilgrims going to the holy land this year was 154,467 thousand people. The addition of the quota for hajj pilgrims does not cover the number of Indonesian pilgrims registrants, so there is still a buildup that results in queues for the departure of other pilgrims. (Abidin, 2016).



Rahayu (2020) argued that a long waiting list is a deliberate event due to the large number of prospective pilgrims registering.



Source: haji.kemenag.go.id

An increase in the number of pilgrims for the pilgrimage can result in an

accumulation of funds. Thus, the Indonesian government issued Law Number 34 of 2014 concerning Hajj Fund Management. Through this law, the government established the Hajj Financial Management Agency (BPKH), which was officially established in 2017. BPKH is in charge of managing Hajj finance, which includes revenue, development, expenditure, and accountability, which are carried out effectively, efficiently, transparently, and accountably.

The potential for Hajj funds is enormous. The long queue of pilgrims currently reaches 11 to 39 years since registering. Initial registration fund of Rp. 25,000,000 precipitate can be utilized massively. If it is illustrated, the congregation who registered a year reached 1,000 participants. The funds collected will be Rp. 25,000,000,000 (25 billion) per year. The funds raised can be made into a unique business platform by imposing financial protection, of course. In addition to that, Umrah's potential is 1,000,000 pilgrims annually. This means that the estimated turnover reached Rp. 20,000,000,000,000 (20 Trillion).

BPKH has invested in several lines, such as investment in securities, direct investment, gold, and others. However, fundamental problems The allocation of expenses for Hajj is relatively high, such as

flight costs (46%), accommodation and transportation (34%), living costs (6%), and other domestic costs (14%). (BPKH, 2019).

Supposedly, BPKH is concerned about real sector facilities that are immediately ready to use sustainably so that the absorbed funds can be reused for the needs of Hajj and Umrah and can find solutions to increase the haj quota so that the waiting list becomes fast. Such as the Development of Lodging Facilities in Mecca and Medina, Collaboration with Private Hajj and Umrah Bureaus, Bottled Water Businesses, Aircraft, Tour and Travel, Catering, Hajj and Umrah Equipment Stores, Convenience Stores, Typical Indonesian Culinary, Convection, Sukuk Investment, and Investment Others.

The writing in this paper tries to provide input on government policies and the expansion of financial management development for hajj funds in Indonesia so that they can be massively beneficial to pilgrims in Indonesia.

B. THEORETICAL BASIS

1. Economic Protection

Economics protection theory originates in trade protection between countries. Trefler, (1993) reported evidence that protection increases when import rates increase or import penetration occurs. If

the increase in imports is part of a cyclical trend of increasing trade volume, then the protection will decrease as the volume of imports increases. On the other hand, if an increase in imports reflects a temporary increase in import volume, then protection will increase with import penetration (Bagwell & Staiger, 2003). The average level of protection tends to increase when in an economic recession (Bohara & Kaempfer, 1991; Conybeare, 1987; Gallarotti, 1985; Grilli, 1988; Hansen, 1990; McKeown, 1984; Ray, 1987; Salvatore, 1987).

The Economic protection referred to in this research is the protection of the circulation of business development imposed by BPKH in order to create bound cash flows so that the benefits of managing hajj funds can be given to and from Indonesian pilgrims.

2. Hajj Fund Financial Management

Fayol & Storrs (1949) distinguishes six activities common to firms: technical, commercial, financial, security, accounting, and managerial. He defined five management functions. These five functions focus on the relationship between personnel and management and provide a reference point for problems to be resolved creatively. Management principles can be used to manage organizations and are useful tools for

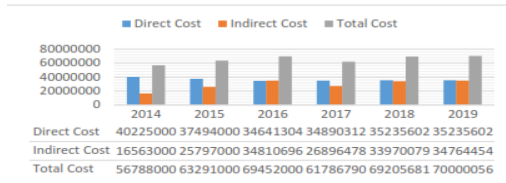
forecasting, planning, process management, organizational management, decision making, coordination, and control. (Manu et al., 2019).

Financial management is one area that can be used to increase corporate value through the policies taken. The three central policies in financial management are funding policies, investment policies, and dividend policies (Cahyaningdyah & Ressany, 2012; Morrow Jr et al., 2007; Murtini, 2008)

Based on Law Number 34 of 2014 concerning Hajj Financial Management, the Haj Fund is a fund for depositing the costs of organizing Hajj, the efficiency of administering Hajj funds, the ummah's waqf funds, and the value of benefits. Controlled by the state in the context of organizing the haj pilgrimage and carrying out a program of activities that are beneficial to Muslims.

According to Setyawan et al. (2020), Hajj operational costs are divided into two parts based on the source, namely: Direct Costs & Indirect Costs. According to his understanding, Direct Cost is the fee charged to pilgrims to get a seat or a quota for the pilgrimage. This fee is intended for operational (airplane tickets, lodging, etc.) for the congregation. Indirect costs, meanwhile, represent Hajj's operating costs, which are excluded from the

pilgrims' support and derive from the value of the Hajj funds that are saved due to the list of pilgrims.



Hajj is a type of worship that requires relatively high costs, at least for Indonesian Muslims. Currently, approximately thirty million assets must be prepared to finance the pilgrimage. Relevant funds are small in number so that not everyone can do it, only certain people who are said to be able to carry out the pilgrimage—being able to travel means physical, material, and spiritual ability (Novindri, 2013).

Along with the development of the implementation of hajj bailout funds in the implementation of the haj pilgrimage, it was eventually stopped because it caused many problems. The most visible problem is the increasing length of the waiting list for hajj queues, which has reached years or even decades (Farid, 2019). This product triggers the long queue for the hajj waiting list (Fathansyah & Irwansyah, 2019; Tho'in & Prastiwi, 2016)

It is time for BPKH to offer a solution in order to accelerate the waiting list. Rahman et al. (2020) stated that the total infrastructure financing needs to reach IDR

4,769 trillion over five years (2015-2019). Meanwhile, the source of government investment from the APBN and APBD is only around 41.3% or Rp. 1.969 trillion. The number of funds needed and the limited budget encourage the government to involve other parties to invest in infrastructure development.

C. METHODS

1. Types of research

This type of research is qualitative research. Qualitative research is defined as a study that focuses on understanding the naturalistic setting, or everyday life, of a particular phenomenon or person, including the context in which the studied phenomenon is embedded. However, qualitative studies do not represent a uniform perspective. Conversely, depending on the assumptions about ontology and epistemology, qualitative techniques and approaches differ (Neergaard & Ulhøi, 2007). Denzin (1994) defines qualitative research as multimethod in focus, involving an interpretive, naturalistic approach to the subject matter.

2. Data source

The data source in this study is secondary data by comparing various references, information, data, and relevant previous research results. Heaton (2004)

defines secondary data analysis as a research strategy that draws on pre-existing quantitative data or pre-existing qualitative data to investigate new questions or verify previous studies.

3. Data Analysis Techniques

This study uses descriptive analysis techniques to describe the phenomena that occur. The end of this paper tries to offer a synthesis of the offer of the Economic Protection Model of Financial Management for Hajj Funds in Indonesia.

The qualitative data analysis methodology is to perform data accuracy, correctness, trustworthiness, or objectivity. The alarming accuracy of the data focuses on its subjectivity, interpretive nature, plausibility, sound data, and constructivism. (Glaser & Holton, 2004).

D. RESULTS AND DISCUSSION

1. The Urgency of Economic Protection in Financial Management of Hajj Funds in Indonesia

Economic Protection of Hajj Fund Financial Management can be started by meeting all the needs of the pilgrims that can be felt directly. Although these facilities can be used, apart from the Hajj season, as a commercial unit that the Indonesian people can feel. All profits from the business unit will return to BPKH. The development of facilities and infrastructure for Hajj and Umrah will

have an impact on accelerating the waiting list of Indonesian pilgrims. The following is an offer for BPKH's business units in the framework of Economic protection:

a. Domestic and Foreign Accommodation Facility Development

The development of Hajj hostel accommodation facilities in each area can be used commercially for the benefit of the community. If possible, all activities of the Ministry of Religion and Islamic activities are carried out in the Hajj Dormitory of each region. So, meetings, meetings, workshops, and seminars do not need to use other hotel facilities.

Then, Indonesia does not yet have independent hotels in Mecca and Medina. Time to be economically independent and maximize existing financial protection. With the establishment of lodging facilities in Mecca and Medina. So, all these needs for lodging facilities for the Indonesian people can be adequately fulfilled.

b. Hajj airplane,

Aircraft can be used from Indonesia to Mecca and Medina in order to fulfill Hajj and Umrah. It is possible to use it for the general public if the seats are still filled.

c. Tour and Travel,

BPKH should try to expand its business to tour and travel. Umrah is an excellent potential besides Hajj. One million pilgrims each year have a potential turnover of 25 trillion.

d. Hajj and Umrah Equipment Shop,

Hajj and Umrah equipment stores can be a solution for Indonesians who cannot buy equipment directly in Mecca and Medina. The distribution of equipment items from Mecca and Medina can be distributed in Indonesia.

e. Department store,

Convenience stores are available in Mecca and Medina. So, Indonesian people who do Hajj and Umrah can buy necessities that suit Indonesian tastes.

f. Typical Indonesian Culinary,

When Indonesian people are in Mecca and Medina, of course, they miss Indonesian specialties. This is an excellent opportunity for the BPKH business unit.

g. Convection,

Every Hajj and Umrah pilgrim who departs gets several souvenirs, uniforms, Ihrom cloth, bags, suitcases, and so on. If managed by the BPKH business unit, the economic circulation will return to the BPKH treasury.

h. Cooperation between the Bureau of Hajj and Private Umrah Management

BPKH can expand its Umrah management, cooperate with various Bureaus, and become the Supervisory Board of the Hajj and Umrah implementation bureaus, so there is no fraud on the part of various parties. Enjang, (2020) suggested, BPKH make a new policy in the system of administering Hajj and Umrah through the Integrated Information System for Umrah and Special Hajj Supervision, which is built electronically.

i. E-Hajj Payment System,

From the Technological Aspect, BPKH can prepare a payment system that goes directly to BPKH without going through a third party. Thus, the funds collected are fully funded in the BPKH cash. Integration of Third Parties such as Hajj and Umrah Travel Agencies, Financial Institutions that serve Hajj and Umrah payments can immediately deposit them to BPKH.

j. Bottled Drinking Water,

Bottled drinking water can be in the form of zam zam water in Mecca and Medina, then distributed in Indonesia in packaged form, as well as for trips during the Hajj and Umrah processes.

k. Investment in Sukuk and Other Investments

Investment is essential, especially the facilities for Hajj and Umrah must continue to grow if you want to increase your quota from year to year. Infrastructure development for Hajj and Umrah needs absolutely must be enforced. Hajj funds can invest in Islamic stocks not only on the Indonesia Stock Exchange but also in Islamic stocks in Saudi Arabia, Tadawul. That way, the problem can be resolved, and the benefits will be even

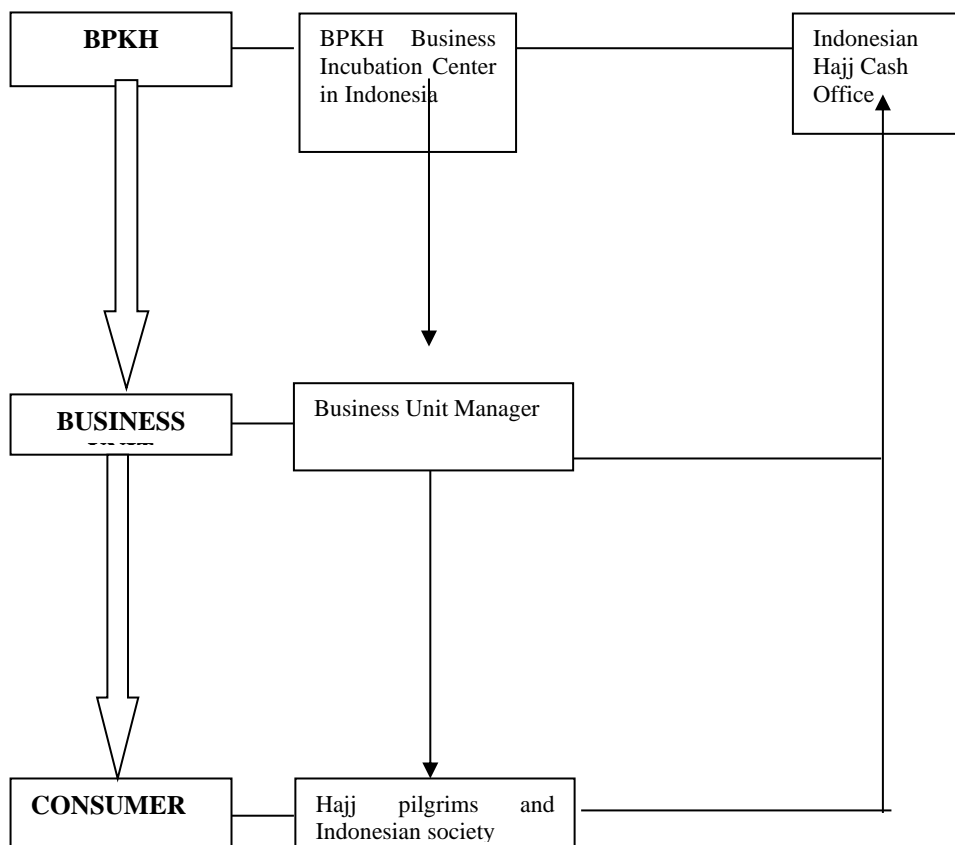
more significant (Deananda & Wirnyaningsih, 2020)

1. Catering

The catering business can be done without going through a third party. The technical provision of catering for Hajj and Umrah can be carried out by employees of the BPKH business unit who are professionals in their fields. Equipment is also prepared so that costs incurred are more efficient.

2. Economic Protection Model: Financial Management of Hajj Funds in Indonesia

Economic Protection Model: Financial Management of Hajj Funds in Indonesia



BPKH can carry out the centralized financial centralization of the Indonesian hajj cash by forming the BPKH Business Unit Management Body in Indonesia. Pilgrims and communities in Indonesia can use all required Business Units. All profits will return to the Indonesian hajj treasury and be redeveloped.

E. CONCLUSIONS AND RECOMMENDATIONS

1. Conclusion

Economic protection is essential in order to achieve strong financial centralization. Independent, economically strong, absolutely must be implemented. Moreover, the Indonesian nation is the largest country in the number of Hajj and Umrah departures each year. The Model of Economic Protection Development in Financial Management of Hajj Funds can be started by establishing a BPKH Business Incubation Center then expanding to various business unit lines such as the Development of Lodging Facilities in Mecca and Medina, Collaboration with the Private Hajj and Umrah Bureau, Bottled Drinking Water Business, Aircraft, Tours and Travel, Catering, Hajj and Umrah Equipment Stores, Convenience Stores, Typical Indonesian Culinary, Convection, Sukuk Investment, and Other Investments. All profits will be put into the BPKH Cash

and rotated back for the benefit of Hajj and Umrah pilgrims.

2. Recommendations and Suggestions

The birth of the BPKH Business Incubation Center can undoubtedly make a real contribution to the development of the circulation of Hajj and Umrah funds. BPKH has undoubtedly tried to do its best for the management of Hajj funds in Indonesia. Gradually, BPKH should immediately have a business unit that will directly and sustainably impact Hajj and Umrah pilgrims, to increase the number of Hajj and Umrah quotas, which will have an impact on the acceleration of the waiting list.

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