



## Analysis of Post-COVID Hajj Fund Investment Strategy in Indonesia

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### ABSTRACT

*This study aims to analyze the post-COVID investment strategy implemented by the Hajj Financial Management Agency (Badan Pengelola Keuangan Haji/BPKH) in Indonesia. The COVID-19 pandemic has significantly disrupted global financial systems, affecting Hajj fund management, liquidity, and return stability. BPKH responded by strengthening its governance, focusing on prudence, sharia compliance, and adaptive diversification. This research employs a qualitative approach with a case study design, utilizing interviews and document analysis to examine strategic shifts in investment management. Findings reveal that BPKH's investment strategy is guided by Dynamic Capabilities Theory, emphasizing sensing, seizing, and transforming capabilities. Post-pandemic strategies include increased allocation to State Sharia Securities (SBSN), portfolio diversification, risk management reinforcement, and enhanced digitalization. Effectiveness is measured through benefit value growth, liquidity fulfillment, and sharia compliance. BPKH achieved 101.02% of its benefit value target in 2024, reflecting stable performance despite global volatility. This study concludes that BPKH's conservative yet adaptive approach effectively sustains Hajj fund growth, while further diversification into global sharia instruments and ESG sukuk is recommended for future resilience*

*Keywords: Hajj fund, investment strategy, COVID-19, BPKH*

### INTRODUCTION

Investment plays an essential role in supporting economic growth, creating job opportunities, and maintaining financial stability. The COVID-19 pandemic disrupted investment markets globally, including religious financial institutions such as the Hajj Financial Management Agency (BPKH) in Indonesia. BPKH manages Hajj funds collected from pilgrims, investing them in accordance with Islamic principles to optimize benefits and ensure fund sustainability. Before 2020, Hajj fund investment was primarily focused on domestic markets, which made the portfolio vulnerable to local economic shocks. The pandemic emphasized the need for adaptive strategies that balance risk, liquidity, and returns within a sharia framework. This study examines BPKH's post-pandemic investment strategy, guided by Dynamic Capabilities Theory, to understand how the institution adapted to crisis and maintained performance. Specifically, this research explores (1) the investment strategies applied by BPKH and (2) their effectiveness in sustaining fund growth post-COVID-19.

### LITERATURE REVIEW

#### Dynamic Capabilities Theory

Dynamic Capabilities Theory is a concept developed by David J. Teece, along with Gary Pisano and Amy Shuen, in their seminal 1997 work entitled "Dynamic Capabilities and Strategic Management." The theory centers on three main activities: sensing, seizing, and transforming. First, organizations must be able to detect opportunities and threats

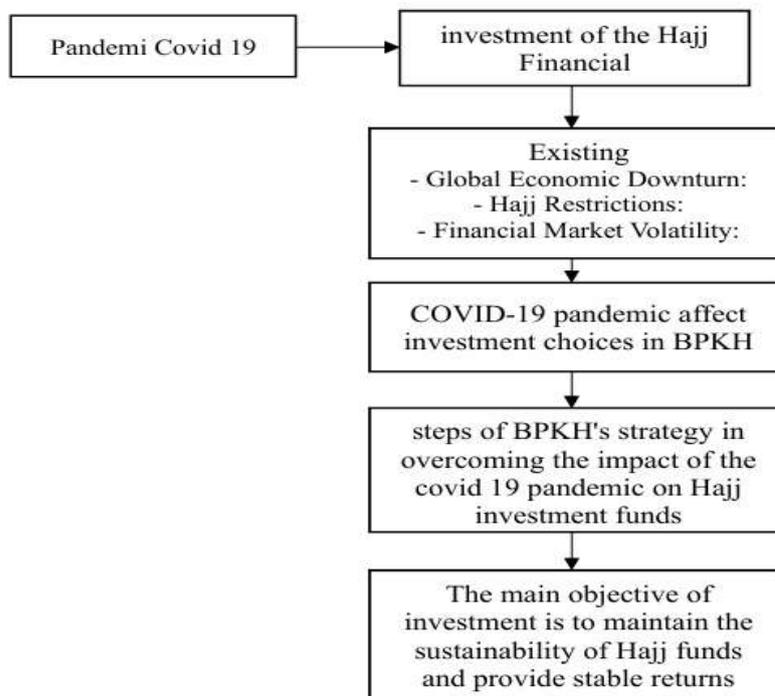
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(sensing) in the market through in-depth analysis and collection of relevant information. Second, they need to be able to seize those opportunities (seizing) by mobilizing resources and making the right strategic decisions, such as product innovation or investment in new technologies. Third, organizations need to change and reconfigure their internal assets and processes to support the new strategy, including through organizational restructuring or the development of new capabilities. Dynamic Capabilities Theory is relevant to investment because it emphasizes the importance of an organization's ability to adapt, integrate and reconfigure resources to deal with market changes. In the investment context, the theory explains how investors and financial institutions can develop flexible strategies to manage risk and capture opportunities amidst the dynamics of the global economy. Capabilities such as innovation, data driven decision-making, and rapid response to market volatility are key factors in improving long-term investment performance.

### Research Framework



### RESEARCH METHOD

This study employs a qualitative research design using a case study approach. The research focuses on the Badan Pengelola Keuangan Haji (BPKH), an independent institution managing Hajj funds under Law No. 34 of 2014. Primary data were collected through semi-structured interviews with members of the Supervisory and Executive Boards, while secondary data were drawn from official reports, academic journals, and policy documents. Data collection techniques included interviews, document analysis, and observation, supported by triangulation to ensure validity. Content analysis was used to identify recurring patterns and themes from the data, including governance, risk management, and investment performance. The study applied Michael Quinn Patton's framework of qualitative data analysis, involving coding, categorization, and thematic interpretation.



## RESULT AND DISCUSSION

BPKH's investment strategy prioritizes safety, liquidity, and measurable returns within a sharia framework. The main instruments used include State Sharia Securities (SBSN), sharia deposits, and mutual funds. SBSN dominates the portfolio, accounting for approximately 68% of total managed funds due to its low risk and government backing. Investment decisions follow a multi-layered governance process involving the Investment Committee, the Executive Board, the Supervisory Board, and the Sharia Supervisory Board. This ensures transparency, accountability, and compliance with Islamic principles. Post-COVID-19, BPKH increased its focus on liquidity and risk management by shifting toward short-term and low-risk instruments while maintaining returns. In 2024, BPKH achieved a benefit value of IDR 11.63 trillion, representing 101.02% of its target, indicating the success of its adaptive strategy. According to Dynamic Capabilities Theory, BPKH demonstrates strong sensing capability through continuous market analysis, seizing capability through flexible decision-making, and transforming capability through post-pandemic restructuring and diversification. However, its heavy reliance on domestic instruments highlights the need for broader international diversification, including ESG sukuk and cross-border halal investments. Comparatively, institutions such as Malaysia's Lembaga Tabung Haji and Saudi Arabia's Public Investment Fund have implemented global diversification strategies that enhance risk resilience. BPKH's model, while conservative, provides lessons on governance excellence and sharia-adaptive financial management in emerging economies.

## CONCLUSION

The COVID-19 pandemic has transformed the landscape of Hajj fund management in Indonesia. BPKH's adaptive investment strategy, grounded in prudence and sharia compliance, has successfully maintained fund growth and liquidity despite economic uncertainty. By employing Dynamic Capabilities Theory—sensing, seizing, and transforming—BPKH effectively responded to post-pandemic challenges through diversification and digital innovation. The institution's success, marked by a consistent benefit value increase, demonstrates the effectiveness of its strategic framework. Future improvements should focus on expanding global investment opportunities, adopting ESG-based sukuk, and leveraging fintech for transparency and performance enhancement.

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