

Musharaka: Alternative Financing Solution in The Pandemic of Covid 19

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ARTICLE INFO

Date of entry:
10 September 2020
Revision Date:
5 October 2020
Date Received:
15 October 2020

ABSTRACT

This research is a qualitative research which aims to examine musharaka as an alternative financing solution during the Covid 19 pandemic and focus on the calculation of profit sharing and its suitability according to Fatwa DSN No. 08 / DSN-MUI / IV / 2000. Primary data in this study are the results of interviews and secondary data are in the form of profit sharing reports of BPRS Rinjani secondary data is in the form of BPRS Rinjani profit sharing reports. The profit calculation sharing of the financing on the musharaka contract at BPRS Bumi Rinjani Probolinggo is in accordance with the Fatwa of the National Syari'ah Council of the Indonesian Ulama Council, Number: 08 / DSN-MUI / IV / 2000. The calculation of profit sharing based on profits and no amount is determined in advance. With the uncertainty of the income of bank partners (customers) during the current pandemic, the concept of musharaka financing can be used as an alternative solution in financing for both banks and partners.

Keywords: Musharaka, Profit Sharing, Covid Pandemic 19



Cite this as: Perwitasari, D. A., Rustianawati, M., Lidyana. N. (2020). Musharaka: Alternative Financing Solution in The Pandemic of Covid 19. *Jurnal Ilmu Manajemen Advantage*. 4(2), 64-69. <https://doi.org/10.30741/adv.v4i2.614>

INTRODUCTION

Sharia banking is a financial institution that grows and develops in Indonesia. The positive response from the public for the establishment of a Sharia bank (Perwitasari) was shown by the public's interest in carrying out an intermediary function with Islamic financial institutions. According to data compiled by the 2019 Financial Services Authority (OJK), it shows that the condition of Islamic banking is experiencing positive developments. The Sharia banking industry continues to experience significant developments, especially after the enactment of Law no. 21 of 2008 concerning Islamic banking. (Purwanto, 2020). The number of sharia commercial bank office networks until 2019 is 480 offices, the number of Sharia business unit networks is 161 offices, while the number of BPRS service office networks is 170 (Otoritas Jasa Keuangan., 2020). Furthermore, when viewed from the disbursement point of view of both Sharia Commercial Banks (BUS), Sharia Business Units (UUS) and Sharia Rural Banks (BPRS), also experienced quite encouraging growth. The composition of financing in BUS and BPRS can be seen from the data released by the Financial Services Authority which is shown in the following table:

Table 1. Composition of Financing in Sharia Commercial Banks and Sharia Business Units (2016-2019)

Akad	2016	2017	2018	2019
Akad <i>Mudharabah</i>	15.263	15.984	14.940	13.176
Akad <i>Musyarakah</i>	71.710	95.097	121.914	150.522
Akad <i>Murabahah</i>	133.956	145.301	151.580	158.725
Akad <i>Qordh</i>	4.73	6.346	7.665	10.031
Akad <i>Istishna</i>	878	1.189	1.609	2.097
Akad <i>Ijarah</i>	243	8.535	9.288	9.450
Akad <i>Salam</i>	-	-	-	-

Source: OJK, 2020

Table 2. Composition of Financing in Sharia Rural Banks (2016 - 2019)

Akad	2016	2017	2018	2019
Akad <i>Mudharabah</i>	156,256	124,497	180.956	240.848
Akad <i>Musyarakah</i>	774,949	776.696	837.915	1.135.809
Akad <i>Murabahah</i>	5.053.764	5.904.751	6.940.379	7.457.774
Akad <i>Salam</i>	14	0	0	0
Akad <i>Istishna</i>	9.423	21.426	35.387	67.178
Akad <i>Ijarah</i>	6.763	22.316	46.579	41.508
Akad <i>Qardh</i>	145.865	189.866	185.360	176.856
Multijasa	515.523	724.398	857.890	838.394

Source: OJK, 2020

In table 1 it can be seen that up to 2019, the composition of financing at Islamic Commercial Banks and Sharia Business Units has increased in all *mudharabah*, *musyarakah*, *murabahah*, *ijarah*, *istishna* and *qordh* financing contracts. Meanwhile, in the *salam* financing contract, there is no distribution of financing. An increase in the distribution of financing also occurred in Islamic Rural Banks (BPRS). In table 2, it can be seen that the composition of financing in *mudharabah*, *musyarakah*, *murabahah*, *istishna* contracts, on the other hand, in the financing contracts for *salam*, *ijarah*, and *qordh*, it has decreased. Thus, the growth of Islamic banks has experienced a positive trend from time to time (Pramono, 2013)

Islamic banking, both Sharia Commercial Banks (BUS), Sharia Business Units (UUS) and Islamic People's Financing Banks (BPRS), have an important role in economic development and growth. An important contribution of Islamic banking is as a source of funding for entrepreneurs both large and small scale businesses (Prasetyo, 2019) through channeling financing to the real or productive sector (Purwanto, 2020).

However, in 2020 the performance of Islamic banks is predicted to decline due to the outbreak of the Corona 19 virus. The decline in the performance of Islamic banks is caused by factors such as an increase in the non-performing financing (NPF) ratio, a decrease in the quality of financial assets, and a decrease in the level of profitability ratios. This is in line with the opinion of (Koju, 2018) who stated that one of the financing risks in Islamic financial institutions is caused by increasing non-performing financing (NPF). This results in reduced profits and reduced assets (Belkhaoui, 2020).

Solutive steps to anticipate the impact on the performance of Islamic banks with the issuance of POJK N0. 11 / POJK.03 / 2020, namely providing relaxation to banking customers through restructuring and rescheduling for affected customers. Another solution is to increase the quantity of financing distribution in all sectors, both industry and finance, so that the capital needs of business actors can be met.

One of the sectors that was not directly affected by the Covid 19 pandemic was the agricultural sector. The agricultural sector contributes to GRDP, industrial raw materials, exports, and in providing food security. East Java is one of the provinces in Indonesia which has strategic potential in agriculture. Several districts in this province have great potential in the fields of agriculture and food, one of which is Probolinggo Regency, so it is not surprising that some people in Probolinggo Regency work as farmers. The agricultural potential is large, making it one of the sectors that has a high contribution to the Gross Regional Domestic Product (GRDP) in Probolinggo Regency. However, the strategic role of the agricultural sector in supporting the high GRDP growth rate in Probolinggo Regency so far cannot be separated from the obstacles faced by farmers, one of which is the limited capital they have. Agricultural activities starting from the pre-planting process, the planting process, the harvesting process and the processing of the crops as well as the distribution of the crops require facilities, infrastructure and technology which of course will cause the farmers' capital needs to increase.

Sharia Rural Banks (BPRS) are Islamic financial institutions that help build and encourage the growth of Small and Medium Enterprises (SMEs) and agriculture. One of the BPRS in Probolinggo City is BRPS Rinjani. The financing product distributed to shallot farmers is financing with a musyarakah agreement. According to the Indonesian Accountants Association (Ikatan Akuntan Indonesia, 2016) the musharaka contract is a cooperation contract between two or more parties for a particular business, where each party contributes funds provided that profits are divided based on the portion of the donation in cash or non-cash assets permitted by Sharia. Meanwhile, according to (Andrianto Firmansyah, 2019), profit sharing is a processing system and in the Islamic economy, namely the sharing of business results between the owner of the capital (Shahibul Maal) and the manager (Mudharib).

From some of the definitions above, the advantage of this musharakah contract is that both parties invest according to mutual agreement. So that it is expected to work together well in managing working capital (obtaining optimal profit sharing). Thus, the musharaka contract offered at this time is expected to be able to provide alternative solutions for farmers who need working capital. However, the practice in the field of musharakah financing for farmers has not been widely implemented. This is due to a lack of understanding in delivering information about the profit sharing system (Alfin Maskur, 2019). However, if the financing concept in the musyarakah contract is implemented properly, it will have a positive impact on farmers.

From the description above, there are interesting things to be studied in more depth, namely what is the method of calculating the profit sharing of musyarakah financing at BPRS Bumi Rinjani Probolinggo so that financing with this contract can be used as an alternative financing solution for shallot farmers during the Covid 19 pandemic?

METHODS

This study uses a qualitative approach, and the object of research is BPRS Bumi Rinjani Kepanjen Probolinggo Branch. The informant of this research is Mr. Catur. He is a director of the BPRS Rinjani Branch, Probolinggo Branch are primary data. Meanwhile, the secondary data is the profit sharing reports. Data collection was carried out in 2 stages, the first was by conducting interviews, followed by the next stage, namely the collection of data related to the calculation of profit sharing. Triangulation is used in this study by using triangulation of sources and techniques to test

the degree of trust (credibility). Data analysis techniques used Miles and Hubberman (1984), namely by performing data reduction, data display, and conclusion.

RESULTS AND DISCUSSION

Implementation of Musharaka Financing at BPRS Bumi Rinjani Kepanjen Probolinggo Branch. The procedures for applying for musharaka financing at BPRS Rinjani are as follows: a. Prospective customers submit a photocopy of identity such as a resident identity card, family card, SPPT (Land and Building Tax Receivable Tax Return), and SKU, SIUP / TDP. b. Attach a copy of the collateral. c. If the conditions are met, then the BPRS Bumi Rinjani will conduct a survey and business feasibility analysis by looking at the financial statements. Approval for submission of financing is made when the results of the survey and business feasibility analysis are considered good, so that the BPRS will continue to the next stage, namely by holding a financing committee meeting. Furthermore, the bank and the prospective customer sign the financing agreement according to operational standard procedure (SOP).

BPRS Bumi Rinjani Kepanjen Probolinggo branch uses the profit sharing method in determining the profit sharing. The profit sharing ratio is determined based on the agreement between the customer and the bank. Profit sharing calculation using a manual / computerized system in accordance with the policies of BPRS Bumi Rinjani. The process of calculating the profit sharing is as follows: 1) Analysis of Required Costs.

The following illustrates the process of channeling financing in a musharaka agreement between a customer and the bank as follows: On behalf of the customer Mr. Ahmad, Business Onion Farming, Land area to be planted 1 Ha.

Table 3. Additional Capital Needs for Shallot Agricultural Financing

Additional Capital Needs for Shallot Agricultural Financing	Nominal
(a) 1 ton of onion seeds x Rp. 30.000/kg x 1000	IDR 30.000.000
(b) 1Ha land cultivation fee	IDR 2.000.000
(c) Planting costs	IDR 1.000.000
(d) Fertilizer costs up to harvest	IDR 3.000.000
(e) Plant care costs	IDR 12.500.000
(f) Fertilizing, irrigation labor costs	
• Spraying until harvesting	IDR 1.500.000
• Harvesting costs	IDR 1.000.000
• Consumption costs of farmers and labor up to harvest	IDR 1.000.000
	IDR 52.000.000
Seeds	IDR 30.000.000
Cultivation of the land	IDR 2.000.000
Planting costs	IDR 1.000.000
Consumption costs	IDR 1.000.000
Total	IDR 34.000.000
The capital that Mr. Ahmad is trying to propose	IDR 18.000.000

Source : researcher

From the table 3. that the capital required by partners for planting costs is IDR 18,000,000.00. This amount is the capital that will be proposed in the musharaka financing. And the principal payment of capital is made at the maturity date of financing.

Profit Sharing Calculation. Portion of Bank and Customer Capital: Portion of Ahmad / Own Capital IDR 34,000,000, Portion of Bank IDR 18,000,000, Total Capital Portion IDR 52,000,000 . The following is the percentage portion of Ahmad and the Bank's capital: Own Capital / Ahmad

$$\text{Capital} = \frac{\text{Portion of Ahmad}}{\text{Total Capital Portion}} \times 100\% = \frac{\text{IDR 34.000.000}}{\text{IDR 52.000.000}} \times 100\% = 65,3\%$$

$$\text{Bank Capital} = \frac{\text{Portion of Bank}}{\text{Total Capital Portion}} \times 100\% = \frac{\text{IDR 18.000.000}}{\text{IDR 52.000.000}} \times 100\% = 34,7\%$$

From the above calculations, it can be concluded that Ahmad's share of capital is 65.3% and BPRS's share of capital is 34.7%. Shared income. To calculate the income or profit divided by the yield is to multiply the net yield x the share of the capital of the BPRS.

Realization of Profit Sharing. a) Calculating Revenue from Partners / Customers' Harvest. For example, at harvest time, Ahmad as a customer / partner gets a red onion harvest of 7 tons / hectare. Meanwhile, the price of shallots at harvest is IDR 25,000 / Kg. Meanwhile, the total cost incurred by partners is IDR 35,000,000. So, the total net income from Mr. Ahmad's harvest is Rp. 140,000,000.00. The calculation of income which is divided based on the amount of the bank's capital investment: After calculating the income from the harvest, the next step is to calculate the profit sharing based on the percentage of capital, namely by multiplying the net income from the harvest by the portion of the capital: Ahmad (80%) = IDR. 140.000.000 x 65,3% = Rp.91.420.000. Bank (20%) = IDR. 140.000.000 x 34,7% = Rp. 48.580.000

Calculating the Ratio between the Customer and the Bank. After calculating the income from each investment between the customer and the bank, the next step is to calculate the ratio based on the agreed ratio at the beginning of the contract: Ahmad = 80% x Rp. 48.580.000 = Rp. 38.864.000, Bank = 20% x Rp. 48.580.000 = Rp. 9.716.000.

Based on the illustration of the above calculations, it can be concluded that the BPRS. Bumi Rinjani in calculating profit sharing is in accordance with the Fatwa of the National Syari'ah Council of the Indonesian Ulama Council, Number: 08 / DSN-MUI/ IV/2000. This is because there is no predetermined amount in the form of a projection for the results and the bank only determines the portion of the ratio at the beginning. Profit sharing payments are made after getting the harvest of onions or per tri-semester. This is because, in general, the shallot harvest period is carried out every 60-70 days (2 months or more), plus drying for one week. Thus, the payment for the results is made within 3 months. Thus, in this musharaka contract there is no known payment of financing installments.

CONCLUSION

Based on the research that has been done, it can be concluded that the method of calculating profit sharing on the financing of musharaka at BRPS Rinjani is considered to be in accordance with the basic foundation of Fatwa MUI No. 08 / DSN-MUI / IV / 2000 which is based on the profit sharing method. With the conditions of the Covid 19 pandemic, the reason is the uncertainty of the economic situation, of course, greatly affecting the income earned by partners. With this musharaka contract it is expected to provide justice for both parties. Where profits are shared based on the agreed profit sharing ratio in advance (at the time of signing the contract). Profit sharing is paid by shallot farmers under the musharakah scheme, paid after harvest or within 3 months. Thus, the practice of the musyarakah contract at BRPS Rinjani does not apply monthly installments.

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