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The Implementation of Sharia Contracts in Cooperative Management (A Study at Darul Mukhlisin Islamic Boarding School)

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Abstract. *The purpose of this study is to assess the implementation of a cooperative institution management based on Sharia contracts within Islamic boarding schools, where, in essence, Islamic boarding schools are suitable for implementing various Sharia principles as Islamic educational institutions. This research employs a qualitative approach that is descriptive, analytical, and inductive in nature, aiming to unearth fundamental aspects of the phenomenon, reality, and experiences through data collection methods such as interviews, observations, and documentation. The research findings indicate that cooperative management can be carried out within Islamic boarding schools by empowering various Sharia contracts that have been legalized by the DSN MUI, such as Murabahah, Kafalah bil Ujrah, Qardhul Hasan, Salam, and Mudharabah contracts.*

Keywords: *cooperative, sharia, Islamic boarding school, contract*

1. Introduction

Indonesia, as a country with a predominantly Muslim population, has great potential for the development of sharia cooperatives. However, this potential cannot yet make the market share of sharia cooperatives in Indonesia large. According to data from the Financial Services Authority (OJK), until 2020 the market share of sharia financial institutions, including sharia cooperatives, was 9.01%. Even though they are still not developing very rapidly, sharia cooperatives have positive growth every year. This is because the system used in this business unit is based on sharia principles and can be used by all levels of society, especially small communities who have not been able to experience banking services directly due to limitations. So, sharia cooperatives are present as an alternative solution amidst the difficulties for small communities in getting access to the services they need, especially those related to finances.

Financing in sharia cooperatives also has great potential with undoubted performance, quality cooperative health, and the use of sophisticated technology as a form of adaptation to changing times which is an added value in itself. Apart from that, sharia cooperatives also have advantages regarding the products they offer. Whatever the product is, it can be available with a predetermined contract. One example is if a customer wants a buying and selling based product, the contract used is a murabahah contract. Over time, sharia cooperatives transformed into small cooperatives that have different goals. One of them is Islamic boarding school-based Sharia Cooperatives or what is usually called Islamic Boarding School Cooperatives (Kopontren). Islamic Boarding School Cooperatives (Kopontren) can be defined as cooperatives that are formed within the Islamic boarding school environment with the aim of supporting the needs of all residents within it, including residents of the surrounding environment. Kopontren has a role as a form of supporting the economic life of Islamic boarding schools for both students and other residents (Amelia, et al, 2023)

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The role of Kopontren (Islamic Boarding School Cooperative) is very important in building a business because it can help the economy of small businesses in the community. Apart from that, to train Islamic Boarding School alumni to run a business that has been established from the start. In fact, when the business is running, opportunities for business partnerships can be opened to the community. This is intended to build and re-develop small and medium businesses in order to improve the overall economic welfare of society.

The existence of cooperatives aims to enable people to help each other, considering that our country is predominantly Muslim, it is very necessary to have cooperatives with sharia principles where most people now use conventional cooperatives which are still considered usury in syirkah contracts. Especially in Islamic boarding schools which are now widespread in opening sharia cooperatives which of course use sharia principles and avoid usury. Because usury is something that is forbidden as confirmed in the Koran.

QS. Al-Baqarah : 275

وَاَحَلَّ اللّٰهُ الْبَيْعَ وَحَرَّمَ الرِّبٰوا

Meaning: Allah has permitted buying and selling and prohibited usury.

Cooperatives were founded and organized several decades ago. In terms of quantity, the results of this development are very encouraging, seen from the increase in the number of cooperatives in Indonesia. However, if viewed from a quality perspective, there is still a lot that needs to be improved so that it can reach the expected conditions. As time goes by, the development of sharia cooperatives in Indonesia is increasingly rapid, so that in Law No. 17 of 2012 article 87 paragraph (3) it is stated:

"Cooperatives can run businesses based on sharia economic principles"

According to the Deputy for Financing of the Ministry of Cooperatives and SMEs, currently the development of sharia cooperative performance is very good and of good quality in terms of cooperative health, human resources and information technology. Based on data from the Ministry of Cooperatives and SMEs, the number of sharia cooperative business units reached 150,223 units with a recorded number of members of 1.4 million people.

The agreement in this contract has provisions regulated by the DSNMUI Fatwa regarding Musyarakah, in this case it is clear that the sharia cooperative follows these regulations, such as the rules of fiqh which state:

This means: "Basically, all forms of muamalah are permissible unless there is an argument that forbids it"

Everyone who collaborates clearly wants a business that progresses and develops, is open with each party and clear about the agreement in terms of capital, work, profits and losses. Of course, these criteria must be present in a partner/person collaborating. Furthermore, what steps should be taken if a dispute occurs between each party entering into the contract?

In reality, many sharia contracts are not well understood by the Islamic boarding school community, so efforts to differentiate these various contracts must be carried out maximally and optimally. In fact, Islamic boarding schools can be at the forefront in implementing the sharia system in various fields, both in the field of education and various businesses within Islamic boarding schools, including in the cooperative sector.

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2. Method

This research uses a qualitative approach which is descriptive analytical and inductive by exploring data to find the basic things of phenomena, realities and experiences withdata mining through interviews, observation and analytical descriptive documentation, namely research to describe current problems (actual problems), by collecting data, compiling, classifying, analyzing and interpreting. Descriptive aims to describe observational data without testing hypotheses. The type of data used in this research is secondary data, namely journals and relevant Muamalah Fiqh literature books.

3. Results and Discussions

Contract comes from Arabic, namely a "bond" between one party and another party in certain matters. Fuqaha scholars stated that the meaning of contract is the meaning of contract in general and specifically. The general understanding of the majority is spread among the Malikiyah, Syafi'iyyah and Hanabilah, where the meaning of the contract tends to be a linguistic understanding. The general definition of a contract is something that someone has intended to carry out a matter, whether they will arise from the individual such as alms, ibra' (abortion of rights), divorce, and oaths. Meanwhile, the specific meaning of the contract is to discuss the concept and theory of the contract which has an impact on the relationship between the agreement and the effect on the object. (Az-Zuhaili, 2011)

Cooperative comes from the Latin "cum" which means with and "aperari" which means work. In English it is called "co" and "operation", and in Dutch it is called cooperative vereneging, which is a form of cooperation to achieve a certain goal (Sari et al., 2021).

Cooperatives are joint business entities that operate in the economic realm which are carried out using cooperative principles correctly and appropriately so that they can help overcome members' economic problems and improve the welfare of their members (Pratiwi, 2022).

Meanwhile, cooperatives in Islamic jurisprudence are known as Syirkah and al-Syirkah which means association. Meanwhile, the meaning of cooperatives in terms of terms is that cooperatives are a contract or agreement between two or more people to work together for capital and profit (Rukmana, 2021).

In practice, cooperatives that are managed in accordance with sharia provisions or what are commonly known as sharia cooperatives have spread and expanded among the community and have a significant role in empowering the community's economy. In terms of business management, cooperatives are divided into two types, namely single purpose cooperatives, namely cooperatives that only run one business, such as those operating in the fields of consumption, credit or production (Amelia, et al, 2023).

The cooperative law emphasizes the clarity of the function of cooperatives as stated in Article 83 regarding types of cooperatives, which is considered to have emasculated the spirit of sharia, KSPS (shari'ah savings and loan cooperatives) implementation of savings and loans in muamalah if interpreted narrowly deviates from sharia principles in make peace. So, it can be said that Law No. 17 of 2012 has moved away from the value of benefits which is the basis of the Law, which is sociologically acceptable and can be implemented.

The Cooperative Law for people who believe in Islamic law forms legal rules that are related to the activities of Muslims, therefore the values contained in Islamic law, such as legal rules for BMT, must also be accommodated in it. This is a concrete

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manifestation of Sharia Cooperatives which have economic value based on profits by using sharia principles. However, on the one hand, it remains oriented towards the benefits of society. Based on Article 66 of Law no. 17 of 2012 concerning cooperatives, as initial capital is the cooperative capital certificate deposit and principal deposit. Apart from that, the source of capital that can be taken by cooperatives can be in the form of grants, borrowed capital from members, banks and financial institutions such as bonds and debentures and the like or it can be through participation capital.

Departing from the Fatwa of the National Sharia Council of the Indonesian Ulema Council No. 08/DSN-MUI/IV/200 concerning Musyarokah Financing, then one of the parties or each party collaborating must provide or be given representative powers. This means that each partner has the responsibility to provide funds and work, act as a representative, and regulate the normal process of managing musyarokah assets. Furthermore, partners who are delegated authority must be careful and not commit negligence or deliberate mistakes in order to pay attention to the interests of their partners, therefore the law also applies not to use joint assets for personal use.

Research on the application of sharia contracts in cooperative management at the Darul Mukhlisin Islamic Boarding School is an effort to understand sharia economic practices in the context of Islamic education. Islamic boarding schools as Islamic educational institutions have a strategic role in integrating Islamic values into various aspects of life, including cooperative management.

The importance of understanding how the Darul Mukhlisin Islamic Boarding School applies sharia principles in cooperative management principles also contributes to further understanding regarding the integration between Islamic education and sharia economic practices at the local level. In addition, it is hoped that the results of this research can provide inspiration and guidance for other Islamic educational institutions interested in implementing sharia economics as an integral part of the curriculum and daily activities. Thus, this research has the potential to provide new insights regarding the harmonization between religious values and economic practices in Islamic society at the Darul Mukhlisin Islamic Boarding School.

In its implementation, Islamic boarding school cooperatives need to be implemented by empowering various sharia contracts which so far have not been empowered optimally. It's just that these various contracts are not yet known and socialized to the Islamic boarding school.

In Islamic boarding school life, of course, there are various collaborations, both internal and external, including business contracts. Sharia-based business contracts can be implemented in Islamic boarding school cooperatives within Islamic boarding schools as well as in transaction activities with various parties supplying goods to Islamic boarding schools.

A cooperative institution that aims to meet the various needs of the students and caregivers who live in it. Contracts such as Mudharabah, Murabahah and others can be applied. For care teachers who have additional capital for their business, they can enter into a business contract with Islamic boarding school cooperative institutions. Because it cannot be denied that there are many teachers who have sufficient abilities to do business both within the Islamic boarding school and outside the Islamic boarding school.

Cheap contracts and wrong contracts can be applied in financing various electronic and non-electronic household goods that are needed by the households of Islamic boarding school teachers (cooperative members). Where the cooperative can take advantage of this transaction as a cooperative profit.

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To meet daily needs, it is not uncommon for teachers or caregivers at Islamic boarding schools to need funds in the middle of the month. They can then make cashbons from the cooperative which will then be deducted from the monthly honorarium (ihsan) received in the following month in the following month. For this, Islamic boarding schools should be able to prepare special contracts in the form of qardh.

Apart from that, teachers who need funds to continue their studies can also fulfill these needs through Islamic boarding school cooperatives using sharia-based business contracts such as qardh or kafalah bil ujrah. The cooperative can also implement a kafalah bil ujrah contract, to finance the school for the children of the Islamic boarding school cooperative members, and then the cooperative pays the funds to the school, by taking the ujrah in this transaction activity.

Together with research regarding the application of musyarakah contracts, Yaya (2016) discussed the application of musyarakah contracts in business financing where it was found that things were in accordance with general financing procedures and some were not. This is also the same as this research, which still does not maximize the empowerment of contracts in financing at the Darul Mukhlisin cooperative.

4. Conclusions

From the results of research conducted regarding the application of sharia contracts in the management of cooperatives at the Darul Mukhlisin Islamic Boarding School, it can be concluded that the management of intra-Islamic boarding school cooperatives is able to make a positive contribution to the economy of the Islamic boarding school and the surrounding community. By utilizing various sharia contracts that have been legalized by DSN MUI, such as Murabahah, Kafalah bil Ujrah, Qardhul Hasan, Salam, and Mudharabah contracts, Islamic boarding schools can explore economic potential in a sustainable manner.

Murabahah contracts provide a framework for buying and selling transactions with a clear price markup principle, while Kafalah bil Ujrah provides guarantee facilities with fairly regulated fees. Qardhul Hasan provides alternative interest-free loans, Salam provides pre-payment solutions at pre-agreed prices, and Mudharabah allows business collaboration between Islamic boarding schools and cooperative members with profit sharing according to agreement.

The implementation of sharia contracts is an effective strategy for building an economy that is inclusive and in accordance with sharia principles. Thus, the Darul Mukhlisin Islamic Boarding School does not only act as an educational institution, but also as a competitive economic entity. This conclusion provides a positive picture of the potential for developing sharia-based cooperatives in the Islamic boarding school environment, which is expected to provide sustainable economic benefits for Islamic boarding schools and the surrounding community.

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