

## The Effective Financing Model of Koperasi Sharia in the Covid 19 Pandemic Era

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### Abstract

*The COVID-19 pandemic has not ended, causing some Low and Small business affected by COVID-19 to stop their operations, uncertainty around. It is stopped due to lack of capital or lack of consumers. Therefore. This research provides an effective financial inclusion model that reaches all levels of society with a smaller scope. The research method is :1. A qualitative participant observation where the researcher is directly involved in overseeing the establishment of cooperatives and managing the daily operations of all-business sharia cooperatives. 2. Starting from setting up the registration form, calculating the profit-sharing formula for capital loans (Mudharabah) and financing loans (Murabahah) in addition to compiling financial reports and calculating profit sharing for each member proportionally. In addition to mudharabah and murabahah products, the cooperative also provides a social fund (Qordhul Hasan/benevolence fund) of 20% of the profits received from loan transactions. These funds are used for loans without any profit in it. This fund was formed as a loan to members who need social funds such as medical treatment, education, childbirth and others. Due to the (still in) pandemic period, cooperative members are still a small number of the population in this region.*

### Keywords

covid 19 pandemic; sharia cooperatives; mudharabah; murabahah; qordhul hasan



## I. Introduction

The COVID-19 pandemic in 2021 has not shown a significant decline (<https://covid19.go.id/p/berita/data-vaksinasi-covid-19-update-19-april-2021>) which resulted in the national economy still experiencing a slowdown in growth. One of the most affected parties during the COVID-10 pandemic are Micro, Small, and Medium Enterprises (MSMEs). The prolonged Covid19 pandemic has contributed to economic and climatic uncertainty in business. (Wijaya, 2021). The problem is applying gas and brake policy with stricter social restrictions when the Covid19 pandemic increases. Haridison (2021) state that the pandemic of the spread of the coronavirus disease 19 (covid-19) which began to enter Indonesia until the end of 2020 has no signs that it can be overcome shortly. The pandemic that has plagued almost all over the world has caused almost all countries to be overwhelmed in anticipating the rapid spread of the Covid virus. Consequently, it narrows down the business movement to become more complicated and limited, increasing the risk. To stimulate economic growth in this sector, the government is rolling out direct cash assistance (BLT) to MSME actors in order to survive and continue to operate their businesses. In the first period, the MSME BLT in 2020 that was rolled out reached 9.8 million recipients while in the second period the recipient target was 12.8 million ([DOI: <https://doi.org/10.33258/birci.v4i3.2441>](https://finance.detik.com/berita-</a></p></div><div data-bbox=)

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ekonomi-bisnis/d-5516834/9-juta-penerima-blt-umkmdapat-dobel-yang-belum-bagaimana). There was an increase in quantity but decreased in quality in the first period of MSME BLT was worth IDR 2,400,000 and in the second period, it was IDR 1,200,000. However, not all MSME actors get this stimulus because there are conditions that must be met, including having a Business Identification Number (BIN) or having a Business Certificate from the Village Head and not currently receiving People's Business Credit (KUR).

The program to assist capital for MSME actors does not have to wait from the government, for example, residents in the Mekarsari area, Depok, West Java. Cooperative of RW 05 Mekarsari Cimanggis Depok, has helped with the capital (mudharabah) and financing (Murabaha) ownership of goods. Founded on July 4, 2020, this cooperative is determined to have members of all its citizens prosper and advance the economy of its citizens, 90% of whom work in the informal sector.

Until April 2021, the number of cooperative members who have been recruited is 30 people and the financing that has been distributed has reached IDR 8,000,000. Due to the limited funds managed and the high interest in member loans, the management enforces an even distribution of loans in the range of IDR 1,000,000 to IDR 1,500,000. With the motto "each for all and all for each," it is expected that each member has a high sense of responsibility and sense of belonging and is expected to have discipline in repaying loans that have been rolled out.

The purpose of establishing this cooperatives is to improve the welfare of members and the community and participate in building the national economic order in order to create an advanced, just and prosperous society based on Pancasila and the 1945 Constitution (Nugraha, 2018). According to the ILO (International Labor Organization) that "Cooperation defined as an association of persons usually of limited means, who have voluntarily joined together to achieve a common economic and through the formation of a democratically controlled business organization, making equitable contribution to the capital required and accepting a fair share of risk and benefits of undertaking" (Nuralim et al., 2018). The translation "Cooperative means an association of people who have certain goals and voluntarily jointly achieve economic goals that are controlled fairly, controlled by their business organizations, have a fair contribution in terms of capital and accept equally the risks and benefits obtained" .

## **II. Research Methods**

This study uses a qualitative research method with an ethnographic research design with a research focus on the economic development of an area with the local community. The data collection technique used participant observation where the researcher became an active actor in the research environment. This technique emphasizes the involvement of researchers in conducting research settings. Experts mention this technique with participant observation and field research (field observation). There are 4 benefits of using this technique: (1) Understanding the research context more deeply so that it has a holistic perspective on the research problem; (2) helping researchers to be more open, oriented to new findings, and to think inductively so that researchers are not too attached to the concepts that were obtained previously; (3) helping researchers to give the importance of every existing routine activity while paying attention to the important things that every participant who routinely does; (4) assisting researchers to obtain specific information that could not be conveyed by informants when interviewed. (Bandur, 2016).

### III. Discussion

#### 3.1 Cooperative Model

2020 became the year that made human life in the world totally changed, the emergence of the corona virus that shook the world quickly became a global upheaval. The system of interaction between humans becomes changed with the existence of social distancing, the need to keep a distance in order to suppress the rate of spread of the virus (Silalahi, 2020). "Cooperative learning is an approach that involves a group of learners working together as a team to solve a problem, complete a task, or accomplish an objective goal". According to the definition, cooperative learning is an approach that includes small groups who work together as a team to solve problems, complete a task to achieve a goal together. The multi-stakeholder cooperative of RW 05 has not yet become a legal entity, considering the high cost of management. The management prioritizes lending to members as a tangible form of the initial goal of establishing cooperatives in this region. The current cooperative model prioritizes capital loans to home-scale MSME actors who have difficulty obtaining credit loans from banks.

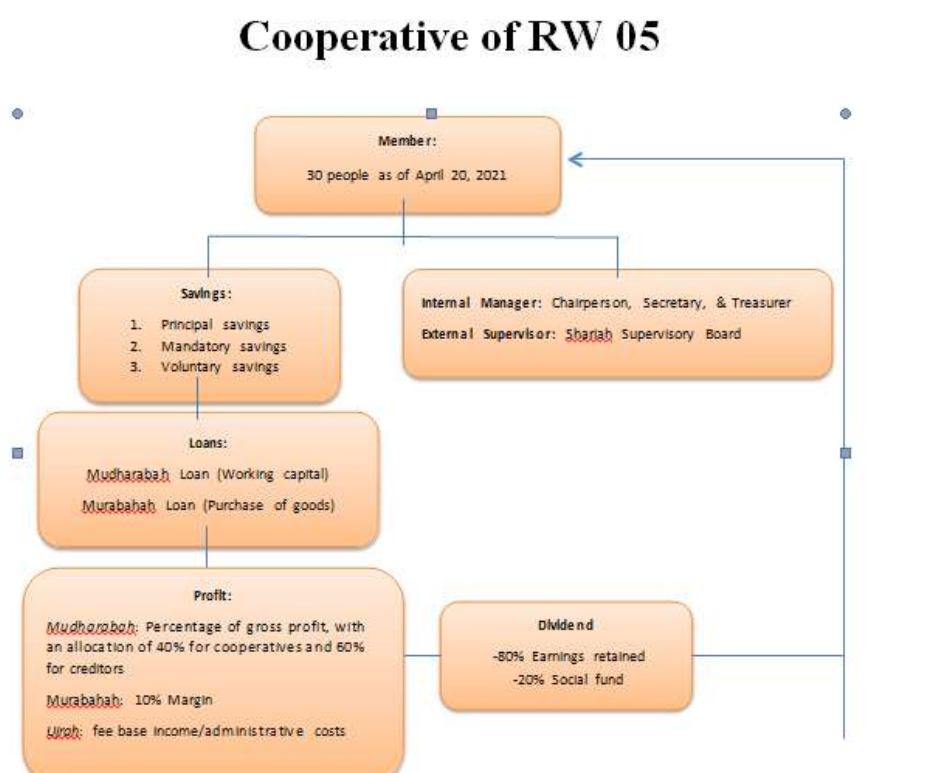


Figure 1. Operating Model

#### 3.2 Basis of Establishment

The RW05 Sharia Cooperative has attempted to comply with all operational standards of Islamic financial institutions. A Sharia Cooperative is a non-bank financial organization founded by residents with the common goal of developing productive and investment member business based on sharia principles (Institut Agama Islam Negeri Walisongo. Institute for the Study and Development of Islamic Economics. & Devi, 2018). Sharia cooperative in principle is a development of conventional cooperative by adding content in the form of cooperative principles or musharaka that are following Islamic law and are

exemplary behavior of the Prophet and his companions in carrying out economic activities in their era (Safe'i, 2012). The specific objectives of sharia cooperatives are, among others, as well as to contribute to building an economic order based on democracy and justice and under Islamic principles (Marlina & Pratami, 2017). However, sharia cooperatives have a greater purpose than the specific objectives above, Ledgerwood (1999) argues that the general main purpose of sharia cooperative institutions as microfinance institutions is to reduce poverty, to empower women or disadvantaged population groups, to create employment opportunities, to help the growth of the business or the diversity of their activities, and to encourage the development of new business (Mahmudah, 2014).

The development of sharia cooperatives is quite rapid even though it is not comparable to conventional cooperatives. Data from the Cooperatives and MSME department present the number of cooperatives in Indonesia reached 150,223 units in 2020 and 1.5% or 2,253 are sharia cooperatives with 1.4 million members. Other data show the amount of own capital reached IDR 968 billion and foreign capital reached IDR 3.9 trillion with a business volume of IDR 5.2 trillion.

The characteristics of sharia cooperatives in general include (Jayatri & Putri, 2020):

- a. Cooperatives that have the concept of non-usury or interest-free services, namely collecting, managing, and distributing funds for a profit purpose using a profit-sharing pattern.
- b. The initial contract in establishing a cooperative with members is carried out by mutual agreement where the size of the percentage of profit sharing is determined under the mutual agreement at the beginning of the contract.
- c. The loss of the cooperative is borne jointly where the members and the fund manager in this case the cooperative suffers a loss, then the total loss will be borne together.

Following the above characteristics, sharia cooperatives have products in terms of collecting contract funds and in terms of distributing funds. Products from the collection of contracts funds include Mudharabah and will or wadi'ah contracts with the model: principal savings, mandatory savings, voluntary savings, qurban savings, et cetera. Meanwhile, in terms of distribution of sharia cooperative funds, it includes mudharabah/ profit sharing financing, musyarakah, Murabaha, qardhul hasan (Ihwanudin, 2020).

### **3.3 Sources of Sharia Cooperative Funds**

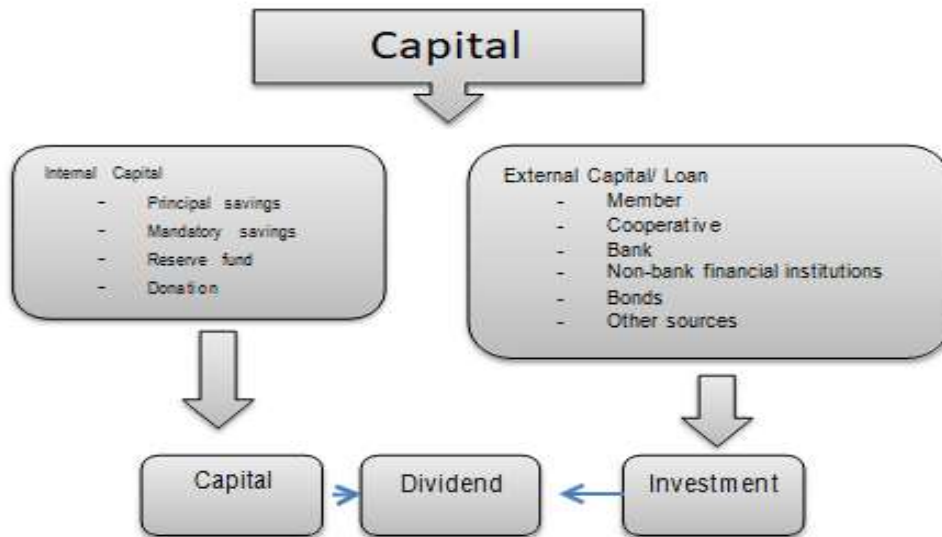
Cooperative of RW 05 obtains operational funds from member savings and loan funds from third parties. Because the principle of a cooperative is a collection of people who collect capital to be used as business capital for its members. Capital or equity from sharia cooperatives is divided into 2 sources:

#### **a. Directly Acquired Capital**

1. Principal savings, which are initial savings for membership of cooperative participants, are charged once when the participant registers to become a member of a sharia cooperative. This deposit cannot be withdrawn unless the member resigns or dies.
2. Mandatory savings are monthly savings that must be deposited by members and these deposits also cannot be taken unless the member resigns or dies.
3. Voluntary savings are deposits that are not forced, both in nominal and in time. These savings can be taken at any time by members such as savings.
4. Loans from investors or from banks whose use is to support the operational process of cooperatives with a profit-sharing system are agreed upon at the beginning of the contract.

**b. Indirectly Obtained Capital**

This capital is obtained from retained earnings which are managed by the cooperative management following the results of the Annual Members' Meeting. This retained earnings can be used for social loans to members who need emergency funds of a social nature such as medical expenses to the hospital, urgent educational bailout funds, and others (A. Syafira, 2020).

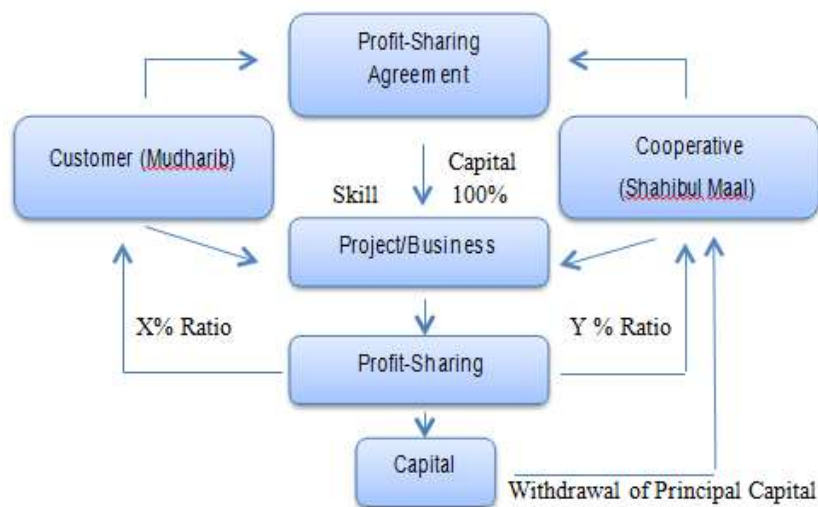


*Figure 2. Capital Scheme*

**3.4 Funds Distribution of Sharia Cooperative**

**a. Mudharabah Products**

The distribution of mudharabah product funds is the first priority for members because it has a target to raise the economy of MSMEs in this region. Mudharabah is an agreement between two parties where there is a fund owner, in this case, referred to as Sahibul Maal and the fund manager or Mudharib to manage a business activity with an agreement for profit sharing or a ratio of profits earned, while losses incurred during the engagement are the responsibility of the fund owner, unless Mudharib intentionally made a mistake in managing his business or he was negligent or misused the agreement (Ihwanudin, 2020).



*Figure 3. Mudharabah Scheme*

### b. Murabaha Product

The distribution of funds with Murabaha products is the second priority due to the high interest in spending on household consumption goods by members. Murabaha is a sale and purchase agreement between a buyer and a seller in which sharia cooperatives become a source of financing for the products being traded. The agreed principle of financing cooperative is that there is a purchase price as the cost of purchase and a margin agreed by the buyer and the cooperative as the owner of the funds (Setiady, 2015).



*Figure 4. Murabaha Scheme*

### c. Qordhul Hasan Products

In Islamic financial institutions there is one loan/product that has a social nature and helps customers who are economically weak, namely Qordhul Hasan. This Qordhul Hasan product does not generate profits because it is a social product that helps members who are in urgent need of funds. The loans provided include, among others, health, children's education, marriage. Qordhul Hasan funds come from Zakat, Infaq and Alms. (Suryadi & Putri, 2018). Qordhul Hasan is a form of cooperative responsibility towards its members having the same character of purpose with Corporate Social Responsibility (CSR). Every human being as an individual or a community has a social responsibility. For communities that live and operate in a commercial-based environment such as companies, there will be Corporate Social Responsibility, so in sharia cooperatives there is Qordhul Hasan. (Maulamin, 2020). In Cooperative RW 05, Qordhul Hasan's funds come from profits that have not been distributed by 20%, both from profits from Mudharabah products and profits from Murabahah products. In accordance with the agreement with members that the Qordhul Hasan funds cannot be utilized before the amount is sufficient to be loaned to members.

### 3.5 Sharia Cooperative Profit Sharing

The calculation of the cooperative's profit-sharing for mudharabah products uses a special formula designed to allocate the profit share of the cooperative as the representative of the shahibul maal and the profit of the mudharib as the debtor. The calculation of profit-

sharing in Murabaha is simpler than the calculation for mudharabah profit sharing. Shahibul Mall sets a margin of 10% for the purchase of goods to the mudharib.

### a. Mudharabah Profit-Sharing Scheme

*Shahibul maal* profit sharing = (Principal x % Average margin) x 40%

*Mudharib* profit sharing = (Principal x % Average margin) x 60%

**Table 1.** Profit Sharing Scheme

#### **Mudharabah Financing Calculation**

Business Capital: IDR 1,500,000

Average margin: 30%

Financing period: 10 months

Estimated profit: IDR 1,500,000 x 30% = IDR 450,000

Profit sharing:

- Shahibul Maal : 40% x IDR 450,000 = IDR 180,000
- Mudharib : 60% x IDR 450,000 = IDR 270,000

Monthly installment calculation:

Business Capital : IDR 1,500,000

Shahibul maal profit sharing : IDR 180,000

Total installments : IDR 1,680,000

Monthly instalment : IDR 168,000

Administration fee : IDR 5,000

**Total payment : IDR 173,000**

### b. Murabaha Profit Sharing Scheme

Margin = (Cost of goods x 10%)

**Table 2.** Profit Sharing Scheme

#### **Murabaha Financing Calculation**

Cost of Goods: Rp 1.500.000,-

Margin: 10%

Financing period: 10 months

Estimated profit of Rp 1.500.000,- x 10% = Rp 150.000,-

Monthly installment calculation:

Cost of goods : Rp 1.500.000,-

Margin : Rp 150.000,-

Total installments : Rp 1.650.000,-

Monthly installment : Rp 165.000,-

Administration fee : Rp 5.000,-

Total payment : Rp 170.000,-

## IV. Conclusion

Based on the observations and direct involvement of researchers in the formation of the sharia cooperative model in the era of the covid 19 pandemic, the researchers observed that public interest was high, but because they were still in the pandemic period, some postponed becoming members because their income was not stable. From July 4, 2020 to April 30, 2021, only 30 residents have joined as members. The calculation of profit sharing is still very simple and emphasizes the principle of social justice considering the establishment of cooperatives to help the welfare of its members. And it is possible that in the future many changes will occur following the dynamics of growth and the needs of members. The operational model of all-business cooperatives in this pandemic era still has many shortcomings and researchers are still exploring regulations, strategies and other innovations that can improve cooperative performance.

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