

## Application of the Mudharabah Agreement in the Profit Sharing System for Raising Cattle (Study in Penago II Village, Ilir Talo District, Seluma Regency)

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**ABSTRACT.** The purpose of this research is to find out how the application of the contract that has been running in Penago II Village, Ilir Talo Subdistrict, Seluma Regency and to find out the application of the mudharabah contract on the profit sharing of raising cattle in Penago II Village, Ilir Talo Subdistrict, Seluma Regency. This research uses a qualitative descriptive approach. Informants in the study were 8 people. Data collection techniques using observation, interviews, and documentation. Data analysis techniques use data reduction, data presentation, and conclusion drawing. From the results of the research and discussion, it is concluded that the application of the contract that occurred in Penago II Village uses agreements and profit sharing, capital, profit sharing, risks, and continuation of the contract if one of the parties dies, influencing factors, various types of cows that are in the field, and the time period. The agreement is only done verbally and only trust each other in making this agreement, the profit sharing system in the mudharabah contract carried out between the owner and the manager in Penago II Village. With the division of the ratio divided 60:40. This occurs by agreement between the two parties. If in the process of this contract there is a loss, it will be borne by both parties, as long as the mistake is not due to the negligence of the manager. The profit sharing carried out by the people of Penago II Village is in accordance with the concept of mudharabah in Islamic Economics, namely, capital, management, collateral, time period, and profit ratio to the manager. So that the profit sharing carried out by the people of Penago II Village is going well.

**Keywords:** Akad; Profit Sharing; Mudharabah;

### INTRODUCTION

Islam has taught all human beings to live a life of mutual assistance based on a sense of mutual responsibility, guarantees, and responsibility in social life, the values of justice can be upheld and practices of oppression and extortion can be avoided.

Mudharabah is an agreement between two or more parties to collaborate in a business. One party places capital which is called shahibul maal, and the other party becomes the business manager which is called mudharib. The profit sharing from the business carried out is calculated according to the ratio agreed between the collaborating parties.

Mudharabah profit sharing is a cooperative agreement that has existed since the time of the Prophet. In fact, this has been done by Arab society since before Islam, its activities were carried out by providing loans in the form of capital to other people so that the capital is used to create a business, and then the profits are divided between the owner of the capital and the business manager

in accordance with the agreement, because of the cooperation agreement. If what is done is free from elements of crime, Islam has adopted this custom, and Islamic legal experts agree on the validity of *mudharabah*, because it is viewed from the perspective of its needs and benefits in accordance with the teachings and objectives of *sharia*.

In rural communities where the majority are farmers, one of the production-sharing collaborations carried out is raising livestock. Breeding is an additional or side profession to increase income. One form of livestock business being developed in rural areas is the development of a cattle farming business using a rowing system. *Gaduh* is a profit-sharing system in agricultural or livestock businesses (usually half or a third of the proceeds go to the *gaduh*).

This system is a form of business developed in collaboration between investors and cattle keepers with an agreement to share the profits obtained. This profit-sharing cooperation is not something new in Indonesian society but is a practice passed down from generation to generation.

In Penago II Village, where the majority of residents are farmers, they also seek additional income by raising cows. Sometimes some of them choose to keep other people's cows. The practice of profit sharing in animal husbandry is known as the *gaduh* system, while in the Penago II Village community, it is better known as *paron*. The *gaduh* or *anvil* system is a collaboration that is often carried out by the community, especially in rural areas. The main reasons that motivate the people of Penago II Village to carry out cattle rowing are:

1. The abundance of grass in the area makes him interested in raising livestock
2. Have the desire to raise livestock but have problems in terms of capital, so that this system can help others achieve this desire.
3. With the rowdy system, you can take advantage of free time and increase the income of weak people.

*Gaduh sapi* is a side job managing other people's livestock in exchange for profit sharing. The practice in the Penago II Village Community, Ilir Talo District, Seluma Regency, is carrying out livestock breeding, especially cattle, or sharing the results of raising cattle which is carried out traditionally as one of the habits. The systems and methods used by the Penago II community in cow anvils are:

1. Cooperation is carried out using one female cow and one male cow which the owner entrusts to another person to care for. By agreement, if the cow has its first calf, the second will go to all previous cow owners, and then the next calf will go to the cow keeper (the herder), in other words the cow herder does not get anything during that period. After the cow is divided into thirds between the owner of the cow and the person keeping the cow, and so on. Here the owner only provides capital for bulls and females, the rest for maintenance such as vitamins and medicines is covered by the manager.
2. Profit sharing is carried out with an initial agreement, if the cows being kept have bred or given birth, then all the cows are sold the capital is deducted and the remaining profits from managing the cows are then shared with the keeper 40% and the owner 60%.
3. The distribution is carried out by agreement, if the cow being kept has reproduced or given birth, then the cow owner and the cow keeper will take turns getting the results. For example, a cow gives birth to a first and second calf for the owner of the cow, and if the cow gives birth to a third calf, then it goes to the manager, and so on.
4. Profit sharing: If one of the cows is sick, not because of the manager, then the profit sharing is 60% of the owner and 40% of the manager. However, if the cow is sick because of the manager, then if the cow is sold the manager only gets 30% of the proceeds from selling the sick cow. If

the cow is not sold/slaughtered, the manager only gets a 25% share of the total beef that has been slaughtered.

## **METHOD**

### **Types and Research Approaches**

The research method used in this research uses a qualitative approach, namely by carrying out data collection techniques that have been observed and interviewing objects to get the perfect subject. This research was conducted in Penago II Village, Ilir Talo District, Seluma Regency. Sugiyono believes that the qualitative approach is a research method for researching object situations scientifically (scientifically/rationally) in a reasonable way so that it is accessible to human reasoning, where the source of the key instrument is the researcher, data collection techniques can be carried out by triangulation (combination), The results of qualitative research are more about meaning than generalization (reasoning in the form of conclusions about an event).

### **Time and Place of Research**

Regarding the time of the research, the author has carried out initial observations from August 2022 to September 2023. The implementation was carried out in Penago II Village, which has a population of 1640 people, while there are 8 people who have a cattle production sharing business. Reasons for conducting research at the village location. because here there are residents who sell their cattle to those who have expertise in the field of animal husbandry in return for profit sharing, and as a group, they run this business to help increase income for their families.

### **Research Informant**

Informants are information subjects or respondents who act as research objects, providing information about what the researcher wants related to the research being carried out. The technique for collecting information in this research is a purposive sampling technique. Purposive sampling is a sampling technique deliberately because there are certain considerations according to the focus of the research. The reason for using a purposive sampling technique is that not all samples have criteria that match the phenomenon being studied. Therefore, the author chose a purposive sampling technique to determine certain considerations or criteria that must be met by the samples used in this research.

## **RESULTS AND DISCUSSION**

### **Profit Sharing System in Raising Cattle in Penago II Village, Ilir Talo District, Seluma Regency**

Basically, in the profit sharing system run by cattle breeders in Penago II Village, both parties do not know about the mudharabah principle. However, in practice, the pattern applied to the profit-sharing system (Gaduh) is the same as mudharabah. This is because the implementation of rowdy activities that have developed among the people of Penago II Village has been inherited from generation to generation and has become a habit that cannot be removed from the implementation of profit sharing. In running this business, filter breeders face several problems, one of which is capital, so quite a few entrepreneurs have the capital to invite workers (managers) to collaborate for the smooth running of their business. The cattle farming business is indeed a business that has great profits and potential, thus encouraging people in rural areas to carry out this cattle farming business. Although in practice there are still many deviations from the original law of muamalah. Therefore, the author wants to review the problems that occur in the current reality and discuss the operational

mechanisms that are often used in implementing contracts for profit sharing (gaduh). From this statement of causes, capital owners and managers ultimately collaborate on profit sharing.

#### 1. Agreement and Profit Sharing

The agreement and profit sharing agreement between shahibul mal and mudharib should be stated in a written agreement that has been agreed to by each party. However, the agreement regarding this "gaduh" profit sharing is not explained in written form but only verbally. Example: shahibul mal said: I give you a cow to look after and manage, mudharib answered: I accept your cow to look after. It is clear that there is no written agreement here, only based on the principle of mutual assistance and not being bound by a contract.

#### 2. Capital

The capital spent on average by tokes or investors ranges from IDR 7,000,000 to IDR 10,000,000 to purchase one Balinese calf. To purchase a relatively large calf, the cow owner must spend approximately IDR 12,000,000 to IDR 15,000,000, depending on the choice of cattle breed. In contrast to seminal cattle, the capital purchased by capital owners for seminal calves is around IDR 12,000,000 per head, because the calves weigh a lot, with this capital the cattle owner also has to bear other costs such as dealing with disease.

#### 3. Profit sharing

Distribution of ratios/profits from managing bulls, Mr. Sutrisno as the owner of cattle in Penago II Village said: "The distribution is done by calculating the capital and selling price of the cattle, then divided in half according to the agreement at the beginning of determining the proportion of 60:40"<sup>7</sup>. For example, the purchase price for a calf is IDR 7,000,000, then it requires a maintenance process for 2 years, then the cow is sold for IDR 20,000,000. This is where the cow owner's capital (toke) and profits are calculated. The toke capital is first separated by Rp. 7,000,000, meaning the profit obtained from selling the cow is Rp. 13,000,000 which is divided by the cow owner and the manager. Distribution of profits from raising female cattle, Mr. Agus Winarso cattle manager in Penago II Village said: "The distribution of female cattle is different from male cattle, profit sharing is carried out if it is a female cow that has never had a calf, the right for the cattle manager is 1 leg, and 3 parts of the leg for the cow owner (toke). And after the cow gives birth to a second calf, the profit distribution is divided by 2 according to the selling price of the cow."

#### 4. Risk

Loss or damage can be minimized with the expertise of the management, because cattle owners entrust their livestock to the management. If an absolute loss occurs due to the manager's fault, the person who bears the loss is the cattle manager. However, if an error occurs outside of maintenance procedures that cause cattle losses, the cow owner must bear the responsibility.

#### 5. Dispute or one of the parties dies

If a dispute occurs, they only resolve it amicably without going to court, and if one of the parties dies then the contract is void. However, the Malik school of ulama thinks that if one of the contracting persons dies, then the contract is not invalidated and is continued by his heirs, because according to them the mudharabah contract can be inherited. In general, society today uses the Maliki school of thought.

#### 6. Factors that influence profit sharing

##### a. For capital owners

- Don't have free time
- Desire to help
- The number of livestock is too large

- Want to make a profit
  - Don't know how to maintain it
- b. For Breeders
- Lack of capital
  - Want to have your own livestock
  - Economic demands
  - Absence of work
  - Lots of free time
  - Additional income
7. The various types of cattle that are being discussed are Balinese and Semental cattle for the community in Penago II Village.

8. Time period

There is no specified time period, as long as the results have been produced according to the owner's wishes, the contract will end and then the cattle will be sold and the profits will be divided according to mutual agreement.

**Implementation of the Agreement for Sharing Cattle Production in Penago II Village, Ilir Talo District, Seluma Regency in Accordance with the Principles of Mudharabah Agreements in Islamic Economics**

1. Capital

The implementation of cattle production sharing cooperation in Penago II Village mostly uses a mudharabah agreement, namely where the capital owner gives 100% of his capital to the cattle management, that is, the capital owner gives his capital in the form of cattle and also tells him how much his main capital is.

2. Management

Profit sharing in Penago II Village is classified as a mudharabah muqayyadah agreement, because the owner of the funds provides capital and specified limits to the manager, such as the business that must be managed, time period and allocation and so on.

3. Guarantee

The mudharabah contract does not require a guarantee for the amount of capital given to the entrepreneur (mudharib). The benchmark for guaranteed capital is only honesty, so mudharabah activities must be accompanied by a high level of honesty from the mudharib.

4. Time period

In the profit-sharing agreement that occurred in Penago II Village, there was no specified time limit, they only kept it until the desired results were achieved, then after that, they would sell the cows and then share the results.

5. Profit ratio

The farmers who own cattle in Penago II Village carry out profit-sharing cooperation in accordance with what was agreed upon at the beginning of the discussion, meaning that from the start of the contract several shares have been determined for the cattle owner and cattle manager, the distribution can also be said to be fair because it is in accordance with what was agreed upon, What is meant here is fair because the owner of the cattle pays for all the necessary costs, while the

manager is responsible for all activities and implementation carried out on the share of the cattle. So the cattle owner gets a bigger share from the land manager.

## CONCLUSION

Implementation of the profit sharing system for cattle in mudharabah contracts carried out in Penago II Village, Ilir Talo District, Seluma Regency based on practice in the field, it turns out that the contract between the cattle owner (shahibul mal) and the cattle breeder (mudharib) almost fulfills the harmony and requirements for profit sharing in mudharabah. It's just that their contract is not written, unlike the mudharabah contract. The capital provided by the owner is in the form of cows, not money, and with limitations determined by the owner. The distribution ratio according to the agreement, namely 60:40. This has resulted in an agreement between the two parties, namely between shahibul mal and mudharib. In this profit-sharing collaboration, both parties have their own risks, namely if the cow dies, it is borne by the owner of the capital, unless it occurs due to the manager's negligence, then the manager is also responsible.

The profit sharing concept implemented in Penago II Village, Ilir Talo District, Seluma Regency, in Islamic Economics has been fulfilled or the mudharabah profit sharing concept has been applied in Islamic economics to the profit sharing system for raising cattle in Penago II Village, Ilir Talo District, Seluma Regency, namely capital, management, guarantees, term and profit ratio.

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