

THE STUDY OF ISLAMICS ACCOUNTING ON AGRICULTURAL ECONOMICS CONTRACT IN MADURA

Mr. Ach. Baihaki

Faculty of Economics,
Universitas Islam Madura, Indonesia
Ach.baihaki.se.m.sc@gmail.com

Mr. Hanafi

Faculty of Economics,
Universitas Islam Madura, Indonesia

Abstract

This research aims to find out the characteristic of Madurese farmers in making an economic contract on the agricultural sector by using the Islamic accounting approach. The present research was applied by using qualitative research. The results of this study are some economics contract find out between some parties to solve the farmers' problem in working capital or another necessary to plant the tobacco as (a) Qardh in order to fulfill the short-term necessary of fund of members of farmer association, (b) ijarah can be reached by the farmers by rent the resources in the form of land, (c) musyarakah can be applied by investing all of their resources in tobacco farmerry as land, water, and and fund (d) muzara'ah can be applied by farmer as operator with land owner, and (e) salam can be applied in merchandise system of tobacco. All of the potential activity can be applied by using islamic contract approach, although all of them are not perfectly proper to Islamic accounting standards in Indonesia.

Keywords: *Qadb, Musyarakah, muzara'ah, ijarah, salam*

1. INTRODUCTION

The conception of the Islamic economy is not only for sharia financial institutions. Because the truly Islamic economy is a conceptual framework for all economic activity based on Islamic values. So that, the application of the conception of Islamic economics should apply to all economic sectors, as services, trade, or manufacturing (Baihaki, 2015). Even the conception of Islamic economic also can be applied in agriculture and animal husbandry sectors which is there are many Indonesian people get a job in this sector and also the as agrarian country. (Ridlwani, 2016), (Ngasifudin, 2016), (Sanrego & Rusydiana, 2009), (Nasution, 2016), (Roziq, Hasimuddin, Wahyuni, & Purnamawati, 2014).

Even the Qur'an as a guide to the life of the Islamic community also states that the agricultural sector is one of the economic sectors that can be cultivated in the context of carrying out life as a caliphate on earth. The agricultural sector is explained in Al-Qur'an Surah Al-An'am: 99, the fisheries sector is explained in Al-Quran Surah An-Nahl: 14, and the animal husbandry sector is explained in Al-Qur'an Surah An-Nahl: 5. The agricultural sector is also important to sustain the sustainability of human life on earth because this sector provides the food necessary for the community as one of the necessities of humans (Rahman, 1995b), (Rahman, 1995a).

Moreover, Indonesia as an agrarian country has a lot of agricultural or plantation commodities. The number of workers involved is also largest than the other economic sectors. Based on statistical data states that 30.46% of the population aged 15 years and over get a job in broad agriculture while in narrow agriculture is 28.23% (Pertanian & Pertanian, 2018). When compared to other sectors, the agricultural sector contributes the most employment, so that this sector is naturally able to become a supporting sector for the welfare of its people.

However, this sector is still marginalized than the other economic sectors and even less profitable than the other sectors, and be the less popular job. Even the number of workers involved in the agricultural sector based on the age of a worker is still dominated by workers over 40 years old and over 61.31% (Pertanian & Pertanian, 2018). The data point out that agricultural work is a less popular job for society under 40 years old. Even based on the level of education of the agricultural sector workers are dominated by people who have education only up to 37.53% of elementary school graduates, while those who did not graduate from elementary school amounted to 24.23% and even did not

attend school at all at 16.83 %. So, all of the agricultural workers that only elementary school graduates are 78.58% (Pertanian & Pertanian, 2018).

This is one of the reasons that the agricultural sector in Indonesia has not yet moved to be an interesting profession because the level of farmers' knowledge is still limited to local knowledge (Hefni, 2008). That also the reason that agriculture is still hereditary with less innovation and is still far from industrialization. Besides, capitalization that can encourage agriculture to become a more productive activity is still very small. Whereas the concept of back to nature as stated by (Mulawarman, 2009) is an economic activity that not only emphasizes the trade and intermediation sector but also pays attention to the production sector, as the agricultural sector.

In addition to the issue of Human Resources that have low creative and innovative abilities, there are also other problems, as availability of funds to finance agricultural activities by farmers (Ridlwani, 2016), (Ngasifudin, 2016), (Sanrego & Rusydiana, 2009), (Roziq et al., 2014), (Maulida & Yunani, 2017). The reluctance of financial institutions to finance the agricultural sector is caused by the large risk of failure in the agricultural sector caused by fluctuations in crop yields and commodity prices (Pujiyono & Nugraha, 2016). This risk will be a problem in the sustainability business of financial institutions, especially or the micro-financial sector (Zubair, 2016). From these matters, there are still many financial institutions that channel their financing/ credit by high margins to get a higher level of security. Even though at present, agriculture as one of the real sectors is also worthy of attention to be developed (Septindo, Novianti, & Lubis, 2016).

Madura is an island that famous with the agricultural commodities as tobacco, even there is a special genes tobacco of Madura, namely Prancak, which has a tobacco planting area of 37.48% of the total area of tobacco plantations in the East Java, (Perkebunan, 2017). This potential has not been able to be an opportunity for sharia financial institutions especially to become a financing scheme for farmers so that many farmers still use non-formal financial institutions such as moneylenders to finance their tobacco production process (Fauziyah, 2010), (Khaleefa, 1993). The data also point out that the agriculture, forestry, and agricultural facilities sectors only occupy 3% of the total financing provided by Sharia Commercial Banks and Sharia Windows (BUS and UUS) and only 5% of the total financing provided by the Islamic Rural Bank (BPRS) (Baihaki, 2017).

The limitation of funds distributed by the sharia financial institutions, there is also a phenomenon about the low variety of financing that is presented by the conditions of development of the agricultural sector, especially in Madura. There are still many financial institutions that distribute funds in the form of Murabaha for security reasons (Soekarni, 2014), (Baihaki, 2017), (Beik & Aprianti, 2013). Globally, Murabaha financing occupies more than 50% of Islamic banking financing in Indonesia (Baihaki, 2017), and the same thing also happens abroad that have Islamic banking, as (Zandi, Ariffin, & Shahabi, 2012) stated about Murabaha conducted in many financial institutions in Iran and Malaysia. Whereas if it can be done cooperative system, the potential income of financial institutions can be increased, as (Nasution, 2016) states that revenue sharing for sugar cane farmers is 149.2% higher than margin and farmers get revenue sharing 121.98% higher than margin.

Whereas to support the growth of the real sector need to strengthen the capital by farmers, it can be done without leaving the Islamic Maqashid who need to consider the elements of education, uphold justice and the concept of *maslahah* (Adzhani & Rini, 2017). To realize this need a synergy between sharia banking that has strong capital and sharia micro-financial institutions that have a marketing network that is closer to the real sector in which there is agriculture with farmers who have skills and knowledge in the form of executing, channeling, or joint financing (Oktafia, 2017). Besides, it can also be done by bringing various financial cooperation contracts that can empower as the conceptual framework in sharia maqashid approaches.

Even agricultural cooperation in Madura has been going on for a long time in the form of cooperation for crop yields between landowners and land managers. But on tobacco farming which requires a high enough capital in a not too long time, that is only in the range of 2 to 3 months, many farmers do loan even with a large financial cost. Also, the profit-sharing scheme is not equal with other agriculture, because tobacco usually has a different cost necessary when it is sold in the fields than dried shredded tobacco. Tobacco farming also sometimes forces farmers to work together, due to lack of water for watering. Madura is an area that has limited water during the tobacco season. This situation is the base reason to study the cooperation framework of tobacco farmers in Madura from the cultural perspective of the local community that will be interpreted by using the Islamic accounting approach. Because by this reason we will get more in-depth and comprehensive information about the possibility of product innovation of Islamic microfinance institutions in facilitating the capital needed of farmers.

2. LITERATURE REVIEW

There is a lot of research to understand the commitment of Islamic financial institutions that operate based on Islamic thought in facilitating the activities of the agricultural sector for its capital availability. (Nasution, 2016) has a study of the Islamic financing model for the agricultural sector by using descriptive correlational methods. The results showed a financing model that was needed by farmers with the appropriate contract application. (Ridlwani, 2016) has research on the muzara'ah contract in Islamic banks by using a literature study approach by comparing classical and modern and compare to the current situation. The results show that muzara'ah can be alternative funding for rural farmers and in some other countries have used the musyarakah or salam system, whereas Iran has used muzara'ah.

There are many other studies to explore the development of financial institution services in participating in developing the real sector. (Oktafia, 2017), (Sanrego & Rusydiana, 2009) and (Soekarni, 2014) have studied sharia financing to develop the business sector, even micro, small, and medium businesses. (Ulum, 2014), (Ghofur, 2015), (Ngasifudin, 2016), (Maulida & Yunani, 2017), (Susila, 2016) have studied to develop Islamic banking products. There are even studies that specifically observe financing and credit channeled to the agricultural sector, as (Nasution, 2016), (Roziq et al., 2014), (Khaleefa, 1993), (Elhiraika, 2003), (Pujiyono & Nugraha, 2016). However, these studies almost all build approaches from the perspective of financial institutions, so the focus is on the legal basis and operational security of financing for financing to be channeled to the agricultural sector. So in these conditions, there is no information on how a community carries out contractual activities for economic cooperation, especially in the agricultural sector. Therefore, the present research will explore more deeply the culture of community in the contractual activities of economic cooperation in the agricultural sector, especially for the tobacco farming sector in Madura.

To provide a deeper insight into economic cooperation contracts that can be carried out between parties in the concept of Islamic economics, especially cooperation in channeling funds, are as follows:

a. Based on profit sharing cooperation

A cooperative is a collaboration to make a joint effort to take profits by different contributions according to the agreement of the parties. The concept of cooperation can be the contribution of funds to one party and skills on the other. There is also cooperation to give funds together as joint capital to venture capital or even only contributes skill each other. The profit from this contract is going to distribute as profit and loss sharing with revenue sharing or profit-sharing approaches. The contractual concepts that are commonly applied are as follows:

1) Mudharabah

Mudharabah is a cooperation scheme between the owner of the fund (shahibul maal) and the fund manager (mudharib) with a profit-sharing agreement. This agreement has also been regulated in the DSN MUI fatwa No. 07/ DSN-MUI/ IV/ 2000 about mudharabah (Qiradh) financing as well as in the Islamic accounting standards as available in PSAK 105 on mudharabah accounting (DSN-MUI, 2000h), (IAI, 2018).

2) Musyarakah

Musyarakah is a contract of cooperation between several parties to invest their assets in capital investment to carry out business with profit-sharing agreements. This agreement has also been regulated in the DSN MUI fatwa No. 08/ DSN-MUI/ IV/ 2000 about musyarakah financing as well as in the Islamic accounting standards as available in PSAK 106 on musyarakah accounting (DSN-MUI, 2000i), (IAI, 2019f). (Wirosa, 2011) also stated that in more detail about musyarakah which can take the form of syirkah al amlak which is a collaboration between two or more people by invest capital and syirkah al uqud which is an agreement made by two or more parties with the distribution of capital and profits together. Syirkah al uqud can still be divided into several sections, namely: (a) syirkah mufawadhah, this agreement is a collaboration by including capital and managing a business together; (b) syirkah al-inan, this agreement is a collaboration in which the parties include a proportion of capital and jointly manage the business; (c) syirkah a'mal, this agreement is a collaboration to accept a joint work with profit-sharing; and (d) syirkah al wujuh, this agreement is a collaboration based on the good reputation of the parties.

b. Margin based

Margin based cooperation agreement is a transaction of buying and selling goods by stipulating a certain amount of profit to the parties in the cooperation agreement. This contract can take several forms, namely:

1) Murabahah

Murabaha is a sale and purchase agreement with an obligation to state the cost of sale and the agreed profit between the seller and the buyer. This agreement has also been regulated in DSN MUI Fatwa No. 04/ DSN-MUI/ IV/ 2000 about Murabaha as well as in the Islamic accounting standards available in PSAK 102 on Murabaha accounting. This contract can also be made in cash or installments as in the bai 'bistamanin ajil contract (DSN-MUI, 2000f), (IAI, 2019c).

2) Salam

Salam is a contract of buying and selling ordered goods (muslam fiih) with the delivery of goods at a later date by the seller (muslam illaihi) and the repayment will be done by the buyer immediately before the goods are delivered to the buyer by specified conditions (Wirosa, 2011). This agreement has also been regulated in DSN MUI Fatwa No. 05/ DSN-MUI/ IV/ 2000 about the sale and purchase of salam as well as in the Islamic accounting standards available in PSAK 103 on accounting of salam. Even this contract can also be in salam parallel scheme, which use other parties to prepare the goods (DSN-MUI, 2000d), (IAI, 2019e).

3) Istishna'

Istishna' is a sale and purchase agreement in the form of making goods with certain criteria and conditions agreed between the buyer and the goods maker or seller (Shani). This agreement has also been regulated in DSN MUI Fatwa No. 06/ DSN-MUI/ IV/ 2000 about buying and selling istishna' as well as in the Islamic accounting standards available in PSAK 104 on istishna' accounting. This contract can also be carried out in the form of istishna' parallel, where the process of supplying the goods is subcontracted to another party (DSN-MUI, 2000c), (IAI, 2019b).

c. Fee-based income

Fee-based income funding is a contract by providing rent for banks' assets as well as leasing. The agreement with the principle to take profit by using the cost instrument is the *ijarah* (lease) principle or by using financial services instruments. The usual financial services provided by banks are *wakalah*, *kafala*, *qardh*, *hawala*, and *sharf* services. A more detailed description of these fee-based services is as follows:

1) *Ijarah*

Ijarah is a contract to transfer the rights (benefits) of an asset within a certain time with lease payments (*ujrah*) without being followed by the transfer of ownership of the asset itself. The leases referred to are operating leases (PSAK 107, paragraph 4). This *ijarah* is also developed to *ijarah muntahiyah bittamlik*, where this agreement is an *ijarah* with wa'd transfer of ownership of the assets directed at a certain time. The *ijarah* contract is usually a contract to be a complement to the *Rahn* contract as well because it is needed to collect profits from renting a mortgage pledge. This agreement has also been regulated in DSN MUI Fatwa No. 09 / DSN-MUI / IV / 2000 on *ijarah* financing as well as in the Islamic accounting standards available in PSAK 107 on *ijarah* accounting (DSN-MUI, 2000g), (IAI, 2019a).

2) *Wakalah*

Wakalah is a contract of giving power of attorney from *muwakil* (power of attorney/customer) to the representative (power of attorney) to carry out a *taukil* activity (duty) on behalf of the power of attorney. This contract application is usually used for L/C, collection, or transfer (Yaya, Martawireja, & Abdurahim, 2014). This agreement has also been regulated in DSN MUI Fatwa No. 10/ DSN-MUI/ IV/ 2000 about *wakalah* financing as well as in the Islamic accounting standards available in PSAK 59 on Islamic banking accounting (DSN-MUI, 2000j), (IAI, 2019d).

3) *Kafalah*

kafala is a guarantee agreement given by *kaafil* (bank) to *makful* (recipient of collateral) and the guarantor is responsible for the fulfillment of an obligation that is the right of the recipient of the guarantee. This contract can be used when providing bank guarantees, opening L/C, acceptances, endorsements, and *aval*. This agreement has also been regulated in DSN MUI Fatwa No. 11/ DSN-MUI/ IV/ 2000 about *kafala* as well as in the Islamic accounting standards available in PSAK 59 on Islamic banking accounting (DSN-MUI, 2000e), (IAI, 2019d).

4) *Qardh*

Qardh is a loan given to customers who need it. This agreement has been regulated in the MUI fatwa No. 19/ DSN-MUI/ IV/ 2001 about *Al-Qardh* as well as in the Islamic accounting standards available in PSAK 59 on Islamic banking accounting. The standards also define *Al-Qardh* as a loan or provision of funds or claims that can be likened to it based on an agreement between the borrower and the lending party which requires the borrower to repay his debt after a certain period. The lending party can receive a reward but is not allowed to be required in the agreement (DSN-MUI, 2000a), (IAI, 2019d).

5) *Hawala*

Hawala is the transfer of debt from the person who owes (*muhil*) to others who bear it (*muhil 'Alayhi*). This agreement has been regulated in the DSN MUI fatwa no. 12/ DSN-MUI/ IV/ 2000 about *hawala* as well as in the Islamic accounting standards available in PSAK 59 on Islamic banking accounting (DSN-MUI, 2000b), (IAI, 2019d).

6) *Sharf*

Sharf is a principle that is used in the sale and purchase of currencies, both between similar currencies and between currencies of different types. The available Islamic financial accounting standard is PSAK 59 on Islamic banking accounting (IAI, 2019d).

Islamic financial institutions are classified based on the type of service provided, as stated (Baihaki, 2015) which consists of:

a. Islamic intermediary institution

Financial intermediary institutions provide the service to collect funds from the society in the form of deposits and channel them back to the community in the form of loans and financing by sharia principles. This type of institution can be banking institutions or cooperative or *baitul maal wat tamwil* (BMT).

b. Islamic Financing Institution

The Islamic financial institution-based financing carries out its operational activities by not collecting funds from the society and channeling funds directly to the public, both in the form of consumptive or productive financing. These financial institutions usually use *Murabaha*, *Rahn*, *ijarah*, or even *hiwalah* contracts.

c. Islamic Capital Market Institution

Institutionally, the Islamic capital market in Indonesia does not yet exist, specifically as a capital market that specializes in trading sharia-based stock or bond instruments. However, in the Indonesian capital market, Sharia-based investment instruments are available which are accommodated with the Shari'ah stock index as in the Jakarta Islamic Index (JII) or the Indonesian Shari'ah Stock Index (ISSI) for securities instruments as stocks and *Sukuk*.

d. Shari'ah Insurance Institute

Sharia insurance institute is a shari'ah financial institution that provides sharia-based insurance services. Sharia insurance institutions collect funds from society in the form of insurance premiums and then protect losses arising from their customers. But what distinguishes

conventional insurance from shari'ah insurance is the guarantee fund given to members of the insurance is tabarru' funds from members and the funds are invested in instruments that are based on Islamic thought.

e. Shari'ah nonprofit institution

Islamic nonprofit financial institutions are financial institutions that are formed to raise funds from the public and channel them back to the community by not basing their activities on profit accumulation. These institutions are formed for social activities which usually operate by collecting funds that must be paid by the Islamic ummah as well as zakat and also voluntary funds (sedekah) based Islamic thought.

In addition to the formal financial institutions, other financial institutions are the cultural wealth of the Indonesian nation, which are informal financial institutions, as (Baihaki & Malia, 2018) states that arisan (rotating saving) can be an informal financial institution to obtain business funding. On the other hand, the community makes social gatherings as a means to manage their family's finances in the form of savings or even investment in the form of holding arisan or buying and selling arisan.

3. RESEARCH METHOD

The present research applied in qualitative research method with an ethnographic approach. Qualitative research emphasizes the process of describing or presenting facts or natural conditions of the object of research rather than generalizing the results of research (Sugiyono, 2008). The ethnographic approach is an attempt to learn culture not just to get to know the culture (Kamayanti, 2017). This approach is very appropriate to be chosen as an effort to get to know the culture of cooperation contract of tobacco farming sector, especially in Madura by using the Islamic accounting approach.

Data collection was done by participatory observation activities to obtain more detailed information about the object of research. It is caused by tobacco farming in Madura is agriculture that absorbs more resources, such as labor resources or capital resources as well as the rhythm of work that requires in high intensity. The habits of the people in the three agro-ecosystems of tobacco cultivation are also different from each other, even in the three tobacco-producing districts in Madura. Therefore, Pamekasan was chosen as a district that produces a lot of tobacco with unique community habits in economic cooperation contracts in the cultivation of tobacco.

This research is also inseparable from the descriptive paradigm because this study indeed began by describing the habits of observing community objects related to the economic cooperation transactions of tobacco farmers (Hanne, 2014), (Rubinstein-Ávila, 2013), (Scapens, 2012). Based on the information and description of community activities, then domain and componential analysis will be made which will make a construct of community tradition clearer for (Ahn & Jacobs, 2018), (Djamhuri, 2011), (Masquefa, Gallhofer, & Haslam, 2017).

The parties involved in this research are smallholder farmers, financier farmers, and landowners who are located in Duko Timur village, Teja Barat village, and Kelompang Timur village, Pamekasan Regency. The involvement of these social actors will present a construction of community habits which can later be interpreted based on the contract approach by the Islamic economic approach.

4. RESULT AND DISCUSSION

Madura is indeed famous as a salt island. This indicates that the main commodity of the island is salt, but it should also be noted that other agricultural commodities are the island's superiority, namely corn, and tobacco. A large amount of corn commodity production was initially influenced by the Madurese staple food made from corn. But lately, it is more influenced by the pattern of corn care that does not require high intensity.

This is different from the tobacco commodity which is indeed a commodity with high economic value that can increase the value of people's welfare and can absorb high labor. Madura Tobacco can contribute 60% - 80% to the income of farmers and can absorb labor in the tobacco cultivation sector as many as 95,895 families or the equivalent of approximately 287,685 people. The great potential of Madura tobacco is indeed influenced by the large level of demand for Madura tobacco as a mixture of kretek cigarettes which can reach 14-22%, because Madura tobacco is more aromatic (Hasan & Darwanto, 2013).

However, the tobacco production activities required a high intensity of care, which starts from the planting process, maintenance to harvest preparation. The intensity of these activities still requires a lot of activities that involve labor and seriousness in caring for tobacco to produce the best quality tobacco. While capital resources will be very much needed from the time of harvest to post-harvest and even these activities will take place in quick succession. As explained by Tiri as a farmer follows:

"Tobacco farming is the top agricultural activity. Because when farming tobacco must physically and mentally be ready, because every day must be ready to go to the plantation area and when tobacco has begun to grow and ready to harvest and then there are clouds, feelings be anxiety and worry as well as when it has been harvested, and bruised, there are still worries if it is not perfectly cooked or too cooked. After this is done, then the next step is chopping which is then dried in the sun. Even this drying will determine the quality of tobacco produced. So Madurese often says that the age of tobacco is only in one day. It is caused, if the tobacco is completely dry on the first day, it will be safe tobacco quality. (Tiri)"

Also, for the high intensity of the efforts to produce tobacco, there is a fact-based on observations that point out that before drying, farmers arrange tobacco in wide that is done at night so that when the sunrise has begun is ready to dry. This activity is a serious effort of farmers in producing tobacco. Besides, when tobacco is ready to be packaged, it needs to be maintained so that the tobacco is not too soft when wrapped because if that happens, it still requires extra time so that the tobacco has enough texture to pack. Though the level of softness can't be determined according to a certain hour after sunset, because sometimes this happens before the sun sets or until midnight. These conditions sometimes make farmers have to be patient to carry out all these processes.

Tobacco also has unique treatment characteristics that are sometimes incompatible with the existing logical habits. Tobacco is a plant that does not need too much water to produce good quality tobacco. Even good quality tobacco can be produced, when a month before the harvesting process is not exposed to rain. However, based on observations that occurred in 2019, when no rain fell from the beginning of the planting process to harvesting, it reduced the quality of the tobacco. In 2019, the quality of mountain and legal tobacco has dropped to a rice field quality and even the color of tobacco can not approach the proper color as (Santoso, 2004), namely bright greenish-yellow as good quality, it caused of the prolonged heat as explained by Hozairi as the following:

"Tegal tobacco this year is not as usual, because tobacco leaves cannot ripe well and are too ripe, so when dried in the sun they will turn red and tend to turn pale, because they are too ripe during curing. This has caused farmers to suffer significant losses this year. (Hozairi)".

Tobacco farming is indeed promising a high income, but also with a high level of speculation that also presents a high level of loss. Therefore, farmers usually then carry out their agricultural activities in collaboration with some parties, in the framework of sufficient working capital and minimizing the risk of non-absorption of shredded tobacco products on the market. In addition to the reasons for capital and product marketing, there are other reasons at the farmer level to collaborate, as the availability of water owned by the landowner farmers, as expressed by the Tiri as farmers as follows:

"Many farmers are indeed reluctant to plant tobacco if they do not have their water to fulfill their tobacco watering necessary. Because if they rely on river water, it will be quite troublesome when the water is not enough when the necessary level for watering tobacco increases. (Tiri)"

Based on these situations, many farmers have collaboration with other parties to overcome the shortage of sufficient working capital by borrowing from formal or non-formal and informal financial institutions. There are farmers, such as (Fauziyah, 2010) who borrow from moneylenders for working capital, with high-interest costs. However, based on observations, no one in object uses moneylenders services, but rather to use the services of other informal financial institutions in the form of arisan as (Baihaki & Malia, 2018), some people take arisan before the planting season for working capital necessary. There are also farmer groups that distribute working capital loans sourced from the organization's fund.

From some habits of the community, then analysis in-depth analysis is carried out by closer to the culture of the community in terms of obtaining funds and managing businesses, and sharing profits/ losses with various parties involved in tobacco production business activities using the sharia accounting approach. There are some Islamic economic cooperation contracts as follows:

a. Qardh

When people have capital difficulties, it is usually a habit of society members to get from other parties. Based on observations as follows: Farmers who are members of the farmer group "Tani Makmur" usually get a capital loan from the program rural agribusiness development (pengembangan Usaha agribisnis pedesaan/ PUAP) funds and membership balance contributions. Farmers usually get these funds at the start of the rainy season and will be repaid in the next year with the interest. Then after the money is collected, it will be distributed back to the members of the farmers' groups with a higher nominal.

It means that the fund has become a revolving fund that can be used to capitalize on the production of agricultural commodities by farmers. But the financial transaction in the object is that loans distributed and received by the Muslim farming community still contain an element of usury that takes into account the interest on these loans. The farmer is subject to a certain increase in the amount of his loan without explaining what the percentage is and it only explains the amount of the loan the farmer receives is Rp 850,000,- and will return the following year in the amount of Rp 923,000,-.

For understood, that the loan can be applied by qardh contract by collecting operational costs to members of the managing of the grant so that it can continue to be channeled. However, the farmer's group management did not know of any variations in the contract on modern sharia economic contracts that we're able to turn financial transactions into halal and blessing, as explained by the head of the farmer group as follows:

"Loan Channelling with the addition of the repayment value is indeed the same as the training in PUAP revolving fund distribution. Even the results of the increasing refunds are then channeled back to members with greater nominal. This is the reason that the management is not too concerned with the contract conditions that must be considered because those who take the benefits are still members (Taufiqurrahman)."

However, if in indeed analysis, there is an opportunity to apply the qardh contract to fulfill the short-term necessary of fund of members, especially when the process of chopping up to the packing of tobacco harvests that most spend immediate funds for consumption or payment of workers' wages. As the following observations and interviews with farmers:

“In the afternoon before the evening, there was a hosyi’ah who was carrying groceries to her house. These items will be used for the consumption of tobacco workers who are doing the process of chopping in their homes. When asked about “Does the groceries obtained by buying from a shop near her house?”, she answered “no”, because the item was obtained by being in debt to the shop owner and only being paid when the tobacco was sold out. This has also become a habit in the area by taking in advance the necessary for harvests in the shops around his residence.”

Whereas in this condition, the providing of the necessary for the completeness of the production process can also be applied by providing the goods with a Murabaha contract, as (Nasution, 2016). Because with Murabaha, the risk can be minimized, because the contract is the selling price of goods that have been added to the agreed margin.

Another one that can be considered in the application of this qardh contract for agricultural commodity production activities is the opportunity for financial institutions or lenders to receive donations or excess loan repayments as long as they were not agreed upon at the beginning of the contract. This is as stipulated in the DSN-MUI fatwa No. 19/ DSN-MUI/ IV/ 2001 in the first provision point 5.

b. Ijarah

Ijarah is the transfer of economic benefits of an asset at a certain time accompanied by payment of rent without transferring ownership rights. In the tobacco production cycle, there is a situation that the leases that occur are only on paddy agroecosystem land. This is based on the following observations and interviews:

“Pak Rasidi is a security officer at the University of Islam Madura who does not have enough land. But when he was asked about how many tobacco plants he had, he answered 21,000 trees. Based on that amount, then asked “where can the land come from?”. He answered the rent from the landlord (Rasidi).”

The land rent for each region is not the same, in the area where Mr. Rasidi is for Rp 1,000,000, - equivalent to the area of 6,000 tobacco trees. Whereas in other regions, it applies by the bargaining between landowners and smallholder farmers who sometimes have no equivalent with land area. However, this land lease cooperation only occurs in paddy fields, whereas in the dry land and mountain agroecosystem land there is no land lease found and there is only a profit-sharing about 10% to 20% or even only in the form of fertilizer in preparation for the rainy season. This is consistent with the statement of legal farmers as follows:

“In this case, uncultivated land is sometimes given for free to be cultivated without a special agreement to provide certain compensation, it is only sufficient to provide for the profit-sharing about 10% to 20% of the harvest and sometimes even given a certain amount of fertilizer as repayment their kindness. This is based on the condition of the land which results will be better in the rainy season when the dry season is planted with tobacco. Because with this the soil becomes more fertile (Tiri).”

In this case, farmers in the dry land and mountain agroecosystem consider more benefits than profits. Farmers for sure, the importance of land cultivation in the dry season to provide more benefits in the next planting season, therefore many farmers who do not have their water prefer to give their land tilled by others, to get the added value. The farmers will also still get a lease, even though in accounting it is an investment in the form of economic resources in the form of land.

c. Musyarakah

Sometimes, the process of producing Madura tobacco must involve more than a party, including landowners, financiers, and smallholder farmers. Each one has a function to provide land for landowners and provide the capital necessary (from the process of planting to post-harvest) for investors, as well as smallholders who will contribute their human resources to do everything physically.

In this type of contract, the landowner will get a share of 10% to 20% of the sales of tobacco produced from his land or with other agreements in the ijarah contract section. Whereas the owner of the capital and the smallholder farmers in this contract model halve the income from their tobacco harvest after deducting the cost of renting the land to the landowner or more precisely the profit-sharing rights over the partner (syarik) which includes his land capital.

Based on observations on the habits of farmers in Madura in producing tobacco as follows:

“Mr. Tiri is a farmer who in 2019 planted 30,000 tobacco trees in the dry land. Planting that amount in dry land is quite a lot. Because the cost of planting and maintenance is not small, the cost of investment of equipment is also not small. After careful observation, there were 17 water reservoirs for watering where not all are close together and from the wellbore it has a distance far enough to a range of 500 meters that requires quite a lot of water pipes.”

After further questioning about his decision to be willing to work together to fulfill the demands of smallholder farmers to become investors in tobacco cultivation as well as he stated as follows:

“The point is feeling sorry for the smallholders’ farmers, because if no one provides financial necessary in planting tobacco, then there are not many farmers can plant tobacco. Because it takes costs to be paid on an ongoing basis and at a fast tempo for two to three months. It is also difficult for farmers who do not have sufficient capital to strive to have wellbore. Because in dry land and mountain areas, the depth of the well can reach 80 meters to 100 meters (Tiri).”

Whereas the investor must prepare everything related to the object of financing the tobacco planting, from land cultivation, planting, harvesting, to post-harvesting. To discuss the information about the rights and obligations of each party in the tobacco production process, interviews were conducted with the following results:

“I, as a financier, provide piracy costs until they are ready to be planted and then the seeds and fertilizer necessary. Then the next treatment is carried out by the smallholder farmer. (Tiri)”

Based on this information, the shirkah is the musyarakah al wujuh that combines cooperation between capital and credibility, where the investor is the owner of the fund and the smallholder farmer who has the credibility in processing tobacco plants into a product as desired. In musyarakah al wujuh, there is no proportion of capital declared to be included, but it is based on an awareness of mutual obligations. So in the case of the distribution of profit and loss, it is based on the agreement divided in half after cutting all costs that have been by investors. The costs that need to be calculated before sharing profit between parties (financiers and farmers) by investors are as follows:

“The cost that needs to be deducted is the cost of water which is equivalent to Rp 70,000/ 1,000 tobacco trees and then lease to the landowner. After that is divided in half. Because all parties have fulfilled their respective obligations.”

In this case, all parties involved (landowners, capital owners, and smallholders) are equally benefited. Landowners who do not have water, their land will still be cultivated and can still get additional benefits in the rainy season, besides that they can also get profit-sharing from the inclusion of land ownership in the framework of cooperation in tobacco production. Investors can invest their funds and some of them can still get certainty of return, namely the cost of water that is indeed to get it requires a large enough investment. Smallholder farmers also have the opportunity to work and earn extra income during the dry season, where there is not much that can be done if they do not have a well to irrigate agricultural land.

Something interesting here is that when in a loss situation, the investor bears it all as a financial risk. This is because cooperation between the parties is not based on equity participation, but only the investors include funds, while other parties only include the credibility and land resources as economic factors.

d. Muzara'ah

Muzara'ah is a contract of cooperation between the landowner and the smallholder farmers. This is based on an opportunity that the landowner is not enough time to manage their land. Then the opportunity owned by the smallholder farmers, on the other hand, will provide two-sided benefits for all parties involved. This pattern in Madura turned out to also have various revenue-sharing consequences by the magnitude of the obligations of each party.

Muzara'ah has the concept of cooperation in managing agricultural land where seeds, fertilizer, and other necessities are provided by the landowner and the process is carried out by the smallholder farmers. The practice of muzara'ah is also on tobacco farming in Madura, as in the practice of muzara'ah in Sudan (Elhiraika, 2003), (Ridwan, 2016). Even the concept of justice in economic cooperation with the concept of muzara'ah can also enhance the concept of justice (Ibrahim & Yaya, 2005). But the difference is the profit/ loss sharing that is applied to tobacco farming in Madura. The distribution of profit/ loss from tobacco farming is based on the background of cooperation between the landowner and the smallholders' farmers as follows based on interviews and observations:

“Here, the community usually distributes income based on the contribution of capital provided by landowners and smallholders farmers. If the landowner only gives his land as capital participation, then the farmer will only be able to share 10% to 20% of his tobacco harvest. However, if land preparation and seed and fertilizer are provided by the landowner and all the work is carried out by the smallholder farmers, the profit sharing will be 50% for the landowner and 50% for the smallholder farmers. (Jamaluddin)”

This points out that the investments of capital that are recognized are only those that are financial or economic factors of capital. This also indicates that the distribution of profits is done not based on the proportion of capital deposited, but based on an agreement between the landowner and the smallholder farmers.

e. Salam

Salam is a contract of buying and selling ordered goods, and the delivery of which is made later with payment at the beginning. But apparently, this contract is only interpreted as an activity that the obligation of farmers to sell their crops to working capital providers. In this concept, farmers get all their agricultural necessary to plant tobacco, and then their agricultural products must be sold to investors.

But something improper from this contract is there are no provisions on the quality of the goods the buyer wants to buy and what is the agreement on the sale and purchase price of tobacco products by farmers. Based on this condition, farmers are still in a speculative condition on the selling price of their agricultural products, only that there has been certainty is the prospective buyer, this is what can solve the problem of a long tobacco trading system as stated by (Fauziyah, 2010). This was obtained from information on interviews conducted with farmers as follows:

“The the responsibility of land preparation until planting, all of them are fulfilled by the investor, only physical work is carried out by the cultivators. However, we are obliged to sell our crops to investors who finance the tobacco planting. But the price is the prevailing market price at the time of harvest. But the good thing is we don't need to bear the risk of loss due to market prices that are too low (Marjani).”

The application of several sharia contracts can be applied to the Madura tobacco production process, although it cannot perfect as required by the standards that make up these contracts. However, to be considered that the practice of community by working together to solve the limitations of its capital is commonly practiced by Madurese people. So that the weakness of the application of the contract can be minimized the risk and can be done a product created by the activities of the user community.

The risk comes from an effort to produce tobacco that is not paid for by the bandol community tobacco. Even the worse situation is the practice of tobacco debt which sometimes will not be paid when it has passed 1 year from the time of sale as stated by farmers in the interview:

“If we have tobacco receivables, then not paid off on the present year until the next year, so, if the tobacco money harvested in 2019 should be obtained as much as possible in 2019, if not, then you cannot be realizable anything else (Tiri).”

With good risk management, there is an opportunity for Islamic financial institutions to channel their funds to the agricultural sector which has a high risk, although it can still be done, especially by utilizing margin-based cooperation agreements. Because by supplying farmers' necessary, let alone working together with farmer groups who are farmers at the lowest level can minimize these risks. It can even be combined with financing with payments using a joint responsibility system.

5. CONCLUSION

The application of the agreements in the Madura community's economic cooperation contract has indeed been done a lot, especially related to fulfillment of their short-term capital necessary. Because capital requirements for the tobacco production process do require higher capital than the other types of agricultural commodities, even the intensity is high enough. Farmers then take loans for money or goods needed for tobacco production by utilizing informal financial institutions that tend to still use interest as the basis for their calculations. Using Islamic sharia contracts as Murabaha can still be done. It's just that the lack of understanding of the manager of the farmer group as an informal financial institution, makes the contract that can be done in sharia cannot be implemented.

The proper opportunities that can be implemented are musharaka and muzara'ah based on profit sharing. Because with this agreement, the capital owner or financial institution can also get a higher profit. Even the results are not based on the proportion of capital deposited, but based on agreement. So the application side becomes easier to implement. Also, the problem of marketing agricultural products which is usually a common problem faced by farmers that can be resolved with a salam contract cannot be implemented properly, because there is no price determination at the time the agreement is agreed upon.

Therefore we need a design process for financing products for agricultural products that can be presented by Islamic financial institutions. Moreover, there are partner organizations such as farmer groups that can use a joint payment system.

REFERENCE

- Adzhani, R., & Rini. (2017). KOMPARASI KINERJA PERBANKAN SYARIAH DI ASIA DENGAN PENDEKATAN MAQASID SYARIAH. *Jurnal Akuntansi Dan Keuangan Islam*, 5(1), 5–30.
- Ahn, P., & Jacobs, K. (2018). Using Photo -graphs in Interpreting Cultural and Symbolic Meaning: A Reflection on Photographs of the Korean Association for Government Accounting. *Accounting Forum*, 42(1).
- Baihaki, A. (2015). Analisis Penerapan Akuntansi Syari ' Ah Pada Entitas Non Lembaga Keuangan Syari ' ah. *Wacana Equilibrium*, 4(2), 15–32.
- Baihaki, A. (2017). REVITALIZATION BMT AND COOPERATIVES FUNCTION IN DEVELOPING SYARIAH ECONOMY. *Jurnal Ilmiah Bidang Akuntansi Dan Manajemen (JEMA)*, 14(1), 66–81.
- Baihaki, A., & Malia, E. (2018). Arisan Dalam Perspektif Akuntansi. *Jurnal Akuntansi Multiparadigma*, 9(3), 540–561. <https://doi.org/10.18202/jamal.2018.04.9032>
- Beik, I. S., & Aprianti, W. N. (2013). ANALISIS FAKTOR-FAKTOR YANG MEMENGARUHI PEMBIAYAAN BANK SYARIAH UNTUK SEKTOR PERTANIAN DI INDONESIA. *Jurnal Agro Ekonomi*, 31(1), 19–36.
- Djambhuri, A. (2011). Ilmu Pengetahuan Sosial dan berbagai Paradigma dalam Kajian Akuntansi. *Jurnal Akuntansi Multiparadigma*, 2(1), 147–185. <https://doi.org/10.1007/s13398-014-0173-7.2>
- DSN-MUI. Al-Qardh, Pub. L. No. 19/DSN-MUI/IV/2001 (2000). Indonesia.
- DSN-MUI. Hawalah, Pub. L. No. 12/DSN-MUI/IV/2000 (2000). Indonesia.
- DSN-MUI. Jual Beli Istishna', Pub. L. No. 06/DSN-MUI/IV/2000 (2000).
- DSN-MUI. Jual Beli Salam, Pub. L. No. 05/DSN-MUI/IV/2000 (2000).
- DSN-MUI. Kafalah (2000).
- DSN-MUI. Murabahah, Pub. L. No. 04/DSN-MUI/IV/2000 (2000). Indonesia.
- DSN-MUI. Pembiayaan Ijarah, Pub. L. No. 09/DSN-MUI/IV/2000 (2000). Indonesia.
- DSN-MUI. Pembiayaan Mudharabah (Qiradh) (2000). Indonesia.
- DSN-MUI. pembiayaan musyarakah, Pub. L. No. 08/DSN-MUI/IV/2000 (2000). Indonesia.
- DSN-MUI. Pembiayaan Wakalah, Pub. L. No. 10/DSN-MUI/IV/2000 (2000). Indonesia.
- Elhiraika, A. B. (2003). ON THE EXPERIENCE OF ISLAMIC AGRICULTURAL FINANCE IN SUDAN : CHALLENGES AND SUSTAINABILITY. Jeddah: Islamic Development Bank.

- Fauziyah, E. (2010). Pengembangan Sistem Pertanian Pada Daerah Sentra Produksi Tembakau Di Kabupaten Pamekasan (Reorientasi Pendayagunaan Sumberdaya Pertanian Dan Antisipasi Merosotnya Industri Rokok). *Embryo*, 7(2), 117–129. <https://doi.org/0216-0188>
- Ghofur, R. A. (2015). KONSTRUKSI AKAD DALAM PENGEMBANGAN PRODUK PERBANKAN SYARIAH DI INDONESIA. *Al-Adalah*, XII(3), 493–506.
- Hanne, N. (2014). Quality in Qualitative Management Accounting Research. *Qu Qualitative Research in Accounting & Management*, 11(1).
- Hasan, F., & Darwanto, H. (2013). Prospek Dan Tantangan Usahatani Tembakau Madura. *Sepa*, 10(1), 63–70.
- Hefni, M. (2008). Local Knowledge Masyarakat Madura : Sebuah Strategi pemanfaatan Ekologi Tegal Di Madura. *Karsa*, 14(2), 131–141.
- IAI. (2018). PSAK 105. In *Standar Akuntansi Keuangan Syariah*. Jakarta: Ikatan Akuntan Indonesia.
- IAI. (2019a). Akuntansi Ijarah. In *Standar Akuntansi Keuangan Syariah*. Jakarta: IAI.
- IAI. (2019b). Akuntansi Istihna'. In *Standar Akuntansi Keuangan Syariah*. Jakarta: IAI.
- IAI. (2019c). Akuntansi Murabahah. In *Standar Akuntansi Keuangan Syariah*. Jakarta: IAI.
- IAI. (2019d). Akuntansi Perbankan Syariah. In *Standar Akuntansi Keuangan Syariah*. Jakarta: IAI.
- IAI. (2019e). Akuntansi Salam. In *Standar Akuntansi Keuangan Syariah*. Jakarta: IAI.
- IAI. (2019f). pembiayaan musyarakah. In *Standar Akuntansi Keuangan Syariah*. Jakarta: IAI.
- Ibrahim, S. H. M., & Yaya, R. (2005). THE EMERGING ISSUES ON THE OBJECTIVES AND CHARACTERISTICS OF ISLAMIC ACCOUNTING FOR ISLAMIC BUSINESS ORGANIZATIONS. *MALAYSIAN ACCOUNTING REVIEW*, 4(1), 75–92.
- Kamayanti, A. (2017). *METODOLOGI PENELITIAN KUALITATIF AKUNTANSI: Pengantar Religiositas Keilmuan*. Jakarta Selatan: Yayasan Rumah Peneleh.
- Khaleefa, M. U. (1993). ISLAMIC BANKING IN SUDAN ' S RURAL SECTOR. *Islamic Economic Studies*, 1(1).
- Masquefa, B., Gallhofer, S., & Haslam, J. (2017). Developing Appreciation of Micro Organizational Processes of Accounting Change and Indicating Pathways to More 'Enabling Accounting' in a Mi-cro Organizational Domain of Research and Development. *Critical Perspectives on Accounting*, 44, 59–82.
- Maulida, S., & Yunani, A. (2017). Masalah dan Solusi Model Pengembangan Pembiayaan Pertanian dari Aspek Keuangan Syari'ah. *CAKRAWALA: Jurnal Studi Islam*, XII(2), 91–100.
- Mulawarman, A. D. (2009). Menggagas Laporan Keuangan Syari' ah Berbasis Trilogi Ma' isyah-Rizq-Maal. *Islamic Finance & Business Review*, 4(1), 26–46.
- Nasution, Z. (2016). MODEL PEMBIAYAAN SYARIAH UNTUK SEKTOR PERTANIAN. *Iqtishodia Jurnal Ekonomi Dan Perbankan Syariah*, 3(2).
- Ngasifudin, M. (2016). APLIKASI MUZARA ' AH DALAM PERBANKAN SYARIAH. *Jurnal Ekonomi Syariah Indonesia*, VI(1), 38–44.
- Oktafia, R. (2017). PERCEPATAN PERTUMBUHAN USAHA MIKRO, KECIL DAN MENENGAH (UMKM) MELALUI PERKUATAN LEMBAGA KEUANGAN MIKRO SYARIAH (LKMS) DI JAWA TIMUR. *Proceedings Ancoms*, 85–92.
- Perkebunan, D. J. (2017). Statistik Perkebunan Indonesia 2015-2017. Retrieved from Ditjenbun.pertanian.go.id
- Pertanian, P. D. dan S. I., & Pertanian, S. J.-K. (2018). *Statistik Ketenagakerjaan Sektor Pertanian Februari 2018*. Jakarta: Pusat Data dan Sistem Informasi Pertanian Sekretariat Jenderal - Kementerian Pertanian.
- Pujiyono, A., & Nugraha, H. S. (2016). STRATEGI PEMBENTUKAN KOPERASI PERTANIAN SYARIAH DI JAWA TENGAH : PENDEKATAN ANALYTICAL NETWORK PROCESS (ANP). *PROSIDING SEMINAR NASIONAL MULTI DISIPLIN ILMU & CALL FOR PAPERS UNISBANK*, 2.
- Rahman, A. (1995a). *Doktrin Ekonomi Islam Jilid 2*. (H. . Sonhadji & Hudiyanto, Eds.). Jakarta: Dana Bhakti Wakaf.
- Rahman, A. (1995b). *Doktrin Ekonomi Islam Jilid I*. (H. M. Sonhadji, A. H. Pramono, N. Ummahati, & M. Usman, Eds.). Jakarta: Dana Bhakti Wakaf.
- Ridlwan, A. A. (2016). Implementation Akad Muzara'ah In Islamic Bank: Alternative To Access Capital Agricultural Sector. *Iqtishoduna*, 7(1), 34–48.
- Roziq, A., Hasimuddin, N., Wahyuni, N. I., & Purnamawati, I. (2014). MODEL PEMBIAYAAN SALAM PADA PETANI SINGKONG DAN USAHA KECIL BERBAHAN SINGKONG DI KABUPATEN JEMBER. *Jurnal Akuntansi Universitas Jember*, 12(2), 43–57.
- Rubinstein--Ávila, E. (2013). Accounting for- and Owning up to the Messiness in Cross -Cultural/Linguistic Qualitative Research: Toward Methodological Re-flexivity in South America's Internet Cafés. *International Journal of Qualitative Studies in Education*, 26(8).
- Sanrego, Y. D., & Rusydiana, A. S. (2009). PERAN PERBANKAN SYARIAH DALAM MENDORONG AGRO INVESTASI. *Jurnal Keuangan Dan Perbankan*, 13(2), 311–324.

- Santoso, T. (2004). Tata Niaga Tembakau di Madura. *Jurnal Manajemen Dan Kewirausahaan (Journal of Management and Entrepreneurship)*, 3(2), pp-96. Retrieved from <http://cpanel.petra.ac.id/ejournal/index.php/man/article/viewArticle/15612%5Cnhttp://cpanel.petra.ac.id/ejournal/index.php/man/article/viewFile/15612/15604>
- Scapens, R. W. (2012). How Important is Practice Relevant Management Accounting Research? *Qualitative Re-search in Accounting & Management*, 9(3).
- Septindo, D., Novianti, T., & Lubis, D. (2016). Analisis Pengaruh Instrumen Moneter Syariah dan Konvensional terhadap Penyaluran Dana ke Sektor Pertanian di Indonesia. *Jurnal Al-Muzara'ah*, 4(1), 1-18.
- Soekarni, M. (2014). Dinamika pembiayaan perbankan syariah dalam mengembangkan dunia usaha. *Jurnal Ekonomi Dan Pembangunan*, 22(1), 69-81.
- Sugiyono. (2008). *Metode Penelitian Pendidikan: (Pendekatan Kuantitatif, Kualitatif dan R & D)*. Alfabeta.
- Susila, J. (2016). FIDUCIARY DALAM PRODUK-PRODUK PERBANKAN SYARIAH. *Al-Ahkam*, 1(2), 33-46.
- Ulum, F. (2014). Inovasi Produk Perbankan Syariah di Indonesia. *Al-Qanun*, 17(1), 33-59.
- Wirosa. (2011). *Akuntansi Transaksi Syariah*. Jakarta: Ikatan Akuntan Indonesia.
- Yaya, R., Martawireja, A. E., & Abdurahim, A. (2014). *Akuntansi Perbankan Syariah Teori dan Praktik Kontemporer (2nd ed.)*. Jakarta: Salemba Empat.
- Zandi, G., Ariffin, N. M., & Shahabi, A. (2012). Some issues on Murabahah practices in Iran and Malaysian Islamic banks. *African Journal of Business Management*, 6(24), 7066-7073. <https://doi.org/10.5897/AJBM11.2859>
- Zubair, M. K. (2016). Analisis Faktor-Faktor Sustainability Lembaga Keuangan Mikro Syariah. *Iqtishodia*, 9(2), 201-226.