



## Analysis of Business Revenue Residual Sharing System in Cooperatives in Indonesia on Islamic Law Review: A case study at KSU Mitra Bersama in Palu City

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### ABSTRACT

This study aims to explain profit sharing system in Mitra Bersama Cooperative in the Overview of Islamic Law. To achieve this objective, this research uses descriptive qualitative method by employing three data collecting techniques i.e. observation, interview, as well as documentation. The data of this research are obtained from the Chairman, the Secretary and the Employees of the Multipurpose Cooperative (KSU) Mitra Bersama. The results showed that the distribution of Business revenue Residual (SHU), at Mitra Bersama Cooperative, amounted to 5% which was distributed to all members of the cooperative in December. This sharing system displays no injustice and extortion disadvantageous to the cooperative's members. It performs an open management system and shares the profits and losses to its members according to the prevailing regulations already known by all shareholders. We concluded that the system of the Business Revenue Residual (SHU) sharing at this Multipurpose Cooperative is permissible in Islam. Therefore, the results of this study can be used as a good model for Business Revenue Residual (SHU) sharing system which conforms to Islamic Law.

**Keywords:** Business Revenue Residual, Profit Sharing System, Islamic Economy, Islamic Shari'a

**JEL Codes:** C36, H71, H77, M1.

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### 1. Introduction

Islam as one of the approved religions in Indonesia is not merely regulating the worship ritual, but also regulating other aspects of life such as faith, *shari'ah*, and *muamalah*. The worship concept of Islam can be done in two ways: *first*, worship by religious rituals such as doing prayer, fasting, tithe, and pilgrimage. Second, worship by good deeds in daily lives such as doing favor one another and working together in goodness. In this cooperation, Islam gives guidance to follow the ways on the bless of Allah in the sense that we are encouraged to cooperate to satisfy the needs of life without violating, damaging and harming the rights of others then Allah shows the way to do *muamalah* (Mardani, 2012). Badroen (2006) states that *muamalah* is a human activity or work that provides benefits in a prescribed manner, such as: buying and selling, employing, association in other endeavors, including establishing cooperative

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relationships in business. Cooperation becomes very important because some people may have capital, but they do not have competence to develop and manage a business. Some others may have that competence but not capital to start a business. For this reason Islam allows to do *muamalah*, in order that both parties are mutually beneficial. For example, the owners get benefit from *mudharib* (the people trusted to manage the capital), while *mudharib* get advantage from the work. Thus, cooperation is created between both parties, the owners of capital and labor.

One form of business cooperation in Indonesian is cooperative. This economic activity was not born from the theory and practice of Islamic economics, but highly favored by many people including Muslims (Baihaqi, 2010). Cooperatives have now become one of the most competent financial institutions and contributed to the movement of the economy in Indonesia (Sihono, 1999). Cooperatives are generally formed by a group of people having the same goals. These people will then become the cooperatives members. International Labor Organization (ILO) defines cooperative as an association of persons usually of limited means, who have voluntarily joined together to achieve a common economic end 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. Sitio and Tamba (2001) assume that the sense of the definition is that the cooperative must contain 6 essential elements: cooperative is an association of people, joining voluntarily, having positive economic goals, a form of controlled business democratic, applying justice system and each member gets balanced benefits and risks.

There are two commonly prevalent types of cooperatives in Indonesia: Savings and Loans Cooperative and Multipurpose Cooperative. Savings and Loans Cooperative (KSP) is a cooperative that runs savings and loans business as the sole business or activity of the institution. Meanwhile, the Multipurpose Cooperative (KSU) is a cooperative engaged in various fields or business fields, such as, business consumption, savings and loans, marketing and services (Deliarnov, 2007). Cooperative was found based on the principle of kinship and mutual cooperation to help each other in meeting the economic needs of its members either needs of goods or money. In Islam, cooperative is known as *syirkah* which means cooperation or union / association based on Al-Qur'an and Hadith. The main goal of *syirkah* is to create cooperation and mutual help and not for profit.

In reality many cooperatives in Indonesia deviate from the basic purpose of its formation. Cooperatives are no longer run to help each other in economy, but to benefit. An Najah (2011) exemplifies such cooperative practice as in savings and loan cooperatives. He argues that the Savings and Loans Cooperative (KSP) raises its capital from the principal savings and compulsory savings of cooperative members. That capital is then lent to members and sometimes to others (not members of the cooperative) who need a loan. Each borrower is obliged to pay an administrative fee (several percent of the loan amount) every month. The administration fee is collected and calculated at the end of the year called as the Business Revenue Residual (SHU) to be shared to each member with varying amounts of money depending on the loan frequency of each member and not on the amount of savings. It means that the more frequent the members borrow money from the cooperative, the more SHU will be earned.

Based on the example above, it is clearly therefore that cooperative has committed deviation and illegitimate usury practice in the view of Islam with four reasons (An Najah, 2011). First, savings and loans cooperative aims to save and lend money to people. So it is not appropriate if cooperative takes advantage from this activity of lending and borrowing. Secondly, lending and borrowing in Islam is a *tabarru'* agreement which aims to help each other, not as a means to profit. QS. Al-maidah states "And do mutual help in (doing) virtue and God-fearing". In the savings and loans cooperative the forbidden usury practice is found, because the borrowers are obliged to pay administrative money every month. Third, the allowable administrative money is for administration charge not for profit and the amount of payable money must be adjusted to the administrative costs such as paper procurement and other means required in the recording of debt. Fourth, administrative money should not be determined based on the size of the loan, even less to withdraw every month that is equal to the interest of loan or usury. Though the name was replaced with administrative money, but the payment is in essence the interest of loan.

The facts as described above have been proven through several studies on saving and loan mechanisms implemented by several cooperatives in Indonesia such as Kamaludin (2008), Aulia (2015), Dasim (2016). These studies prove that the mechanism of saving and loan applied by some cooperatives is at cross with the principle of mutual help and deviates from the Islamic law (*syariat/fiqih*).

This is the problem. Cooperatives that should be one of the pillars of support and advancement of economic community becomes the cause of society economy deterioration because the mechanism contains matters of *garar*, *maisir* and *riba* that are clearly contrary to Islamic shari'ah. In response to the problem, this study intends to present a model of cooperative transactions in accordance with Islamic shari'a where the contracts in cooperative are free from the compulsion, speculation, and fraud. In addition, the profit-sharing system applied is a pure profit sharing system and not interest of loan. This model is expected to be a guideline for cooperatives to apply the procedures of contract (*mudaraba*) and the division of SHU (Business Revenue Residual) in accordance with Islamic Shari'a so that the cooperative and the cooperative service users can avoid the usury practice. Therefore, the paper is then structured as follows: section 2 provides literatures related to the topic. Section 3 outlines our methodology used for analyzing Business Revenue Residual Sharing System in the cooperative. Section 4, the analysis of Sharing System of Business Revenue Residual at KSU Mitra Bersama is described to show how this cooperative runs its transaction in accordance with Islamic shari'a. Finally, section 5 provides conclusions and recommendations.

## 2. Review of literature

Researches on cooperatives have been widely conducted in Indonesia which generally focus on operational system of cooperatives in view of constitutional and Islamic Shari'a, such as [Kamaludin \(2008\)](#), [Saifullah \(2009\)](#), [Muntashir \(2013\)](#), [Darwin \(2016\)](#), [Dasim \(2016\)](#), [Wiyanti \(2017\)](#) and [Aulia \(2017\)](#). The results of these studies indicate that the operationalities of cooperatives in Indonesia have largely deviated from the constitutional point of view and the Islamic Shari'a. [Kamaludin \(2008\)](#) for example conducted research on the operational system of Darul Muttaqien islamic boarding school in Parung Bogor. He found that the operational system of the cooperative is not in accordance with Islamic law because it contains matters of usury. It was proved by the fixed lending service obligations at 3% per month for the cooperative members and users members who borrow money from the cooperative.

[Muntashir \(2013\)](#) conducted a research on lending system at the cooperative of State Islamic University of Maulana Malik Ibrahim, Malang. This study focused on four main issues namely; lending objectives, lending conditions, lending procedures and loan repayment procedures. The result of the study concluded that the lending system in the cooperative has deviated from the provisions of Islamic law. This conclusion was based on the findings of infaq provision 1% out of percentage of the amount of money when performing loan refunding. The infaq is considered as a practice of usury for two reasons. Firstly, the 1% infaq is considered an additional money incriminating the community. Secondly, the cooperative managers seek to take advantage from the loan provided even if the amount is only 1%.

[Aulia \(2015\)](#) conducted a research on a cooperative, Blue Sky Cooperative, in Tangerang District of Banten. The results of her research indicated that operational system of the cooperative does not only deviate from Statute no. 52 of 1992 on cooperatives, but also the Islamic law because it contains matters of usury. The incompatibility of this cooperative operation with positive law and Islamic law is revealed from the sharing system of the business results residual applied where every member who invests money in the cooperative will get a monthly payable profit of IDR. 10.000/day. The profit sharing does not based on agreement between both parties, but determined unilaterally by the cooperative with the amount set up at the beginning and not at the end of the year.

Referring to Statute no. 52 of 1992 Article 45, revenue sharing of business shall be established by a member meeting, the Business Revenue Residual shall be distributed annually after diminishing such operational expenses of cooperative as depreciation and tax.

Thus, the cooperative undertakes three types of deviations according to the positive law namely: the amount of profits is unilaterally established without a member meeting, the profit is established with flat amount of money without taking notice the operational risk of the cooperative, monthly payments of profit with equal amount to all members. Referring to Islamic law, profit sharing is also called *mudharabah*. the scholars of fiqh (syara ') says that *mudharabah* can be done when the owner of the property (capital) gives his or her wealth to the worker to be used as business capital and the profits belongs together and be shared in a clear percentage in accordance with mutual agreement ([Haroen, 2000](#)). Thus the profit-sharing system implemented by the cooperative has performed deviation because of two things: the profit sharing is unilaterally established, the profit sharing system does not based on the percentage of profits but on the predetermined amount of money. Both deviations have caused the

given revenue of business profit includes in the category of usury mostly forbidden in Islam (Q.S. Albaqarah: 275-276).

Dasim (2016) conducted research on saving and loan mechanism applied by Sinar Mas cooperative. The results of this study indicated that the mechanism of savings and loans in this cooperative was conducted away from the principle of mutual help and deviated the Islamic law (syariat/fiqih). In fact, such mechanisms seem to complicate and put burden on the members because the lending will be given if they have a guarantee of gold and 15% lending rate. The cooperative organizers say that the interest of loans is not for profit, but will be returned to the members. But in fact only 5% of the interest return to the member and the 10% goes to the cooperative. It means that savings and loan cooperatives take advantage from this activity and it is forbidden in Islam, because it includes usury (An Najah, 2011).

From the viewpoint of Islamic law, cooperatives formation and profit-sharing system generally include in the category of *shirkah al-'aqd*, namely cooperative relations based on contract or agreement. Whereas in particular, cooperative may include in the category of *syirkah 'inan*, if the capital and job given by members are different, or *syirkah mufawwadhah* if the capital and job given are equal. Hence, the status of cooperatives in Islam is halal (permissible).

However, the results of some studies above have shown that most cooperatives have not run their economic activities in accordance with Islamic law. This happens for several reasons: 1) those cooperatives establish the interest rate unilaterally without mutual agreement with the members as users of the cooperative services, 2) the interest is charged to members who use the funds for personal and business purposes, 3) the interest on the loan goes to the cooperative cash and only a small portion returned to the members so that the cooperative becomes a capital-gathering organization and not a capital management organization.

### 3. Method of the research

#### 3.1 Research design

This research uses a qualitative approach that is a research procedure to have descriptive data in the form of written or oral statements and object behavior observed. This qualitative approach is conducted to have objective data in accordance with the reality in research location and no hypothesis is submitted.

#### 3.2 Source of data

This research uses two categories of data: primary data and secondary data. The primary data refers to field data about the distribution of Business Results Residual (KSU) at Mitra Bersama obtained by observation and interviews to selected informants. The secondary data refers to the data obtained from documents or previous research results of other researchers.

#### 3.3 Technique of data collection

Three techniques of data collection used in this research: Observation, interview, and documentation. The observation is participant observation, in which the researcher plays two roles: as a society member and as a researcher so that data collected more complete and reliable. The interview is an open interview in which the answers of respondents are not limited, and the chief, secretary and employees of Mitra Bersama cooperative are also interviewed. Documentation is to study the important documents related to KSU Mitra Bersama to support the completeness of the primary data.

#### 3.4 Data analysis

Three phases of the data analysis:

a. Data Reduction is the process of summarizing, choosing the essentials matters, focusing on the important matters, then assigning the theme and pattern. Thus the reduced data will provide a clearer description and make it easier for the researcher to obtain the next data, and search it when necessary.



b. Data Presentation is the process of presenting previously reduced data so to have the data been organized and arranged in a relationship pattern that make it easier to understand. The most frequently used to present data in qualitative research is with narrative text. However, it is suggested that the data can also be presented by graphs, matrices and charts.

c. Data verification is the process of doing verification and drawing conclusion in relation to the data presented. The preliminary conclusions are still tentative and will change if no strong and supportive evidence is found at the next stage of data collection. But if the conclusions raised in the initial stages are supported by valid and consistent evidence when the researcher returns to the field to collect the data then the conclusion put forward is a credible conclusion.

## 4. Discussion

### 4.1 The source of fund in Mitra Bersama multipurpose cooperative

The Mitra Bersama Multipurpose Cooperative or KSU Mitra Bersama was founded on December 6, 2004 at Tanamea street No 30 B Palu city, then moved to Jambu street no. 43, Palu city. This cooperative was founded based on Notarial Deed. 26, on April 29, 2005 by Notary Hilda Rachmawati, S.H and ratified by the Minister of Cooperatives and Small and Medium Enterprises of Republic of Indonesia No. 31 / BH / KDPP.32 / VII / 2005 on July 1, 2005. This cooperative focuses its business activities on savings and loans and has the same characteristics as banking activities that are collecting funds from the society and channeling the funds in the form of credit (Jayadin Zainuddin, interview result on September 17, 2015). In addition, all these cooperative activities are aimed to achieve two main objectives: first, to improve the welfare and living standard of members and society in accordance with the provisions of the Law of Cooperatives. Secondly, to become the economic movement of people as well as to participate in building the national economic order.

KSU Mitra Bersama has approximately 900 members and engaged in Savings and Loans, Electricity Bill Payment, Telephone Payments, and Pulse Sales. From the interview with chief of the Cooperative Mitra Bersama on September 17, 2015, the fund of this cooperative is obtained from five sources. First, principal savings of members. The amount of money the members must pay to cooperative at the time of entry into a member where the money cannot be taken back as long as they are still the member of the cooperative. The amount of principal savings is similar for each member, IDR. 150,000. Second, The savings and loans is a time limited credit granted to members or non-members with installment of 3 months, 4 months, 5 months, 6 months, 10 months or 12 months at a low interest rate of 3%. Third; mandatory saving is the amount of money the members must pay to cooperative, IDR. 5.000 every month. Fourth, voluntary saving is the sum of money deposited by customers voluntarily to the cooperative. These deposits become the cooperative reserve fund used to develop the capital of the cooperative, to pay the members who quit from the cooperative membership, and to cover losses to cooperatives where necessary. Fifth, partner saving is the amount of money handed over by members as their savings for a withdrawal at any time.

### 4.2 Sharing system of business revenue residual at KSU Mitra Bersama

This research finds that the division of Business Revenue Residual at Mitra Bersama is provided at the end of each year. The decision concerning the amount of SHU is discussed in the members meeting and then stipulated in statute given based on capital participation, mandatory savings, and principal savings before being distributed to members in accordance with their rights. Thus, the more capital the cooperative possesses, the more SHU it will obtained. The availability of sufficient capital supports the smoothness of cooperative business activities and the volume of business. Similarly, the lack of capital can hamper the business operation. Therefore, cooperatives should seek to increase business activities in order to continue growing and expanding the capital for an improvement on the acquisition of the business revenue residual. Division of SHU becomes an indicator for cooperative contribution to the welfare of its members. Thus, the measurement of the success of a cooperative management can be seen not only from the development of the cooperative own capital and the increase in the amount of SHU, but also from the capital management of the cooperative. [Ebenezer & Asiedu \(2013\)](#) are of the opinion that capital management has become very important in financial management because of its effects on the firm's profitability, risk and consequently its value.

This research finds that the capital of KSU Mitra Bersama has increased significantly. The cooperative secretary, I Nengah Suarta, says that the initial capital of KSU Mitra Bersama was IDR. 15,000,000 and increased to IDR. 22,000,000 in the following year. In 2015, the total onset amounted to IDR. 4,287,808.00 with total liabilities IDR. 68,421,197.00 and income IDR. 72.708.708,00. Daily onset was IDR. 2,000,000. Gross income was approximately IDR.18,000,000/30 days and IDR.50.000.000 inclusive of salary, interest, time deposit, partner savings, and voluntary savings bonus of SHU IDR. 325,290,000 per year. The sum of SHU becomes this research sample of analyzing the system SHU at KSU Mitra Bersama. The result of the analysis of SHU division is described as follows:

Division of Business Revenue Residual (SHU) at Mitra Bersama Cooperative as follows:

- a) Distribution of SHU (Profit/Loss) at Mitra Bersama Cooperative in Fiscal Year 2015
- |   |                         |
|---|-------------------------|
| Service Acceptance                        | IDR. 1,679,012,100      |
| Other income                              | <u>IDR. 783,000,000</u> |
|   | IDR. 2,469,012,000      |
| Operational Income                        | IDR. 4,498,312          |
| Operational Cost                          | IDR. 2,900,000          |
| Cost of Administrative and General Affair | IDR. 8,110,000          |
| SHU before Tax                            | IDR. 1,000,000          |
| SHU after Tax                             | IDR. 500,000            |
- b) Source of SHU
- |                                     |                |
|-------------------------------------|----------------|
| Mitra Bersama Cooperative after tax | IDR. 500,000   |
| Source of SHU:                      |                |
| 1. Member transactions              | IDR. 1,000,000 |
| 2. Non-member transactions          | IDR. 40,000    |
- c) Divisions of SHU at Mitra Bersama Cooperative
1. Reserve Fund: 40% multiplied by IDR. 325,290,000 (Bonus) = IDR. 1,301.16
  2. Business services: 20% multiplied by IDR. 325,290,000 = IDR. 6,505,800
  3. Deposit Services: 20% multiplied by IDR. 325,290,000 = IDR. 6,505,800
  4. Board fund: 5% multiplied by IDR. 325,290,000 = IDR. 1.626, 450
  5. Employee Fund: 5% multiplied by IDR. 325,290,000 = IDR. 1.626, 450
  6. Educational Fund: 5% multiplied by IDR. 325,290,000 = IDR. 1.626, 450
  7. Social Fund: 2.5% multiplied by IDR. 325,290,000 = IDR. 813, 225
  8. Developmental Fund: 2.5% multiplied by IDR. 325,290,000 = IDR. 813, 225
- The member meeting has determined that SHU of member is distributed as follows.
- |   |                      |
|---|----------------------|
| Capital Services 30% x IDR. 15,000,000  | = IDR. 450,000,000   |
| Business Services 70% x IDR. 15,000,000 | = IDR. 1.050,000,000 |
- d) Number of Members, Deposits, and Cooperative Business Volume
- |                                |                          |
|--------------------------------|--------------------------|
| Total Members                  | : 580 People             |
| Total savings of Members       | : IDR. 2.669.789, 474.45 |
| Total transactions of Business | : IDR. 2,451,564, 325.00 |
- e) Compilation of Deposit Data, Business Transaction, SHU Per Member)

Table 1: Compilation of deposit data, business transaction, SHU per member (in thousands)

| No | Name           | Amount of Savings | Total of Business Transaction | SHU Capital | SHU Business Transaction | Sum of SHU Per Member |
|----|----------------|-------------------|-------------------------------|-------------|--------------------------|-----------------------|
| 1. | Abdi saputra   | 900               | 6,500                         | 500         | 200                      | 600                   |
| 2. | Agus           | 5,900             | 9,000                         | 600         | 55,32                    | 231,89                |
| 3. | marwan         | 6,550             | 10,000                        | 68,11       | 11,23                    | 236,90                |
| 4. | Doni Irawan    | 8,900             | 8,900                         | 69,12       | 56,22                    | 127,90                |
| 5. | Faisal         | 10,000            | 11,000                        | 88,11       | 12,54                    | 236,83                |
| 6. | Farah          | 15,000            | 89,000                        | 42,98       | 22,45                    | 134,90                |
| 7. | FatmawatiRizki | 55.000            | 15,000                        | 54,23       | 56,99                    | 127,91                |
| 8. | etc            | 78,000            | 3,000                         | 11,32       | 76,33                    | 126,33                |
| 9. |                | 90,000            | 88,000                        | 11,54       | 12,87                    | 124,87                |

|       |           |           |         |           |          |
|-------|-----------|-----------|---------|-----------|----------|
| 10.   | 45,000    | 66.000    | 12,40   | 45,90     | 129,91   |
| etc   | ets       | etc       | etc     | Etc       | etc      |
| Total | 2,699,789 | 2,451,564 | 450,000 | 1,050,000 | 1,301,16 |

Description of the amount of SHU received by one member as follows:

SHU Usaha Abdi = IDR. 6,500,000: IDR.2,451,564 x IDR. 1.050.000 = IDR. 2,783,937

SHU Capital Abdi = IDR. 5,000,000: IDR. 2,699,789 x IDR.450,000 = IDR. 842,763

Thus the amount of SHU received by Abdi is IDR 2,783,937 + IDR, 842, 763 = IDR. 3,608,700.

Division of Business Revenue Residual at Multipurpose Cooperative Mitra Bersama depends on share size in the cooperative and based on member meeting decisions. In addition to the division of Business Revenue Residual (SHU) to the members, the SHU is also set aside for reserves and cooperative funds, the amount determined in the meeting of members. However, the rest is distributed to members according to their contribution to cooperative income. From this division of SHU, all members have received the economic benefits indirectly.

### 4.3 Rules of the sharing system of business revenue residual (SHU)

Cooperative is classified as *syirkah* in Islam. This institution is a forum of partnership, cooperation, kinship, and togetherness in kosher and healthy business. In its business, KSU runs only one business, for example the field of consumption, credit or production. This KSU operates with a single purpose. There are also cooperatives that expand their business in various fields called multipurpose business cooperatives, example buying and selling.

Based on the cooperative definition above, the conclusion is that the base of cooperative foundation is mutual cooperation and economic democracy towards general welfare. This mutual cooperation is at least seen from two aspects: first, the initial capital of cooperative is collected from all members. The cooperative membership applies the principle of one member, one vote. Therefore, the members of more capital are not of higher rank than those of less capital. Second, the capital is not the only measurement in the distribution of the Business Revenue Residual. Capital in cooperative is given a limited interest with the amount as decided in member meeting. Most of Business Revenue Residual is contributed to members based on their role in utilizing cooperative services. For example, the more the members make purchasing, the more profit they get. It is intended to further stimulate the role of members in cooperatives.

Therefore, cooperative is an associations of people, not association of capital. As a business entity, cooperative is not solely seeking profits but more than that, it aspires to foster cooperation and strengthen brotherhood among members.

Islamic economics should give priority to welfare of people in accordance with cooperative function: First, as a tool of economic struggle to enhance people welfare. Second, as a tool of national economic democratization. Such cooperatives have macro and micro objectives. The macro level considers the cooperative as an economic system closer to Islam rather than to capitalism and socialism. The micro level sees the fulfillment of the principles of social relations as mutually excited reflected in the principle of open and voluntary membership, the principle of member service and solidarity.

With the principle approach of *ishtishlah* and *istihsan* above, there is a tendency for cooperative activities to be allowed. It is also mentioned many aspects of philosophy, ethics, and managerial show the harmony, compatibility, and kindness of cooperatives in the view of Islam. In overall, this opens the way to *istimbath* of law in cooperatives. So, the division of Business Revenue Residual in the (KSU) Mitra Bersama is in accordance with the principles of distribution of Business Revenue Residual (SHU) in Islam because the financial activity between organizer and members of the cooperatives is conducted openly without any elements of tyranny and mutual betrayal. This openness is depicted by the percentage of the division of Business Revenue Residual (SHU) at the Multipurpose Business Cooperative (KSU) Mitra Bersama based on member meeting and stipulation of the Articles of Association: 40% reserve fund, 20% business services, 20% deposit service, 5% organizer and supervisory funds, 5% employee funds, 2.5% education fund, 2.5% social funds and 2.5% development fund. In accordance with the legal basis that is Surah QS. Sadd [38]: 24, QS, Al-Maidah [5]: 2, and QS, An-Nisa [4]:12.

## 5. Conclusion

This research indicates that the implementation of the distribution of Business revenue Residual (SHU) at Mitra Bersama Cooperative in Palu city is carried out based on the Articles of Association with provision for 40% devision, 20% reserve funds, 20% business service, 5% deposit service, 5% organizer and supervisor funds, 5% employee funds, 2.5% educational fund, 2.5% social fund, and 2.5% development fund. The division includes the board, supervisor, and chairman of the cooperative, namely 5% based on the capital participation having mandatory savings, principal savings, divided after member meetings based on work. The Business Revenue Residual (SHU) is set aside for reserves and cooperative funds and the amount is determined in the member meeting. Some of these SHU are distributed to members according to the contribution to cooperative income.

In the view of Islamic law, division of the Business Revenue Residual (SHU) in the Multipurpose cooperative (KSU) Mitra Bersama is 5% distributed to members at the end of the year (December). This sharing system displays no injustice and extortion disadvantageous to any party of the cooperatives members. It performs an open management and divides the profits and losses to members according to prevailing provisions already known by all shareholders. This way of distributing the Business Revenue Residual is permissible in Islam.

However, this study recommends that such a sharing should be accompanied by a contract signing between the cooperative and the members so that there is a written statement binding on both parties. According to Cuomo, G. (2014), a contract becomes the strategic behavior of the parties in stipulating and keeping their agreed respective conditions that they have negotiated in the attempt to obtain better conditions.

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