

Mudhorobah at Micro Small Medium Enterprise “Small and Strong”

^{1*}Heru Wahyudi, ²M. Yusuf Sulfarano Barusman, ³Zuraidah Mohd Sanusi, ⁴Tina MB Virgawenda

¹University of Lampung, Indonesia

²University of Bandar Lampung, Indonesia

³Accounting Research Institute, Universiti Teknologi MARA, Malaysia

⁴University of Bandar Lampung, Indonesia

Article Info

Volume 82

Page Number: 9867 - 9874

Publication Issue:

January-February 2020

Abstract:

Purpose: This paper is about Mudhorobah. This research aims to find out the mudhorobah with self-regulating profit and loss sharing (PLS) facing the increase of regional minimum wage (RMW) at the micro small and medium enterprise (MSME) in Indonesia. The background of this research the existence of wage conflict and the threat of urgency of MSME due to the policy of RMW. The theory used is the self-regulating of Ediorno and theory profit and loss sharing of Ibn kaldun.

Methodology: The method used case study research conducted on MSME PtM in 6 districts in Lampung Province. Based on its explanation level, this study is a descriptive-comparative study. While based on its objectives, this research is applied research. Processed data are PLS of PtM and RMW in Lampung Province. This study is important to show the self-regulating profit and loss sharing (PLS) at MSME as solution wage problem.

Results: The results showed that; MBM in MSME PtM has self-regulating against UMR increase.

Implications: These results are concrete evidence of the true opinion that MBM has self-regulating, using the MBM model all resources should be used in full employment conditions, no one should be unemployed or wasteful. All resources must work together in order to obtain the expected revenue share.

Keywords: Regional Minimum Wage, PLS, Self Regulating, MSME, UMR increase.

Article History

Article Received: 18 May 2019

Revised: 14 July 2019

Accepted: 22 December 2019

Publication: 17 February 2020

1. INTRODUCTION

The government is responsible for realizing the welfare of its people. Creating a set of rules that can ensure the fulfillment of the needs of the whole society is a government obligation in Islam (Huda: 2012; 1). The welfare of the people, especially workers, is reflected in the wages received. The government makes minimum wage regulations (RMW). RMW as a wage that will reflect a decent life (prosper economically). The assumptions of RMW benefits apply in ideal conditions. The increase in the RMW will increase labor supply, meaning that someone will offer his energies to the company rather than self-employment if there is an increase in the RMW (Sholeh, 2005: 25).

According to Pratomo (2011: 5) the implementation of minimum wage policy in accordance with the 1945 Constitution article 27 paragraphs 2 on decent living. According to Augustine (2013: 45), that "legally", the RMW set by the government is a safety net for companies to pay minimum wages in the hope that the basic needs for workers' lives are relatively close to affordable. Workers receiving RMW will increase their status so that they are not classified as poor, such as research in Riau 2014 by Riva. According to Komro, (2016), a minimum dollar wage increase above the federal wage rate is associated with weight loss of 1% to 2% and a 4% decline in postnatal mortality. The ideal conditions under which RMW comes into force have never

occurred in reality (Gittings, 2016). Entrepreneurs want low minimum wage provisions because wages are seen as a burden for employers, whereas workers require a high minimum wage because wages are income, from this condition the RMW is always conflict. Zubair (2015) "gharor on the wage system due to prefixed like interest. The wage system in production will always lead to conflict and unemployment conditions as stated Keynes "wage rigidity causes self-regulating failure". Some studies of adverse impacts of RMW, minimum wages have a negative effect on the welfare of the population, the increase in the minimum wage contributes to unemployment. According to (Basu, 1999), (Couch, 1999), (Makasau, 2007), (Nugroho, 2012), (Pitartono, 2012), (Putro, 2013) and (Barusman, Andala Rama Putra and Tina MB Virgawenda, 2019). According to Dube (2016) Minimum Wage The minimum wage has a considerable negative effect on labor absorption, Fraja (1999) due to the determination of minimum wage, and then the company will make the working conditions harder. According to Macpherson (2002), the entry into force of the minimum wage will result in approximately 131,000 to 222,000 workers who lost their jobs. According to Fernandez (2016), there is a debate on the coordination of minimum wages at the level of the European Union (EU). RMW is a capitalist wage model, where wages are a burden for employers. RMW is always experiencing a wage conflict that entrepreneurs want a low RMW, while trade unions demand a higher RMW. Based on the conventional economic perspective, wages are a burden to be borne by the businessmen/investors, so that investors always want a light burden (wage). Meanwhile, from the worker perspective, wages are a source income for welfare, so that workers want higher wages, in order to increase their welfare. From this different point of view, RMW as the conventional wage will never be a solution and will always cause problems. RMW in Lampung Province also always increase, in the year 1996 value of RMW Rp. 114.000 and in the year 2016 RMW Rp. 1.581.000 means RMW for 20 years increased by

1,286%, but the wage conflict is not completed. The RMW impact for Micro, Small and Medium Enterprises (MSME) will be fatal due to the fact that the company is not able to pay the minimum wage whereas MSME is an urgent sector in the Indonesian economy (Amalia, 2009). Indeed Islam with its monetary system has profit and loss sharing (PLS) system to overcome the wage problem. In Lampung, one of the MSME to apply PLS is Puti Minang Group (PtM) by applying Model Bismillah Mato (MBM). So the employees do not get a certain nominal of salary, but they get a profit share proportion, while the amount of the wage will be known after the business is run. Based on the background problem above, so the issues which will be discussed are: PtM does not use RMW, Can the PLS system gives nominal wage which is greater than RMW?

2. LITERATURE REVIEW

This research is a case study research. Based on its explanation level, this study is a descriptive-comparative study. Descriptive research is the kind of research that provides a description of a situation clearly without any object treatment under study, comparative research means are comparing. While based on its objectives, this research is applied research. The data used is the financial profit sharing report of Puti Minang Group at the initial time and last year studied (2016), and the RMW in 2009 and RMW in 2016 from BPS Lampung Province. Research location in 6 regencies/cities in Lampung Province in Indonesia. The data used for profit sharing report from 392 informants and RMW Lampung Province. Data source from PtM's financial section, and BPS of Lampung Province. Using a hypothesis test with different test equipment with two samples (independent sample t-test) and Descriptive analysis (Mean, Maximum, Minimum).

Hypothesis statement: the average value of PLS PtM MBM is greater than the value of RMW.

2.1. Mudhorobah

Basically, Mudhorobah is a model of business cooperation between two parties where one party provides all capital and one other party as the manager, with agreements for certain results. Mudhorobah with this understanding is based on the opinions of several experts as follows:

According to Mansur (2007; 142) mudharobah is a contract of business cooperation between two parties where the first party (shohibulmaal) provides all capital (100%), while the other party becomes manager (mudharib) , business profits are divided between capital owners and managers according to a certain ratio according to the agreement set forth in the contract, for example, 50%: 50% or 40%: 60%, and so on.

According to Ash Siddiqi (1996; 8), Chapra (2000; 30), Lewis (2001; 60), Antonio (2001; 91) Ash Shadr (2008; 330) 'aqd al mudharabah (silent partnership contract) is a special type of partnership between workers (active partners) and capital owners (passive partners), where the worker agrees to "rotate" capital in trading with the upper MBM system profit. Misaman (2008; 530), and Iqbal (2008; 143) mudhorobah emphasizes profit sharing between capital owners and entrepreneurs who receive capital. Self-regulating is able to regulate itself, can neutralize fluctuations automatically so that the economy is free from fluctuations, always in a state of full employment so that the economic crisis does not occur, (Ediarno, 2016).

Regional Minimum Wage (UMR), which is the lowest monthly wage set by the government that applies to one region, is the minimum wage that must be given to workers, with which it can meet the needs of decent living (KHL) according to Labor Law No. 13 of 2003, Chapter X Article 88-91. In Article 88 (4) Profit (loss and loss sharing) according to Jusmaliani (2005; 54) is a model of cooperation between two parties in running a business, investors (investors) and entrepreneurs who contribute expertise, skills, to manage businesses, with the provisions of both parties entitled to the results to be achieved, and the

determination of rights based on percentages because no one can ensure profits and not the number of funds invested. The profit sharing is business result proportion distribution in the percentage size over the possible real profits/losses to be achieved by the cooperating parties. The total nominal for the results will fluctuate according to the real income of the fund utilization. According to (Karim, 2007), profit sharing ratio is the business distribution guidance if the business is creating profits. It is not only agreed about the profit distribution, but it is also agreed to the underwriting costs, if the cost is borne by the executive, so the revenue sharing is done, and if it is agreed that the cost is borne by the investors, meaning the profit sharing is done. According to (Muhammad, 2002), the profit sharing system is the cooperation between capital owners and entrepreneurs to share profits or losses, so that by this economic cooperation, it will create equality and togetherness.

MSMEs according to Law No. 20 of 2008 concerning MSME criteria: Criteria for Small Businesses namely: having a net worth of more than Rp.50,000,000 ≤ Rp. 500,000,000 excluding land and building of business premises; or have annual sales of more than Rp. 300,000,000 ≤ Rp. 2,500,000,000, the number of workers is 5-19 people. Criteria for Medium Business is to have a net worth of more than Rp. 500,000,000 ≤ Rp. 10,000,000,000 does not include land and buildings of business premises or have annual sales of more than Rp. 2,500,000,000 ≤ Rp. 50,000,000,000 and the number of workers is 20-99 people.

3. METHODOLOGY

3.1 Comparison PLS And RMW With One Sample T-Test

To know the comparison between the PLS and RMW it is used *one sample t-test* With SPSS 15 software. RMW Lampung Province in 2009 is Rp. 691.000 and in 2016 is Rp.1.581.000, then obtained the following output in Table 1.

Table 1. Output Comparison PLS and RMW

descripti on	t	df	Sig (2- taile d)	mean differen ce	95% confidence interval of the Difference	
					lower	upper
pls 2009	7.159	39	,000	888666, 6	64053, 6	113679 8
pls2009x	7,552	8	,000	739163. 9	543375 .3	934952 .6
pls2016	10.49	39	,000	1452500 6	117587 3	172912 7
pls2016x	11.25	37	,000	1292090 2	106249 1	152168 9

than the RMW in 2009, without entering the data of PLS for manager is bigger than the RMW in 2009, the average PLS in 2016 is bigger than the RMW in 2016, and the average PLS in 2016 excluding the data of PLS for manager is bigger than the RMW in 2016. So statistically with a 95% confidence level, it can be ascertained that the value of PtM revenue sharing in 2016 exceeds the RMW of 2016, so all PtM workers earn money PLS of 2016 is greater than the RMW 2016. The results of this study into the real evidence Ediarno statement that the PLS will lead to self-regulating. Self Regulating is able to regulate itself, can neutralize fluctuations automatically so that the economy free from fluctuations, always in a state of full employment so that the economic crisis does not happen, (Ediarno, 2016)

From table 1, it is known that The conclusion is that H0 is rejected. So it can be concluded that it is true that 95% of confidence level statistically is proven, that significantly the average PLS in 2009 is bigger

3.2 Comparison PLS and RMW by deskriptif

Table 2. Comprison Mean, Maximum and Minumum PLS with RMW

Name PtM	RMW 2016	MBM Mean	Δ	%	MBM Max	Δ	%	MBM Min	Δ	%
RPA	1581	3069	1488	94	4309	2728	173	2114	533	34
Darrusalam	1581	3729	2148	136	6213	4632	293	2752	1171	74
Hj.ir.Pahoman	1581	2681	1100	70	4258	2677	169	1919	338	21
Hj.ir.Pengajaran	1581	4309	2728	173	6954	5373	340	2559	978	62
Lab.Ratu	1581	3036	1455	92	5334	3753	237	1758	177	11
TjSeneng	1581	3839	2258	143	5741	4160	263	2798	1217	77
Palapa	1581	4004	2423	153	6526	4945	313	2921	1340	85
Gd. Meneng	1581	3493	1912	121	5083	3502	222	2685	1104	70
SumurBatu	1581	3720	2139	135	6178	4597	291	2755	1174	74
Pahoman	1581	3784	2203	139	6668	5087	322	1779	198	13
Pesawaran	1581	4695	3114	197	7799	6218	393	2959	1378	87
Pringsewu	1581	5786	4205	266	10607	9026	571	3071	1490	94
Hjmena	1581	5554	3973	251	10591	9010	570	2553	972	61
Cdmas	1581	4018	2437	154	6359	4778	302	2828	1247	79
Supplier	1581	4739	3158	200	6831	5250	332	3634	2053	130
Bdjaya	1581	3565	1984	125	5061	3480	220	2710	1129	71

Resource : Result , 2017.

Description; Δ; changes when compared to RMW 2016 (1,581,000).

Based on Table 2.it is known that PtM with the MBM gives money exceeds the RMW in 2016

whereas RMW 2016 has increased by 1,286% for 20 years, up 13% from RMW 2016. This result proves that despite the increase of RMW by 13% the share of MBM PtM still has self-regulating/ adaptability capability to increase RMW, there is even MBM with the lowest profit-sharing value as much as three times RMW 2016 as in PtM Supplier. The results of this study are in accordance with the results of

Setiawan's research (2016) "profit sharing system works well in generating profitability, more equitable in distributing wages, and creating higher productivity.

3.3 Comparison PLSin 2015 with 2016

Self-regulating ability among PtMThe MBM is contained in Table 3.

Tabel 3. Compare MBM Money 2015 with MBM 2016 (in 000)

Name PtM	Mean			Maximum			Minimum		
	th2015	Th2016	Δ	Th2015	Th2016	Δ	Th2015	Th2016	Δ
RPA	3068	3069	1	4212	4309	97	2381	2114	-267
Darusalam	2587	3729	1142	3913	6213	2300	1718	2752	1034
h.j.ir									
pahoman	2471	2681	210	5003	4258	-745	1710	1919	209
h.j.ir.									
Pengajaran	2253	4309	2056	4542	6954	2412	1739	2559	820
Lab. Ratu	3234	3036	-198	5056	5334	278	2058	1758	-300
t.j.seneng	2894	3839	945	4976	5741	765	2102	2798	696
Palapa	3293	4004	711	4973	6526	1553	2330	2921	591
Gd. Meneng	4279	3493	-786	7513	5083	-2430	2782	2685	-97
Sumurbatu	2968	3720	752	5215	6178	963	1702	2755	1053
Pahoman	2993	3784	791	5719	6668	949	1723	1779	56
Pesawaran	3981	4695	714	7262	7799	537	2818	2959	141
Pringsewu	4142	5786	1644	8004	10607	2603	2076	3071	995
Hjmena	4276	5554	1278	9611	10591	980	1760	2553	793
Cdmas	3470	4018	548	7050	6359	-691	1805	2828	1023

Source : Result, 2017

Auto Self-regulating PtM compares between the MBM with the previous year's MBM. Table 3 Provide important information that is based on the ratio of the value known to the majority of MBM PtM has increased. So the general conclusions of 16 PtM as much as 14 PtM or (88%) have made visible progress from the positive change of MBM value obtained, two PtM decreased MBM. The decrease of MBM is still above RMW which has been up 13%. The results of this study are in accordance with Ibn Khaldun "profit sharing as a fair way to divide the production surplus".

4. DISCUSSION

The results showed that; MBM in MSME PtM has self-regulating against RMW increase. The results of this study are in line with Ibn Taimyah "iwad al mithl", Keynes "wage rigidity causes self-regulating failure," Pigou "the plasticity of wage model for the economy to be adaptive" self-regulating ". The result of the research differs from Smith's thought that "classical economic flow" of the wage system in the production system would be "self-regulating", since RMW always creates a wage conflict and always the winner, the workers are always oppressed. The results of this study differ from Ricardo's idea of the

new classical economy "the classical market economy mechanism of surplus production rights of employers (employers)". The result of this study is different from Marx's production surplus rights belonging only to the workers, in the MBM the production surplus is the common property of the workers and the financiers.

The business with the MBM model is demanded good synergy in all parts because with the MBM is not certain, the profit sharing is also uncertain. The revenue share will be known after the difference with the RMW that has been known how much its value since set. Business with the pattern PLS if not in good synergy then it will affect the results of the business that will impact on the results that will be accepted. The results of this study in accordance with the revelation of Nafik (2008: 11) MBM system is a tool that will generate greater efficiency for industrial workers because there is a share of the profits they earn are expected to be more active and diligent to maintain goods and tools production. So as they become more active the parts for them will increase and the entrepreneur gets an increased profit.

The result of this research is a real proof of mudharobah superiority in MBM model such as Qorashi (2007: 155), that with mudhorobah will get many benefits that are: first, mudhorobah harmonize workers and capitalist, raise the workers by changing it from just tool in the production process to position partners. Second, mudhorobah can increase the production of workers, as well as encourage workers' interest in the success of trade and the plans at hand. Third, mudhorobah fosters job income by increasing the share earned during profit-seeking, so mudhorobah helps in saving or facing unusual spending. Fourthly, mudhorobah prevents unemployment by building lasting relationships between property owners and workers. Fifth, mudhorobah opens the door of economic cooperation between capital owners and workers on a fairground. Sixth, in fact, mudhorabah avoid the expansion of individual capital because the profits must be distributed in a fair way between the two

parties. Claudiu Hanet in Qorashi (2007: 15) says mudhorobah meaning takes advantage of benefits to make it happen and the danger of loss to avoid it ', this far-reaching view is a natural education for the potentials of a noble human mind. Prodon in Qorashi (2007: 16) mudhorobah can create and renew, meet needs, and solve various problems. Mudhorobah is like the spirit of creating everything, mudhorobah is the original economic potential because it is always awake, does not spend its resources, be vigilant in prosperity, very brave in difficulty, respect opinion, visualize form, put boundaries, argue, orders, rules, and moves jobs, capital, and commerce! That is his head and these are his members, his master walks accompanied by his glory.

The profit sharing model is greatly appreciated human values and based on the natural effort, where the real results will be a benchmark in wages. By the profit sharing model, the capital owners do not make wages as a cost, since the actual costs are those costs arising in order to generate profits. Without any wage as the cost, meaning that the capital owners (entrepreneurs) will have the appropriate opportunity for business development/expansion.

On the other hand, the profit sharing model will motivate employees to achieve the biggest profit because the greater the profit obtained, it will have an impact on the amount of profit result that will be received, and the smaller the profit is earned, the less profit sharing will be received. The profit sharing model will be motivated so that in this profit sharing system, the employees with the same job will be able to obtain different real results in business branches. The wage model of profit sharing trains the employees not to be so concerned with the work position, but they will be very concerned with the real results of the business carried on because these results will be shared.

With the above framework, it can be concluded that the PLS is avoided from wage determination conflicts between capital owners and workers. By this profit sharing model, so there will be high motivation to increase productivity in order to obtain

greater results. The greater results will have an impact on the acceptable result, so by this profit sharing model, it will exceed the RMW

5. CONCLUSION

The total nominal for the PLS will fluctuate according to the real income of the fund utilization. MBM PtM has Self-regulating to the RMW increase as evidenced by all the average PtM revenue share in 2016 exceeds the regional minimum wage.

All the average nominal PLS used PtM in 2009 and 2016 can exceed RMW, so the PLS as the substitution of RMW in micro, small and medium enterprise Indonesian. The government needs to try to make a policy of the PLS model as a determinant of labor wage.

REFERENCES

1. Agustine, M. (2013). Enactment of MSE (Minimum Wage City / District) on Workers' Welfare ", Journal of Private Law. Unud
2. Amalia, E. (2009). Distributive Justice In Islamic Economics. Jakarta. Rajawali
3. Basu.(1999).Household labor Supply, Unemployment, and Minimum Wage. World Bank Policy Paper 2049. Washinton
4. Bappenas, (2001), Minimum Wage; A Study of the Impacts on Job Creation in Crisis, Bappenas, Jakarta.
5. Barusman, Andala Rama Putra and Tina MB Virgawenda (2019), Supply Chain Strategy and Service Recovery as an Antecedent of Customer Loyalty for Insurance Company, International Journal of Supply Chain Management, Vol 8 No. 5
6. Couch, (1999), Distribution and Employment Impact of Raising RMW. FRBSF Economic Letter.Sanfransisco.CA 94120
7. Dube, Arindrajit; Leser, T. William; Reich, Michael. (2016). Minimum wage shocks, employment flows, and labor market frictions. Journal of Labor Economics,34.3: 663-704.
8. Ediarno, (2016), Theory of Profit Sharing Economy, Publisher A4, Tangerang.
9. Fernandez-Macias, Enrique; Vacas-Soriano, Carlos. (2016). A coordinated European Union minimum wage policy ?, European Journal of Industrial Relations, 22.2: 97-113.
10. Gittings, R. Kaj; Schmuttie, Ian M. Getting handcuffs on an octopus: Minimum wages, employment, and turnover. ILR Review, 2016, 69.5: 1133-1170.
11. Huda, N. (2012). Islamic Public Finance Theoretical and Historical Approach, Kencana. Jakarta.
12. Jusmaliani, (2005), Recognize Revenue-Based Economic Activity. P2E LIPI. Jakarta.
13. Karim, A.(2007). Islamic Bank "Fiqh and Financial Analysis" , PT. Raja Grafindo Persada, Jakarta.
14. Komro, K. A. (2016). The effect of an increased minimum wage on infant mortality and birth weight. American journal of public health, 106.8:1514-1516.
15. Macperson, (2002), The Employment In fact Of A comprehensive Living Wage Laweridence From Florida. Employment Policies Institute. Florida State University.
16. Makasau, A.(2009). "The Influence of Implementation of Minimum Wages Policy on Employment Relations with Workers in Bandung Regency" Journal of State Administration Science, Vol 9, Number 1, 2009:22 – 35
17. Muhammad. (2002). Fiscal and Monetary Policy in Islamic Economics. Jakarta: Salemba Four.
18. Nafiq. M.(2008). Model Calculation of Ratio in Profit Sharing System.Unair. Surabaya.
19. Nugroho. (2012). The Influence of Minimum Wages on Open Unemployment. Journal of Diponegoro Economy. Semarang. FEB. Diponegoro University
20. Pitartono. R..(2012). Analysis of Unemployment Rate in Central Java1997-2010. Thesis. Diponegoro University.
21. Pratomo. (2011). Minimum Wages Policy for a Just Economy: Review of the 1945 Constitution '. Journal of Indonesian Applied Economics Vol. 5 No. 2 October 2011, 269-285.The University of Brawijaya.
22. Putro, A.S. (2013). Analysis of the Influence of Gross Regional Domestic Product, Level of UMK, Inflation Rate and Population Expenses /Dependent on Open Unemployment in Malang

- City Period 1990-2010. Diponegoro journal of economic. Volume 2, Number 3, the Year 2013, 1-14
23. Qorashi, S.B. (2007). Sweat Workers, Rights, and Roles of Workers in Islam. Al-Huda. Jakarta.
 24. Riva. V.A.(2014). The Effect of Unemployment Rate And Level Of UMP On Poverty Level In Riau Province. JOMFEKON. V o l. 1
 25. Ricardo, D, On the Principle of Political Economy and Taxation, Chapter 5, London. John Murray, Library of Economics and Library.
 26. Saget. (2001). Is The Minimum Wages an Effective Tool to Promote Decent Work and Reduce Poverty? The experience or selected Developing Countries. Employment Paper 2001/13. International Labor Office.
 27. Setiawan, D. (2016). Comparison of the Effect of Profit Sharing System between Islamic and Conventional System on Profitability, Wages, and Productivity (A Study on Padang Restaurant in Pekanbaru). American Journal of Economics, 6.5: 270-279.
 28. Shaukat, Mughees; Hasan, Zubair; Al Habshi, Datuk. S. O. (2014). Financing Economic Growth with Stability from the Islāmic Perspective. Journal of Islamic Business and Management. 4.2: 15-62.
 29. Sholeh, M. (2005). Impact of Provincial Minimum Wage Increase on Employment Opportunities (Province of Central Java) "Journal of Economics & Education, Volume 2 No. 2, December 2005
 30. Zubair, H. (2007), Labor as a Source of Value and Capital Formulation: ibnu Kaldun, Ricardho, and Marx- Comparison. Journal of Islamic Economics. Vol 20, No2,49.
 31. Distribution Equity in Islam, in Distributive Justice and Need Fulfillment in an Islamic Economy, Edited By Munawar Iqbal, Leicer, UK: The Islamic Foundation, 35-90.