

CHAPTER I

INTRODUCTION

1.1. Background of Research

Humans, as social creatures, always need interaction with others to fulfil their needs.¹ The term “Cooperation” refers to a joint effort between individuals, groups or organisations to achieve a goal that is beneficial to each party.² Collaboration aims to maximise the utilisation of resources, such as capital, labour or expertise to increase productivity and efficiency.³ Ultimately, cooperation can increase competitiveness and economic benefits as it allows all parties to share risks, reduce costs, and expand market access.

One form of cooperation that has developed in the economic context is partnership. A partnership is a formal relationship between two or more parties who agree to work together in certain economic activities, with various roles, responsibilities, and risks.⁴ Partnerships are often organised through clear agreements on the rights and obligations of each party, creating a solid basis for ongoing collaboration. Various forms of partnerships can emerge in such a situation, one of which is a cooperative.

Cooperatives in Indonesia have a long history, which dates back to the Dutch colonial period. Cooperatives were first established in the early 20th century as a form of protest against the exploitative economic practices implemented by the colonials.⁵

¹ Suharwanto, “Manusia Sebagai Makhluk Sosial,” *Jurnal Alasma: Media Informasi Dan Komunikasi Ilmiah* 5, no. 1 (2023): 38.

² Sascha Genders, “Collaborative Economy BT - Encyclopedia of Sustainable Management,” ed. Samuel O Idowu et al. (Cham: Springer International Publishing, 2023), 18.

³ Chih-Hsing Liu and Jun-You Lin, “Collaboration-Based Scientific Productivity: Evidence from Nobel Laureates,” *Scientometrics* 129, no. 7 (2024): 68.

⁴ Nabila Ghazani, “Kemitraan Pengembangan UMKM (Studi Deskriptif Tentang Kemitraan PT.PJB (Pembangkit Jawa Bali) Unit Gresik Pengembangan UMKM Kabupaten Gresik),” *Kebijakan Dan Manajemen Publik* 3, no. 2 (2015): 51.

⁵ Anne Booth, “Government and the Economy in Indonesia in the Nineteenth and Twentieth Centuries. In: The Indonesian Economy in the Nineteenth and Twentieth Centuries: A History of Missed Opportunities,” in *A Modern Economic History of Southeast Asia*, ed. Anne Booth (London: Palgrave Macmillan UK, 1998), 135-202.

In 1947, after Indonesia's independence, Law Number 12 of 1967 on the Principles of Cooperatives was enacted as an official part of the country's economic system, which was later updated with Law Number 25 of 1992.⁶ Cooperatives continue to develop in Indonesia as a form of joint business with the aim of improving the welfare of its members based on the principles of economic democracy and kinship.

Cooperatives play an important role in improving people's welfare by promoting economic inclusion and strengthening social solidarity. Cooperatives are founded on the principles of voluntary membership and democratic management, enabling their members to work together to manage their businesses and gain economic benefits collectively.⁷ In addition, cooperatives help their members, who are mostly economically weak, to improve their lives through various welfare programmes, such as training, access to resources, and business support.

In Indonesia, cooperatives are of various types according to the needs and economic activities of their members. In general, cooperatives can be divided into consumption cooperatives, production cooperatives, savings and loan cooperatives, and service cooperatives.⁸ In cooperatives, especially production cooperatives, partnerships play an important role as they enable members to jointly utilise existing resources, such as capital, expertise, and labour, to produce goods or services. Production cooperatives, on the other hand, concentrate on the production of goods and services produced by their members. In addition to strengthening cooperative relationships, partnerships can also enlarge the scale of the business and increase the competitiveness of the cooperative in a wider market.⁹

⁶ Presiden Republik Indonesia, "Undang-Undang RI No. 25 Tahun 1992 Tentang Perkoperasian" (Jakarta, 1992).

⁷ Konstantina Ragazou et al., "Democratic Administration and Commitment of Members of Agricultural Cooperatives: A Case Study from a Prefecture in Greece," *Businesses* 1, no. 2 (2021): 26.

⁸ Abdulah Safe'i, "Koperasi Syariah: Tinjauan Terhadap Kedudukan Dan Peranannya Dalam Pemberdayaan Ekonomi Kerakyatan," *Media Syari'ah : Wahana Kajian Hukum Islam Dan Pranata Sosial* 14, no. 1 (2012): 47.

⁹ Yustiana Wardhani, Syarief Gerald Prasetya, and Vera Clara Simanjuntak, "Strategi Pengembangan Koperasi Melalui Kolaborasi Dan Transformasi Digital Di Kota Bogor," *Jurnal Manajemen Dan Organisasi (JMO)* 14, no. 2 (2023): 93.

Kencana Mulia Sejahtera Cooperative is one example of a production cooperative that has successfully engaged coffee farmers in several sub-districts in the Ngawi district. Through this cooperation, coffee farmers receive technical guidance on proper coffee cultivation, access to a wider market, and guaranteed stable prices.¹⁰ This will enable them to improve the quality of coffee production and expand their sales network.

In fiqh muamalah, a production cooperative is an economic cooperation that involves the active participation of its members in the process of producing goods or services collectively. This cooperative promotes the principle of mutual assistance and shared responsibility among its members, with the aim of increasing productivity and efficiency.¹¹ Each member not only acts as an owner, but also as a producer who is directly involved in business activities. Production cooperatives reflect the spirit of cooperation and fairness, where profits are shared according to each party's contribution, and business risks are shared.

This research aims to analyse the partnership pattern conducted by Kencana Mulia Sejahtera Cooperative. This research also aims to assess the extent to which partnership practices in this cooperative are in accordance with the principles of fiqh muamalah. Based on these dynamics, researchers are interested in studying and further examining the partnership pattern applied by Koperasi Kencana Mulia Sejahtera in a scientific work entitled, **“Analysis of Partnership Patterns in the Perspective of Fiqh Muamalah (Case Study: Kencana Mulia Sejahtera Cooperative)”**.

1.2.Problem Formulation

The formulation of the problems that will be raised in this study based on the background of the problems described by the research, namely:

1. How is the partnership pattern between Kencana Mulia Sejahtera Cooperative and coffee farmers as members?

¹⁰ Duwi Susilo, “Keuletan Mas Be Berdayakan Petani Kopi Nangka Di Desa Ngrayudan, Jogorogo,” Radar Madiun (Ngawi: Radar Madiun, 2020), <https://bit.ly/3UYPNqb>.

¹¹ Suroto Suroto, “Keadilan Distributif Koperasi,” *Jurnal Maksipreneur: Manajemen, Koperasi, Dan Entrepreneurship* 1, no. 1 (2011): 21.

2. How is the partnership pattern between Kencana Mulia Sejahtera Cooperative and coffee farmers seen from the musyarakah contract in fiqh muamalah?

1.3.Purposes of Research

The purposes of this study are based on the formulation of the problems raised, namely as follows:

1. Analyse the partnership pattern between Kencana Mulia Sejahtera Cooperative and coffee farmers.
2. Analysing the partnership pattern between Kencana Mulia Sejahtera Cooperative and coffee farmers in the provisions of musyarakah contract in fiqh muamalah

1.4.Benefits of Research

It is hoped that this research will provide benefits, among others:

1.4.1. Theoretical Benefits

This research is expected to enrich scientific studies related to economic cooperation in the form of partnerships in the perspective of fiqh muamalah, especially regarding the application of one of the fiqh muamalah contracts in production cooperatives. By analysing the partnership pattern between coffee farmers and Kencana Mulia Sejahtera cooperative, this research also contributes to the development of theories on how Islamic economic principles can be applied in local economic practices, particularly in the agricultural and cooperative sectors in Indonesia.

1.4.2. Practical Benefits

This research can serve as a guide for Kencana Mulia Sejahtera cooperative and coffee farmers in optimising partnerships based on sharia principles. By understanding effective partnership patterns, both in terms of cooperatives and farmers, this research provides practical insights that can improve farmer's welfare through a fair and mutually beneficial cooperation model. In addition, the results

of this study can also serve as a reference for other cooperatives that want to implement musyarakah contracts in their operational activities

1.5.Literature Review

The first research is journal research by Mirawati Yanita et.al entitled “*Studi Pola Kemitraan Petani Kelapa Sawit Swadaya pada Koperasi Perkasa Nalo Tantan Kabupaten Merangin*”.¹² In this journal, the author examines the partnership pattern between independent oil palm smallholders and Perkasa Nalo Tantan Cooperative. The research aims to describe the mutually beneficial partnership relationship, as well as analyze the rights and obligations held by both parties. Using a quantitative descriptive analysis method, the study involved 33 farmers as respondents and found that the partnership pattern formed was a subcontracting pattern, although not all farmers get their rights equally. Meanwhile, my research focuses on analyzing the partnership pattern from the perspective of fiqh muamalah, which is a study of Islamic law related to transactions and cooperation. The similarity between these two studies lies in the focus on partnership patterns and the aim to improve the welfare of the parties involved. However, the difference lies in the approach used; Yanita et al.’s research uses quantitative descriptive methods to analyze partnerships in the context of agribusiness, while my research will explore the legal and ethical aspects of partnerships based on the principles of fiqh muamalah.

The second research is a journal by Gihon Michael Borswat Sinaga et.al entitled “*Analisis Pola Kemitraan Petani Kakao (Theobroma cacao L) Dengan Koperasi Ebier Suth Cokran di Distrik Ransiki Kabupaten Manokwari Selatan*”.¹³ In this journal, the authors reveal the partnership pattern and analyze the effectiveness of cooperation between cocoa farmers and cooperatives. The method used is descriptive with simple

¹² Mirawati Yanita, Ardiyan Saputra, and Gina Fauzia, “Studi Pola Kemitraan Petani Kelapa Sawit Swadaya Pada Koperasi Perkasa Nalo Tantan Kabupaten Merangin,” *Proceedings Series on Physical & Formal Sciences* 5 (2023): 50.

¹³ Ery Atmodjo, Gihon Michael Borswat Sinaga, and Ardha Puspita Sari, “Analisis Pola Kemitraan Petani Kakao (Theobroma Cacao L) Dengan Koperasi Ebier Suth Cokran Di Distrik Ransiki Kabupaten Manokwari Selatan,” *Sosio Agri Papua* 12, no. 1 (2023): 1-12.

tabulation techniques, and purposive sampling of partner farmers in two villages. The results show that the partnership pattern tends to lead to a general trading pattern, with good effectiveness in productivity, marketing, and production input assistance. This research has several similarities and differences with the research that I will conduct, namely the similarity lies in the focus of analyzing the partnership pattern between farmers or business actors and cooperatives, as well as the use of descriptive methods in data collection and analysis. However, the main difference lies in the perspective used; my research will examine the partnership pattern from the perspective of fiqh muamalah, which considers the aspects of Islamic law in cooperation. In addition, the different research locations also provide a unique context, where my research will explore partnership dynamics in the coffee sector, in contrast to the focus on cocoa in previous studies.

The third research came from Afi Rachmat Slamet and Nur Hidayati entitled *“Effectiveness of the Partnership Pattern of the Sumber Makmur Village Unit Cooperative (KUD) in Malang Regency in Improving Community Welfare”*.¹⁴ In this journal, it is explained that the partnership between KUD Sumber Makmur and PT Hanjaya Mandala Sampoerna has had a significant positive impact on community welfare in Ngantang, Malang. This research highlights the importance of partnership patterns in increasing economic value both institutionally and community-wide and shows that mutually beneficial partnerships can contribute to job creation and welfare improvement through corporate social responsibility (CSR) programs. The difference between this research and my research lies in the approach used. My research will analyze the partnership pattern from the perspective of fiqh muamalah, which focuses on Sharia principles in business transactions, while Slamet and Hidayati's research emphasizes the social and economic impacts of the partnership. However, both have similarities in terms of focusing on cooperative partnerships.

¹⁴ Afi Rachmad Slamet and Nur Hidayati, “Effectiveness of the Partnership Pattern of the Sumber Makmur Village Unit Cooperative (KUD) in Malang Regency in Improving Community Welfare,” *Innovation Business Management and Accounting Journal* 1, no. 3 (2022): 77-85.

The fourth research that is relevant to this topic is a thesis written by Bella Dwi Andari which is entitled “*Implementasi Kemitraan Antara Petani Plasma Kelapa Sawit dan Petani UKM Di Tinjau Dari Hukum Ekonomi Syariah*”.¹⁵ This research was conducted at PT. Agro Air Buluh Estate, and examine the application of Sharia law principles, particularly musyarakah in partnerships. The results of field and library research show that this partnership provides economic benefits to farmers and is in line with Sharia principles. What distinguishes this research from the research being researched is the different agricultural context. In addition, the research studied will further explore how the musyarakah principle is applied in the context of partnerships, while this research is more focused on the application of Sharia economic law in general in its partnerships.

The fifth research is a journal researched by Anifah Buyung Tri Utami under the title “*Kemitraan Antara Petani Kapas Dengan PT. Sukuntex Dalam Perspektif Akad Musyarakah*”.¹⁶ This study examines the partnership between cotton farmers and PT. Sukuntex, with a focus on the application of musyarakah contracts in the context of agriculture. The results show that although this partnership has fulfilled several aspects of the musyarakah contract, there are discrepancies in the profit sharing that can affect the sustainability of the cooperation between the two parties. This research also highlights the role of mentoring from PT. Sukuntex in the cotton planting process, contributes to increased farmer income during the dry season. What distinguishes this research from the author’s research is the type of commodity. This journal examines cotton as the type of commodity studied, while the author's research takes coffee as the type of commodity in the study.

The sixth study was a journal by Muryani Arsal, Haerul, dan Abdul Khaliq which was titled “*Kemitraan Usaha Berbasis Musyarakah Pada Peternakan Broiler,*

¹⁵ Bella Dwi Andari, “Implementasi Kemitraan Antara Petani Plasma Kelapa Sawit Dan Petani UKM (Usaha Menengah Kecil) Di Tinjau Dari Hukum Ekonomi Syariah (Studi Di PT. Agro Air Buluh Estate Kecamatan Ipuh Kabupaten Muko Muko)” (Universitas Islam Negeri Fatmawati Sukarno Bengkulu, 2023).

¹⁶ Anifah Buyung Tri Utami, “Kemitraan Antara Petani Kapas Dengan Pt Sukuntex Dalam Perspektif Akad Musyarakah,” *JURNAL AL-HAKIM Jurnal Ilmiah Mahasiswa Studi Syariah, Hukum Dan Filantropi* 3, no. 1 (2021): 87-98.

Apakah Sesuai Dengan Prinsip Syariah?”.¹⁷ This research examines the application of musyarakah contracts in partnerships between broiler farmers and companies in Labakkang District, Pangkep Regency. The purpose of this study is to evaluate the suitability of musyarakah practice with Sharia principles based on Fatwa DSN-MUI No. 15/DSN-MUI/IX/2000. The results showed a mismatch in the application of the musyarakah contract. What distinguishes this research from the author’s research is the research subject. This study analyses the partnership between broiler farmers and companies in Labakkang District, Pangkep Regency. While the research conducted focuses on the partnership between coffee farmers and Koperasi Kencana Mulia Sejahtera.

The seventh research comes from a journal by Ahlis Fatoni et.al entitled *“Empowering Farmer’s Independence and Boosting Local Economy Through Regenerative Farming and Islamic Contracts in Goa Village, West Sumbawa”*.¹⁸ This journal discusses the application of Islamic agricultural contracts as a tool to increase farmer’s self-reliance in Goa, Sumbawa. The results of this study show that the implementation of Islamic contract farming can significantly improve farmer’s self-reliance and promote local economic growth. What distinguishes this research from the author’s research is the contractual approach, where this research emphasizes more on the various types of Islamic agricultural contracts and how they can increase the independence of farmers in general, without a specific focus on musyarakah. The author’s research analyses partnerships in the context of musyarakah, which is a form of partnership in which all parties contribute capital and share profits and losses.

The eighth research is the work of Kartika Dewi Sri Susilowati et.al entitled *“Critical Analysis of Contract Farming Practice in East Java-Indonesia”*.¹⁹ The

¹⁷ Muryani Arsal, Haerul Haerul, and Abdul Khaliq, “Kemitraan Usaha Berbasis Musyarakah Pada Peternak Ayam Broiler, Apakah Sesuai Dengan Prinsip Syariah?,” *Milkiyah: Jurnal Hukum Ekonomi Syariah* 1, no. 2 (2022): 65-74.

¹⁸ Ahlis Fatoni et al., “Empowering Farmers’ Independence and Boosting Local Economy Through Regenerative Farming and Islamic Contracts in Goa Village, West Sumbawa,” *FiTUA: Jurnal Studi Islam* 4, no. 2 (2023).

¹⁹ Kartika Dewi Sri Susilowati, Nur Indah Riwayatanti, and Asminah Rachmi, “Critical Analysis of Contract Farming Practice in East Java - Indonesia,” *Proceedings of the 1st Annual Management, Business and Economic Conference (AMBEC 2019)* 136, no. Ambec 2019 (2020).

research shows that partnerships provide significant benefits to farmers, such as increased income, better access to markets, and opportunities to obtain credit and technology. What distinguishes this study from the author's research is the dynamics of the partnership as well as the results and implications of the research. This study emphasises the general challenges faced by farmers in the contract farming system, while the author's research explores the musyarakah contract aspect of the partnership between coffee farmers and Koperasi Kencana Mulia Sejahtera. The results and implications of this study, highlight the general benefits and challenges of contract farming practices without focusing on specific commodities. Meanwhile, the author's research provides an analysis of the partnership pattern that takes place based on musyarakah contracts.

1.6. Research Method

Research methodology is a term that refers to a systematic framework used to plan, conduct, and analyze research to gain a better understanding of a research question or phenomenon. Research methodology provides essential guidance for researchers to conduct their research in a systematic, controlled, and fit-for-purpose manner.

1.6.1. Type of Research

The research method used in this study is qualitative. The qualitative method is a research approach that focuses on an in-depth understanding of social phenomena, culture, or human behaviour.²⁰ A qualitative approach was chosen because it allows researchers to gain an in-depth understanding of the musyarakah contract review of the partnership between Kencana Mulia Sejahtera cooperative and coffee farmers. The researcher will use interview techniques and content analysis to collect relevant and in-depth data.

²⁰ Yoki Yusanto, "Ragam Pendekatan Penelitian Kualitatif," *Journal of Scientific Communication (Jsc)* 1, no. 1 (2020): 1-13.

1.6.2. Object of Research

The research object in this study is Koperasi Kencana Mulia Sejahtera, a cooperative established in October 2023 with the aim of empowering coffee farmers in the Ngawi region, especially in the Jogorogo, Kendal, Sine, and Ngrambe areas. It is located at Jalan Jenderal Sudirman, Kerek, Margomulyo, Ngawi District, Ngawi Regency, East Java. The cooperative focuses on improving the quality and quantity of local coffee production through coaching and support to farmers.

1.6.3. Data Sources

1.6.3.1. Primary Data Source

Primary data is internally sourced data obtained directly through conducting interviews. Primary data in this research comes from interviews with Fajar Dwi Nofianto as the chairman of Kencana Mulia Sejahtera Cooperative, Muhammad Firdiansyah as the secretary of the Cooperative, Muhammad Firdiansyah, and one of the cooperative members, Ifanali Fajrin.

1.6.3.2. Secondary Data Source

Externally sourced secondary data obtained through external references, including articles, journals, etc.²¹ Secondary data in this study were obtained from journals and websites that explain the partnership between farmers and a company or Micro, Small, and Medium Enterprises (MSMEs).

1.6.4. Data Collection

1.6.4.1. Observation

Researchers made direct observations of the operational activities of Kencana Mulia Sejahtera Cooperative, including partnership activities with coffee farmers, to obtain in-depth data on the applied cooperation pattern.

²¹ Fachriza Mukhlis Choirudin and Shalma Noorsitta Rahmasari, "Tingkat Cakap Tanggap Peserta Didik Dalam Perangkat Google Classroom Selama Pembelajaran Daring," *Jurnal Ilmiah Kampus Mengajar* 1, no. 2 (2021): 62-69.

1.6.4.2. Interview

Primary data was collected through semi-structured interviews with cooperative administrators, farmer members of the cooperative, and other relevant parties. The interviews aimed to collect information on the form of partnership and the mechanism of cooperation. A total of Five members of Kencana Mulia Sejahtera Cooperative were interviewed, including Fajar Dwi Nofianto (chief), Muhammad Firdiansyah (secretary), and Ifanali Fajrin (member). Their insights were crucial to understanding the cooperative's operations and the dynamics of the partnership.

1.6.4.3. Documentation

Researchers collected relevant documents, such as cooperative activity reports, and membership data, to support the analysis of partnership patterns applied in the cooperative.

1.6.5. Data Analysis Method

In this study, the author analysed the data using a qualitative analysis method which was carried out using a descriptive method. Descriptive analysis is the analysis of data by describing or combining data that has been collected from research conducted without the intention of making general conclusions and generalisations.²²

This descriptive analysis method is a data analysis technique that focuses on understanding an observed problem. Then the analysis will be based on data that has been collected through unstructured interviews with several sources and after that it will be explained and conclusions will be drawn from the data, where the conclusions are not general, generalise, and bind the object of research.

1.7. Systematic Writing

²² Sugiyono, *Metode Penelitian Kuantitatif, Kualitatif Dan R&D* (Bandung: CV. Alfabeta, 2010), 357.

The structure of research writing can be divided into several sections to simplify and explain in more detail this research proposal. This thesis consists of five interrelated chapters, namely :

- Chapter I

This chapter explains the background of the research that focuses on the importance of partnership patterns in improving the welfare of coffee farmers in Ngawi Regency. The partnership pattern is seen as an important strategy that can assist farmers in obtaining technical training, market access, and price stability through the role of Kencana Mulia Sejahtera Cooperative. The formulation of the problem proposed is how the partnership pattern applied by the cooperative and how far it is in accordance with sharia principles, especially the *musyarakah* contract in fiqh muamalah. This research aims to identify the partnership pattern used, analyse its suitability with Islamic law, and contribute both academically and practically to the cooperative and farmers.

- Chapter II

This chapter contains two main sections. The first section discusses partnership patterns, including the definition of partnership patterns and their types, such as core-plasma and general trading patterns, which are relevant to production cooperatives. The second section reviews *musyarakah* contracts in fiqh muamalah, starting from the definition, legal basis based on the Qur'an and hadith, the pillars and conditions of the contract, to various forms of *musyarakah* such as *syirkah 'inan* and *mudharabah*. This study aims to build a theoretical framework that supports the analysis in the next chapter.

- Chapter III

This chapter consists of discussion results and field findings. The first section explains the partnership pattern implemented by Kencana Mulia Sejahtera Cooperative, such as the core-plasma pattern, and evaluates its

suitability with the principle of *musyarakah* contract in fiqh muamalah. The second section contains the results of interviews and observations in the field, including the challenges and opportunities faced by the cooperative in implementing the partnership pattern. Qualitative analysis is conducted to evaluate the extent to which the partnership pattern is in accordance with sharia principles.

- Chapter IV

The last chapter contains conclusions and suggestions. The conclusions summarise the research results, which show the relevance of the partnership pattern with the *musyarakah* principle and its impact on farmer's welfare. Suggestions are given for cooperatives to improve the implementation of sharia-based partnership patterns, and for future researchers, it is recommended to expand the study to other sharia-oriented production cooperatives.