

# Syariah Model Policy Cross Sectional Resources Management Muhammadiyah Charity Business in Developing Business

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## Abstract

This article examines the model of sharia policies cross sectional resources management Muhammadiyah which aim to help the charity business that is experiencing financial difficulties, both for the operational needs of business and investment business development, as well as for the purpose of improvement of management capacity charity business through program transplant management system, from the charity business which has a modern management system to the charity business that do not have management system. This study shows that through the cross-sectional model of resource management policies, business charity which tends to slow down development efforts can be assisted through mudharabah muqayadah. In addition, this policy is also able to optimize idle funds owned business charity to help other business charity, in an integrated, effective, and efficient.

**Keywords:** cross sectional resources management, mudharabah muqayadah, charity business Muhammadiyah, cash management, syaria

## A. INTRODUCTION

Muhammadiyah is a socio-religious organization that has charity business (in the fields of education, health, religious, social, economic, and information. The amount of charity business education which is owned by Muhammadiyah currently number approximately: 10,452 institutions, consisting of: 4623 TK / TPQ, 2,604 SD / MI, 71 SLB, 1,772 SMP / MTs, 1143 SMA / SMK / MA, 67 boarding school, and 172 universities. The amount of charity business health field owned amounted to approximately: 457 organizations that include hospitals, maternity hospital Ms. and Child Health Clinic, Medical Clinic. While the number of business areas of social charity were approximately 545 institutions consisting of: 318 Orphanages, 54 Elderly, Disability and Rehabilitation 82.

The establishment and development of business Muhammadiyah charity can not be separated from the purpose and objective of Muhammadiyah, which enforce and uphold the religion of Islam, to realize a primary society, equitable, and prosperous blessed by Allah SWT. Charitable efforts through charitable efforts developed massively, Muhammadiyah continued reform in various fields of religious and social.

The problem, from a number of existing Muhammadiyah charity business, not all charity business can thrive and grow well. Even some of them who did not grow and eventually closed. Not to mention the magnitude of the strategic challenges that must be faced charity business. In the field of education and health, for example, the demands on quality standardization and readiness in the face of global conditions are very important. This strategic challenges trigger major changes that must be made by the charity business. They should be able to balance the demands of performance and quality standards with the need to sustain growth of the organization.

For charity business that for a while this is still in good condition on the entire order of operations and performance of its activities, this issue will be very difficult for the space for them in facing these challenges. However, in contrast with the charity business that has a high performance in organizing and managing its business charity. They will be very easy to improve the performance and expand the size of its business. This means Muhammadiyah exposed to conditions in which there are a number of charity business that has a high performance, while on the other hand many charitable efforts that are unable to manage their business well.

Look at the condition, Muhammadiyah Chairman then made a cross sectional resources management policy in which there are models of loan guarantees through cash collateral schematic cross-charity finance business. This model of which aim to help the charity business that is experiencing financial difficulties, both for the operational needs of the business as well as for business development investments. In addition, this policy is also intended to help the charity business in enhancing management capacity through the transplant program management system, from the charity business that has a modern management system to the charity business that do not have management system.

Policy finance cash collateral cross charitable efforts of Muhammadiyah holding seven Islamic Bank as a partner, using the principles of Islamic banking. Islamic banking according Marimuthu et. al. is a financial

business based on Islamic principles. Shariah principles in Islamic Banking Business Model Assessment always puts morals, ethics, honesty, justice, and welfare rather than financial gain.

However, that does not mean orientation towards the achievement of an operating margin in the perspective of the financial benefits to be neglected. Research conducted by Abduh results in recommendations that strike a balance between the principles of sharia to the achievement of financial targets. A way that can be taken by Abduh is to educate the public about the Islamic financial system.

In the context of the policy of PP Muhammadiyah charity business, several cross sectional resources management policy that has been done of which is a loan STMIK Muhammadiyah Jakarta Rp 500 million to BNI Syariah through cash scheme collateral finance the Jakarta Muhammadiyah University (UMJ) as a guarantor, then guarantee conducted by the University of Muhammadiyah Malang (UMM) to Cirebon Muhammadiyah University (UMC) of Rp 20 billion through Bank BNI Syariah, and so forth. If STMIK Muhammadiyah or UMC directly make loans to Islamic Banking, it will be exposed to the mudaraba margin of about 12% per year. While the cash scheme collateral finance the cross sectional resources management policy, STMIK Muhammadiyah or UMC is only exposed to a load of about 6-7% per year.

In terms of resources, particularly to assist universities that will establish new courses, Persyarikatan create a policy where every Muhammadiyah Universities (PTM) which has had a study program, shall provide mentoring, coaching, and transplant to the PTM will be open The new study program, until PTM is able to organize and manage it independently. From the above explanation, this article seeks to further review of the Model Cross Sectional Resources Management Policy introduced by PP Muhammadiyah in developing its business charity.

## **B. Review of The Literature**

### **Islamic Banking Business Model**

Forms of Indonesian Islamic Banking used according Shafiq, is the Islamic Banks, Islamic Windows, Office channeling, and Sharia (Islamic People's Bank Financing). According to Article 2 of Bank Indonesia Regulation Number 6/24 / PBI / 2004 concerning Commercial Banks Conducting Business Based on Sharia Principles, is a Commercial Bank is a bank conducting business based on sharia principles, which in its activities providing services in payment traffic , Islamic Windows in accordance with Amendment to Article 6 letter m by Act No. 10 of 1998 of the Act 7 of 1992, is the business activities conducted Conventional commercial banks based on Islamic principles. Office channeling is the term given to mark the possibility of conducting banking business based on sharia principles in the Branch Office and / or the Office of Conventional Commercial Bank Branch. While the SRB is a bank conducting business based on Sharia principles that the activities do not provide services in payment traffic.

Islamic Bank in Indonesia, both in the form of Islamic Banks or BUS (full-fledged Islamic bank), Sharia or Sharia (Islamic full-branch bank), and SRB are under Law No. 21 of 2008 concerning Islamic Banking. Bank Syariah in Indonesia can conduct transactions based on deposit, loan, profit sharing, selling, leasing, and other principles that allowed sharia. Thus, Islamic banks in Indonesia is a universal bank that can be tried as consumer banking, investmen banking, merchant banking, leasing company, investment agent, and as an institution of zakat, donation, and sadaqah.

Types of products issued by the Bank include: Based Sharia and Sharia Compliance. Based Sharia product is a product developed form of the transaction from the time before Islam which is accepted as an Islamic transaction, for example, is Mudaraba and Musharaka. While Sharia Compliance is a product formed by converting from conventional financial transaction, or in other words, Islam-clicking the conventional financial transactions become Islamic transactions, ie takaful and credit cards.

The main products are generally offered Islamic banking scheme Based Debt Financing, namely murabaha and Ijarah. Murabahah is a scheme of sale with the price difference in the form of margin. Of the scheme, the products are generally offered Islamic banking is a consumer product. While Ijara widely implemented in products bailout Hajj, mortgage financing, leasing the means of production, or financing through a syndicated Ijarah muntahiya bi Tamlik (IMBT).

The main characteristics of Islamic banking products are ideal according to Bank Indonesia study results are as follows:

1. Akad PLS (Profit and Loss Sharing), which applies to both liability and asset side;

2. Dominance funds on hand PLS PLS liability and financing on the assets side, both long-term;
3. The financial markets provide short-term funds to contract tabaru (qard, wadiah, etc.);
4. The stock market is dominated by berakad Long-Term Sukuk investments (mudaraba, Musharaka);
5. Institute a complete support, such as takaful, credit rating, the Islamic capital market authorities, etc; and
6. Orientation of Islamic banks: looking directly profit from the long-term performance of the real sector.

According to Saifullah Bombang, some goals of Islamic Banking in Indonesia are: (1) lead to community economic air-Muamalat in Islam, especially Muamalat relating to banking, to avoid the practice of usury or types of businesses / trades that contain gharar (hoax), in which types of businesses are forbidden in Islam, as well as it can have a negative impact on the economic life of the people, (2) to create a justice in the economic field with the leveling of income through investment activities, in order to avoid gaps huge among voters capital with those who need funds, and (3) to improve the quality of life of the people by opening a chance to make a bigger, especially the poor, which is directed to the productive business activity, towards the creation of business independence.

Scheme business model of Islamic banking in Indonesia on the type of business model in the potential market, structured based on a micro level, retail, corporate, until government. At the micro level, this type of business model of Islamic banking is the micro banking, branchless banking and community banking. As for the retail consumer and productive, the type of business model of Islamic banking is the commercial banking and retail banking business. At the corporate level, type of business model of Islamic banking is the banking infrastructure, corporate banking, and investment banking. And the Government level, type of business model of Islamic banking is the investment banking, development banking, special purpose for hajj, agriculture and banking. Overall kinds of banking business models is expected to boost the business performance of each type of banking on the potential market respectively, as the result of a study conducted by Bank Indonesia.

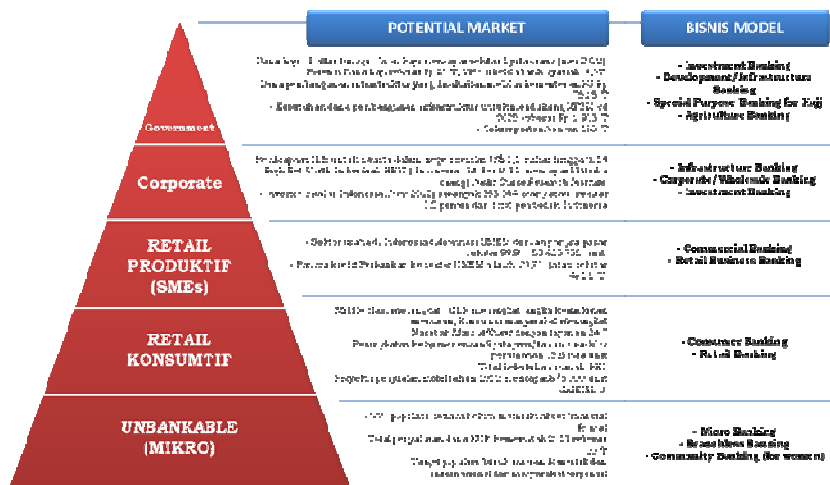


Figure 1  
 Islamic Banking Scheme Business Model in Indonesia  
 Source: Bank Indonesia, Islamic Banking Business Model Assessment, p. 109

The existence of Islamic banking is expected to help the community of economically weak groups in accessing bank financing that can be used for business development. Akhtar, etc. even convey in his research that the growing Islamic banking will facilitate economic growth, especially in developing countries whose economies also rely on small and medium enterprises in improving the country's economic growth.

Through products issued by Islamic banking, people will feel more secure and comfortable. Therefore, the management of sharia is a real sector, not the financial markets, better financing for the results, or penyeraan venture capital, as well as buying and selling. Islamic banking provide financing in accordance with sharia values, in a sense, Islamic banks do not charge interest and no transactions have a high risk for Islamic banking operates on the principle of profit sharing that provides an alternative banking system of mutual benefit between the public and banks.

Hanif concludes in his research that the Islamic financial system undertaken in the form of mudaraba can contribute to the process of transformation of society towards prosperity, especially in facilitating capital for skilled people. Mudharabah in the perspective of Islamic economics is a form of commerce where shahibul malls provide 100% funding to mudharib to be managed. While the risk borne by the fund Shahibul mall except for negligence. Mudharabah implement Islamic banking in the mobilization and financing. On the side of the collection, generally have a term savings and deposit products. In terms of financing, given the product mudharabah Islamic banks to finance working capital and specialized investment. Ali and Farrukh also confirmed that since the beginning, Islamic banking has consistently participate in the development community, the Islamic banking industry even though the scale is smaller than a conventional bank.

### **Charity Governance Business Muhammadiyah**

Muhammadiyah charity business regulated by the Constitution and Bylaws of Muhammadiyah Article 7, which substantively regulates efforts to achieve the aims and objectives muhammadiyah through propaganda commanding the good and forbidding the evil and tajdid are realized in businesses in all areas of life. In this case, the management for any type of charitable efforts submitted to each charity business. While coaching is under Majlis each charitable efforts.

Especially for the governance of cash management services, there are several provisions that should be implemented, which is as follows:

1. to minimize the cost of financing made levels, elements, or Muhammadiyah charity business in order to build infrastructure investment, Muhammadiyah may seek investment financing with collateral deposits (mudaraba muqayyadah / back-to-back deposit);
2. The use of deposits as collateral for financing investment can be made with collateral deposits millik levels, elements, or Muhammadiyah charity business concerned or deposits belong levels, elements, or other business charity;
3. The use of deposits as collateral for financing must be authorized Muhammadiyah;
4. The owner of pledged deposits can obtain avalist maximum fee of 0.5% of the principal financing credited to the account in question;
5. Implementation of the collateral guarantee is possible to get additional assurance of PP Muhammadiyah avalist;
6. On the guarantee of Muhammadiyah can obtain avalist maximum fee of 0.5% of the principal financing credited to the account of PP Muhammadiyah;
7. For the purposes of licensing, Muhammadiyah can be ordered LPPK Muhammadiyah to conduct a feasibility study;
8. PP Muhammadiyah seek muqayyadah of financing facilities to the Muhammadiyah Islamic Bank partner to approximately 100% of the amount of pledged deposits;
9. PP Muhammadiyah seek muqayyadah of financing facilities to the Muhammadiyah Islamic bank partners with the cost of financing close to 0% over the results of pledged deposits.

Governance is basically a part of efforts to build the economy Muhammadiyah Movement Incorporated, in accordance with the Decree of the results of the 45th congress in Malang Ke and Ke-46 in Yogyakarta, some of which is done through:

1. instill awareness and understanding of how important and beneficial to build collective power (corporation) from both economic potential possessed Muhammadiyah, compared with the moves individually;
2. The guidelines, building systems and instruments that can consolidate those resources owned economy Muhammadiyah dispersed and scattered in an integrated system ((incorporated), including an integrated financial system by maximizing its relationship with the bank;
3. disseminate and implement guidance system and Muhammadiyah Incorporated.

Thus, Muhammadiyah deems it necessary to maximize the charity fund business, especially for the purpose of preaching is done in stages and for the purpose of cross-sectional resources management between charitable efforts.

Results of a study conducted by the Treasurer of PP Muhammadiyah Assistance Team concluded that during the management of idle funds in the Bank's charitable efforts are placed in current accounts, only get a low yield or only about 0.5% - 1% per year. By using a cash management system, the idle funds will be transferred automatically to the savings business, if the defined maximum balance in the current account exceeds operational needs. Automatically transfer funds to the savings this will get additional revenue by 3% in the charity business.

Conversely, when there is a shortage in cash management checking the machine will automatically transfer funds from savings to checking accounts business so it will not interfere with operating funds charity business.

As a result of this scheme, there will be efficiency and increased revenue margin between savings and giro business that has been distributed into 2/3 parts belonged to the charity business, while the other 1/3 belong Muhammadiyah. While the principal savings remain the charity business to manage.

In further, schematic model can also be made to the savings that businesses will move automatically to the deposit account balances. So the charity business will get more additional revenues of around 3%, or a total of about 6%. In addition, the fund management in an integrated manner on this, Muhammadiyah can increase its bargaining positioning, so it can get a special rate, because the number of large transactions. Furthermore Muhammadiyah charity business and share the revenue increase over the special rate is equal to 1: 2.

Muhammadiyah cash management models that have been used by Muhammadiyah since the year 2012 in general has given clappers for Muhammadiyah, when compared with the previous management model. The advantages include:

1. reduce operational costs through process automation;
2. reduce manual administrative processes and paperwork;
3. The control and better risk management through the provision of maximum and minimum limits within each sub-account in the area;
4. maximization of working capital to get the better results;
5. Access inquiry balances and transactions in real time on-line for PP Muhammadiyah through integrated information systems, so that monitoring and evaluation can be done more effectively and efficiently in order to develop charitable efforts;
6. The fund management system integrates with Persyarikatan charitable efforts so as to consolidate and provide information about the potential of the organization's financial resources;
7. improve competitiveness, productivity fund, and bargaining power with banks especially in the management of funds so as to produce optimal return and internal funding sources to maximize amaliyah activities Muhammadiyah.

#### **Model Sharia Cross Sectional Resources Management Policy**

Sharia in Islamic economic perspective that became the foundation of policy making cross sectional Muhammadiyah resources management, is defined as a set of rules or regulations of God to man conveyed through His Messenger. To understand the meaning of sharia needed three fundamental things, namely: faith, morals and fiqh and the codification of Islamic law. Islamic sharia in this understanding serves to provide information and instructions on how Islamic economics should be held. While Fiqh used as a control tool for economic products that do not violate Islamic law.

Cross sectional resources management policy is a model Muhammadiyah charity business performance improvement through cross perbantuan scheme or transplantation of resources between the charitable efforts with other charitable efforts, particularly in the areas of finance, corporate governance, and academic systems. Cross sectional model of resources management in the financial sector in ataranya is modeled through a loan guarantee scheme finance cash collateral cross charitable efforts. This model of which aim to help the charity business that is experiencing financial difficulties, both for the operational needs of the business as well as for business development investments.

In addition, this policy is also intended to help the charity business in enhancing management capacity through the transplant program management system, from the charity business that has a modern management system to the charity business that do not have management system. The principles which form the basis of this policy include: ta'awun (cooperation), which requires mutual understanding and maintain between the parties in obtaining mashlahah canoes together. Ta'awun also has the sense of helping each other in goodness so that it can be realized concept Rahmatan lil Alamin. The next principle is that takaful interpreted as a manifestation of a good relationship between the individual and society through the concept of the guarantee by the community, which in the perspective of this policy is Persyarikatan assistance to its members.

In addition, based on the mandate of Congress, the principles that should serve as a guide in implementing the policy of fund management integrated to support a policy of cross-sectional resources management Muhammadiyah are: (1) the principle of public good, (2) the principle of rationality and science, and (3) the principles of flexibility, effectiveness, and efficiency.

Another essential principle on which the cross sectional resources management policies Muhammadiyah is faith and piety embodied in the form of a commitment to two basic principles, namely lawful and Tayib (good). The

basic principle lawful under this policy is to avoid the prohibited business activities, among others: *riba*, *maysir*, *gharar*, *zhulm*, *tabdzir*, *risywah*, and *maksiyat*. Raquibuz in relation to this case to conclude that it is important to realize that banks and financial institutions involved in the trade, which is associated with money management and financial securities as well as services, to be run principles are in line with the faith, does not operate as a lender. While the basic principles *Tayib* is (1) *ihsan*, which perform or provide the best and avoid destructive behaviors, and (2) *tawazun*, namely the balance sheet in terms of the macro that includes among others a balance between the spiritual and the material, exploration and conservation, financial sector and the real sector, as well as risks and results.

While the principles of good governance underlying this policy are: (1) transparency, which contain elements of disclosure and the provision of adequate information and easily accessible by stakeholders, (2) accountability, which contains elements of clarity of functions within the organization and how to account in a transparent, fair, true, measurable, and in accordance with the interests of business people *sharia*, (3) responsibility, which must comply with statutory regulations and the provisions of Islamic finance, as well as carry out the responsibilities towards society and the environment, and (4) *kejawaran* and equality, which contains elements of similarity of treatment and opportunity.

Based on the principles mentioned above then made a cross-sectional resources management policy with *mudharabah muqayyadah Muhammadiyah*, as follows.

Explanation of the model policy is as follows:

1. Charity business owners seek approval Muhammadiyah funds to invest funds in *mudharabah muqayyadah*;
2. Charity business that requires financing is *muqayyadah* submitted a proposal to PP Muhammadiyah for approval and then obtain financing facility of Muhammadiyah Islamic Bank Partners;
3. Upon approval of Muhammadiyah, the charitable efforts of the owner of the funds invest in the form of deposits to be allocated to charitable efforts that require financing;
4. Charity existing business or new financing, the financing proposal submitted to the Muhammadiyah Islamic Bank Partners;
5. The signing of the contract deposit agreement *mudharabah muqayyadah* and distribution by the charitable efforts of Muhammadiyah owner of the funds, the charity business financing, and the Muhammadiyah Islamic bank partners;
6. Own funds invested to the Bank in the form of deposits, bank deposit slips handed blocked throughout the tenor of financing;
7. The Bank has the disbursement of funds to finance the charitable efforts of financing, if the form of bonds, the bank purchases of bonds;
8. Charity financing business make installment payments to the Bank in the form of principal and margin / profit sharing / *ujrah*. When shaped then in the form of coupon bonds;
9. The Bank will credit the margin / profit sharing / *ujrah* into account owner of the funds after deducting the portion of the bank and other parties if any.

#### **E. Methodology**

Nazir (2005: 93) states that the study of literature or literature, in addition to looking for a secondary data source that will support the research, it is also necessary to know the extent to which science-related research has progressed, as well as the extent to which there are conclusions and generalizations ever made so that the situation required is obtained. Furthermore Sugiyono, adding the study of literature related to theoretical study and other references relating to values, culture and norms that develop in social situations were studied, besides literature studies are very important in the study, this is because the study will not be separated from the literature scientific (Sugiyono, 2012: 291).

#### **F. Conclusion and Recommendation**

Policies cross sectional resources management Muhammadiyah to guarantee system through *mudharabah muqayyadah* in the cash management system integrated, or program transplant management system of cross charitable efforts, in fact, may help accelerate program development charity business, especially for some charity business Muhammadiyah operating performance is very low. Through this policy, they can gain access to the system of financing the return of a very soft because it is guaranteed by the business owner's charity fund and Muhammadiyah. In addition, this policy also allows PP Muhammadiyah in integrating all the potential power of charity-owned business, so it can help the mission movement Muhammadiyah Economics Incorporated and proselytizing activities of commanding the good and forbidding the evil, as well as other *amaliyah* activities.

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