

THE ROLE OF SHARIA COOPERATIVES IN IMPROVING THE ECONOMY AND WELFARE OF PEOPLE IN INDONESIA

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Abstract

Sharia cooperatives have an important role in improving the economy and welfare of people in Indonesia. This study aims to analyze the role of sharia cooperatives in improving the economy and community welfare. The research methods used are literature studies and field observations. The results showed that sharia cooperatives play a role in people's economic empowerment, poverty alleviation, job creation, and income equality. Sharia principles applied by sharia cooperatives such as justice, help, and partnership have helped improve the welfare of members and the surrounding community. Policy recommendations provided include increasing sharia financial literacy for the community and funding support for the development of sharia cooperatives.

Keywords: Sharia Cooperatives, Economy, Community Welfare, Economic Empowerment

1. INTRODUCTION

Sharia cooperatives are business entities engaged in Islamic financial services by applying the principle of profit sharing. Sharia cooperatives began to develop in Indonesia along with the development of Islamic finance and increasing public awareness of the Islamic economic system. Currently, sharia cooperatives have become one of the economic pillars of Muslims in Indonesia. Sharia cooperatives have a significant role in moving the wheels of the Indonesian economy. Sharia cooperatives are financial institutions based on Islamic sharia principles. Sharia cooperatives in Indonesia have grown rapidly in recent years. Based on data from the Financial Services Authority (OJK), the number of sharia cooperatives in Indonesia in 2023 will reach 2,300 units. The number of members of sharia cooperatives also continues to increase, to 10.5 million people in 2023. The development of sharia



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cooperatives in Indonesia is a positive thing. Sharia cooperatives have an important role in improving the economy and welfare of people in Indonesia.

The Role of Sharia Cooperatives in Improving the Economy, Sharia Cooperatives have an important role in improving the economy in Indonesia. These roles include:

- Increase access to capital for small and medium enterprises. Small and medium enterprises (SMEs) are the backbone of the Indonesian economy. However, SMEs often have difficulty accessing capital to develop their business. Sharia cooperatives can be a solution for SMEs to get access to affordable and quality capital.

Koperasi syariah menyediakan berbagai produk pembiayaan, seperti pembiayaan mudharabah, pembiayaan murabahah, dan pembiayaan qardhul hasan, yang dapat membantu pelaku usaha kecil dan menengah untuk mengembangkan usahanya.

- Increase the capacity and capability of business actors. Sharia cooperatives can also help business actors to increase their capacity and capability. Sharia cooperatives provide various training and mentoring for business actors, so that they can improve their skills and knowledge in running their business.

This training and mentoring can help business actors to become more professional and efficient in running their business.

- Increase economic equity. Sharia cooperatives can help small communities to gain access to affordable and quality financial services. This can help reduce economic disparities in society.

Sharia cooperatives provide affordable and quality financial services for small communities, such as savings, financing, and other financial services.

The Role of Sharia Cooperatives in Improving Welfare. Sharia cooperatives also have an important role in improving the welfare of people in Indonesia. These roles include:

- Increase people's income. By increasing access to capital and the capacity of business actors, sharia cooperatives can help communities to increase their income.

When business actors can develop their business, they can increase their income. This can improve people's welfare.

- Increase employment. Sharia cooperatives can help create new jobs for the community.

Sharia cooperatives can help business actors to develop their businesses, so they can create new jobs. This can improve people's welfare.

- Increase employment. Sharia cooperatives can help create new jobs for the community.

Sharia cooperatives can help business actors to develop their businesses, so they can create new jobs. This can improve people's welfare. Sharia cooperatives can provide social assistance to communities in need, such as business capital assistance, education assistance, and health assistance. This can improve the social welfare of the community. This is because sharia cooperatives prioritize the values of justice,

equality, and help between members. In addition, sharia cooperatives also play a role in improving community welfare through micro and small business financing activities. However, the development of sharia cooperatives in Indonesia still faces several challenges. First, the level of Islamic financial literacy and inclusion in the community is still relatively low. Second, limited human resources and infrastructure of sharia cooperatives. Third, competition with more established Islamic financial institutions. Fourth, lack of regulatory support and specific policies for the development of sharia cooperatives. Therefore, this research is important to analyze the strategic role of sharia cooperatives in improving the economy and welfare of the Indonesian people. This research is expected to provide concrete policy recommendations to maximize the role of sharia cooperatives in order to realize an inclusive and equitable sharia economic system.

RESEARCH METHODS

The research method used in this journal is quantitative research. Quantitative research is research that uses numerical data to analyze social phenomena. The data used in this study is secondary data, which is data that has been collected by other parties. Secondary data is obtained from various sources, such as data from the Financial Services Authority (OJK), data from the Central Statistics Agency (BPS), and data from sharia cooperatives. with literature study methods and field observations. Literature studies are conducted by reviewing books, journals, reports, and regulations related to sharia cooperatives in Indonesia. The literature study aims to obtain the latest theoretical and practical foundations regarding the roles, challenges, and potentials of sharia cooperatives. Field observations were conducted through visits and interviews with sharia cooperative administrators in several regions. Field observations aim to explore data and information related to sharia cooperative activities in empowering the economy and improving the welfare of members and the surrounding community. Interviews are conducted in a structured manner using instruments in the form of interview guidelines. The collected data is then analyzed qualitatively. Data analysis includes data reduction, data presentation, data verification, and drawing conclusions. The results of the data analysis are presented in the form of narrative descriptions to answer research questions regarding the role and contribution of sharia cooperatives in improving the welfare of the Indonesian people.

RESULTS AND DISCUSSION

Sharia cooperatives have two meaningful aspects, namely social and economic aspects. Sharia cooperatives carry a social aspect because humans need each other. Likewise, cooperatives cooperate and help each other between humans and other humans. Sharia cooperatives in the economic aspect, namely cooperatives, usually carry out an activity or activity such as selling, then it carries an economic element. If a cooperative is carried out in the right way, it will result in a stable economic

increase (Susanto et al., 2018). Cooperative according to English is "cooperation" which means Co is together while operation is working. So, based on the term cooperative is a "cooperation" in economic activities which are carried out by groups or organizations to achieve common goals. The purpose of cooperative activities is that in economic activities the organization can prosper the economy of members in the cooperative organization. The prosperity of members in the cooperative can be from the results of the income made. The income results provide solutions in meeting their daily life needs. In carrying out or carrying out activities from the management of sharia cooperatives, there are principles that can be used as guidelines in business work activities (Syafira Amalia, 2020).

THE ROLE OF COOPERATIVES IN COMMUNITY WELFARE IN INDONESIA

Sharia cooperatives have an important role in improving the economy and welfare of people in Indonesia. These roles include:

- Increase access to capital for small and medium enterprises

Sharia cooperatives provide various financing products, such as mudharabah financing, murabahah financing, and qardhul hasan financing, which can help small and medium enterprises to develop their businesses.

- Increase the capacity and capability of business actors

Sharia cooperatives provide various training and mentoring for business actors, so that they can improve their skills and knowledge in running their business.

- Increase economic equity

Sharia cooperatives provide affordable and quality financial services for small communities, such as savings, financing, and other financial services.

Increased access to capital for small and medium enterprises

Small and medium enterprises (SMEs) are the backbone of the Indonesian economy. However, SMEs often have difficulty accessing capital to develop their business.

Sharia cooperatives can be a solution for SMEs to get access to affordable and quality capital. Sharia cooperatives provide various financing products, such as mudharabah financing, murabahah financing, and qardhul hasan financing.

Mudharabah financing is financing based on the principle of profit sharing. In this financing, sharia cooperatives and business actors will share the benefits of the business run. Murabahah financing is financing based on the principle of buying and selling. In this financing, sharia cooperatives will buy goods desired by pelaku usaha, kemudian menjualnya kembali kepada business actors with higher prices. Qardhul Hasan financing is financing based on the principle of help. In this financing, sharia cooperatives will provide loans to business actors without being charged interest. Increasing the capacity and capability of business actors In addition to providing financing, sharia cooperatives can also help business actors to increase their capacity and capability. Sharia cooperatives provide various training and mentoring for business actors, so that they can improve their skills and knowledge in running their

business. Sharia cooperatives can help small communities to gain access to affordable and quality financial services. This can help reduce economic disparities in society.

With the presence of sharia cooperatives, providing the community, especially for business people in realizing and developing pioneered businesses. Sharia cooperatives do not contain or practice usury, gharar and maysir. Sharia cooperatives can keep us away from practices forbidden by Allah. The practice of sharia cooperatives that should not be carried out is to apply for capital loans against renterininir. The application for capital loans to loan sharks has high interest so that the practice of riba is not allowed in Islamic teachings Based on the discussion of the problems that have been described, it can be concluded that sharia cooperatives have a role that can be used as a solution from the wheels of the community's economy. If the wheels of a country's economy continue to turn, then people's welfare is also carried out. From the role of sharia cooperatives, it provides a positive impetus to the income and welfare of the Indonesian people. So that sharia cooperatives have a positive influence on the Indonesian economy. In other words, the presence of sharia cooperatives can not only be a capital provider for MSMEs, but the community can also avoid practices prohibited in Islam such as Maysir, Gharar, and Riba

CONCLUSION

It was concluded that sharia cooperatives have an important role in improving the economy and welfare of people in Indonesia. Sharia cooperatives can be a solution to various problems faced by the community, such as difficulties in accessing capital, low capacity of business actors, and economic inequality. Sharia cooperatives play an important role as sharia financial intermediation institutions that collect and distribute funds in accordance with sharia principles to finance the real sector of MSMEs, and encourage economic empowerment of Muslims through a profit-sharing system, not interest, and create a more equitable distribution of income. Sharia cooperatives also improve the quality of human resources of the ummah through entrepreneurship and business management training for members and the community and contribute to poverty alleviation and the creation of productive jobs in the community. Therefore, policy support and capacity building are needed to maximize the role of sharia cooperatives in order to realize a prosperous and equitable sharia economic system in Indonesia.

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