

Muzara'ah Contract Agricultural Accounting Model

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ABSTRACT

Profit sharing in the agricultural sector has been known for a long time, so it applies from generation to generation. Profit sharing is found in several areas, including Lumajang Indonesia which according to statistical data has a land area of 1,878.34 hectares and the majority of commodities are rice plants up to 4,342 hectares, but the number of profit sharing practices is not matched by regulations on accounting required by owners and land managers in being responsible for the distribution of business results. The purpose of this study is to analyze the agricultural production sharing system for the muzara'ah contract and produce an accounting model for the muzara'ah contract. The research method uses qualitative methods in general and phenomenology in particular. The results of this study prove that the practice of profit sharing practiced by the owners and managers of rice fields is a muzara'ah contract whose recording is done by simple recording. The accounting model produced in this study is an income statement, cash flow and profit sharing principle in accordance with the acknowledgment and muzara'ah contract.

Abstrak: Bagi hasil dalam sektor pertanian sudah dikenal sejak dulu, sehingga berlaku secara turun temurun. Bagi hasil terdapat di beberapa daerah termasuk Lumajang - Indonesia yang sesuai data statistik memiliki luas tanah 1.878.34 hektar dan mayoritas komoditas adalah tanaman padi hingga 4.342 hektar akan tetapi banyaknya praktik bagi hasil tidak diimbangi dengan adanya regulasi tentang akuntansi yang dibutuhkan oleh pemilik dan pengelola tanah dalam mempertanggungjawabkan pembagian hasil usaha. Tujuan dari penelitian ini adalah untuk menganalisa sistem bagi hasil pertanian akad muzara'ah dan menghasilkan model akuntansi akad muzara'ah. Metode penelitian menggunakan metode kualitatif pada umumnya dan fenomenologi pada khususnya. Hasil penelitian ini membuktikan bahwa praktik bagi hasil yang dipraktikkan oleh pemilik dan pengelola sawah adalah akad muzara'ah yang pencatatannya dilakukan dengan pencatatan sederhana. Model akuntansi yang dihasilkan dalam penelitian ini berupa laporan laba rugi, arus kas dan prinsip pembagian bagi hasil yang sesuai dengan pengakuan dan akad muzara'ah.

Kata kunci: bagi hasil, pertanian, akuntansi

INTRODUCTION

Islamic accounting is one of the trade marks of Indonesia, which is almost 90% Muslim, but the role of Islamic accounting is still not felt. Islamic accounting only produces accounting for sharia contracts which does not yet represent the accounting needs in the sharia field.¹ Therefore, Islamic accounting should be present in a wider scope in this modern era. The role of Islamic accounting must meet the needs in several sectors such as agriculture, and social also requires the presence of Islamic accounting.

Agricultural accounting can be interpreted as part of the logic of agricultural accounting which is a representation of accounting neoliberalism. This is very visible in the struggle for the interests of companies to make cooperation between technology in agricultural seeds, marketing and post-harvest in the agricultural sector.²

Explained that the development of accounting in Indonesia that is in accordance with the state of cultural customs is very important and necessary in ensuring the physical and spiritual well-being of farmers.³ In addition, the results of research conducted explain that the welfare of the economic and agricultural sectors is strongly influenced by several factors, while good welfare is reflected in the peace of mind that is captured from the farmers, all of which are determined by the customs and culture of the community in the agricultural sector.

The condition of farmers in reflecting peace of mind is an appreciation that is based on true feelings and exemplary feelings, not just artificial outer feelings. Sunan Kalijaga is a parable in seeking self-welfare which is commonly called (true Insun). The activity of modernizing agricultural society in view of especially the Javanese convinced them that they could and should become *hamemayu hayuning bawana* or beautify the beauty of the world. This can be seen from the culture of the people who still exist in preserving nature in their daily activities in the process of farming.

Modern farmers today still have a tradition of preserving nature by maintaining their activities in agriculture as a process to ensure physical and spiritual well-being, which indirectly also supports the development of the agricultural economy. Explaining that accounting practices for farmers are not only used as a means of calculating material and profits, but there are other sides such as responsibilities that must be fulfilled, namely a form of accountability as humans to God and nature, so that at a certain time farmers are able to play in carrying out their roles as homo religious, homo economicus and also homo socius

¹ Mulawarman, AD (2019). *Agricultural Accounting*. Jakarta: Peneleh House Foundation.

² Mulawarman, *Agricultural...*

³ Amir, V., Ludigdo, U., & Mulawarman, AD (2018). *Socio-Spiritual Reality of Agricultural Accounting*. *Scientific Journal of Civilization Accounting*, 4(2)

Agricultural practices that are still developing and continue to exist with local wisdom, namely the practice of profit-sharing agriculture in the form of cooperation between the owner and the manager. This cooperation is bound by the provisions of the first party as the provider of funds and the second party as the manager by entering into a harvest agreement that is divided according to the initial agreement. Islam has made it easier for humans by providing a solution from a business cooperation with the existence of a fund provider and fund manager in doing cooperation.⁴ A balanced harvest is a form of cooperative transaction that has been widely carried out in Indonesia, where land owners and managers must submit a fair share of the harvest.⁵ This form of justice is very necessary to achieve the welfare of both parties, because in practice this form of cooperation is carried out verbally based on the belief that.⁶

The Central Statistics Agency shows that Indonesia has an important role in its agricultural sector, this is illustrated in the last five years (2014-2018) the agricultural sector has succeeded in contributing to the third largest rank in gross domestic product (GDP). This encourages national economic growth. This condition of progress is also supported by the government with program regulations that intersect with the rapid quantity of production in agricultural commodities in an effort to support the creation of food self-sufficiency in Indonesia.⁷

Profit sharing in the agricultural sector in the sharia system in Indonesia certainly has a good future. There are supporting factors including the characteristics of profit sharing that have mushroomed and have been around for generations, especially in East Java. The wide scope of agriculture in Indonesia allows for modification of the sharia profit sharing model that is applied, this sharia profit sharing scheme is also based on religious teachings which emotionally clearly increases farmer compliance, the important point is that business in the agricultural sector is a real business.⁸ Profit Sharing is a very common and familiar activity carried out in Tekung District in Luamajang Regency. The Tekung people call it parochial practice.

Honesty in granting rights to stakeholders to access clear information related to agricultural sector profit sharing that clarifies transparent information by farmers and cultivators, honesty and transparency include the capital owned and the land used as well as the quality of the land to be managed.

⁴ Marzuki, S.N. (2019). Development Practices for Production Sharing of Community Cattle Farms, Barebbo District, Bone Regency, South Sulawesi. *ISLAMICONOMIC: Journal of Islamic Economics*, 10(1).

⁵ Susilo, SAA, & Susilo, A. (2019). Factors Affecting the Selection of Profit Sharing Model in the Agricultural Sector in the Madiun Residency Area. *Falah: Journal of Islamic Economics*, 4(2), 202-213

⁶ Dahrum, D. (2016). Application of the Muzara'ah System in Improving Community Welfare in Palampang Village, Rilau Ale District, Bulukumba Regency. *Alauddin State Islamic University Makassar*.

⁷ Susilo. Factors Affecting the Selection...

⁸ Susilo. Factors Affecting the Selection...

This study provides an analysis of sharia cooperative efforts in the form of sharia agricultural profit sharing in which there are economic factors, religiosity, production and transparency factors. Economic factors are the most influential factors in the selection of profit sharing models in the agricultural sector with the influence of the education sector, land ownership and income generation. Production factors are factors that influence the selection of profit sharing models with the aim of meeting the needs of production costs in the process of managing agricultural land.⁹ Land use by labor on agricultural land, and use of technology.¹⁰ Another factor, namely religious factors affect the selection of profit-sharing models, this factor is an indicator of one's faith.¹¹

Production sharing agreements in the agricultural sector have been known for a long time, so the profit sharing system that applies is applied from generation to generation. Dieng sub-district is one of the sub-districts, the sub-district area reaches 30.40 km in 2019 in the results of population registration there are around 36,413 people. Dieng sub-district based on the type of soil is divided into 3, namely wet land, dry land and other soils. The three types of land have an area of 1,878.34 hectares

The description of the background above is very detailed regarding the phenomenon of the state of development of profit sharing in the agricultural sector, especially in sharia agricultural production sharing so that researchers draw conclusions to analyze the implementation of the agricultural production sharing process in the sharia system. sharia system with a case study in Tekung District, Lumajang Regency.

Literature review

Roziq explains that rahmatan lil alamin is an Islamic identity (grace to all nature), this expresses a concept about the creation of welfare institutions that must equalize rights, namely stakeholders in a wider scope. Sharia enterprise theory is a discourse in support of all interests, not only the interests of individuals (shareholders) and more and more interrelated parties.

This sharia enterprise theory provides a very complex concern for stakeholders which includes the involvement of God, all of nature. God is the superior party and the goal of all human life. Broadly speaking, humans have two sides, namely direct-stakeholders and indirect-stakeholders. Sharia enterprise theory also aims to provide a balance between egoistic and altruistic

⁹ Hasyim, S., & Fauzia, L. (2013). Analysis of Factors Affecting Rice Paddy Production (Case Study: Medang Village, Medang Deras District, Batu Bara Regency). *Journal of Agriculture and Agribusiness Socioeconomics*, 2(4), 15053

¹⁰ Suhartono, R. (2019). Application Of Technology And Business Management Of Processed Food Of Cassava In Ngalian Village, Wadaslintang District, Wonosobo Regency. *Tedc Journal*, 11(3), 274-277

¹¹ Sari, VPN (2020). The Influence of Trust and Profit Sharing System on Decisions for Selection of Mudharabah Time Deposit Products with Moderating Religiosity at Bank Jatim Syariah Malang. University of Muhammadiyah Malang

values, simply by combining three values, namely material, spiritual and individual values.

Muzara'ah in its definition can be interpreted as a form of cooperation in managing the land and getting half of the results.¹² The etymological understanding of muzara'ah consists of the word al-Zar'u which means planting or processing. In language, muzara'ah means al-muzara'ah which has two meanings, namely al-muzara'ah which means Tharhal-Zur'ah, namely throwing plants. This definition means to explain

METHOD

This research is a qualitative research in general and a phenomenological method in particular. The phenomenological method is an analytical tool to get what Husserl calls pure subjectivity. This study more specifically uses the transcendental phenomenology method. Transcendental Phenomenology was created by Edmund Husserl with a focus on the study of consciousness.¹³

Research sources are not in the form of numbers but words. This research uses interview, observation and documentation methods, hereinafter referred to as primary data. This interview serves as a tool to obtain information on agricultural production sharing in the management of rice fields in Tekung District, Lumajang Regency, in phenomenological research, secondary data is also needed, namely data obtained indirectly, such as details of land area, type of agriculture, plant type, number of harvests in Lumajang. in figures at BPS Lumajang, as well as publication of data related to other research.

This research is an effort to share the results carried out by the community in the district of "Dieng". Profit sharing is carried out by rice field owners and rice field managers who later the results from their efforts will be divided according to mutual agreement.

Explains the data collection techniques in this study using three stages, namely interviews, documentation and observation.¹⁴ The sample in phenomenological research is purposive, that is, it has appropriate goals and objectives. The phenomenological method has a sample that is not described on how many participants but on the feasibility of information, credibility and depth of information that is known by the participants.

Technical analysis of the data in this study using data words data acquisition data from interviews. Researchers in this case must be objective and must not use their own assumptions or engineer information from their own thoughts. Researchers must understand the conditions that exist in the field in

¹² Kudlori, M. (2013). Analysis of the application of profit sharing in muzara'ah contracts in Pondowan village, Tayu sub-district, Pati district in the perspective of Islamic economics. Thesis. Semarang: IAIN Walisongo.

¹³ Kamayanti, A. (2020). Accounting Qualitative Research Methodology: Introduction to Scientific Religiosity (Revised Edition). Malang: Peneleh Publisher.

¹⁴ Raco, J. (2011). Phenomenological Method of Application in Entrepreneurship. Jakarta: PT Grasindo.

accordance with the existing phenomena, this is usually called phenomenological reduction.

Mentions that there are several stages of the data analysis process that must be carried out in phenomenological research, namely:¹⁵

a. Horizontalization is a description of the individual. The individual experiences described include the experiences of the researchers themselves. This process was carried out by researchers by conducting interview transcripts. This method is carried out in order to obtain more textual data and serves to find the understanding/experience experienced by the informants.

b. Texture description is the process of researchers in focusing on what experiences are obtained by participants. This process is carried out by the researcher telling the experiences of the informants.

c. Structural description, where the researcher describes the multicultural experience that is owned or obtained from the owners and managers of rice fields. This process is seen based on the setting which includes when and where the experience is obtained. Researchers also conducted an analysis of how the meaning of multicultural according to the participants.

d. The description of the meaning of the phenomenon, this stage is the last stage which is the process of combining structural and textual descriptions. The researcher explained what experiences were obtained from the informants, namely the owners and managers of the fields, followed by how the experiences of the participants experienced the phenomenon so that the multicultural meaning was born according to the participants.

RESULTS AND DISCUSSION

Agricultural product sharing is a form of cooperation between rice field owners and rice field managers. Profit sharing was carried out by the rice field owner due to the lack of time and skills in working on the rice fields, which finally the rice field owner, Mr. Yafik, decided to cooperate with Mr. Bandi as the manager of the fields. The rice field manager explained that the lack of capital and not owning a field were his reasons for accepting the offer to manage Mr. Yafik's rice field. There are two forms of profit sharing in the village, namely ngedok and maro, but what is often used is the ngedok technique with all capital systems from providing seeds, fertilizers, lifting services to the responsibility of the rice field owner. While the maro system is not used because the manager feels he has no capital,

This is in line with Islamic law that the profit-sharing process, especially the muzara'ah contract, states that when the production sharing in the agricultural sector and all capital is borne by the owner of the fields, based on a mutual agreement on the distribution of business results, it can be said that this form of profit sharing is a muzara contract. 'Ah.

¹⁵ Moustakas, C. (1994). *Phenomenological research methods*: Sage publications.

The distribution of the profit sharing is explained after the harvest, this can be in the form of rice or unhulled rice or it can also be in the form of money. Tekung village happened to be in this case the distribution was in the form of rice/grain at harvest time. If there are 10 sacks, 2 for managers and 8 for rice field owners, this is based on the habits of the people there, so there is no Islamic legal basis in the distribution process. Seeing this phenomenon, the profit-sharing form is still valid to say that the profit-sharing process is still in the context of the muzara'ah contract.

The description of the form of profit sharing on the phenomenon and the muzara'ah contract is in line with the views of the scholars. Abdul Wadud Nafis who is also the Chairman of the Kyai Syarifuddin Lumajang Foundation explained about the muzara'ah contract law.

"When it comes to fiqh, there are no restrictions on the distribution as long as it is in accordance with a mutual agreement, but from a fiqh perspective, we see if it is reasonable or not. If it's like that, it can be seen from the economy, 20% means it's the same as 2/10. If you look at the nurturing in the community, it's reasonable or not, indeed from a business perspective it's good, but for example, the distribution is lacking or people still feel that the distribution is lacking. it's the zholim who owns the land. there is no limit on the ratio in fiqh, if in arabic ethics it is only 1/3 the distribution, it is only natural if it is a third. But if, for example, 2/10 or 1/5, from the perspective of the cultivator, it is reasonable or not, if for example it is too small and does not meet the standards, then it is not natural even though it is legal."

The strengthening of the agricultural production sharing process in the muzara'ah contract is balanced with the implementation of the pillars and conditions of the muzara'ah contract in the profit sharing process. Among them we will provide an overview of the implementation of profit sharing with the pillars and conditions of the muzara'ah contract as follows:

Table 1. Implementation of Profit Sharing with Pillars and Conditions of Muzara'ah Contract

Terms and Pillars of Muzara'ah Contract	Implementation of profit sharing in Tekung Village
1. There are two parties who make the contract (the owner and manager of the field)	The owner and manager of the fields agree at the beginning on the profit sharing
2. The object is agricultural land	Rice field managers know the land area is 6,230 m ²
3. Muslim and Balinese ¹	Mr. Yafik and Mr. Bandi are Muslim and are married
4. The harvest is clearly divided	Both parties have agreed 2/10 on the results of the profit-sharing business
5. The profit sharing period is clear	The owners and managers of the fields agree whether or not the cooperation will continue in the process of completing the harvest

Source: Interview with rice field owners and managers

The practice of sharia profit sharing in the agricultural sector cannot be separated from the process of recording financial statements or transactions that are used as records by the owners of rice fields. This relates to the existence of financial reports, namely to meet mutual needs and as a medium of information related to finance that is useful in decision making.

Transactions carried out in the practice of profit sharing should be related to the characteristics of sharia transactions in which there are commercial business activities or non-commercial social activities. Sharia transactions themselves have the characteristics of being carried out based on the principle of mutual understanding and mutual pleasure, halal, does not contain elements of usury', does not contain injustice, does not contain elements of maysir, does not contain elements of gharar and does not contain elements of haram.

The form of agricultural financial reports for profit sharing in the sharia concept is certainly made to be easier and can be used and understood by all parties involved. If you adjust to the existing phenomenon, this financial report presents cash flows, income, expenses and profit and loss obtained from the harvest after giving zakat. The recording of agricultural financial reports in the muzara'ah contract is adjusted to the explanation of the resource person, namely the rice field owner who records all of his financing transactions in one harvest.

The form of financial recording for profit sharing explains that the records are made based on simple records in knowing the capital and the amount of costs incurred to share the results after harvest between the owner and manager of the fields. This record presents disclosures between income and expense items.

It is known that the profit sharing is divided based on the percentage of 20% for managers and 80% for rice field owners. According to the description of this calculation method, it is based on existing customs. The following is a description of the transactions described in a table in accordance with the existing profit sharing phenomenon and the figures in accordance with the information from the informants as follows: (narrative that the notes were rewritten)

Table 2. Forms of Rewritten Revenue Sharing Transactions

Information	Amount
Rice Field Operational Cost	
Abbreviation	800,000
Seeds	435,000
Fertilizer	65,000
Koli	100,000
Damen	50,000
badminton	150,000

Fertilizer Cost	
First Fertilizer	1,200,000
Second Fertilizer	1,200,000
Total Expenditure	4,000,000
Yields	12,610,000
Profit Sharing For Mr. Bandi	2,522,000
Profit Sharing For Mr. Yafik	10,088,000

Source: Interview with rice field owner

After knowing the transaction from the profit-sharing process, it can be seen how the production-sharing model of the muzara'ah contract is based on the principle of justice or profit sharing. In practice, profit sharing is based on a muzara'ah contract, namely the formation of cooperation between the owner and manager of the rice fields for the harvest that has been obtained. This means that the distribution is made on the gross profit of the business.

The financial statements of muzara'ah contracts provide a comprehensive analysis of profit and loss and income statements by subclassifying by emphasizing the components of potential losses and gains and the ability to see potential income between profit and loss. This method combines expenses in profit or loss based on their nature (for example, purchases of raw materials, fertilizer costs and employee benefits). This method can be used because it is easy and there is no need to allocate loads according to functional classification. This method is very easy to understand so that in the application of the agricultural product sharing method, it can be applied and in accordance with the agricultural production sharing transaction in the village.

The following is the form of financial statements in the description of the income statement and the principle of distribution of profit sharing for the muzara'ah contract as follows:

Table 3. Principles of Profit Sharing

Information	Debit	Credit	Percentage %
Income	12,610,000		100%
Cultivator's right to profit sharing		2,522,000	20%
Operating costs		4,000,000	32%
Owner's right to profit sharing		6,088,000	48%

Source: Data processed

From the explanation above, it can be seen that if we look further, the rice field owners only have 48% of the share of the total business. This matter has not yet been revealed more clearly to the owners and managers of the rice fields, the real facts on the distribution of business results. The manager feels that the rice field owner has a larger share of up to 80%, but if it is calculated in detail, it can be seen that the distribution of the results of the business between the manager and the owner of the rice field is clearly different from the calculation which is only based on records which only explain expenses and income. The importance of credible records proves that the transaction on profit sharing that has been described produces a novel idea in looking at the profit, in particular, received by the owner of the rice fields.

Table 4. Income Statement of Operating Results

Income statement	
Income	Rp. 12,610,000
The rights of the cultivator to the profit sharing	Rp. 2,522,000
Operating costs	Rp. 4,000,000
Profit before tax	Rp. 6,088,000

Source: Data processed

The table above is a description of the form of an income statement that describes how the position of expenses and profits from the distribution of operating results that have been carried out. In the following, the activity report is used to provide information to business owners about the amount of cash held in a certain period of time. Seen details of transactions that show how much funds were issued and generated from the business. This is an instrument that is quite important to be owned by rice field owners in order to see and calculate the profit sharing that will be distributed. This will also minimize misunderstandings in the calculation for post-harvest results.

Table 5. Report of Operating Results Activities

Operational Activities	Amount	
Cash receipts:		
Yields	12,610,000	
Payment/Financing		
Fertilizer Cost	2,400,000	
Other management fees	1,600,000	
Profit Sharing	2,522,000	
Cash received from business activities		6,088,000

Source: Data processed

Forms of acknowledgment and measurement are also required in the process of sharing the results of the muzara'ah contract farming business. The measurement is seen from the costs incurred with the fair value of harvest receipts which are higher than the financing expenditures, then it is recognized as joint gain, if it is lower then the difference is recognized as a loss.

If the current investment value experiences problems or unexpected losses such as natural disasters not other factors due to negligence or fault of the management, then the value is recognized as a joint loss. According to information from informants, if the management process stops until it reaches the harvest process, both of them suffer losses, the owner loses capital and the manager loses time and energy.

Profit sharing is carried out since the owner of the field has given an order to work in accordance with the mutual agreement and/or has been given tools and seeds as a start-up capital to the manager of the field. Recognition of operating income on agricultural product sharing can be known at the time of harvest or the acquisition of the proceeds from the sale of plants. Cannot make distributions before the results of the business are known or accepted.

In accordance with the description of all profit-sharing activities starting from the form of agreements, profit-sharing processes and transactions for all profit-sharing activities up to the distribution of results after harvest, a schematic description is needed that can be seen in a structured manner how the process for agricultural production sharing in this muzara'ah contract is carried out. preparation of financial reports. In the following, we present a schematic of the profit-sharing portrait to the form of the preparation of the financial statements:

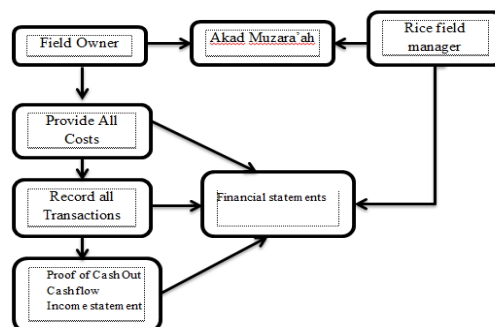


Figure 1. Schematic of Accounting Model for Agricultural Product Sharing Contract Muzara'ah

CONCLUSION

The conclusion of this study provides an understanding of the profit sharing of muzara'ah in the village of Dieng using the ngedok method. This profit sharing has been agreed in advance regarding the distribution. This profit sharing also contains elements of mutual assistance and trust. The owner of the rice field chooses the production sharing cooperation due to time constraints

and for the manager because of limited capital, this gives an understanding that the portrait of the production sharing system of the muzara'ah contract farming system contains elements of goodness, trust and welfare for the local community.

The form of recording the profit sharing owned by the rice field owner is done simply by knowing the income and expenses. This financing is known to have a ratio of 2/10 if it is calculated in the form of sacks. The resulting accounting model provides an overview of the calculation of net income for rice field owners and gross profit for rice field managers. With the existing accounting model, namely the income statement, activity and presentation of the principle of distribution, it can be seen how the process and calculation of profit sharing in the agricultural sector of this muzara'ah contract is complete and fair.

The limitations of this study are the schedule for the meeting of different rice field owners and managers, regulations regarding muzara'ah contracts in PSAK also do not exist. Future researchers are expected to be able to develop this research more broadly in terms of calculations and other profit-sharing concepts such as the musaqoh system whose practice also exists within the scope of the surrounding community. Future methodologies may be more varied and developed apart from the existing phenomenological methods. The existence of financial reports on agricultural production sharing makes it easier for some people to share the results and is more transparent so as not to cause misunderstandings. This is also supported by evidence in the form of several transactions that have been described and this also has an impact in minimizing the risk of loss by the rice field owner. Furthermore, for the future sharia councils can provide regulations related to profit sharing practices in the agricultural sector so that existing practices, especially muzara'ah contracts can be clearly accommodated in the form of management, measurement, recognition and reporting. For rice field owners, it is hoped that the profit sharing that occurs is also apart from the element of habit, there is an element of fairness and justice so that the profit sharing process can prosper both parties.

The lack of evaluation of the implementation of profit sharing also allows for unnecessary losses and misunderstandings. It was also stated that the profit-sharing process was carried out verbally, so it was hoped that later the profit-sharing would be done in writing to make it clearer and provide reinforcement for the practice of profit-sharing.

Author's Contribution

Alifi Tria Susanti: Contribute to formulating research ideas, collecting data, processing data, and interpreting data.

Ahmad Roziq: Contributing to writing systematics, research methods.

Whedy Prasetyo: Contributing to analyzing interpretation results, the language proofread, and compiling a literature review

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Declaration of Competing Interest

We declare that we have no conflict of interest.

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