

# The Knowledge Levels of International Business and Economics' Students on the Conventional and Sharia Cooperatives: The Case of Syiah Kuala University, Indonesia

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**Abstract**— Many students today do not know much about cooperatives, because they are not familiar to them. As of now, the economics and business faculty has cooperatives as a subject that students can study. However, this is not offered for all majors. Except for the International Business and Economics Program (IBEP) students, most economics and business students do not have knowledge about cooperatives. This study aims to find out how much IBEP Syiah Kuala University (Unsyiah) students know about conventional and sharia cooperatives. The research in this study is primary quantitative data, obtained through a questionnaire survey. Based on the results of research, partial variable of the interest about conventional cooperatives has a positive and significant effect on the level knowledge of IBEP Unsyiah students about conventional and sharia cooperatives. Partial variable The knowledge of the students about conventional cooperatives has no significant effect on the level knowledge of IBEP Unsyiah students about conventional and sharia cooperatives. Partial variable The interest about sharia cooperatives has a positive and significant effect on the level knowledge of IBEP Unsyiah students about conventional and sharia cooperatives. Partial variable The knowledge of the students about sharia cooperatives has no significant effect on the level knowledge of IBEP Unsyiah students about conventional and sharia cooperatives. Simultaneously, all variables have a positive and significant effect on the level knowledge of IBEP Unsyiah students about conventional and sharia cooperatives.

**Keywords**— Knowledge; Sharia and conventional Cooperative; Government; Interest

## I. INTRODUCTION

A cooperative is an economic organization owned and operated by individuals for the common good. The cooperative engages in activities based on the principle of the people's economic movement and on the principle of kinship between members. According to Law of Republic Indonesia no. 25 of 1992 concerning Cooperation Article 4 explains that cooperatives have functions and roles, among others, namely developing the potential and economic capacity of members and their society, seeking to enhance the quality of human life, strengthening the people's economy, developing the national economy, and developing creativity and an organizational spirit for students of the nation.

A sharia cooperative is a cooperative based on sharia principles, or the principles of the Islamic religion. One of the principles of sharia is prohibiting the existence of an interest rate system (riba) that incriminates the customer. The sharia cooperative is based on partnership in all activities based on equality and justice.

In general, the sharia cooperatives have the same rule as public cooperatives, but which distinguishes them are the products in the general cooperative replaced and adjusted name and system with guidance and teachings of Islam. For example, buying and selling product in public cooperatives are renamed the term murabahah, savings and loan products in general cooperatives are replaced his name is mudarabah. Not only changes in name, but system operations used also change, from conventional systems (ordinary) to the sharia system which is in accordance with Islamic rules.

Differences between conventional and sharia cooperative can be seen in the following aspects: *First* is financing, the conventional cooperative gives interest to each customer as a cooperative advantage. In contrast, sharia cooperatives operate by sharing the profits, and this is a way to serve its customers. *Second* is supervision aspects, the supervision aspect that applies to the conventional cooperative is performance supervision. This means that the cooperative is only supervised by the management of the cooperative. Sharia cooperatives are different because, in addition to having supervision of its performance, but also the supervision of sharia. *Third* is aspects of product distribution, the conventional cooperative implements a system of goods or money credits in the distribution of its products, meaning that conventional cooperatives do not know whether the customers using goods (money) to expand their business experience loss or not. The customer must continue to return the amount of money borrowed plus the interest set. This, however, is different in the sharia cooperative because the cooperative does not credit the

goods, but sells in cash. The transaction of sale, known as *murabahah*, occurs in the sharia cooperative, which means the money or goods which is lent to the customers is not subject to interest. It is instead part of the system of profit sharing, meaning that if the customer loses, the cooperative get a reduction of refund, and vice versa. *Forth* is function as an institution of zakat, conventional cooperatives do not make its business as the recipient and supplier of zakat (payment on certain kinds of property obligatory under Islamic law), while the sharia cooperative, zakat is recommended for its customers, because this cooperative also serves as a Ziswaf (zakat, infaq, sadaqah and wakaf) institution.

As for the benefits from the cooperative to the members, they offer convenience and good service, potential development facilities and ability to improve member welfare, improvement of the quality of member's life, and the resources to strengthen the people's economy. In actuality, the government does not intervene, although the government is mandated by the law to help and it has the obligation to develop and assist the cooperative

We know that many of the students at Unsyiah are not curious about cooperatives, including economics students. I took a sample of international business and economic students at the Syiah Kuala University as the subject of my research.

## II. LITERATURE REVIEW

### A. Knowledge

Cooperatives are an association of people, usually those who have limited economic ability, which goes through a form of organization company that are monitored democratically, each giving equal contribution to capital needed, and willing bear the risk and receive compensation that is appropriate for the business they did (Baswir, 2000:2).

#### 1. Cooperative

According to (Caniago, 1984) cooperative is an association consisting of persons or legal entities that give freedom to members to enter and exit, by cooperating in a familial way of doing business to enhance the physical welfare of the member

Sharia cooperative business includes all business activities that are lawful, good and useful (*thayib*) and profitable all in a profit sharing system and not *riba*. To perform its role function, Sharia cooperatives run their business as mentioned in certification of cooperative effort. Efforts, which must be implemented by sharia cooperative with the applicable laws and regulations (Iflham, 2010).

According to (Mladenata, 1933) in his book "*Histoire Des Doctrines Cooperatives*" offers a different definition, saying the cooperative consists of producers who join voluntarily to achieve common goals, by exchanging services collectively and assuming joint risks, and by working with resources donated by members.

According to (Hatta, 1951) a cooperative is a joint effort to improve the livelihood of the economy based on helping one another. The spirit of help is encouraged by the desire to give services to friends based on 'one for all and all for one'.

#### 2. Bank

According to Law of Republic Indonesia Number 10 of 1998 concerning Banking Article 1, a bank is a business entity that collects public funds in the form of deposits and channels those funds into the community in the form of credit or in other forms to improve the standard of living of the people in the community.

Additionally, according to (Schaik, 2001) a sharia bank is a modern bank based on Islamic law, developed in the Islamic Middle Ages. It uses the concept of risk as the main principle and abolishes the financial system based on predetermined certainty and profit.

#### 3. Government

According to Laws of Republic Indonesia Number 30 of 2014, concerning Government Administration Article 1 (number 2) that the government functions is a function in carrying out administration government, which includes the tasks of regulation, service, development, empowerment and protection.

### B. Interest

According to (Crow and Crow, 1993) interest is a concept that has a relationship with the emotion that will explain why a person is interested in a particular object, person, or activity. It can also be an affective experience that may start from the activity itself. Interests can start from a habit that is often done.

### III. METHOD

#### A. Sample

Our research is done by taking samples of data that are obtained from the responses of the questionnaire. The questionnaire was filled out by students of IBEP (International Business and Economics Program) at Syiah Kuala University. On the questionnaire, there are ten questions. Five questions about conventional cooperatives and five questions about sharia cooperatives.

#### B. Data Collection

This research is done by collecting information and data about the knowledge of students about sharia and conventional cooperatives. The research approach approximates a questionnaire filled out by 21 correspondents via the Google form. Additionally, it was determined that 21 responses were sufficient to be considered valid for further analysis.

#### C. Data Source

The international business and economic students are the respondents of this questionnaire. Firstly, the questionnaire link was sent to these students accompanied by the necessary information on the research objectives so that respondents can understand what is needed to record their responses and provide authentic information. Respondents were asked to fill out an electronic survey questionnaire in English with ten questions and three options for each question.

An online questionnaire was sent to the respondents to collect the data, using the 'Form' ([www.google.com/forms](http://www.google.com/forms)) questionnaire tool. We used the Y symbol to represent the knowledge levels about conventional and sharia cooperative. We used  $Y_1$  to represent the knowledge levels about conventional cooperative and  $Y_2$  to represent the levels of knowledge about sharia cooperative. Therefore, we sum  $Y_1$  and  $Y_2$  and divide by the total number of responses to get the mean of Y. The options of  $Y_1$  and  $Y_2$  questions start from option of three, meaning, "know" to the option of one, meaning, and "don't know". The symbol  $X_1$  represents the interest students have about conventional cooperatives, and the options start from "helpful" with the score of three to "useless" with the score of one.  $X_2$  symbol represents the conventional cooperative knowledge of respondents (students). We use P as the profit, Q as intervene government and R as the differences with bank to get the mean of  $X_2$ . The option of P starts from the option "profitable" with a score of three to "unfavorable" with a score of one. The option for Q starts with the option "not at all" with a score of three, and goes to "yes" with a score of one. In addition, the option for R starts from "very different" with a score of three to "same" with a score of one.

We used  $X_3$  to symbolize the interest about sharia cooperatives and the symbol  $X_3$  has the same assessment as  $X_1$ .  $X_4$  is the symbol for knowledge about sharia cooperative that respondents (students) have. We use S to represent the profit, T to represent intervene government, and U to represent the differences in comparison with a bank to determine the mean of  $X_4$ . In addition, the options of S, T, and U have the same assessment as P, Q, and R.

#### D. Empirical Model

To analyze the determinants of knowledge level of the students on sharia and conventional cooperatives, the following model is examined:

$$Y = c + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + e$$

where Y is the knowledge levels of IBEP Unsyiah students about conventional and sharia cooperatives; C is a constant;  $X_1$  is the interest about conventional cooperatives;  $X_2$  is the knowledge of the students about conventional cooperatives;  $X_3$  is the interest about sharia cooperatives;  $X_4$  is the knowledge of the students about sharia cooperatives; and e is the error term.

### IV. FINDINGS AND DISCUSSION

Table I shows that, based on the  $t_{count}$  obtained from the regression results with the program Eviews 9.5,  $t_{count} = -3.270373$  with a probability score of 0.0048 at a significance level of 5% (0,05). Hence,  $H_0$  was rejected or  $H_1$  was accepted, which means that partial variable ( $X_1$ ) has a positive and significant effect in improving the economy in Banda Aceh. Based on the  $t_{count}$  obtained from the regression results with the program Eviews 9.5,  $t_{count} = -0.785617$  with a probability score of 0.4436 at a significance level of 5% (0,05). Hence,  $H_0$  was accepted or  $H_1$  was rejected, which means that partial variable ( $X_2$ ) has a negative and insignificant effect on improving the economy in Banda Aceh. Based on the  $t_{count}$  obtained from the regression results with the program Eviews 9.5,  $t_{count} = 2.302247$  with a probability score of 0.0351 at a significance level of 5% (0,05). Hence,  $H_0$  was

rejected or  $H_1$  was accepted, which means that partial variable ( $X_3$ ) has a positive and significant effect on improving the economy in Banda Aceh. Based on the  $t_{count}$  obtained from the regression results with the program Eviews 9.5,  $t_{count} = -0.365838$  with a probability score of 0.7193 at a significance level of 5% (0,05). Hence,  $H_0$  was accepted or  $H_1$  was rejected, which means that partial variable ( $X_4$ ) has negative and insignificant effect on improving the economy in Banda Aceh. As shown in Table 1, the F value was shown to be 3.499441 with a significance level of 0.031002, which is smaller than 0.05. That means that there are simultaneous influences of variables ( $X_1$ ), ( $X_2$ ), ( $X_3$ ), and ( $X_4$ ) on improving the economy (Y). The R-squared is 0.466627, which means that the variables examined have only a 46% influence on Y; meanwhile, 54% of the variation in Y is caused by other factors.

TABLE I. THE FINDINGS OF REGRESSION ANALYSIS

Dependent Variable: Y  
Method: Least Squares  
Date: 11/27/18 Time: 14:59  
Sample: 1 21  
Included observations: 21

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	4.130384	0.259282	15.93009	0.0000
X1	-0.170122	0.052019	-3.270373	0.0048
X2	-0.040999	0.052187	-0.785617	0.4436
X3	0.130641	0.056745	2.302247	0.0351
X4	-0.026842	0.073370	-0.365838	0.7193
R-squared	0.466627	Mean dependent var		3.904762
Adjusted R-squared	0.333284	S.D. dependent var		0.300793
S.E. of regression	0.245605	Akaike info criterion		0.234075
Sum squared resid	0.965151	Schwarz criterion		0.482770
Log likelihood	2.542216	Hannan-Quinn criter.		0.288048
F-statistic	3.499441	Durbin-Watson stat		2.223244
Prob(F-statistic)	0.031002			

## V. CONCLUSION

Partially, the study found that variable of the interest about conventional cooperatives has a positive and significant effect on the level knowledge of IBEP Unsyiah students about conventional and sharia cooperatives. The knowledge of the students about conventional cooperatives has no significant effect on the level knowledge of IBEP Unsyiah students about conventional and sharia cooperatives. The interest about sharia cooperatives has a positive and significant effect on the level knowledge of IBEP Unsyiah students about conventional and sharia cooperatives. The knowledge of the students about sharia cooperatives has no significant effect on the level knowledge of IBEP Unsyiah students about conventional and sharia cooperatives. Simultaneously, all variables have a positive and significant effect on the level knowledge of IBEP Unsyiah students about conventional and sharia cooperatives.

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