

## **PROFIT SHARING SYSTEM IN ISLAMIC ECONOMIC PERSPECTIVE: A CASE STUDY OF RADEN SALEH CAR RENTAL IN PALU MUNICIPALITY INDONESIA**

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**ABSTRACT:** *The study is aimed at describing two things i.e. the mechanism about profit sharing system of Raden Saleh car rental business in Palu municipality and the review of the profit sharing business system according to Islamic law. Descriptive qualitative method was used by employing three data collection instruments namely observation, interview, as well as documentation. The data were then checked, managed, analyzed and linked to the principles of Islamic financial system. The results showed that: (1) Raden Saleh Car Rental shared profits between car owners and a rental manager who agreed to use akad mudharabah, muthalaqah, in which the car owner got 85%, while the rental manager got 15% of the rental car profits. The rental Manager is obligated to pay IDR. 125.000,-for one rented car to the car owners every month. (2) In implementing the profit sharing, both the car owners and the rental manager signed a business contract which contains principles of Islamic law i.e. the profits are shared between the two parties based on mutual agreement that does not cause financial loss for one another, (3) Thing that violated the principles of Islamic shari'a was found in which the rental manager did not notify the car owners about the increase in rental car cost in special days e.g. new year and the fest of Islam such as Idul Fitri and Idul Adha. It had caused a loss on the car owners because they did not get a reasonable profit .*

**KEYWORDS:** Profit Sharing, Islamic Law, Car Rental, Akad Mudharaba, Muthalaqah

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### **INTRODUCTION**

Islam teaches its adherents in order to cooperate with anyone. In working, including doing business, every Muslim should understand the form of transactions so that they do not fall into the things that are not favored by Allah SWT. Humans must be able to meet the needs of their lives without violating and damaging their honor, then Allah SWT shows a right path that is muamalah. Muamalah is an activity or work of human that provides benefits in a prescribed manner, such as: buying and selling, wage and paying wages, gathering in businesses, including establishing cooperative relationships in business (Faisal Badroen, 2006: 138). The reality shows that some people have money, but do not have skills to develop and to manage a business. On the other hand, some have skills but do not have money to start a business. For this reason, Islamic Shari'a allows muamalah, so that both involved parties in muamalah mutually share benefits, e.g. those who have money (capital owners) may get benefit from mudarib (people who are trusted to manage money from the owner in the form of endeavors), while mudharib may take advantage from managing the endeavors. Thus, good cooperation between both parties will be established.

In the practice of sharia banks, the most widely used profit-sharing relationship is mudaraba and musharaka. While the muzara'ah and musaqoh are used specifically for agricultural financing by some Islamic banks. The orientation of mudaraba is to a person or party who gives his / her capital to others to do business, and both parties share the profits and bear the burden

of losses based on the contents of the collective agreement. On the other hand, Musyarakah is a cooperation agreement between two or more parties for a certain business activity, in which each party contributes funds or manpower to run the business with the agreement that the benefits and risks will be shared as previously agreed. (Muhammad Syafi'i Antonio, 2001: 95).

Rental Car business is growing significantly in big cities like Palu city. People's need on the means of transportation, which facilitate them to travel to some places by independently driving, has made a rent car as the most popular choice. Raden Saleh Car Rental located in Palu municipality is one of the car rentals that offers car rental services. In the car rental business, there are usually two parties who agree to mutually work together i.e. car owners and car rental managers. Both parties gain profit through the profit-sharing system. Many car owners in Palu city are investing their cars to make a profit by working together with car rental business owners. This kind of cooperation begins by signing a profit sharing contract. This study is conducted to find out the mechanism of profit sharing system in the car rental business and to review the application of profit sharing system based on Islamic economic perspective. The study provides a concrete overview concerning the profit sharing system of a car rental business. Such information can serve as a very useful reference in assessing whether a profit sharing system is appropriate or contrary to economic principles in Islam.

## LITERATURE REVIEW

### Car Rental in Islamic view

Rental car is a transportation business which not only offers car rental services, but also provides drivers who responsible for driving the rent car during the rental period. In Islam, the status of rental is the same as the status of rent (*ijarah*). *Ijarah* is a contract of transfer of the right of use for a certain item within a certain time with rental payment (*Ujrah*) without being followed by the transfer of ownership of the item. (R. Abdul Djamali, 1992:152). According to Abdul Rahman (2010) the terms of hiring and leasing (*ijarah*) are the hiring (renter) and the leasing (lessor) parties must meet the conditions as required in the selling and purchasing, namely: they are rational; the will of each party); not a waste; adults (at least 15 years old). In addition, Hanafi mazhab is of the opinion that the main thing in *ijara* is only one, offering (*ijab*) and acceptance (*qabul*) of the two transacting parties. According to the majority of moslem scholars, *ijarah* has four pillars i.e. at least two people are devoted, *Zighat* (offering and acceptance), Rent or reward, and Benefits.

Besides, the terms *ijarah* as written by Nasrun Haroen (2011) as follows: *The first*; concerning two people who exchanging contract. According to Shafi'iyah and Hanabalah scholars, both parties are required to be mature and rational. Therefore, if the person is immature or loss of mind such as a child and a madman, the *ijarah* is not valid. However, the Hanafiyah and Malikiyyah scholars argue that the two devotees should not reach the age of *balig* (maturity). Therefore, a newly matured child (*mumayyiz*) may also makes an *ijara* contract, however, the contract needs approval from his/her guardian. The second; both parties who intend to declare their willingness to make *ijara* contract. If one of them is forced to make this contract. Then the *ijarah* is not valid. This is in accordance with the words of Allah in the holy quran surah An-Nisa [4] verse: 29 which means: "O believers! Do not consume one another's wealth through unlawful means; instead, do business with mutual consent; do not kill yourselves by adopting unlawful means. Indeed Allah is Merciful to you".

*The third;* Benefits as the object of ijarah must be known so that no dispute arise in the future. If the benefits of the object are not clearly recognized then the ijarah contract is not valid. The clarity of benefits can be done by explaining the types of benefits and explanation of how long the benefits are in the hands of the tenants. *The forth;* the ijarah object must be flawless and may be submitted and used directly. Therefore, fiqh scholars agree that it should not rent out something that can not be handed over and used directly by tenants. For example, someone rents a house then he must be able to take the key of the house and to occupy it straight away. *The fifth,* Object ijarah it something justified by syara. therefore, the fiqh scholars agree that we should not hire somebody to hurl someone, hire one to kill another, as well as rent a house for immoral purposes. The sixth; the leased object is not an obligation for the lessor, such as hiring people to perform the prayers for him or hire people who have not made hajj to replace him to make hajj. The fikh scholars agree that such lease contracts are illegal, because shalat (prayer) and hajj are the obligations of the lessors themselves. *The seventh;* The object of ijarah is a common item for rent such as, homes, vehicles, and office tools. Therefore, no lease agreement will be made against a tree that will be used by tenants as a means of drying clothes. *The eighth;* wages or rent cost in ijarah must be clear, certain, and something that has economic value.

In addition to the legal requirements of ijarah as noted above, Islam also regulates things that may invalidate the contract of an ijarah. According to Al-Kasani in his work *al-Badaa'iu ash-shanaa'iu*, the contract of an ijarah ends when these things occur i.e. *the first;* the ijarah object is lost or destroyed, for example the object is burned or the leased vehicle is lost. *The second;* the time agreed upon in the ijarah agreement is over. If the lease is a house, then the house is returned to the owner, and if the hired item is someone else's services then the person is entitled to receive his wages. *The third;* one who made the contract died. *The forth;* If there is an excuse from one of the parties, such as the leased house is confiscated by the state for debt, then the ijara contract is void. Meanwhile, Sayyid Sabiq claims that ijarah will become null and void when there are things like: the occurrence of defects in the leased items in the hands of tenants, damage of the leased items, such as collapsed homes, and buildings, damage of the items being hired, such as the clothes for dress is damaged in the hand of the tailor, the benefits of the leased items have been fulfilled in accordance with the specified period of time and the work has been completed.

### **Profit Sharing in Islamic View**

Profit sharing can be defined as a system that covers the sharing process of business profits between fund providers and fund users. According to Cristhoper Pass., et. al, (1997), profit sharing is defined as the distribution of some part of the company's profits to the employees of the company in the form of an annual cash bonus based on the profits earned in previous years, or weekly or monthly payments. The essence of the profit-sharing investment mechanism is basically lied in a good cooperation between *shahibul maal* (fund owners) and *mudharib* (fund users). Cooperation or partnership is a character in Islamic economic society. Economic cooperation should be carried out in all aspects of economic activity such as: production and distribution of goods and services. One form of cooperation in Islamic business or economy is *qirad* or *mudaraba*. Qirad or mudaraba is a partnership between the fund owner with the fund user who owns skills managing economic units or business projects. Through qirad or mudaraba, the both parties will not earn interest, but get profit sharing and loss sharing from mutually agreed economic projects or business.

In Islamic Shari'a the meaning of profit sharing in the field of macro or micro business is called by the term *Mudharabah* and *Musyarakah*. *Mudharabah* is one form of cooperation between the owner of fund (money) with someone who has expertise in the field of trading. According to Hendi Suhendi (2010), the word *mudharabah* comes from the word *dharb* which means to hit or walk. In addition, *Mudharabah* is technically a partnership contract (agreement) based on the principle of revenue sharing in a way a giving the amount of money (fund) to others to do business and both parties share the profits or bear the burden of losses based on the contents of the collective agreement. According to article 20 clause 4 in the compilation of sharia economic law, *mudharabah* is the cooperation between the owner of fund with the fund users to manage a certain business with profit sharing system based on *nisbah* (profit-sharing ratio). Besides, fiqh scholars define *mudharabah* as a contract between two defendants who bear each other, in which a *shahibul maal* (a fund provider) provides 100% of fund requirement. While another party called a *mudharib* (a fund user) only contributes skills and manpower to manage a business. Profit sharing ratios for both parties have been determined earlier, such as half or one-third as the terms specified in the contract agreement. In case of trading loss occur, the loss is fully borne by the owner of the fund. Hence, it can be concluded that *mudharabah* is one form of cooperation based on a legal contract between the owners of fund and the fund users to run a profitable economic business. The profits derived from the business are shared with the parties involved under a profit-sharing system with specified and agreed profit sharing ratio. This means both groups share the existing profits under mutual agreement. Hence, the *mudharabah* system gives profits and benefits for the owners of fund and the fund user fairly.

In Islam, the status of *mudharabah* is *jaiz* (permissible). Thus, Islam allows humans to run business related to lease. The legal basis of allowing *mudharabah* or *qiradh* in Islam is Allah's Word in the holy quran surah Al-Muzammil [73] verse 20: "...and others who are journeying in the land in quest of Allah's bounty". In addition, the hadith of the Prophet Muhammad also explains about *mudharabah*. This hadith was narrated by Ibn Majah of Shuhaib Radiyallahu Anhu. From Shuhaib r.a. that the Messenger of Allah said. "There are three blessed things: buying and selling that are held, giving capital (fund), and mixing wheat with barley family, not for sale" (Ibn Majah From Shuhaib). The hadith clearly shows that financing based on *mudharabah* is also done by the Prophet. Thus, the implementation of *mudharabah* in our current economic life should be in line with what is disburshed by the Messenger of Allah that the economic activities get a blessing from Allah.

Islam has also set the terms of *mudharabah* associated with its pillars among others; *The first*; the requirements of the owner of the property (*shahibul al-maal*) and the person who is entrusted with the property (*mudharib*) i.e. Both parties conducting economic transactions must be competent (*ahliyah al-aaqidaini*) in conducting such transactions. It is not permissible for a child to become the owner of fund or the fund user because Islamic law stipulates that a person may be given responsibility, obligations, perfect rights when the one is mature and rational, including in making transactions of *mudharabah*. Islam does not allow any madman to act as the owner of fund or the fund user because Islamic law can only be implemented by a reasonable person (*taklif*) and can take legal action. The madman is not burdened with any law. The scholars have agreed (*ijma*) that madmen may not make economic transactions and manage wealth (fund) in economic business (*tasharruf*) because they are not burdened by the law and unable to consider what is good and bad.

*The second*; contract (*aqad*). According to the scholars, the greeting contract (*sighat al-aqad*) must meet three main elements i.e. the meaning must be clear, the *ijab* and *qabul* must conform,

describe the willingness of the parties concerned (Sa'id Abu Habieb, 1987: 112 ). In the context of mudaraba, the contract between the owner of fund and the users of fund should be articulated in the form of ijab (offering) and qabul (acceptance), for example the owner of the fund says the ijab “ I give my treasure to you for the use of trading, followed by qabul from the fund user who says “I accept the trasure to be used for trade. This requirement is determined by the scholars to show the existence of clarity in exchanging the contract of mudharabah, there is a match between the ijab of the owners and the qabul the users, and the sincerity of both parties to do mudharaba. But it is also permissible for the owners and the users not to articulate such a contract in any languages as long as both parties have clearly understood that the economic transactions between them are mudharaba, as the usul fiqh rules say that the essence of a contract is the intentions of both parties, but not the articulation of ijab and qabul.

*The third; Capital.* Capital in mudharaba is expressed in the form of goods, money, jewelry, or items which have economic values. The capital requirement in mudharabah i.e. If the capital is in the form of money, then the amont l must be stated clearly amount, if capital in the form of goods then the goods must be priced with the price according the money value in circulation at the time, the capital must be in the form of cash and not a credit or a claim, the capital must be known clearly in order to distinguish between capital for trade with profits or from the trade which will be shared by both parties in accordance with the agreed contract, the capital must be given to the mudharib (the capital users), to enable him/her to run a business (Muhammad, 2000: 17).

*The fourth; Action or work.* The owner of capital should not give the capital to the capital users for crime and disobedience purposes, such as buying a vehicle used to rob, selling liquor, building a gambling location or brothel, and so on. The capital users should not misuse the capital given by the owner. Mudharaba is forbidden when it is used for illegitimate actions. Allah Almighty says in the holy quran surah al-Maidah [5]: verse 2 “...and cooperate in righteousness and piety, but do not cooperate in sin and aggression”. In addition, Ushul Fiqh Rule Says: Anything that is used on a forbidden way will get unlawful results as well.

*The fifth; Profits.* Profits must be shared in a percentage of the profits that may be earned later. Profit sharing can be done after mudharib returns all capital to the owner. Profit sharing between the capital owner and the capital user should also be attended and witnessed by them both. The scholars have agreed (ijma) that it is not permissible for the owner of the capital to take his share which been agreed without the presence of the user of the capital and no witnesses is required to be present when the profits sharing is taking place. If the capital user suffers losses in his/her business, the owner of the capital should not impose any losses on the user. According to the scholars, in case it happens then the mudharaba becomes void (fasakh). However, the capital user is allowed to continue running his business to earn profits. The profits then can be used by the capital user to cover losses suffered in the past.

Muhammad Syafi'i Antonio (2001: 97) divides Mudharabah into two types i.e. *mudharabah muthalaqah* and *mudharabah muqayyadah*. Mudharabah muthalaqah is a form of cooperation between shahibul al-maal and mudharib whose scope is very wide not limited by specification of business type, time, and business area. In the deliberations of the salaf al-saleh, it is often exemplified by the expression of if'al ma syi'ta (do as you please) from shahib al-maal who gives immense power to the mudharib. Mudharabah muqayyadah or so-called restricted mudarabah is the opposite of mudaraba muthalaqah, in which the mudharib is limited by the constraint of business type, time, or place of business. The existence of these restrictions often reflects the general tendency of the shahib al-maal in choosing the type of business.



According to Sayyid Sabiq, *mudharabah* is void if one of these three things is not met i.e. the first; one or more terms of *mudharaba* is not satisfied, while the user has received capital which has been traded. He is entitled to part of his wages because his actions are derived from the owner's permission. If there is a loss, it is the responsibility of the owner of the capital because the user is only a laborer who receives wages and is not responsible for anything, except for his negligence. *The Second*; the user intentionally abandons his/her duties as the capital manager or the capital manager does something that is contrary to the purpose of the contract, that the manager is responsible for a suffered loss. *The third*; in case the owner of the capital or the user passes away, then the *mudharaba* becomes void.

*Musharaka* or *syirkah* etymologically means to merge. It means the merge of two treasures from two different people and it has resulted in no distinction between the two treasures (Rahmat Syafei, 2001: 183). According to the scholars of *hanifah*, *syirkah* is a contract between people who cooperate in terms of capital and profits. Meanwhile, according to Alzalur Rahman, *syirkah* is a liaison between two or more lands, where the nature of the two connected lands is difficult to distinguish from one another. According to the law perspective, the word means the relation of two or more people in one interest (Sayyid syabiq, 1997: 174). Nevertheless the word 'syirkah' is extensively used in a contract involving two people, because the contract has caused a relationship between them.

From the above definitions, it can be concluded that the *shirkah* is a combination of capital between two or more people to finance a business and the profits are shared according to their respective capital and if the business suffers losses then the losses are the responsibility of both parties in accordance with the amount of capital for each. *Syirkah's* legal basis in Islam is the word of Allah SWT in the holy quran i.e. *The first*; surah shaad [38]: verse 24: "He has certainly wronged you in demanding your ewe [in addition] to his ewes. And indeed, many associates oppress one another, except for those who believe and do righteous deeds - and few are they." And David became certain that We had tried him, and he asked forgiveness of his Lord and fell down bowing [in prostration] and turned in repentance [to Allah]. *The second*; surah Al-maidah [5]: verse 2: "...and cooperate in righteousness and piety, but do not cooperate in sin and aggression. And fear Allah ; indeed, Allah is severe in penalty". These verses not only provide a picture of mutual help in goodness, but also a basic principle in cooperation with anyone, as long as the goal is virtue and piety.

ChairunPasaribu (1994: 73) argues that there are several conditions that must be met by *syirkah* to be declared legitimate. These conditions fall into two categories: *the first*; the terms of the contracting parties; a sensible person, a mature, acting on his own will without any compulsion from others. *The second*: the terms of goods or capital deposited in *syirkah* should be: Goods that can be appreciated or valued with money, Capital submitted by the each person involved to make a *shirkah* property and no longer questioned where the capital belongs.

In short, the definitions regarding the term 'profit sharing' contract basically refer to the same meaning because *mudharabah* and *musyarakah* are contracts made by two or more people to do something that has been collectively agreed upon, One party offers his property as capital while another accepts the capital and his skills and capabilities to manage the use of the capital for a business purpose. The wages earned by each party is derived from the profit sharing adjusted to the whole earned profits and are shared based on a mutual agreement.

## **METHODOLOGY**

This research used qualitative descriptive method because it describes the object based on objective conditions found during the research. Raden Saleh Car Rental in Palu is one name of the car rental companies located in Jalan Raden Saleh Kelurahan Besusu West District Palu Timur Palu municipality, which serves as the object of research. The authors conducted a direct observation to know the system of profit sharing applied in the Car Rental. The observation took place for about a month to get reliable and objective information and data.

The primary data were derived from the Raden Saleh Car Rental business and the secondary data are gathered from books, journals, magazines, internet and other related literatures concerning profit sharing system. Data collection techniques used are observation (to obtain data about the system of profit sharing in Raden Saleh car rental business), interviews (involving several informants such as the owner of the car rental, the drivers of the car rental, and the car owners who entrusted their cars to be used in the car rental business), as well as documentation. The collected data were then processed and analyzed by using qualitative descriptive analysis, then attributed to Islamic law to find out if the profit sharing system is in line with syari'ah economic system.

## **FINDINGS AND DISCUSSIONS**

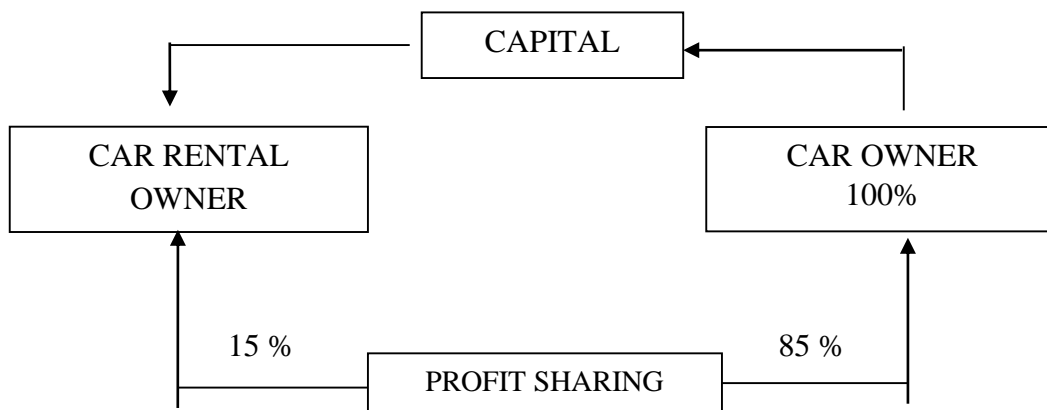
### **Profit Sharing Mechanism of Raden Saleh Car Rental in the perspective of Islamic law**

In Islamic law, the term 'sharing of profit' is also known as mudharabah, musyarakah, muzara'ah, and musaqoh. Muzara'ah and musaqoh are more often used in the distribution of plantation or agricultural products. Mudaraba is more often used for businesses other than plantation or agricultural products. Therefore, mudharaba seems to be the most appropriate term used to illustrate the profit sharing system for the car rental business. As explained in the previous section, mudaraba is declared valid if the terms and pillars are met. Furthermore, the first thing to focus on in this research is whether the profit sharing system applied by Raden Saleh car has been confirming to Islamic law or not. For the reason, the authors firstly need to describe the profit sharing mechanism of the Rental Car business and then to confirm to the terms and pillars of mudaraba set in Islamic law.

Raden Saleh Car Rental Business is owned by H. Sunardi who provides car rental services for people in Palu municipality. Most of the cars used by the rental car do not belong to H. Sunardi, but belong to others who then invest their cars in H. Sunardi's. In other words, H. Sunardi is the owner of the rental business (the user of capital) while the cars used in the car rental business belong to investors called as 'the members of the business' (the owner of capital). To invest their capital (cars) in the car rental business, there are two main requirements that must be met i.e. the first requirement for car owners (investors) such as pay membership registration fee of IDR. 250.000, the car is private property, have car driving license (SIM A), submit a copy of ID card, honest and responsible, pay monthly fee of IDR. 125,000 per car unit. The second requirement for the car to be invested such as the car has complete documents, the car is in good condition. Until the end of 2016, nine car owners have invested their cars in the car rental business.

To avoid losses on either party, each lease transaction occurs, then the transaction is recorded carefully. The profit gained from the car rental transaction is then shared. Profit sharing is then

made by both the business owners and the car owners referring to the agreements they have previously agreed upon, i.e. the owner of the car owns an 85% share of the total profits and the owner of the rental owns an 15% share. Their agreement is only negotiated orally and based on the principle of mutual trust. The following figure illustrates the mechanism of sharing profit applied in Raden Saleh car rental.



According to the scholars of syafi'iyah, mudharabah pillars are the existence of capital or goods, business type, profit, sighat (articulation of offering and acceptance), and two or more people who run business together (the car owner and the car rental owner). The descriptions above show that Raden Saleh car rental business has been running in line with Islamic law. Furthermore, it is essential to examine if the profit sharing system applied in the Raden Saleh car rental business conforms to the terms set out in mudaraba. Based on the authors' observation, it was found that: the car owners and the owner of the car rental willingly and consciously submit and merge their property, the car owners and the owner of the car rental are not children (both parties are more than 20 years old), the car owners and the owner of the car rental are not mad and completely sober, the car owners and the owner of the car rental are not in the time of forgiveness. The findings indicate that all the requirements of the capital owner and the capital user involved in the car rental business conform to the terms and the pillars of mudaraba. In other words, the conditions required between shahibul maal and mudharib have been fulfilled.

In terms of the agreement made by both parties involved in the car rental business, the authors found the following data i.e. *the first*; Ijab and Qabul (statement of offer and acceptance) from the owners of capital to the user of the capital must be clearly stated; In Raden Saleh car rental, an agreement through Ijab and Qabul has been made in which the car owner offers their capital in the form of cars to be used in the car rental business and the owner of the business has accepted the offer, then proceeds with the submission of the cars to the business owner for rent. *The second*; the amount of Capital in mudaraba must be clearly stated: In Raden Saleh car rental, the car status is clear as the private property of the owner and the owner gives the owner of the car rental to use the cars in his car rental business without any restrictions as long as the use of the cars is for business purposes. The data have shown that the requirements of capital and Ijab and Qabul conform to the conditions stipulated in mudharabah. Consequently, the profit sharing system applied in Raden Saleh car rental results also conform to the guidance in mudharabah muthalaqah.



On ordinary days, the profit sharing between the car owner and the car rental manager has met the terms and the pillars of mudharabah muthalaqah. However on special days such as new year, Idul Fitri, and Idul Adha, the profit sharing is unfairly done in which the car rental manager increases the rental price from IDR 250.000 up to IDR 500.000 per day and it is done without notifying the car owners. It is found to be a violation of Islamic law. As the word of Allah in the holy Qur'an surah.An-nisaa (4): verse 29: "O you who have believed, do not consume one another's wealth unjustly but only [in lawful] business by mutual consent. And do not kill yourselves [or one another]. Indeed, Allah is to you ever Merciful". This verse obviously explains that it is not permissible to consume the other people's wealth in an unlawful way. Raising the rental price without negotiating with the car owner has been done car rental manager since his business was established. This has become a habit and continues to be done without a clear contract agreement as prescribed in Islamic law. The form of cooperation which is always based on the owner's trust to the manager has given an opportunity to the business owner to cheat.

### **The Utilization of Raden Saleh Car Rental for People in Palu Municipality**

After conducting interviews with some costumers of Raden Saleh car rental services in the city of Palu. It is found that they greatly benefit from the existence of the car rental business for various reasons including:

- a. The costumers feel comfortable and satisfied when traveling with their families using good quality cars provided by the car rental business.
- b. People no longer need to collect hundreds of millions of rupiah to drive and to enjoy good quality cars, because the rental car business already provide such cars only by paying rental fee about IDR 250.000 per day.
- c. People do not have to bother driving on their own because they may hire a driver to drive the car they rent wherever they want to go. Besides, the drivers are also provided by the car rental business.
- d. People can earn regular income by investing their cars for rent through Raden Saleh car rental business.

### **CONCLUSIONS**

We have here described the profit sharing system applied in Raden Saleh car rental business and found two important things i.e. *the first*; the profit sharing system between the rental manager and the car owner uses mudharabah muthalaqah contract, with a mutually agreed profit sharing system namely the car owner gets 85% share of the rental fee profits and the rental manager earns 15%. share. In addition, car owners are also required to pay IDR 125,000 per car unit as a contribution to the car rental owner (the capital user). *The second*; on ordinary days, the car owner and the car rental manager implement a profit sharing system which conform to Islamic Shari'a principles, that is, the profit sharing between the two parties is based on mutual agreement that does not cause any harm to either party. However, on special days such as New Year and Islamic Holidays, the rental manager increases rental car cost up to IDR 500.000 without notifying it to the car owner while the rental car manager uses profit sharing

system as in ordinary days. This fact certainly does not conform to Islamic law because it causes a loss on the car owner.

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