

ABSTRACT

Mangunsong, Taufiq Hidayat. 2013. **The Impact of *Muzâra'ah* Profit Sharing System on the Economy of Hired-Farmer Labor (A Study in Tinggi Raja Village, Asahan Regency, North Sumatera)**. Thesis. Department of Shariah Business Law. Maulana Malik Ibrahim Islamic State University, Malang. Advisor: Dr. Noer Yasin, M.H.I.

Key terms: Profit Sharing, *Muzâra'ah*

Indonesia has very large agricultural areas which cause most of its people choose farming as their occupation. In mu'amalah, one concept related to farming is *muzâra'ah*. Profit sharing in *muzâra'ah* terminologically can be seen as an agreement system of utilizing land in which a part of the land utilization's profit is given as the wage. Indirectly, many people have implemented *muzâra'ah* in farming activity, particularly in rural areas such as Tinggi Raja Village. Agricultural profit sharing in Tinggi Raja varies, from a half for each party, a third, or even lower. Sometimes it tends to inflict a financial loss for hired-farmer labor. Thus, a research needs to be conducted to answer any doubt relating to *muzâra'ah*.

This research emphasizes on a discussion about how the impact of *muzâra'ah* implemented by the people in Tinggi Raja so that it can increase the economy of hired-farmer labor.

The method used in this research is a qualitative research. The data are primary and secondary data which are obtained through interview and documentation as the data collection method. This research employs descriptive data analysis for the data analysis method since this research aims to describe the practice of *muzâra'ah*.

According to the result of the research, it is found that the main factor encouraging the practice of profit sharing in Tinggi Raja Village is the availability of wide-ranging lands which are not utilized by the land owners. Another reason shows that the land owners are not able to cultivate their own farming land because they have already occupied by their own business. Thus, the land owners are used to have hired-farmer labor to cultivate the unutilized farming land. In profit sharing, farmers make an agreement by 1:3 in which 1 belongs to the land owner while 3 belongs to the hired-farmer labor. Other farmers apply 1/2 : 1/2 profit sharing distribution. Another one is 2/3 belongs to the land owner and 1/3 for the hired-farmer labor or vice versa based on the agreement made by the land owner and the farmer. The profit sharing system used by the people of Tinggi Raja Village gives a big contribution to the people since it can change the people's rate of wealth.