

## The Prospect for Establishing of Islamic Cooperatives in Bunyu District, North Kalimantan

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**ABSTRAK.** *This study aims to determine the prospects and potential for establishing shariah or Islamic cooperatives in Bunyu District. The research method used is descriptive analysis to describe, present, or interpret literature data and interview results in the form of data presentation in the form of tables, graphs, pictures, and others, obtained from the Central Bureau of Statistics (BPS) Bulungan Regency and interviews using analysis TOWS (Treat, Opportunity, Weakness, Strength), IFAS and IFES. From the results of the analysis carried out resulted in several strategies that were very suitable for the conditions that existed in Bunyu District. The establishment of Islamic cooperatives in Bunyu District has a very high opportunity to develop the economy of the people of Bunyu District, especially SMEs and fishermen. Advantageous, support from the local government will also make it easier to prepare business capital with an easier loan system. Based on the results of research on the establishment of Islamic cooperatives in Bunyu District, it has very good potential so that it can be concluded that the establishment of Islamic cooperatives in Bunyu District has a very high chance of developing the community's economy.*

**Keywords:** *Bunyu district; Islamic Cooperatives; Prospect; Opportunities; TOWS Analysis*

### INTRODUCTION

Bunyu District has a unique commodity of salt water fish which is managed, traded and exported by the local fishermen out of Bunyu, such as to Tarakan City. Based on the preliminary surveys conducted by researchers with one of the marine product managers in the Bunyu sub-district, it was seen that the marine products from fishermen and fish farmers had increased significantly and the outgoing marine products were very stable. In November the turnover of marine products reached 2,240 Kg, in December, it was 3,450 Kg then in January, it increased by 4,700 Kg. Mr. Eli Warsino as the manager of marine

products in Bunyu District also added that marine products were exported not only in Tarakan, but also to several cities outside the Regency "We also export the fish of Bunyu fishermen to be sent out of areas such as Tarakan, Tanjung Selor, Malinau. Bunyu also has economic potential in the mining sector such as coal and gas. One of the well-known companies operating in Bunyu District is Pertamina EP, other companies such as PT Adani Global and PT Lamindo and similar companies in Bunyu District.

Reporting from CNBC Indonesia, it is written that one of the companies that is the main part of coal imports is PT Adani Global, a subsidiary of Adani Enterprise which focuses on coal mining through PT Lamindo Inter Multikon on a small island located in North Kalimantan called Pulau Bunyu. Geoportal Minerba said that Lamindo has an active IUP until 2037 on a land area of 2,414 hectares or 12% of the total area of Bunyu Island. The massive mining activity in the concession which has resources of 269 million tonnes has made the company the largest exporter of GAR's coal of 3,000 Kcal. The latest available data states that the company produced 4 million tons of coal in 2017-2018 and targets production of 5.5 million tons in 2018-2019 (Sopiah, 2022).

Mr. Tedy Arief Budiman as the Head of Representative of Bank Indonesia for North Kalimantan Province explained that Bank Indonesia continues to strive to increase the development of Islamic economy and finance as a new source of economic growth, especially in North Kalimantan Province. By continuing to build public trust and the synergy of all parties in managing Islamic-based economic resources in a professional, governance and accountable manner. Bank Indonesia is always committed to playing an active role in accelerating national economic recovery through optimizing Islamic-based economic resources (Asmalyah, 2021).

Table 1. Number of Financial Institution Facilities in Bunyu District

<b>Financial institutions</b>	<b>Number of units</b>
Mandiri Bank	1
East Kalimantan BPD Bank	1
General Cooperative	0
Islamic Bank	0
Islamic Cooperative	0

Source: Central Bureau of Statistics, 2023

From the data above it is known that in this sub-district there are already financial institutions, but there are still conventional-based ones that are not Islamic-based. Considering that Bunyu District is also known as an area whose population has various ethnicities and religions, from the 2022 Population Census data from the Bulungan Regency BPS and the results of data recapitulation per village, it is noted that in Bunyu District, with a population of 11,425 people with 89.42% of the population is Muslims and the rest are other religions. Bunyu District needs to improve Islamic institutions so that they are better known and more advanced in the eyes of the public. There is a

need to analyze opportunities for whether Islamic bank and non-bank financial institutions can develop in Bunyu District, in this case Islamic cooperatives. In the absence of Islamic bank and non-bank financial institutions, there is a fear that the public will fall into conventional or interest-based lending, starting from lending money to individuals or from moneylenders or institutions. In connection with the problems above, the researcher is interested in conducting research entitled "Prospects and Potential for Establishing Islamic Cooperatives in the Community of Bunyu District, Bulungan Regency, North Kalimantan".

## **LITERATURE RIVIEW**

### **Prospect Theory**

Prospect is an expectation or possibility. In simple terms, the meaning of a prospect is defined as something that might happen so that it has the potential to cause a certain impact. Prospect theory was first developed by Daniel Kahneman and Amos Tversky in the early 1980s where basically this theory includes two disciplines, namely psychology and economics (Psychoeconomics) which is an analysis of a person's behavior in making economic decisions between two choices. The same research subject is given the same choice but formulated differently. By Kahneman and Tversky, this is referred to as risk-aversion and risk-seeking behavior. This prospect theory can be used to look at various phenomena of human behavior in various fields of life, especially in decision-making processes which are sometimes 'unreasonable'. This theory is used to measure (take a measurement perspective) on the behavior of people or organizations in making decisions (Surya, 2008).

### **Principles in Prospect Theory**

#### ***Value Function***

Prospect theory defines value in a bipolar framework between gains and losses. Both move from the midpoint which is the neutral reference. The value function for a gain (gaining something) will be different from losing something. The value for a loss is weighted higher, while the value for a gain is weighted lower (Surya, 2008).

#### ***Probability***

Prospect theory predicts that choices that are ensured without any risk at all will be preferred over options that still contain risk even though the probability is very small. This is because people tend to eliminate risks altogether (eliminate) instead of just reducing them (Surya, 2008).

#### ***Prospect Indicator***

The way to measure business opportunities is to analyze strengths, weaknesses, opportunities and threats. Then there are several things that must be considered in starting a business, namely; The line of business and type of business initiated, the form and ownership of the business chosen, the place of business chosen, the business organization to be used, business guarantees that may be obtained by the business environment that may influence them (Surya, 2008).

### **Cooperative**

Cooperatives are business institutions that have the principle of cooperation to achieve a business goal. Cooperatives include financial institutions where the prospects are good for financial institutions, although it is not easy to make cooperatives one of the solutions to be able to solve problems that can hinder economic progress. Cooperatives are able to compete with conventional business sectors such as supermarkets and malls which are increasingly attracting market share in the world economy. Planning for the improvement of cooperatives is carried out as a goal to be able to compete with larger business entities. With the existence of these business competitors, the figures involved in cooperative management must have the knowledge and ability to be able to develop cooperatives. Cooperatives have a goal as a financial institution that carries out its practices in the Islamic way and has good muamalah.

Islamic Financial Institutions in Indonesia have good development and are increasing in terms of quantity and in other aspects. One of them is a cooperative. Cooperative is an organization managed by several groups of people in the form of a business whose purpose is for mutual benefit, cooperative activities are based on the principle of kinship. Law No. 25 of 1992 concerning Cooperatives states that the notion of cooperatives is a family-based business institution with a large number of members. individuals and cooperative legal entities Islamic Financial Institutions in Indonesia have good development and are increasing in terms of quantity and in other aspects. One of them is a cooperative.

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Regulation of the Ministry of State, Islamic Financing Savings and Loan Cooperatives (KSPPS) and Small and Medium Enterprises of the Republic of Indonesia No. 16 /PER/M.KUKM/X/2015 in Chapter 1, Article 1 paragraph 2 KSPPS states that cooperatives are business activities engaged in financing, investment and profit-sharing savings. In sociological terms, Islamic cooperatives are also called BMT (Baitul Maal Wa At-Tamwil). This is also the difference between Islamic cooperatives and conventional cooperatives. In conventional cooperatives, the binding institution, namely KSPPS and Islamic cooperatives, the institution related to cooperatives is

BMT. Cooperatives as micro-based financial institutions whose goal is to reduce poverty in a country. More than ever after the success of the Grameen Bank, the system has been adopted in many developing countries. Indonesia is also one of the countries where microfinance has been considered as a safety net for the poor to help them overcome poverty. The services provided by microfinance institutions are intended for meeting the poor, building assets, and developing micro-enterprises as well as increasing the income of the poor (Azwar, 2021).

### **Islamic (Shariah) Cooperative**

In general, what is meant by a cooperative is a business entity engaged in the economic sector, consisting of those who are generally economically weak who join voluntarily on the basis of rights, are obliged to run a business aimed at the needs of its members. Islamic Cooperative is a form of cooperative that has goals, principles and business activities based on Islamic principles, namely the principles of Islamic law based on fatwas issued by the National Islamic Council of the Indonesian Ulema Council. This is based on Minister of Cooperatives No. 16 of 2015 concerning the Implementation of Islamic Savings and Loans and Financing Business Activities by Cooperatives, where one type of Islamic Cooperative is the Islamic Savings and Loans Cooperative, namely cooperatives whose business activities include savings and loans. and loans and savings and loans (Sobarna, 2021).

Islamic cooperatives are cooperatives whose businesses apply Islamic principles. Therefore, if Islamic cooperatives have productive business units such as savings and loans, then Islamic cooperatives are not justified in doing business in fields that contain elements of usury, maysir and gharar. In addition, Islamic cooperatives can carry out transactions originating from these elements, just like other Islamic financial institutions (Nurrachmi & Setiawan, 2020).

### **The Legal Basis of Islamic Cooperatives**

Legally, Islamic cooperative business is covered by the Decree of the Minister (Kepmen) of cooperatives and SMEs of the Republic of Indonesia Number 91 of 2004 concerning Guidelines for the Implementation of Islamic Financial Services Cooperative Business Activities and Regulation of the Minister of State for Cooperatives and Small and Medium Enterprises of the Republic of Indonesia Number: 35.2/PER/M .KUKM/X/2007 concerning Guidelines for Standard Operational Management of Islamic Financial Services Cooperatives.

The Islamic cooperative business is a developing cooperative in Indonesia which technically uses Islamic patterns. The Islamic referred to in this case are the teachings and rules that have been determined by Allah SWT, God Almighty to be obeyed by all his people and his creatures, both those who are *mahdoh* and *ghoer mahdoh*. The Islamic cooperative business is included in the operational pattern with a category that implements *ghoer mahdoh* rules because it involves Islamic *muamalah*. So that in practice a Islamic cooperative

business is certainly in accordance with *muamalah* rules that have been determined by Islamic. So it is impossible for this cooperative to carry out its operations conventionally (Yuniar et al., 2021).

### **Basic Concept of Islamic Cooperative**

In general, the operational principle of cooperatives is to help the welfare of members in the form of mutual cooperation. This principle is in accordance with the Islamic perspective, namely the principle of mutual cooperation (*ta'waun ala birri*) and is collective (congregation) in building an independent life, as the Word of Allah SWT:

*And help you in (doing) virtue and piety, and do not help each other in committing sins and transgressions. And fear Allah, verily Allah is severe in punishment.” (QS. Al-Maidah [5]: 2).*

In other words, Islamic cooperatives are a conversion from conventional cooperatives through an approach that is in accordance with Islamic law and economic modeling by the Prophet and his companions. The principle of Islamic cooperative business is based on the concept of mutual cooperation, and is not monopolized by one of the capital owners. Likewise, in terms of profits earned and losses suffered must be shared equally and proportionally. Meanwhile, business management is carried out by deliberation (*syuro*) among members at the Annual Member Meeting (RAT) by involving all potential members they have (Buchori et al., 2019 p. 9).

### **Basic Principles of Islamic Cooperatives**

The basic principles of Islamic cooperatives, like other Islamic economic institutions, refer to the Islamic economic system itself, as implied by natural phenomena and stated in the Al-Quran and Hadith, these principles are as follows: (Buchori et al., 2019 p. 11). Islam has regulated every human life, including in the economic sector, to comply with the Al-Quran and Hadith. These rules are referred to as Islamic or Islamic law. Every Muslim is obliged to carry out Islamic as the Word of Allah SWT:

*“O you who believe, enter into Islam as a whole, and do not follow the steps of the devil. Indeed, Satan is a real enemy to you” (Surah Al-Baqarah [2]: 208).*

### **Roles and Functions of Islamic Cooperatives**

Conventional cooperatives prioritize seeking profits for the welfare of members, either in cash or by lending money to members. Members who borrow are not seen from the point of view of use, only see whether the loan money returns plus interest. So, it is not based on the results of operations on the use of borrowed money. In fact, it can happen that if there are members who borrow for their daily needs, in this case, food and drink, the cooperative applies the same as other borrowers who use it for productive businesses by

setting interest as a cooperative service.

In Islamic cooperatives this is not justified, because every transaction (tasharruf) is based on use, whether for financing or daily needs. Both are treated for a project, so you can use the principle of cooperation (musyarakah) or profit sharing (mudharabah), while for the purchase of other equipment you can use the principle of buying and selling (murabaha) (Buchori et al., 2019 p. 14).

### **Characteristics of Islamic Cooperatives**

Referring to the basic concepts and principles described above, Islamic cooperatives have a number of characteristics, namely recognizing members' ownership rights to business capital, not making transactions by setting interest (usury), functioning ziswaf institutions, recognizing existing market mechanisms, recognizing motives for seeking profits, recognizing freedom of endeavor, recognizing the existence of shared rights.(Buchori et al., 2019 p. 14).

### **TOWS Analysis**

TOWS analysis is one of the analyzes used to look at the company's external and internal factors. The first stage of the TOWS analysis is by looking at the company's external factors, threats and opportunities, followed by looking at the company's internal factors, weaknesses and strengths. The TOWS matrix is used to systematically improve strategy by considering the relationship between strengths, weaknesses, opportunities and threats. The consequences of internal and external factors can be replaced in a matrix called the TOWS matrix. The TOWS matrix can be used to produce companies and marketing strategies for businesses (Liani, 2019).

TOWS analysis recognizes and focuses on internal and external attributes that are useful and beneficial for achieving company goals. Companies need a matrix that fits all sizes and types of company organizations, so that it can be used to assist in identifying, evaluating and choosing the most appropriate strategy. Increase the strength of the business community and residents' incomes. The strategy is to be able to determine the company's strengths and weaknesses that can be used to become a company that is ahead of the competition. To be effective, strategic management is necessary to increase the strength factor compared to other competitors. The TOWS Matrix is used to enhance other resource management strategies. Which can be used as a guide and in strategic decision making (Zulkarnain et al., 2018).

### **The TOWS Matrix**

The TOWS strategy matrix assembles important matching tools to help managers develop four types of strategies, namely SO (Strengths-Opportunities) strategies, WO (Weakness-Opportunities) strategies, ST (Strengths-Threats) strategies and WT (Weakness-Threats) strategies. Matching key external and internal factors is the difficult part of developing a TOWS matrix and requires good judgment The key to successful use of the

TOWS matrix is bringing together key internal and external factors to form a strategy (Hunger & Wheleen, 2012).

The Threat-Opportunity-Weaknesses-Strengths matrix is an important matching tool that helps develop four types of strategies: SO Strategy (Strengths-Opportunities), WO Strategy (Weaknesses-Opportunities), ST Strategy (Strengths-Threats), WT Strategy (Weaknesses- Threat). Matching key external and internal factors is the most difficult part of developing a SWOT Matrix and requires good judgment and there is no one right fit (R.David, 2012 page 327).

### **External and Internal Factor Analysis**

This evaluation aims to analyze and evaluate business processes during the company's strategic planning. focus on internal and external factors that will be used in achieving company goals. External forces affect the types of products developed, the characteristics of market segmentation and positioning strategies, the types of services offered, and the choices of businesses they wish to acquire or sell (Zulkarnain et al., 2018).

Internal analysis is an attempt to determine the company's ability to run a business and achieve performance. Determination of internal strategic factors can be done by comparing and evaluating the company's past performance, the company's main competitors, and the industry. Internal strengths and weaknesses, external threats and opportunities can be summarized into SO strategy, ST strategy, WO strategy and WT strategy (Zulkarnain et al., 2018).

#### ***EFAS (External Factor Analysis Summary)***

EFAS (External Factor Analysis Summary) which is used to test the company's external environment and to identify existing opportunities and threats. Matrix of external factors (External Factor Evaluation) is a matrix that displays the external factors that influence the company in running its business. Before making external strategic factors, the author needs to know the external factors related to the company, including economic, cultural, demographic, environmental, political, governmental, legal, technological, and competitive information factors (Rangkuti, 2012 page 26).

#### ***IFAS (Internal Factor Analysis Summary)***

The extraction stage in carrying out a strategic management internal audit is to create an IFES Matrix (Internal Factor Analysis Summary). This strategy formulation tool summarizes and evaluates the main strengths and weaknesses in the functional areas of the business, and also provides a basis for identifying and evaluating the relationships between these areas. Intuitive judgment is needed in developing the IFES matrix (Rangkuti, 2012 page 26).

### **RESEARCH METHODOLOGY**

This type of research uses qualitative methods with a descriptive approach. Qualitative research is a special tradition within the social sciences that relies essentially on observing people and their own fields and dealing with these people in their own language and terms.(Moleong, 2018). While the descriptive method is a method that examines the status of human groups,



objects, conditions, systems, thoughts or classes of events in the present (Moh & Sirkumbang, 2009).

This research is located in Bunyu District because there is an opportunity to establish a cooperative for the people of Bunyu District. It is important to consider whether the research location provides a good opportunity for research. Researchers chose Bunyu District as the location and object of research. Bunyu District is located in Bulungan Regency, North Kalimantan Province. Because of its strategic location surrounded by the coast, and for access to Islamic banking and non-bank financial institutions it is quite far because they have to leave the area and there are no Islamic cooperatives. Therefore, the researcher wants to provide an analysis if the Bunyu sub-district forms a Islamic cooperative that can facilitate the daily needs of the community, especially those related to increasing capital with a system that is in accordance with Shari'ah principles.

Based on the above research methods, the types of data to be used in this study consist of two sources, namely primary data and secondary data. Data sources that directly provide data to data collectors (Sugiyono, 2018). The primary data in this study are data obtained from interviews with the people of Bunyu District. Data sources that do not directly provide data to data collectors (Sugiyono, 2018). Secondary data includes data obtained indirectly from research objects obtained from books or literature related to the opportunities for establishing Islamic cooperatives, whether in the form of books, papers, legislation or government policies and so on, all of which can support this research.

Data analysis used is descriptive analysis to describe, present, or interpret literature data as it is, in the form of presenting data in the form of tables, graphs, images, and others, obtained from the Central Bureau of Statistics (BPS) of Bulungan Regency and interviews using TOWS Analysis analysis (Treath, Opportunity, Weaknesses, Strengths), IFAS (Internal Factor Analysis Summary), and EFAS (External Factor Analysis Summary).

## **RESULTS AND DISCUSSION**

### **Bunyu District Profile**

Bunyu sub-district is a sub-district that is included in Bulungan Regency, North Kalimantan province, Bunyu sub-district is a sub-district surrounded by the coast with an area of 198.32 km<sup>2</sup> which is divided into 3 villages namely West Bunyu, South Bunyu and East Bunyu. Bunyu's economic potential includes the fisheries sector and the mining sector as well as the vegetable plantation sector. The sector that is relatively lagging behind is the manufacturing sector. The sector that has the potential to grow rapidly is the sector of bank and non-bank financial institutions. This sector is devoted to the Bunyu sub-district, due to the many developments in the bank and non-bank financial institution sector in every sub-district within the Bulungan district.

Picture 4. 1 Map of Bunyu District



Source: Central Bureau of Statistics, 2022

**The Condition of the Population of Bunyu District**

Bunyu District has a population of 11,245 people which is divided into 3 villages; West Bunyu Village with 5,973 residents and 1,657 heads of households, South Bunyu Village with 2,808 residents and 813 heads of families, and East Bunyu Village with a population of 2,636 people and 775 families.

Table 4.1 Data on Population of Bunyu District

Village Name	Total population	Number of Heads of Families
West Bunyu Village	5,973	1657
South Bunyu Village	2,808	813
East Bunyu Village	2,636	775

Source: Data processed, 2023

**The Economic Situation of Bunyu District**

The economic situation of Bunyu Subdistrict can be said to be quite good considering the large number of people who have jobs in various fields and trading businesses.

Table 4.2 Community Employment Data

Work	Amount
Private sector employee	2,257
Businessman	570
Fisherman	255
Government employees	333
Farmer	231

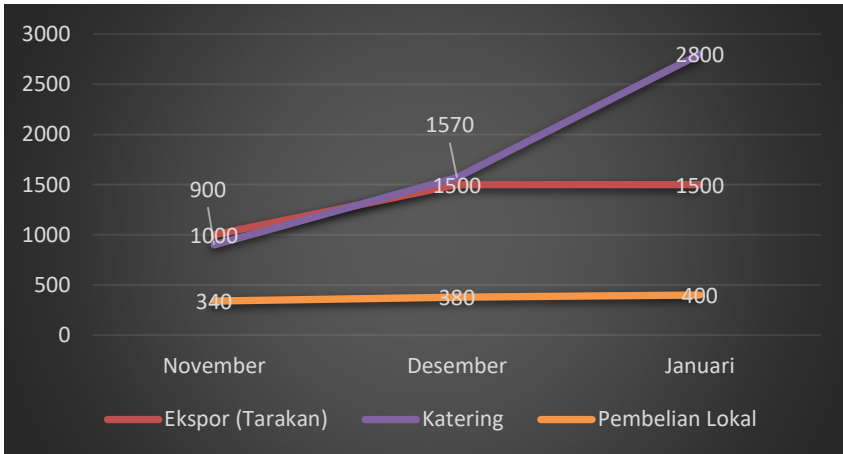
Source: Data processed, 2023

**Prospects and Potential for the Establishment of Islamic Cooperatives**

Looking at the economic side in Bunyu District, in terms of fishery potential, it is known that the fishery has done a good job of processing marine products,

importing marine products and even exporting them out of the area with the price of seafood per kilo for the majority of White fish Rp. 20,000, Snapper Rp. 30,000, and Tamban fish Rp. 25,000 as for the average price of seafood is Rp. 25,000.

Graph 4.1 Bunyu Marine Products (Kg)



Source: Processed data, 2023

Table 4.3 Benefits of Marine Products

Month	Number of Marine Products	Average Price of Seafood	Total
November	2,240 kg	Rp. 25,000	IDR 56,000,000
December	3,450 Kg	Rp. 25,000	IDR 86,250,000
January	4,700 kg	Rp. 25,000	IDR 117,500,000

Source: processed data, 2023

Based on the data on marine products in Bunyu District, it has increased significantly. It is only processing in the fisheries sector in the last 3 months. There is still a lot of potential in Bunyu District apart from the fisheries sector, namely the mining sector which is processed by PT Adani Global and EP Pertamina Bunyu, as well as in the agricultural and livestock sectors.

To obtain capital both for conditions and operations for the establishment of Islamic cooperatives in Bunyu District, based on the government regulation No.4 of 1994 concerning the requirements and procedures for validation and the decision of the Minister of Cooperatives and SMEs of the Republic of Indonesia Number.104.1/Kep/M.KUKM/X/2002, the cooperative is required to have minimum membership of 20 people with an initial capital of at least 15 million rupiah. The people of Bunyu District whose fields of business are in fisheries, mining and livestock are capable of supporting the capital for the establishment of Islamic Cooperatives.

The establishment of Islamic cooperatives in Bunyu District has a high opportunity as supported by the financial potential as well as the community

and local government regarding the establishment of Islamic cooperatives in Bunyu District.

### **Interview Resource Support**

Based on the interview from Bunyu District which consists of 3 different villages, West Bunyu Village, East Bunyu Village, and South Bunyu Village, the reserchers obtained data from 5 informants to support the establishment of Islamic Cooperatives.

#### *Support from the Regional Government of Bunyu District*

Getting support from the local government as well as the community in Bunyu District is very important for the establishment of Islamic cooperatives. From the results of interviews with several village officials including the head of the sub-district head of Bunyu sub-district and the head of the village in the Bunyu sub-district, information was obtained that the regional government of the Bunyu sub-district fully supports the establishment of Islamic cooperatives in Bunyu sub-district. Mr. Nurdin as the head of the sub-district head of Bunyu Subdistrict said "We as government officials of Bunyu Subdistrict welcome if in Bunyu Subdistrict a Islamic financial institution will be established in the form of a Islamic cooperative, but there should still be more outreach to Bunyu residents so that they know more about what exactly the function of Islamic cooperatives is. and how it can help society." (Source: Nurdin Interview, 2023).

#### *The economic potential in Bunyu District is growing rapidly*

Bunyu District has high economic potential when viewed in terms of the livelihoods of the Bunyu people. Mr. Yusuf said that Bunyu has great potential for the establishment of Islamic cooperatives. "If you look at the conditions that exist on Bunyu Island in the various livelihoods of the population, in general there is great potential for the establishment of Islamic cooperatives, by looking at conventional banks, their development is so rapid by using Islamic units." (Source: Interview Yusuf, 2023). Bunyu District has a unique commodity in the form of sea fish which is managed by local fishermen, traded and exported out of Bunyu, such as to Tarakan City. As said by Mr. Eli Warsino as an MSME actor and a representative for Bunyu fishermen when he was interviewed, he said "Fishermen's potential can actually be seen from their work ethic because they still use traditional fishing gear which makes the actual catch less than optimal. However, fishermen can distribute their catch quite well. We also export the catch of the Bunyu fishermen to be sent out of areas such as Tarakan, Tanjung Selor, Malinau and to Tawau Malaysia." (Source: Eli Interview, 2023).

#### *The community accepts and supports the establishment of Islamic cooperatives*

Community support is also influenced by people's understanding of Islamic cooperatives, this makes socialization of Islamic cooperatives in Bunyu

District very important in planning the establishment of Islamic cooperatives. An interview conducted with Mr. Suhadi as the head of West Bunyu Village emphasized that socialization must be carried out before building a Islamic cooperative so that it can be accepted by the people of Bunyu District. people want to understand and know first” (Source: Interview with Suhadi, 2023).

*The establishment of Islamic cooperatives can improve the community's economy*

Moneylenders are one of the lenders who have been operating for quite a long time in Bunyu District, interviews conducted with the Head of West Bunyu Village alluded that loan sharks caused the economy to become unstable and Bunyu's finances stagnated because quite a number of people still borrowed from moneylenders. Mr. Suhadi said "The economy is getting more stable, people also don't need to borrow money here and there from moneylenders or loans with interest" (Source: Suhadi Interview, 2023).

*MSMEs and fishermen need financial assistance*

The current condition is also very much supported by Mr. Eli Warsino as a fisherman in Bunyu District, in an interview he said "Certainly if there is a Islamic cooperative, I hope it will help many fishermen to get new boats and new fishing gear and that will certainly affect the catch." them, there will surely be a lot of results and the management of our Natural Resources will also definitely improve” (Source: Interview with Eli, 2023).

**TOWS Analysis (Threat, Opportunity, Weakness, Strength)**

Based on the data that has been collected, both from primary and secondary data. Can be described in more depth by using the TOWS or Treath analysis method, Opportunity, Weakness, and Streangth which supports the establishment of Islamic cooperatives in Bunyu District. This analysis is needed to determine external and internal factors towards the establishment of Islamic cooperatives in Bunyu District.

Table 4.4 TOWS Matrix

	<b>Strengths (S)</b>	<b>Weaknesses (W)</b>
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<p style="text-align: center;">EFAS</p> <p style="text-align: center;">IFAS</p>	<ol style="list-style-type: none"> <li>1. The people in the Bunyu sub-district are predominantly Muslim</li> <li>2. Adequate potential of natural resources and human resources.</li> <li>3. The number of majlis taklim activities as marketing support for the establishment of Islamic cooperatives.</li> <li>4. Government and community support Bunyu district.</li> <li>5. The community is interested in establishing Islamic cooperatives and wants to move away from the practice of interest.</li> </ol>	<ol style="list-style-type: none"> <li>1. Human resources (HR) regarding Islamic transactions in Bunyu District are still weak.</li> <li>2. Lack of public trust in Islamic financial institutions.</li> <li>3. Lack of public understanding of Islamic cooperatives.</li> <li>4. Islamic financial institutions that have never existed in Bunyu sub-district</li> <li>5. People who are comfortable with the practice of flowers in Bunyu District.</li> </ol>
<p><b>Opportunities (O)</b></p> <ol style="list-style-type: none"> <li>1. Local government that supports the establishment of Islamic cooperatives</li> <li>2. The number of businesses and jobs owned by residents who need loans.</li> <li>3. There are no Islamic financial institutions in the Bunyu sub-district</li> <li>4. Large companies that support the existence of Islamic financial institutions in Bunyu District.</li> </ol>	<p style="text-align: center;"><b>SO strategy</b></p> <ol style="list-style-type: none"> <li>1. Make regional regulations on Islamic cooperatives</li> <li>2. Conduct socialization on the establishment of Islamic cooperatives as a form of assistance in terms of financing for community businesses.</li> <li>3. Helping people understand the Islamic system.</li> <li>4. Asking for cooperation with large companies in Kec. Bunyu</li> <li>5. Convince the public about the absence of interest-bearing practices in Islamic cooperatives</li> </ol>	<p style="text-align: center;"><b>WO strategy</b></p> <ol style="list-style-type: none"> <li>1. Conduct socialization about understanding the Islamic system to HR in the Bunyu sub-district</li> <li>2. Convincing the community with the support of the local government that Islamic cooperatives can develop the economy.</li> <li>3. Convincing the public that the establishment of this cooperative is the first step for Islamic institutions in Bunyu District.</li> <li>4. Conduct socialization of the establishment of Islamic cooperatives to the public to abandon the practice of interest.</li> </ol>

5. Many people object to interest-bearing loans.		5. Conduct socialization on the prohibition of interest practices that contain usury.
<p style="text-align: center;"><b>Treat (T)</b></p> <ol style="list-style-type: none"> <li>1. The existence of conventional bank financial institutions</li> <li>2. People do not know about Islamic cooperatives</li> <li>3. Society considers the Islamic system the same as conventional.</li> <li>4. Some people are still tied to loans from other institutions.</li> <li>5. There is a practice of moneylenders who offer to borrow funds with conditions that are very easy for the community.</li> </ol>	<p style="text-align: center;"><b>ST Strategy</b></p> <ol style="list-style-type: none"> <li>1. Conduct socialization on the understanding of usury and the prohibition of using interest-bearing practices.</li> <li>2. Conduct socialization about Islamic cooperatives and the transaction system used.</li> <li>3. Conduct outreach to the public about Islamic financial institutions through majlis taklim.</li> <li>4. Helping the community to transfer loans from other institutions to Islamic cooperatives.</li> <li>5. Convince the public not to use interest practices in lending transactions.</li> </ol>	<p style="text-align: center;"><b>WT Strategy</b></p> <ol style="list-style-type: none"> <li>1. Conduct HR training on Islamic cooperatives.</li> <li>2. Convince the public through outreach about the operation of Islamic cooperatives.</li> <li>3. Conduct socialization to increase public understanding of Islamic cooperatives.</li> <li>4. Convince the public to be able to switch to the Islamic system in money lending transactions.</li> <li>5. Convince the public to be able to use the services of Islamic cooperatives as an alternative to lending funds.</li> </ol>

*Source: Data processed, 2023*

Knowing the TOWS Matrix above, it can be concluded that the strengths for the establishment of Islamic cooperatives are greater than the weaknesses for the establishment of Islamic cooperatives in the Bunyu sub-district area. And some opportunities outweigh the threats. Therefore, it should be sufficient to strengthen the establishment of Islamic cooperatives. The following is the development of a strategy for establishing Islamic cooperatives based on the results of the TOWS matrix analysis for the people of Bunyu sub-district.

**EFAS and IFES**

After grouping the threats, opportunities, weaknesses and strengths, it will be

analyzed using TOWS which can produce alternative possibilities to see the prospects and potential for establishing Islamic cooperatives in Bunyu District.

In addition to showing the factors above, from threats and opportunities (external factors) and weaknesses and strengths (internal factors) in an effort to formulate prospects and potential for the establishment of Islamic cooperatives in Bunyu District, an External Factor Analysis Summary (EFAS) and Internal Factor Analysis can be prepared. Summary (IFAS). To determine the results of the TOWS analysis for the establishment of Islamic cooperatives, EFAS and IFAS will be used (Rangkuti, 2012 p. 24).

Table 4.5 External Factor Analysis Summary (EFAS)

External strategic factors	Weight	Ratings	Weight x Rating
<b>Opportunity:</b>			
1. Local government that supports the establishment of Islamic cooperatives	0.20	4	0.80
2. The number of businesses and jobs owned by residents who need loans.	0.15	3	0.45
3. There are no Islamic financial institutions in the Bunyu sub-district	0.20	4	0.80
4. Large companies that support the existence of Islamic financial institutions in Bunyu District.	0.10	3	0.30
5. Many people object to interest-bearing loans.	0.5	3	0.15
<b>Threat:</b>			
1. The existence of conventional bank financial institutions	0.7	2	0.14
2. People do not know about Islamic cooperatives	0.6	3	0.18
3. Society considers the Islamic system the same as conventional.	0.4	3	0.12
4. Some people are still tied to loans from other institutions.	0.8	4	0.32
5. There is a practice of moneylenders who offer to borrow funds with conditions that are very easy for the community.	0.5	2	0.10
<b>Total</b>	<b>1.00</b>		<b>3,36</b>

Source: Data processed, 2023



Table 4.6 Internal Factor Analysis Summary (IFAS)

Internal strategic factors	Weight	Ratings	Weight x Rating
<b>Strength:</b>			
1. The people in the Bunyu sub-district are predominantly Muslim	0.20	4	0.80
2. Adequate potential of natural resources and human resources.	0.15	4	0.60
3. The number of majlis taklim activities as marketing support for the establishment of Islamic cooperatives.	0.10	3	0.30
4. Government and community support Bunyu district.	0.15	4	0.60
5. The community is interested in establishing Islamic cooperatives and wants to move away from the practice of interest.	0.15	3	0.45
<b>Weakness:</b>			
1. Human resources (HR) regarding Islamic transactions in Bunyu District are still weak.	0.5	3	0.30
2. Lack of public trust in Islamic financial institutions.	0.5	4	0.20
3. Lack of public understanding of Islamic cooperatives.	0.6	3	0.18
4. Islamic financial institutions that have never existed in Bunyu sub-district	0.2	2	0.4
5. People who are comfortable with the practice of flowers in Bunyu District.	0.5	3	0.15
<b>Total</b>	<b>1.00</b>		<b>3.98</b>

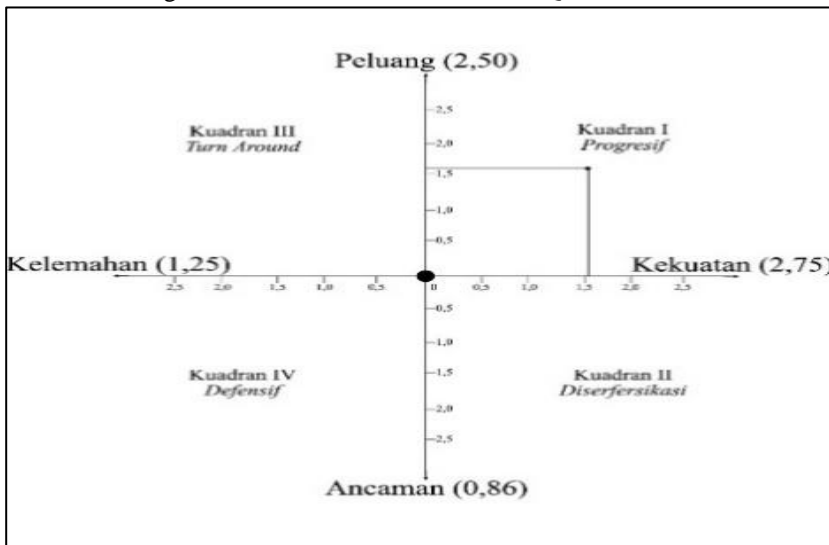
Source: Data processed, 2023

We can see in table 4.2, it shows that the opportunity factor (Opportunities) gets a score of 2.50 while the threat factor (Threats) gets a score of 0.86 meaning this shows that the establishment of Islamic cooperatives in Bunyu District has quite a big chance compared to the possible threats. appears later. Then in table 4.3 above, the strength factors (Strengths) have a score of 2.75 while the Weaknesses factor has a score of 1.23, meaning that from the results above it can be concluded that Islamic cooperatives have

higher strengths compared to weaknesses in seeing opportunity to establish Islamic cooperatives in Bunyu District.

Next is to determine the vertical coordinate points on the rating scale image, namely by (EFAS Matrix = Total Opportunity - Total Threats), then the total value of external factors can be obtained, namely:  $2.50 - 0.86 = 1.64$ . Meanwhile, to make horizontal coordinate points on the rating scale image, namely by (IFAS Matrix = Total Strengths - Total Weaknesses), then a total internal factor value can be obtained, namely:  $2.75 - 1.23 = 1.52$ .

Diagram 4.1 TOWS, EFAS, and IFAS Quadrant Results



Source: Data processed, 2023

The results of the TOWS quadrant diagram above, it can be concluded that the strategy leads to Quadrant I, which means that a very favorable situation in the establishment of Islamic cooperatives has opportunities and strengths so that they can take advantage of existing opportunities. From the results of the quadrant analysis above and from the total external score of 1.64, this shows that the chances of establishing Islamic cooperatives in Bunyu District have great opportunities compared to the threats that will arise, because the numbers obtained from the research results are close to 4. Likewise, with the results of the quadrant analysis of the total internal factor score, Islamic cooperatives obtain a total score of 1.52, this indicates that the establishment of Islamic cooperatives has more strengths than its weaknesses.

The strategy that is suitable for the establishment of Islamic cooperatives refers to the position of quadrant I, namely the SO strategy as follows:

- a) Make regional regulations on Islamic cooperatives
- b) Conduct socialization on the establishment of Islamic cooperatives as a form of assistance in terms of financing for community businesses.
- c) Helping people understand the Islamic system.

- d) Asking for cooperation with large companies in Kec. Bunyu.
- e) Convince the public about the absence of interest-bearing practices in Islamic cooperatives

From the results of the analysis using the TOWS and IFAS IFES matrices above, several strategies are produced that are very suitable for the conditions that exist in the Bunyu sub-district. In the establishment of Islamic cooperatives in the Bunyu community based on several supporting factors, it can be concluded that the establishment of Islamic cooperatives in Bunyu District has a very high chance of developing the local community's economy, especially the lower middle class. Plus the support from the local government and the people of Bunyu will also make it easier to provide business capital by making loans easier, clearer and faster without worrying about excessive and burdensome dependents.

Coupled with the strategies that have been made in this study, if later Islamic cooperatives have been established, it is hoped that Islamic cooperatives in the Bunyu sub-district can develop and run better and be able to compete well with loan providers from other financial institutions or individuals who are widely discussed in society.

## **CONCLUSION**

From the SWOT analysis conducted, it is known that there are many forces that will support the establishment of Islamic cooperatives, especially for people who have businesses and who need them. In terms of opportunities for local government support for the establishment of Islamic cooperatives, this also has the opportunity to advance the community's economy. As well as the lack of weaknesses which state that people's knowledge still does not understand about Islamic cooperatives, but it can still be overcome by the cooperation of cooperatives with local governments to provide insight into the knowledge of the community about Islamic cooperatives. And also, with threats that can become quite a big obstacle in the development of cooperatives later, competition between other lending institutions.

For future researchers, the results of this study can be used as reference material for further research as a consideration to further deepen the opportunities for establishing Islamic cooperatives or other Islamic bank and non-bank financial institutions as well as strengths, weaknesses, and threats.

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