

## **JULA-JULA: ECONOMIC AND ACCOUNTING PRACTICES IN THE MUSLIM COMMUNITY OF NORTH SUMATRA**

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**ABSTRACT** - This study aims to analyze and evaluate jula-jula as an accounting and economic practice among the Muslim population of North Sumatra. This study is a descriptive qualitative evaluation of indigenous knowledge in North Sumatra. In-depth interviews were employed for data gathering. Four *jula-jula* practitioners, five academics, and four Islamic scholars (*ulama*) were chosen as informants using the snowball sampling technique. The analysis was conducted using Miles and Huberman's model starting from data reduction, data presentation, to conclusion drawing. The findings illuminate the relationship between jula-jula as an accounting and economic practice and cultural accounting, managerial accounting, behavioral accounting, and Islamic economics. The findings provide a solution for accounting and sharia-based public financial planning.

**Keywords:** local wisdom, muslim community, accounting, economics, sharia

**ABSTRAK - Jula-Jula: Praktik Akuntansi dan Ekonomi dalam Komunitas Masyarakat Muslim Sumatera Utara.** Penelitian ini bertujuan untuk menggali dan mereview jula-jula, kearifan lokal di Sumatera Utara sebagai suatu praktik akuntansi dan ekonomi dalam komunitas masyarakat muslim Sumatera Utara. Penelitian ini merupakan penelitian deskriptif kualitatif, dengan mempelajari keadaan objek penelitian yakni jula-jula suatu kearifan lokal di Sumatera Utara menggunakan wawancara mendalam sebagai metode pengumpulan data. Pemilihan informan dilakukan dengan cara snowball sampling setelah peneliti melakukan pengamatan. Dari metode ini diperoleh informan yang memiliki kapabilitas terkait dengan penelitian ini, yang terdiri dari lima orang akademisi, empat orang ulama dan empat orang praktisi. Selanjutnya dianalisis dengan model Miles dan Huberman mulai dari reduksi data, penyajian data dan pengambilan kesimpulan. Temuan penelitian ini berkontribusi dalam memahami hubungan praktik jula-jula sebagai praktik akuntansi dan ekonomi dengan akuntansi budaya, akuntansi manajemen, akuntansi keprilakuan dan ekonomi syariah. Penelitian ini dapat menjadi solusi dalam perencanaan keuangan masyarakat yang sesuai dengan akuntansi dan kaidah syariah.

**Kata Kunci:** Kearifan lokal, Komunitas Muslim, akuntansi, ekonomi, syariah

## INTRODUCTION

Indonesia is a big country with a wide range of customs, culture, religion, language, and other characteristics. They have been passed down from generation to generation and have become an essential element of the Indonesian population's social life. This includes community-wide wisdom-based economic schemes that have been in place for a long period. The economic activities carried out by the community are inextricably linked to the individual's culture (Iswanto, Munadi, & Suriadi, 2020). The current study focuses on the local practice of *jula-jula*, which is connected to the financial operations of the community in North Sumatra. In essence, *jula-jula* practice is the same as *arisan* and is carried out under various names all over Indonesia. Additionally, this kind of activity occurs all over the world under variety of names. It is known as *kuttu* in Malaysia, *committee* in India, *lotri* families in Pakistan, *hui* in Taipei, *susu* in Ghana, and so on. As a result, several other countries have various names for similar procedure (Sadr, 2017).

Although it has long been a local financial wisdom, the practice of *jula-jula* remains relevant today. This demonstrates that *jula-jula* is a viable microfinance solution to the community's financial difficulties (Iswanto & Darmawan, 2018) and social solutions by creating integration and connectivity with the Islamic economic system (Bayumi & Jaya, 2018). However, the implementation of *jula-jula* raised a number of issues, including compliance issues, such as the fact that *jula-jula* includes usury components (Waldelmi, Aquino, & Nofrizal, 2019); simple administrative and documentation processes; and member delinquency, such as payment absenteeism (Malia & Baihaki, 2018).

*Jula-jula* has a nearly identical idea to the Rotating Savings and Credit Association (ROSCA), which may likewise be located all over the world. ROSCA has a crucial economic function as one of the alternative savings-based informal finance and investment platforms and serve as an alternative financing to raise money as savings (Adeola et al., 2022) as well as finance necessities. In other words, money saved is invested in order to satisfy wants (Bertand Onomo & Nkakleu, 2022). Furthermore, ROSCA deposits are not just for personal use, but also for company capital (Iswanto & Darmawan, 2018). It was also mentioned that the establishment of ROSCA as an institution is free of charge in both Muslim and non-Muslim countries. It is regarded as an effective microfinance plan that is compliant with Sharia law (Sadr, 2017). Furthermore,



ROSCA or arisan is an appealing method for some persons with a higher socioeconomic standing (H. Ibrahim, 2019; Rabie, 2021).

*Jula-jula* is a type of social gathering that has long been practiced and recognized by the Muslim community in Tapanuli, North Sumatra. Because of its simple administrative structure, *jula-jula* has become a popular method of generating and distributing cash, particularly among the lower middle class. Based on its advantages, *jula-jula* may be used as a basic financial tool to practice saving for various educational expenses, health, and other purposes. Furthermore, the community often engages in arisan or *jula-jula* to meet immediate needs, productive activities such as company capital and property acquisitions, and consumptive activities such as household requirements (Iswanto & Darmawan, 2018).

It is also commonly known that this practice is primarily carried out by women (Ajuna & Amri, 2021). As is well known, *jula-jula* is performed by paying a set amount of money as a member's responsibility. The withdrawal is distributed in turn to other members based on a lottery or number selection depending on member consent. *Jula-jula* is administered through accounting and economic processes and is governed by informal institutions or groups of individuals. The mechanism is generally determined by an individual who initiates the *jula-jula* including the rules and conditions. However, in order to address challenges that develop outside of the non-technical components, a set of norms must also rely on organizational (Djuharni, Mais, & Aziz, 2020).

There have been previous attempts to study accounting science in the real world. According to the critical study of accounting that is tied to spirituality and local knowledge, the concepts that originate in accounting practice are intriguing things to investigate, particularly in the context of the construction and growth of accounting science. A few prior studies have also determined that the connection between culture and local wisdom is a unique development in society that should be studied and related with accounting science. Widhianingrum (2014), for instance, investigated local knowledge or ketoprak culture in the Pati region and determined the reconstruction of the accounting concept in the ketoprak art and culture community, which is rich with local cultural values. In addition, another study has established a connection between traditional *mawah* and *gala* financial methods prevalent in rural Acehese communities and Islamic accounting (Hasan & Fahlevi, 2020). The findings demonstrate that the *mawah* and *gala* traditions in Aceh Besar area are



generally in compliance with sharia accounting procedures, both in terms of pillars and sharia rules. This is also noted in Ibrahim's research (Ibrahim, 2012a; 2012b). Using a cultural accounting approach, these works examine local wisdom and Indonesian culture.

As the summary of previous research shows, there have been significant attempts to use an accounting method to delve into Indonesian economic traditions and customs. Not only does this study incorporate native *jula-jula* wisdom but also behavioral accounting and management accounting. To date, there has been no effort to bridge the research gap and bring together the three subfields of accounting science. Furthermore, there is a lack of studies that examine local knowledge through the lens of sharia and accounting.

Indeed, it has been discovered that the *jula-jula* practices of the Tapanuli Batakese society contain characteristics of usury. It also incorporates an aspect of tyranny, which contradicts prior studies by Sadr (2017) and Yusuf (as cited in Dinç, Jahangir, Nagayev, & Çakır, 2022). Hence, it is essential that the current study investigates the implementation of *jula-jula* within the Tapanuli Muslim community from an Islamic economics perspective. To this end, a better model can be developed and implemented. In addition, this study also examines accounting science concepts through the practices of *jula-jula* among the Muslim population of North Sumatra, specifically Tapanuli. This is intended to address problems associated with member and administrator delinquency in their implementation.

## **THEORETICAL FRAMEWORK AND HYPOTHESES DEVELOPMENT**

In recent years, ROSCA, or *arisan* in Indonesia, has experienced a phenomenal resurgence in emerging nations. In Turkey, for instance, ROSCA facilitates access to a category of lending and investment services called savings-based finance. Dinc's research has attempted to mathematically construct a savings-based financial model and examine the performance of this model using descriptive and empirical approaches, while processing their data using descriptive statistics and correlation analysis. In addition, the results demonstrate that this financial model functions admirably as an alternative financing institution to collect savings and become investments. The study proposed a paradigm that combines elements of *mudharabah* and *wakalah*. (Dinç et al., 2022).



In another study, ROSCA was compared to the well-known Qard-Hasan Associations (QHAs) in Muslim countries. According to the study, the Indigenous Credit and Savings Scheme (ROSCA) has been approved in a number of developing countries for a variety of household and corporate purposes. It created a model that determines the optimal size of ROSCA for tackling its difficulties. In addition, the study offered a sharia-compliant formulation for ROSCA qard (loan) contracts. According to the study, the growth of ROSCA as an interest-free informal institution in Muslim and non-Muslim nations with an effective informal microfinance scheme as a financial solution and in compliance with Sharia norms was compatible (Sadr, 2017).

The above-mentioned studies have investigated the optimization of ROSCA performance and established a systematic model based on the provided explanation. Accordingly, the current study formulates a hypothesis by proposing ideas or provisions for *arisan* or *jula-jula* that conform to sharia regulations. We then get into the flip side of *jula-jula* based on sharia and the field of accounting.

### **Cultural Accounting**

Accounting science is currently undergoing dynamic advancements that are influenced by a variety of underlying elements such as economic, cultural, legal, social, and political developments in society. Furthermore, breakthroughs in science and technology have transformed accounting into a science. It began as a simple recording technique and has now evolved into a meaningful information system with technology aid. Accounting science developed from human interactions and based on social notions. This implies that the more sophisticated a culture's level of social development, the more advanced accounting science develops in that society.

In reality, accounting is a product of human society or culture, the consequence of individual ingenuity, aesthetic judgment, and the need to make sense of the world. Whatever system of accounting originates and is implemented in a given region, it does so with a certain set of societal goals in mind (Manan, 2014). As a result, we can conclude that environmental factors play an important role in shaping contemporary accounting practices (Juniawati, Armini, Priani, Ardani, & Erawati, 2019). The creation of something new by the human mind leads to culture, and the development of every civilization is controlled by a narrative and symbolic process (Puspitaningtyas, 2017). Every area of a



person's life, from home to workplace to education to community at large, participates in and supports the culture (Umahmudah, Dwita, & Yunita, 2019). According to Tricker (1978), the culture in which accounting is practiced shapes the profession and represents the mind's potential for inventiveness, aesthetic judgment, and resourcefulness as an item of human society or cultural output.

### **Management Accounting**

There is no doubt that the widespread adoption of IT in all aspects of life has influenced the evolution of *jula-jula* customs and practices over time. Accounting is expected to be adaptable because it is a dynamic science that must adapt to changing conditions. An accounting information system is a computer program designed to track and analyze financial records and reports. (Irawati & Ardiansyah, 2018). Management accounting system facilities can benefit from timely information delivery when reporting actual situations in order to respond quickly to previously made decisions (Febrianti & Fitri, 2019).

Management accounting is an information system that helps businesses make better decisions by providing accurate data that has been thoroughly analyzed and is presented in a clear and concise format (Ibrahim, 2010). Three primary goals can be achieved through the use of a management accounting information system. The primary goal is to supply data for management to use in determining the price of goods and services. The second is implemented in the processes of preparation, management, analysis, and enhancement. The final step is the decision-making process. The use of a management accounting information system can assist in the diagnosis, resolution, and evaluation of issues within an organization (Indah, Putri, Fudsy, Komalasari, & Munawar, 2021). Management accounting is also an important part of strategic planning and operational shifts within an organization (Alsharari & Lasyoud, 2019).

Hansen and Mowen (2005) proposed a definition of management accounting information that includes the process that describes activities like information gathering, measurement, storage, analysis, reporting, and management. Hertati (2015) defines management accounting information system as "the process of analyzing, identifying, interpreting, measuring, collecting, preparing, and communicating information that helps managers achieve organizational goals" (Lestari & Hertati, 2020). The *jula-jula* tradition, which is flourishing in the midst of this modern society, is highly pertinent and necessitates the use of



management accounting information to aid in decision-making, such as determining whether or not to incorporate digital media into future *jula-jula* practices, conducting cost-benefit analyses, or evaluating *jula-jula* performance.

### **Behavioral Accounting**

In his book *Behavioral Management Accounting*, Ahmed Riahi Belkaoui (2002) describes the origins of behavioral accounting as it relates to management accounting. All accounting is behavioral accounting, and all behavioral accounting is accounting, if accounting emerges from interaction, and interaction is a form of behavior (Kamayanti, 2018). The field of accounting known as "behavioral accounting" analyzes the interplay between people and accounting software, as well as the various contexts in which both are at play in businesses (Noor, Janggur, Bude, & Jehalut, 2019).

Accounting research seeks to understand how people can use information most effectively. Furthermore, behavioral accounting examines how people behave during the accounting process. Accounting science is a subset of behavioral accounting, which also encompasses research and theoretical frameworks. As a result, it is presented in the literature as a single term across sociology and psychology. It is possible that a person's ideas and cultural traits will differ depending on the people they associate with. Therefore, people's behaviors change, especially when it comes to performing *jula-jula* rituals in public (Coşkun & Karakoç, 2020).

### **Sharia Accounting**

For the most fundamental form of science, a scientific concept is required including sharia accounting. Their development is then guided by the Sharia paradigm. The principles are a comprehensive paradigm that includes the afterlife while also accounting for everything in the physical world. To name a few, all Muslims are required to engage in halal economic activity, refrain from paying interest, and pay zakat, infaq, and shadaqoh. Sharia is divided into two parts: one dealing with one's relationship with Allah SWT (*hablum minallah*), and the other with one's relationship with one's fellow humans (*adnan*) (*hablum minannas*). In the context of interpersonal relationships, this is known as *mu'amalah*. Allah's freedoms in *mu'amalah* are far greater than those granted in the realm of worship. This is the case, according to *fiqh* principles, which state, "*al-ashlu fil asya'i al-ibahah illa ayyadulla ad-dalilu 'ala tahrimihi*." It means



that unless there is evidence to the contrary, the origin of the law in mu'amalah is "may." Because Allah has left much room for interpretation in mu'amalah, this includes the relationship between it and the economic context, as well as the sharia accounting report, which is derived from mu'amalah. Sharia accounting is all about using financial reports and the interpretation of numbers (material) based on economic events in a responsible, honest, and transparent manner.

Islamic accounting differs from conventional accounting in that it aims to produce truthful and accurate financial statement information for the purpose of calculating social funds (including qardhul hasan) and answering to Allah SWT (trust factor). All of this is possible with the right kind of people on staff who are trustworthy, conscientious, selfless, competent, and ethical (Kadarningsih, 2017). The *jula-jula* custom of North Sumatra is one of the ingenious ways locals have found to deal with the economic challenges they face on a daily basis. All stages of accounting, from data capture and categorization to financial reporting, must adhere to the tenets of Islamic finance. Moreover, the form of accountability it contains is more than accountability in this world and also in the next, namely to the Almighty creator and fellow members of the *jula-jula* as a muamalah relationship with fellow humans.

The success of *maqasid al-syariah*, the goals set forth in sharia law, in being realized through the implementation of generally accepted accounting principles (GAAP) is a litmus test for the integrity of any financial reporting or recording system. The five tenets upon which this strategy rests are the safeguarding of faith, of life, of thought, of progeny, and of possessions. The long-term success of human life, economic growth, and societal well-being depend on adherence to these principles. By having maqasid sharia in place, sharia values that are relevant to policymaking, such as the standardization of financial reporting or company accounting, can be accurately interpreted. Economics, philosophy, politics, and society all play a role in how the principles of maqasid sharia are applied (Mukhlisin, 2021).

## RESEARCH METHODS

This study describes the conditions under which natural objects were observed utilizing a post-positive philosophical approach (not experiments). This type of study is also known as a naturalistic research approach because it is





scientifically conducted in an uncontrolled environment using the researcher as the primary instrument (Sugiyono, 2012). Because this study relied heavily on interviewees' own descriptions of their actions and words, a qualitative descriptive method was utilized (Moelong, 2007).

To learn how community members described their personal experiences with *jula-jula* and to zero in on the most pressing issues, in-depth interviews were used to collect data. The interviewees were chosen based on prior observation. It was believed that the selected informants were in a strong position to respond to research questions regarding phenomena occurring in the specified community. This article drew from ten sources, including five academics, four *ulama*, and four members of the general public who practice *jula-jula*. Research questions and data concerning the implementation of *jula-jula* influenced the decision to include a diverse range of respondents from various backgrounds. We needed to conduct interviews with professors to obtain a variety of theoretical and methodological perspectives on the *jula-jula* phenomenon based on the field of accounting. Consequently, *ulama* were enlisted to investigate the legitimacy of the contract from a sharia standpoint. The local *jula-jula* specialists were then consulted to learn more about the implementation process' difficulties and achievements. The public as *jula-jula* practitioners was therefore interviewed first, followed by academics and researchers, to collect background information.

The data analysis process was based on Miles and Huberman's theory, which included three critical steps: data reduction, data presentation, and drawing conclusions (Sugiyono, 2012). The first step after obtaining the data was to reduce or specifically summarize it, determining the main and important things, and then looking for themes and data patterns. Following that, the data was presented through a collection of information that had been obtained and structured in an easily understandable manner. Finally, drawing conclusions was to answer the formulated problems. Table 1 illustrates this.

Table 1. Data Reduction and Interview Results

No	Informants	Note
1	AS	<ul style="list-style-type: none"> <li>The majority of contracts used in <i>jula-jula</i> practice are debt contracts</li> </ul>



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		<ul style="list-style-type: none"> <li>The practice of <i>jula-jula</i> must be accompanied by a person in charge of the transfer of debt in the event that one of the participants is unable to pay or is late with payment.</li> </ul>
2	TA	<ul style="list-style-type: none"> <li><i>Jula-jula</i> is a type of social gathering with a qard contract.</li> <li>Profits derived from the fiqh-prohibited deduction of <i>jula-jula</i> funds are haram</li> <li>The concept of <i>jula-jula</i> is to assist the financial well-being of fellow members, so imposing penalties for late payments is not desirable.</li> </ul>
3	MB	<ul style="list-style-type: none"> <li>The mandate and responsibility of the head of <i>jula-jula</i> is to record the deposit of funds from members and the distribution of funds to members.</li> <li>Financial reports and records generated by the <i>jula-leader jula's</i> must be transparent.</li> <li>Financial reports or records from the <i>jula-leader jula's</i> must be of the highest quality for future decision-making to be possible</li> </ul>
4	MY	<ul style="list-style-type: none"> <li>Accounting principles are used in the <i>jula-jula</i> practice recording process.</li> <li>Accounting is a social science that arose from societal development and social interaction.</li> </ul>
5	MS	<ul style="list-style-type: none"> <li><i>Jula-jula</i> is managed by informal institutions or community groups.</li> <li>The rules or regulations are still simple.</li> <li>Records include accounting principles.</li> </ul>
6	AS	<ul style="list-style-type: none"> <li>As an alternative to microfinance, and practiced primarily by the middle and lower economic classes.</li> <li>The financial documents contain accounting principles, despite their simplicity</li> </ul>
7	MI	<ul style="list-style-type: none"> <li>Accounting or recording performed by the <i>jula-jula</i> administration will impact the satisfaction of <i>jula-jula</i> members.</li> <li>The records presented by the <i>jula-jula</i> management to its members will influence the members' decisions regarding whether or not they will continue to follow the <i>jula-jula</i> practice in the following round or period.</li> </ul>
8	MR	<ul style="list-style-type: none"> <li>If the administrator or registrar is compensated for writing notes on money borrowed from him, he has committed usury qardh because he took advantage of the debt contract.</li> <li>In reality, the registrar is unpaid and a volunteer, and they are selected based on their track records.</li> </ul>

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9	YA	<ul style="list-style-type: none"> <li>The accounting practices include accounting fundamentals such as historical costs, economic entities, and complete records.</li> </ul>
10	YS	<ul style="list-style-type: none"> <li>The strictness or laxity of the rule set used in <i>jula-jula</i> practice is established based on the data presented in the recording.</li> <li>There is a high risk of abuse in <i>jula-jula</i> practices, such as nonpayment by members, member flight, and even corruption at the highest levels of administration.</li> </ul>
11	AF	<ul style="list-style-type: none"> <li>Each participant is a creditor of every other participant when they deposit funds with a <i>jula-jula</i>, so no additional fees or burdens may be imposed on them. When a member gets their turn, they owe money to the person who gets it before them.</li> <li>Making use of a qardh contract to one's advantage is forbidden in Islam</li> </ul>
12	RD	<ul style="list-style-type: none"> <li>This information will allow management to establish more stringent rules for the future of the payment system.</li> <li>Members who are deemed to be financially challenging by management can be omitted from the next billing cycle by selecting them during registration.</li> </ul>
13	BD	<ul style="list-style-type: none"> <li>The emergence of <i>jula-jula</i> in a community may be seen as an attempt by its members to exert control over their economic circumstances.</li> <li>There are accounting concepts embedded in <i>jula-jula</i>, particularly those pertaining to the documentation of financial transactions.</li> </ul>

In accordance with the discussion presented in this paper, relevant analysis and conclusions can be derived from Table 1.

## RESULT AND DISCUSSION

### Results

#### *The Practice of Jula-Jula in North Sumatra*

Evidence from interviews with and observations of *jula-jula* practitioners in the community indicates that monetary contributions are made by members as part of their *jula-jula* obligations. All members are obligated to do this in turn based on the results of any lotteries won or agreed-upon number selections.



Management is performed by informal institutions or by a group of people. Withdrawals can be made on a daily, weekly, or monthly basis. The method is to provide fixed interest rates. This means that all participants submit a joint offer by writing down the name and the proposed interest rate. The offer with the highest interest rate takes the prize. The highest interest rate is limited in order to maintain a healthy practice. The initiator, who is also a participant, usually coordinates *jula-jula*. The *jula-jula* practice activities take place in one of the members' homes. The host provides food and drink for all participants, but this does not apply to *jula-jula* on a daily basis. The head of the *jula-jula* then collects the dues from all participants, which are then deposited with the *jula-jula* recipients. Typically, the *jula-jula* recipient is the host who was chosen through a previous draw. The withdrawals will be deducted or charged with a recording fee of 1% of the total revenue by the head of the sale. When it is time for the members to withdraw, the *jula-jula* leader deducts the money they have earned. The process was carried out by the community due to difficulties in obtaining formal financing. Hence, this activity became a solution to solve the community's financial problem.

This is consistent with the findings of Dinç et al (2022). Similarly, Rabie's (2021) findings in Africa suggested that ROSCA plays an important role as a tool for saving and investing when economic situation is moderate and low. According to Iswanto and Darmawan (2018), the *jula-jula* is a simple financial instrument for practicing savings, with the proceeds going toward school needs, health care, and other expenses. Furthermore, people generally participate in *jula-jula* to meet their needs, whether for consumptive or productive purposes. These findings were expressed by the following sales professionals:

"Normally, when we play *jula-jula*, there is one chairman who determines the nominal amount, and the rules are also present. Sometimes members propose what mechanism they want. Before we begin playing, we draw the numbers (number lottery) to determine the order. As a result, all of the members pay the sum of money to the chairman. After the two-week time limit, the sum of money can be taken by the first order number, and so on until all members have a turn."

The practice of *jula-jula* is incorporated into the debt contract (*qard*), and any profit derived from the loan contract is considered *haram* and is referred to as *riba qardh*. An informant among academics stated:



"If the implementation process is carried out by drawing lots, then the first number that receives money from all members is a debtor, and the contract is a loan. Then he was required to settle his debt by paying for the following turn. And, according to the *fiqh* rules, the chairman's profits from *jula-jula* transactions are forbidden."

Other aspect of *jula-jula* practices is the application of accounting principles, particularly in the financial recording process. In its financial records, *jula-jula* as a culture adheres to the fundamental accounting principles of historical costs, economic entities, and complete records. The financial records also included management accounting and behavioral accounting. To be able to make future decisions, the financial reports or records compiled by the head of *jula-jula* must be accountable. The information presented through recording determines the rigor and laxity of a *jula-jula* rule set. This is consistent with the findings gleaned from interviews with academics below.

"When we examine the locally-developed custom of *jula-jula*, we find that it makes no use of written records or formalized accounting systems. So, it includes accounting principles for keeping track of transactions, like making sales records. Further, we can draw parallels to management accounting and behavior, and use the resulting record to guide choices like whether to proceed into the next period. Hence, it seems to have some bearing on management. Then, the members' actions can be analyzed from the recording as well."

Figure 1 depicts the scheme of the *jula-jula* practice in the Tapanuli Batak community of North Sumatra:

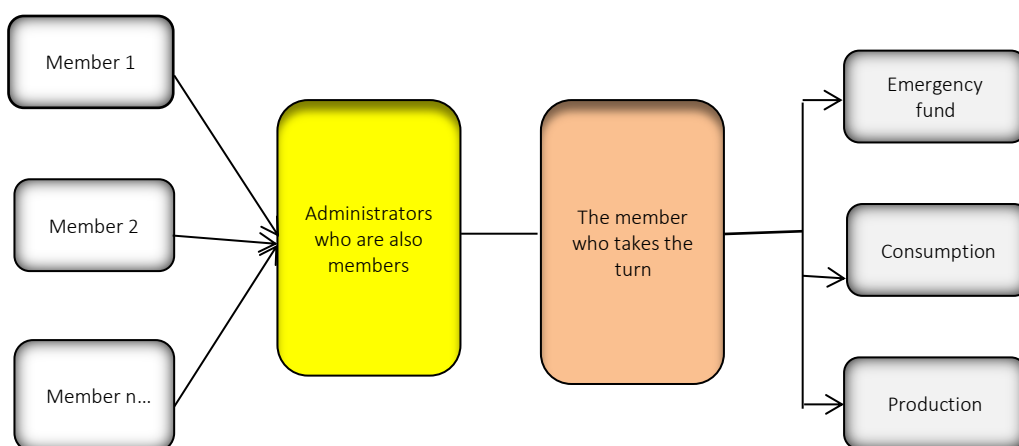


Figure 1. Implementation scheme of *jula-jula* practice



### *Islamic Economics' Perspective on the Jula-Jula Practice*

The implementation of the *jula-jula* contract in the Tapanuli Batak community is a debt contract from a sharia economic perspective. Therefore, any profit derived from the contract is deemed unlawful and referred to as *riba qardh*. This is what the informant from the *ulama* category stated:

“If the rollout is decided by a lottery, the winner will receive contributions from all of the group's contributors. Therefore, the agreement represents a legal obligation in the form of a loan or debt. Considering he owed money, he had to fork over the cash to secure his next move. As for the chairman's *jula-jula* profits, they are forbidden by *fiqh*.”

### *The Accounting Perspective on the Implementation of the Purchase-and-Sale Agreement*

Accounting principles such as accountability, transparency, honesty, and fairness in the financial recording process are met by the implementation of the *jula-jula* contract. This is in line with the academic informants that stated:

"If we examine *jula-jula* customs in the community, we find that there is a recording, or perhaps an accounting. Since the money contributed by members to the *jula-jula*'s head is accurately recorded, the recording serves as a useful source of accounting principles. All members have access to the records, so there is full transparency and accountability in terms of financial dealings. The availability of such financial data has allowed us to make decisions, such as notifying members with payment issues or excluding them from the next sales period. A conclusion is then reached based on the financial data or documents. To put it another way, this is connected to the field of management accounting and human behavior.

The accounting principle is also based on the financial records using evidence compiled by the head of *jula-jula*. Its record includes the names of members who have deposited *jula-jula* funds (date, month, and year) as well as members who have not yet fulfilled it. In order to prevent fraud or recording errors, the recording is transparent (accessible to all members), and accountable. The record is maintained on a weekly basis using the form shown in Table 2.



Table 2. Form of Weekly *Jula-Jula* Financial Records  
 Weekly *Jula-jula*  
 Starting on..., 2022  
 The amount of money deposit is IDR 100,000, -/member

No	Name	January			
		Week 1 IDR	Week 2 IDR	Week 3 IDR	Week 4 IDR
1					
2					
3					
4					
etc..					
	Members who have not paid				
1					
2					
3					
etc..					

Source: *Jula-jula* practitioners' document

## DISCUSSION

### *Jula-Jula* in Sharia Perspective

As shown in its practice, the contract used in *jula-jula* is *qardh* or debt contract, which is the system of collecting and distributing funds. *Qardh* derives from the Arabic word *al-Qith'ah*, which means "part," which is fitting because a debt is essentially a piece of the creditor's property. *Qardh* is the practice of loaning one's possessions to others in exchange for future use. *Qardh*, as practiced in Islamic Financial Institutions (IFI), is the transfer of funds or the issuance of an invoice between an IFI and a borrower, with the latter being obligated to repay the former in a predetermined amount of time and/or in a predetermined amount of cash. The term *qardh*, equal to "debt" in English, which is defined as owed or borrowed money. The primary sharia requirement for *qardh* is that it is a non-commercial social contract (*tabarru'*). What this means is that the creditor's intention in extending credit to the borrower is solely to provide for the borrower's needs.

According to these guidelines, any interest or other gain accruing from a loan agreement is forbidden and is referred to as *riba qardh*. Usury, or *riba qardh*, occurs when a debt transaction does not satisfy the requirements for profits that arise with risks (*al-ghunmu bil ghurmi*) and business results that arise with costs (*al-kharraj bid dhaman*) (Oni Sahroni, 2008). Obligations are traded for costs



in these kinds of deals simply because time passes (Karim, 2004). If a debtor is late in paying an invoice, the business owner can't pocket the gain, regardless of whether the money was risked in a trading or business transaction with a win or loss outcome. In other words, the only types of contracts in which gaining financial gain is permitted by Islam are those involving commercial transactions such as buying and selling (*bay'*), cooperation (*musharakah*), investment (*mudarabah*), renting (*ijarah*), and so on.

Therefore, *jula-jula* transactions cannot involve usury *qardh* transactions, as described previously. Among the *riba qardh* practices encountered frequently in *jula-jula* activities is the requirement to provide debtors with cash or other benefits, such as preparing food for arisan participants when it is their turn to receive loans or debts. Examples include administrative fees that must be issued to the management. These costs become profits that will be distributed to arisan members or profits for a member responsible for recording transactions (accounting). Although he is one of the creditors who distributes funds to the debtor, he is also a creditor. This is also a common practice in cooperative savings and loan wheels. Cooperative cash, which is essentially a deposit from its members, is loaned to other members who require funds for both consumption and production. It stipulated that the borrower or debtor is responsible for the loan's administrative fees (Ibrahim, Fitria, & Majid, 2021).

A sharia-based *arisan* management can be made to avoid unlawful practices from an Islamic point of view after one has learned the sharia signs pertaining to the *qardh* contract. The following are the ethical and legal guidelines that must be adhered to during practice:

- a. Select members with a solid history of personal financial management

This is crucial for preventing future instances of injustice. In Islamic law, it is forbidden to engage in any kind of business that might involve some form of oppression or exploitation of another person.

- b. Perform *wa'ad* (promise) *hiwalah* contracts (debt transfer) against debtors who submit other debtors with unknown credit histories.

Although there are some *jula-jula* groups that also include members from outside the community, in general, members of *jula-jula* groups are familiar with one another because they are from a similar society. It is critical to investigate the financial history of "foreigners" whose identities are





unknown to the majority of *jula-jula* members. The usual requirements for admitting a non-local member are either increased trust capital or a brief testimony from the initiating member. This is a safety measure to prevent unfavorable defaults in the foreseeable future. To reduce risk, members are strongly advised to make hiwalah *wa'ad* (promise) with supporters. Hiwalah is the transfer of debt from one person's responsibility to another (Yunus, 2005). Hiwalah, in the context of *jula-jula*, is a contract to transfer the insured's debt to the insurer who recommends it. *'Aqd* (contract) that is directly binding between the parties making the contract. However, in terms of benefit and refusing harm, *wa'd*, while not a contract, is still required to be obeyed and has consequences if it is broken. The National Sharia Council confirmed this in the DSN-MUI fatwa No. 85/Dsn-MUI/XII/2012 concerning promises (*wa'ad*) in Sharia Business and Financial Transactions. This viewpoint is shared by *Majma 'Al Fiqh Al Islami*, as stated at the Fifth Congress held in Kuwait on December 10-15, 1988. If the proponent is unwilling to promise to be a guarantor to the "foreign" party he recommends joining, foreigners should be avoided.

c. Appoint a volunteer as a registrar

Someone should be appointed to keep track of financial transactions. The Qur'an requires that debt contracts, or *qardh*, be recorded in order to avoid future *mukhashamah* (disputes). Therefore, the *jula-jula* members should appoint any member to serve as coordinator and deal with all transactions, including savings, distribution, payment discipline, and the reminding of members who are late in making deposits. The fact that a *jula-jula* coordinator is a volunteer, however, should not be overlooked. This either means that he is not paid, or that he is paid, but not enough to record his own receivables in the same way that we do with debts owed to others. *Riba qardh* applies if he takes advantage of the debt contract and is compensated for keeping track of the money that was borrowed from him.

d. No Administration Fee for Bookkeeping

Members shall not be subject to any additional charges or obligations beyond those set forth in the preceding paragraphs. In the same way that all participants are positioned as creditors when they deposit money to one of the arisan, it must either be bored by the katib (registrar) or divided equally



among all arisan participants. Rejecting this rule would amount to taking advantage of a qardh contract, which is forbidden under Islamic law.

- e. There is no fee associated with a change of turn.

Bargaining for turn withdrawals is a common phenomenon in arisan activities. This occurs because one of the members needs to withdraw funds while their turn has not yet come. Accounts payable agreements are more of a social than a commercial contract. Giving a turn to the other party must therefore be directed toward the goal of ta'awun, or mutual assistance. As a result, any form of levy based on a change of turn is illegal.

- f. No Late Fee Imposed

Delays in debt repayment are unavoidable. It is necessary to fulfill the commitment to pay debts on time. However, the financial reality that will occur tomorrow is still shrouded in mystery and uncertainty. All *jula-jula* participants must accept this. So, what can arisan participants do if they are unable to meet their deposit payment obligations in the near future? First, extending the deposit period (at the risk of delaying full withdrawal for the debtor who gets a turn). Second, half or all of the bonds with a risk of reducing the number of deposits and thus reducing the number of withdrawals for the next prospective debtor. This is explained in DSN-MUI Fatwa No. 19/DSN-MUI/IV/2001 concerning Al-Qardh. If a *jula-jula* member fails to pay, he or she can impose a family sanction or report the failure to the authorities (eg. the police).

- g. Constant deposit amount is required

The stability of the amount deposited is one of the conditions that must be met in *jula-jula* activities. The deposit amount may not change due to currency fluctuations because it will result in debt repayment that is not fixed with the loan's principal amount. This *jula-jula* behavior will undoubtedly be classified as qardh usury.

- h. Prioritizing prospective creditors who need more

Under Islamic law, a lottery that does not endanger the property of two or more parties is permitted. As a result, it is permissible to hold a lottery to determine the turn of the social gathering or *jula-jula* drawer. Because the



*jula-jula* contract is a debt, priority should be given to those who require financial channels in order to receive an early turn. Through indirect transactions, all participants can save, borrow, and gain advantages.

### ***Jula-Jula* based on Accounting Perspective**

Most people are blissfully unaware of the fact that their everyday *jula-jula* practices are in fact compliant with generally accepted accounting principles. Accounting as a discipline can be traced back to a lengthy and intricate history of human interaction. Accounting is the end result of an ingenious mashup of human ingenuity, aesthetic judgment, and abstract thought. Local wisdom is the cultural value of the community, according to the research of Sibarani and Keraf in Mulyani (2015). This is meant to maintain the social order that emerges as a result of the local culture's inherent superiority (Mulyani, 2015).

The accounting principles inherent in the practice of *jula-jula* form the basis for an accounting perspective on *jula-jula* as a cultural phenomenon. Accounting's first and foremost tenet is the use of past expenses to determine financial results. An accountant is needed to keep track of the money spent according to this principle. From a *jula-jula* management perspective, there are expenses associated with the billing process, such as those associated with keeping records and doing the books. Next, there is the issue of transportation expenses, as management must personally visit each member's home in order to collect the dues. Consequently, each member of the *jula-jula* is subject to a fee or deduction from the *jula-jula* proceeds as determined by management.

Various issues that arise in the community are attributable to the unethical conduct of both members and administrators. Being more egocentric and susceptible to the persuasion of others contributes to a number of risk factors for financial statement fraud and misuse (Amin, 2019; Mariana & Ibrahim, 2022). In this instance, behavioral accounting analysis is utilized to determine the assumptions or behavior of the community regarding the submitted accounting information system. The management accounting aspect will then explain its impact on the decision-making process with respect to the presented accounting information system or recording (Frima & Surya, 2018). The relationship between human behavior toward the accounting system (Purnama & Azizah, 2019) and the behavioral dimensions of the organization where humans and the accounting system are located is characterized by behavioral accounting (Rombe, T. Poputra, & Y.B. Kalalo, 2016).



Behavioral accounting examines the feedback loop between accounting data and business decisions made by humans (Supriyono, 2016). Considering the significance of behavioral accounting in providing crucial information for decision-making, it is evident that a community organization would benefit significantly from implementing a behavioral accounting system. Accounting systems and human behavior are both social reflections of an organization, which is why behavioral accounting takes them into account. On the basis of the company's financial records, decisions will then be made internally (Kadarningsih, 2017).

Consequently, the existence of recording or accounting in sales practices will dictate a decision and behavior described in the financial records. The chairman and members of the *jula-jula* can decide whether or not to continue following the *jula-jula* in the following period. On the basis of the financial records, the chairman or members of the *jula-jula* can also decide to impose sanctions on non-paying members and others.

Based on the preceding explanation, the researcher offers the following conceptual framework as our contribution to the *jula-jula* practices so that future practices can be in accordance with sharia rules in terms of the recording and contracts as well as the behavior of accountants.

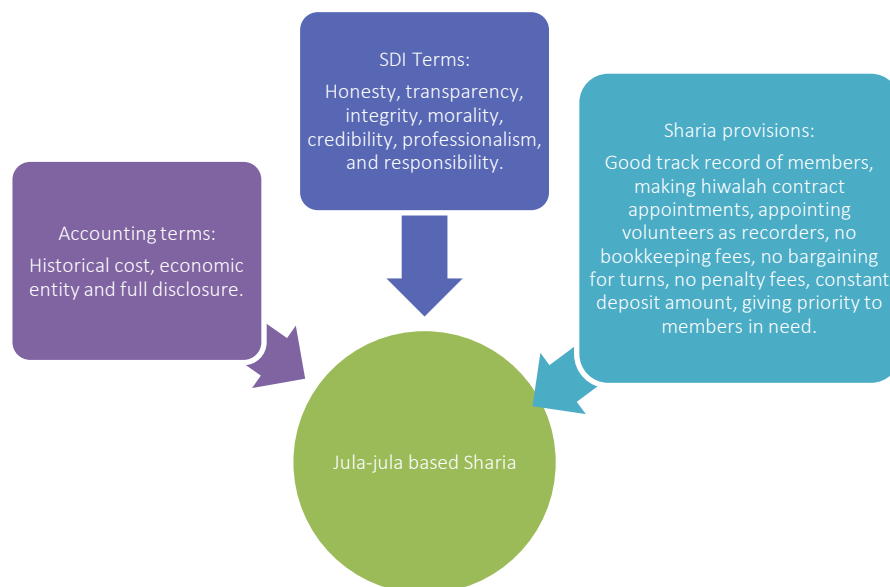


Figure 2. Sharia-based *Jula-jula* Concept



## CONCLUSION

The findings suggest that *jula-jula* is a form of microeconomic activity involving a *qardh* contract or debt among the Tapanuli Muslim community in North Sumatra. *Jula-jula*, as a societal culture, contains accounting principles such as historical costs, economic entities, and full disclosure. Moreover, both behavioral accounting and management accounting can be found within the financial documents.

Nevertheless, the aforementioned behaviors raise a number of concerns. There are indications that elements of usury are present, in addition to membership problems such as absenteeism from payments, corruption, running away from responsibilities, and other issues along these lines. According to Sharia, any profit derived from a loan contract is haram and is referred to as *riba qardh*.

To prevent such occurrences, we offer a *jula-jula* concept that adheres to three provisions: accounting provisions, human resource provisions, and sharia provisions. This study contributes new theoretical frameworks for *jula-jula* practices based on a sharia perspective and accounting methods. One practical implication of this study is the idea of sales based on sharia law. This idea can be implemented by the community without causing any injustice or violating Sharia rules, making it a community-beneficial financial solution. Further research could broaden the scope of the study to include *jula-jula* in different regions of Indonesia.

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