


Islamic Index With an Islamic Economic Approach to the Judgment

Strategy in the Concept of Working Capital and Income During the

Covid 19 Pandemic

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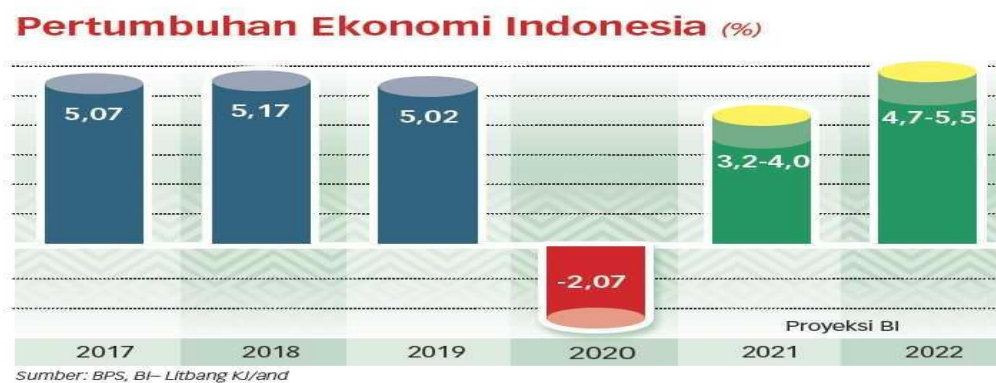
Email: [arnidawahyunilubis@uinsu.ac.id](mailto:arnidawahyunilubis@uinsu.ac.id), [andrisoemitra@uinsu.ac.id](mailto:andrisoemitra@uinsu.ac.id)

	<div>Abstract</div> <p>           This study looks at the current economic conditions that have an impact on the company. The author wants to provide the variables of Alms Fund and ISR Fund Allocation in company activities. With the hope that it will provide opportunities for the company to be able to improve the company. The Zakat Fund, which means the greater the funds spent and the allocation of funds for ICSR, gives a good image for the company. Because the company can channel the funds, it means that the company does not suffer a loss. So that it will attract sympathetic investors to invest in the company. The purpose of this study is to describe the literature on the Islamic Index with an Islamic Economic Approach to the Effect of Judgment Strategy in the Concept of Working Capital and Income During the Covid 19 Pandemic in Islamic accounting for five years, 2017-2022. The research method used in this research is qualitative research with content analysis of papers from the Google Scholar database. Researchers found 154 papers, after going through a selection process, the author finally reviewed 17 articles that were considered the most relevant         </p> <div> <b>Keywords:</b> Islamic Index, Islamic Economic Growth, Judgment Strategy         </div> <div>           This is an open-access article under the <a href="#">CC BY</a> license.            </div>
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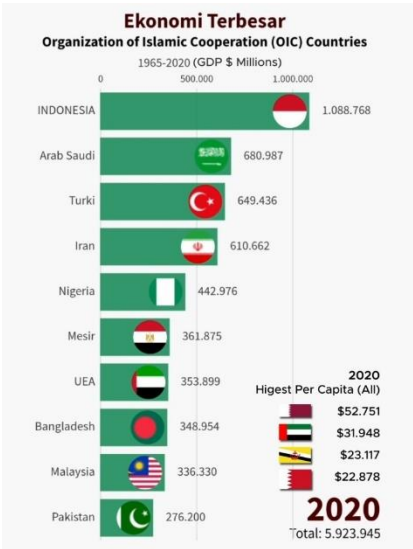
## Introduction

The COVID-19 pandemic has greatly affected all business sectors. Where the Islamic index data illustrates a graph that is very influential on the ups and downs of economic growth at this time. The Islamic economic approach moves human behavior as social beings who have human relationships with their ketauhitan, the Government is very worried about a spike in dynamics that will affect the capital and income of economic actors globally. This impact is felt on the people's economic business, especially in the city of Medan. The number of people's economic efforts in the city of Medan that involve various sectors, such as the trade sector, transportation sector, and tourism sector, has heavily influenced the people's economy during the COVID-19 pandemic to date. This is because the government has set restrictions known as Lockdowns. This causes a drastic decline in economic activity. As a result of the decrease in income from people's economic efforts, it is necessary to obtain capital as an effort to survive the people's economic business activities and later will measure the purchasing power of the business sector which will strengthen the welfare of these economic actors from the point of view of Islamic economics.

As seen from the Grafik as follows:

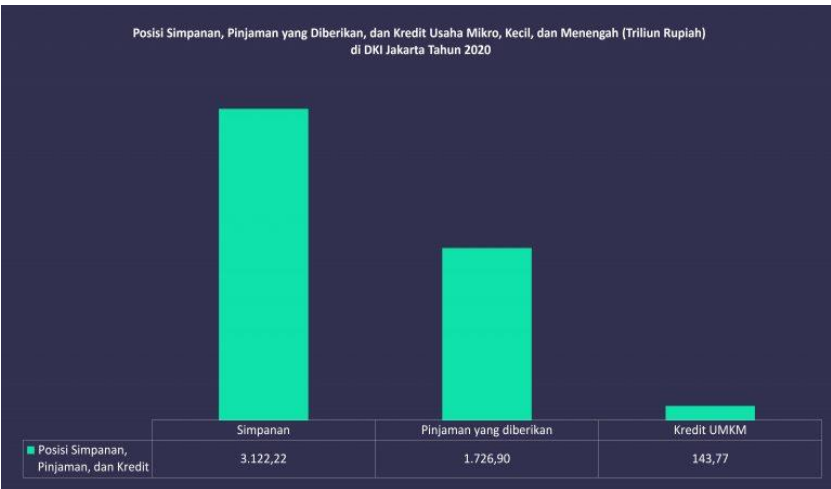


There is a projection that Indonesia's economic growth will recover and grow in the range of 4.7 to 5.5 percent. However, several sectors have the most influence on our economic growth, namely tourism, transportation, and manufacturing, which are not yet normal, so they are still sectors that suppress economic growth. To carry out a program activity for the recovery of the national economy, the government must continue to provide support to the people's economic efforts. People's economic efforts are very important seen from the Islamic index. Where the Islamic index is a measuring tool for business owners which is always a movement up or down the business sector, seen from the point of view of Islamic economics is the science of human behavior in meeting the needs of life according to the value of monotheism.



Source: Islamic Index

According to a report from the International Monetary Fund (IMF) which was officially submitted at the end of 2020, it shows that Indonesia's total GDP occupies the first position with 1,088,768 million US dollars. Based on World Bank records, when Indonesia's GDP was first recorded (1967) it was only in the sixth position with a nominal value of no more than 6,000 million dollars.



Source: BPS

It is shown from the graph shows that savings are greater than MSME loans and credits where savings are worth 3,122.22 trillion rupiahs, and bang will provide MSME loans and loans worth 1,726.90 and 143.77 trillion rupiah, respectively. Loans from MSMEs are a government program in helping small and medium entrepreneurs to create jobs in eradicating poveradicate financial assistance in the business will greatly help accelerate the development of the business. This will support the implementation of the economic welfare of the community. With that, to get this MSME credit, people only need to apply to a bank that has been determined by the government and complete the requirements that will be submitted to be verified and accepted by the bank. The judgment strategy is part of the decision to measure the business sector's finances which will later control cash flow and reduce risk and working capital management has indicators of 3 concepts which

will be presented in quantitative concepts, qualitative concepts, and functional concepts. Hafsah stated that two factors will become obstacles to people's economic efforts, namely internal factors and external factors. Internal factors include capital and human resources (HR). While the external factors are divided into four, namely the business climate, government policies, facilities and infrastructure, and the implications of free trade (free trade). As a result of the Judgment Strategy from the concept of working capital and income, is there a balance to measure economic growth in the various sectors of the people's economic business?

There is a difference between this paper and Sabirin's previous paper, Dini Ayuning Sukimin (2017) that first, the design of Islamic Micro Finance Melati to create a sharia microfinance institution that will be easy to provide capital financing is very good for overcoming the practice of moneylenders. Then the next differentiator is Lia Istifhama (2018), the strategy for survival and social capital states that all forms of transactions are large seeds of capital, which have a spiritual brand that has unparalleled charisma, excellence, and uniqueness. And S Fatimah (2000) factors that hinder the growth of MSMEs based on the level of importance of financial support factors, namely small and medium entrepreneurs are advised to look for sources of cheap financing with low-interest rates from financial institutions, seek loans from friends and family, negotiate with customers who buy on a large scale to provide a down payment, as well as seek financing sources from microfinance institutions

Descriptively, this paper has a quantitative objective to see how much there is a judgment strategy of working capital that will be provided and will measure the level of income for the people's economic independence, then from the level of analysis this paper directs how important the sector is global to meet needs that are not limited and from an Islamic perspective, with working capital and income, the benefits and maqasid of sharia will always be obtained

Academically this paper has a contribution that will see the development of the concept of working capital and income among the community and the mutual nature of giving as a level of concern for fellow social beings and globally all countries will have the achievement of the level of welfare of their population that rotates or cycles which will be measured by an index. Referring to the description above, the researcher is interested in conducting a study entitled Islamic Index With an Islamic Economic Approach to the Effect of Judgment Strategy in the Concept of Working Capital and Income During the Covid 19 Pandemic.

## **Literature review**

### **Working Capital Concept**

There are several concepts of working capital, namely:

#### **1. Quantitative Concept**

The quantitative concept defines working capital as several funds embedded in current assets in the form of cash, receivables, inventory, porsekot fees, or prepaid expenses. Funds contained in current assets will undergo a cycle in a short time. So big Working capital is several current working assets.

#### **2. Qualitative Concept**

The qualitative concept defines working capital as the amount of current debt or debt that must be paid immediately in the short term. The amount of working capital is the number of funds contained in current assets that can be used to finance the company's operations or after deducting the amount of current debt. In other words, the amount of working capital is the excess of current assets over current liabilities. This concept focuses on the quality of working capital. This concept looks at the difference between the number of current assets and current liabilities.

### 3. Functional concept

From this concept, the amount of working capital defines based on the function of funds to generate income. Referred income is income in one accounting period (current income) not in subsequent periods (future income). In simple terms, working capital is wealth or assets that are required by the company to carry out daily activities which always rotate over a certain period. As an illustration of the working capital of a company, namely:

a. The number of current assets consists of:

- 1) Cash
- 2) Accounts receivable
- 3) Notes receivable
- 4) Stock
- 5) Porcelain fee

b. The amount of current debt consists of:

- 1) Accounts payable
- 2) Notes payable
- 3) Salary payable
- 4) Working capital

Two factors become obstacles to people's economic efforts, namely internal factors and external factors. Internal factors include capital and human resources (HR). While external factors consist of the business climate, government policies, facilities, and infrastructure, and the implications of free trade.

### 4. Income Concept

Understanding income according to Economics is the number of assets at the beginning of the period plus changes in valuation that are not caused by changes in capital and debt.

C. The importance of capital in human life is addressed in the Qur'an Surah Al-Imron verse 14:

لِلنَّاسِ الشَّهَوَاتِ النَّسَاءِ الْبَنِينَ الْقَنَاطِيرَ الْمُقَنْطَرَةَ الذَّهَبِ الْفِضَّةِ الْخَيْلِ الْمُسَوَّمَةِ الْأَنْعَامِ الْحَرْثِ لَكَ أَعِ الْحَيَاةِ الدُّنْيَا اللَّهُ عِنْدَهُ الْمَآبِ

Made beautiful in (the view of) humans love for what they want, namely: women, children, a wealth of many kinds of gold, silver, horses of choice, livestock, and fields. That is the pleasure of living in this world, and with Allah is a good place to return (heaven).

### Research Methods

This research uses a qualitative approach to peer analysis content. This type of paper is a literature study by collecting secondary data, namely articles, research results, and reference books published in the last 5 years. The papers are analyzed qualitatively to provide a comprehensive summary

This research was conducted by analyzing the articles found based on the selected keywords, namely "judgment strategy" "working capital concept" or "income" in the Google Scholar database using the Publish and Perish (POP) application. The articles that were found using these keywords were as many as articles published from 2017-2022. The whole article is evaluated based on the title, abstract

conclusion, and bibliography. At this stage, several articles were found to be irrelevant to the main topics of "judgment strategy" "working capital concept" or "income". Furthermore, an evaluation of the article with a focus on the study of "strategy judgment" or "the concept of working capital" or "income". Sorted articles that are considered relevant are then classified based on the title, author's name, and year of publication. Overall from 154 articles related to the keywords "judgment strategy" or "working capital concept" or "income there are 17 articles related to judgment strategy in working capital and income concept.

## Results And Discussion

This paper is an analysis of research maps related to the Judgment Strategy in the Concept of Working Capital and Income in the last five years on the Google Scholar database. Paper search results based on the keyword Judgment in the concept of working capital and income are as follows:

No	Author and Year	Title
1.	Sabirin, Dini Ayuning Sukimin (2017)	Islamic Micro Finance Melati: Efforts to Strengthen Capital for Traditional Market Traders
2.	Reni Oktaviani, Efri Syamsul Bahri (2018)	Productive Zakat as Micro Business Working Capital
3.	M. Samsul Haidir,(2019)	Revitalizing the Distribution of Productive Zakat as an Effort to Alleviate Poverty in the Modern Era
4.	Lia Istifhama (2017)	Survival Strategy and Social Capital of Private Traditional Market Traders in Islamic Economic Perspective
5.	Heri Irawan (2020)	Traders' Perceptions in the Sinjai Central Market on Business Capital Lending
6.	Laela Nikmatul Wafiroh, Ali Thamrin (2020)	The Effect of Business Capital on the Income of Trenggalek Typical Food Traders (Islamic Economic Perspective)
7	Moh Khoiri Abdi, Novi Febriyanti (2020)	Preparation of Islamic Marketing Strategies in Entrepreneurship in the Creative Economy Sector During the Covid 19 Pandemic
8.	Rachmanti, D A A (2018)	Analysis of Financial Report Preparation of MSMEs Batik Jumpat Dahlia Based on SAK-EMKM
9.	Hamel, C Wijaya, A (2020)	Pengaruh Orientasi Kewirausahaan dan Orientasi Pasar terhadap Kinerja Usaha UKM Di Jakarta Barat
10.	Erakipia, A F Gamaliel, H (2017)	Analysis of financial statements as a basis for assessing financial performance in Amungme and Kamoro SME
11	Wati, E (2021)	The effect of production and capital on the performance of micro-business actors in batik craftsmanship in the Kedung Waru sub-district
12	Ibrahim, M A (2022)	The effect of working capital, length of business, price, and the use of go-food applications on the income of noodle shop owners
13	Rahmatullah, A (2021)	Potential and Strategy for Development of Sasirangan Industry in Banjarmasin City
14.	Astuti, M Wahyuni, H C (2018)	Strategi implementasi green human resource management pada Usaha Mikro, Kecil Dan Menengah (UMKM)

15.	Febriantoro, W (2018)	Studies and strategies to support the development of e-commerce for MSMEs in Indonesia
16.	Budiarto, R (2018)	MSME Development Between Conceptual and Practical Experience
17.	Putra, Y M (2018)	Mapping the Application of EMKM Financial Accounting Standards to MSMEs in South Tangerang City

**Deskriptif kuantitatif**

Papers by year of publication

Tahun	F	%
2017	3	18
2018	6	35
2019	1	6
2020	4	23
2021	2	12
2022	1	6

Papers by publication type

Desain Riset/Metodologi	F	%
Kualitatif	12	71
Kuantitatif	5	29
Mixed method		

Paper-based on the methodology

Jenis Publikasi	F	%
Jurnal	13	76
Buku	3	18
Repository	1	6

**Capital Strengthening Factor Judgment Strategy**

The strategy is carried out in overcoming the existing problems by using the company's working capital as effectively as possible. Both existing funds are in cash, receivables, and notes payable as well as the existence of funds in current assets. The right use of funds is by streamlining the expenditure of funds in funding the company so that it operates as well as possible. Allocate expenditure of funds for company zakat. What is meant by Zakat here is removing funds from the net profit of the company. Zakat is an obligation that must be fulfilled. The more funds issued by the



company, the more profit generated by the company. This has a positive impact on the eyes of society. The income generated by the company should provide ICSR assistance to the community. This is an obligation for the company in fulfilling the distribution. If the company does not issue ICSR, it will cause a negative signal for the community. Because spending these funds means the company is in good condition. Companies that suffer losses find it difficult to provide these funds.

### Country Economic Growth

Economic growth is currently experiencing fluctuations that are troubling the company. The causative factor is one of the natural factors that cannot be controlled by humans. The COVID-19 outbreak that has hit the country in recent years has caused the economy to experience a downturn. Efforts are being made to overcome this problem by creating small and medium enterprises. With the existence of SMEs, the wheels of the economy will run. Efforts are made in addition to SME activities by increasing interest rates so that people invest their funds in banks.

### Conclusion

1. The economy is currently experiencing fluctuations which cause unrest for the company. In overcoming these problems we can allocate Zakat Funds, using these funds will give a positive signal to the wider community. Because the greater the funds spent on the Zakat fund, it means that the company has an optimal profit. Because the greater the Zakat given, the greater the profit earned by the company.
2. ICSR is a company strategy to seek sympathy from the public, especially investors. ICSr is an obligation that must be issued by the company. If the company can provide these funds, it means that the company has good financial performance. The company will not be able to issue ICSR funds if the company suffers a loss.

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