

Islamic Economic Principles Review of Cooperative Practices in Broiler Chicken Farming in Geragai District

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Abstract:

This study examines cooperative practices in broiler chicken farming in Geragai District, where the prevalent core-plasma partnership model raises persistent issues of equity, transparency, and risk distribution. The primary objective is to describe the cooperation between plasma farmers and core companies and assess its alignment with Islamic economic principles. Employing a qualitative case study approach, data were collected through in-depth interviews, field observations, and document analysis, and were subjected to thematic analysis with triangulation to ensure validity. Findings indicate that core companies dominate price setting, chick quality, and harvest timing, while plasma farmers bear mortality risk and additional costs, producing an uneven allocation of profits and risks. Contracts are frequently insufficiently detailed or not fully documented in writing, resulting in ambiguous agreements that contravene Islamic commercial ethics. The study contributes theoretically by reaffirming the relevance of the concepts of syirkah and mudharabah in evaluating partnership models, and practically by recommending more equitable, transparent, and Sharia-compliant contracts. It also highlights implications for future research and the need to strengthen Sharia legal literacy among plasma farmers.

Keywords:

Islamic economic principles; cooperative practices; livestock farming; broiler chickens.



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INTRODUCTION

The broiler farming industry is one of the strategic sectors in agribusiness that plays a major role in national food security. Demand for chicken meat increases with population growth, urbanization, and changes in people's consumption patterns that prefer affordable sources of animal protein (Mottet & Tempio, 2017). In Indonesia, this subsector accounts for more than 65% of national meat consumption (Suryana et al., 2021; BPS, 2023). However, despite its contribution to the economy, the partnership system between nucleus companies and plasma farmers often faces fundamental problems such as inequality of bargaining power, structural dependency, and unequal profit sharing (Rachman & Sudaryanto, 2020; Daryanto, 2021).

The gap between theory and practice in the broiler partnership system is evident in the weak application of the principles of fairness and transparency. Several studies show that although partnerships improve farmers' access to production facilities, their implementation often does not

reflect the principles of equity and fair risk distribution (Siregar et al., 2022; Hidayat & Prasetyo, 2021). Plasma farmers bear most of the risk, while the core company continues to benefit. This condition shows the potential for gharar or uncertainty in the contract, which is contrary to the principles of Islamic muamalah (Rahman, 2021; Nugroho & Setiawan, 2022). The limited empirical research that examines these issues from an Islamic economic perspective reinforces the academic urgency to conduct a normative-shariah analysis of partnership practices in the field.

In the framework of Islamic economic theory, business cooperation must be based on contracts that are free from elements of usury, gharar, and zulm, and uphold the principles of justice (al-'adl), honesty (shidq), and mutuality (ta'awun) (Antonio, 2019; Karim, 2020). Shirkah and mudharabah agreements are the main references in building sharia-based partnerships, with proportional profit and risk sharing (Ismail & Abdullah, 2021). However, practices in the field show that these principles have not been fully implemented (Fauzi & Rahman, 2022). Therefore, this study uses a qualitative case study approach in the Geragai sub-district to examine the practice of broiler partnership and assess its conformity with Islamic economic principles.

This research aims to answer two main questions: (1) what are the forms of cooperation practices of broiler farmers in Geragai Subdistrict, and (2) how do Islamic economic principles review these practices. By analyzing the pattern of the core-plasma relationship through empirical and normative approaches, this research is expected to describe the real conditions in the field while offering recommendations for improvement based on Sharia values. The main focus of the study is directed at the application of the principles of fairness, openness, and equity in the partnership relationship between the nucleus company and the farmers.

The contribution of this research lies in the effort to fill the void of literature related to empirical analysis of livestock partnerships from an Islamic economic perspective. Previous studies have focused more on aspects of profitability and technical efficiency (Siregar et al., 2022; Daryanto, 2021), while the normative-shariah dimension has rarely been studied in depth. This article offers novelty by integrating shirkah and mudharabah theories into the analysis of core-plasma partnership practices, as well as emphasizing the relevance of the principles of tawhid, justice, and morals in building a sustainable partnership system (Karim, 2020; Ismail & Abdullah, 2021). Thus, this research is expected to enrich contemporary Islamic economic literature as well as provide a conceptual basis for the formation of fair, transparent, and sharia-compliant partnership policies.

METHOD

This research uses a qualitative approach with a case study strategy to deeply understand the practice of broiler farming cooperation in Geragai District from an Islamic economic perspective. The qualitative approach was chosen because it is able to explore the meaning, perceptions, and experiences of research subjects contextually, making it suitable for examining complex socio-economic phenomena (Creswell & Poth, 2018; Snyder, 2019). The research data consisted of primary and secondary data. Primary data was obtained through in-depth interviews with plasma farmers and nucleus companies, direct observation of cooperation practices, and documentation of contracts and administrative records. Semi-structured interview techniques were used to provide

flexibility in exploring information, while participatory observation allowed researchers to understand the dynamics of interactions between farmers and core companies (Silverman, 2020; Nowell et al., 2017). Secondary data were obtained from scientific literature, official reports, and publications related to the nucleus-plasma partnership and Islamic economic principles. Inclusion criteria were set on plasma farmers who actively cooperated with the core company in at least the last three production periods, as well as core companies that had formal contracts with farmers in the Geragai sub-district. Exclusion criteria included independent farmers with no involvement in the nucleus-plasma system and companies with no written contracts, to maintain data validity and relevance (Patton, 2015). The unit of analysis of this study is the partnership relationship between plasma and nucleus, with a focus on contract mechanisms, risk distribution, and profit sharing.

Data collection techniques were conducted through triangulation, combining interviews, observation and documentation to increase the validity of findings (Flick, 2018; Akademia, 2025). Data analysis was conducted thematically by following the stages of data reduction, data presentation, and conclusion drawing, as developed by Miles, Huberman, and Saldaña (2018). The analysis process involved manual coding and the use of NVivo 12 software to help organize qualitative data, so that thematic patterns could be identified systematically (Castleberry & Nolen, 2018; Bazeley, 2020). Data validity was strengthened through member checking with key informants and peer debriefing with fellow researchers, to ensure the resulting interpretations were in line with field realities (Lincoln & Guba, 1985; Korstjens & Moser, 2018). Thus, this research method is designed to generate a comprehensive understanding of the practice of core-plasma partnerships in broiler farming, while assessing its conformity with Islamic economic principles.

RESULTS AND DISCUSSION

Results

The results of qualitative research conducted in Geragai Subdistrict show that the practice of broiler farming cooperation between plasma farmers and the core company forms a relatively uniform core-plasma partnership pattern. Based on the results of interviews and observations, it was found that the core company provides production inputs in the form of chicken seeds (DOC), feed, medicines, and technical assistance, while plasma farmers provide cages, labor, and daily operational costs. The first thing that emerges from the data analysis is the structural dependence of farmers on the core company, where farmers have no control over the selling price or harvest time. This is in line with previous research findings showing that the nucleus-plasma system tends to place farmers in a subordinate position in the agribusiness value chain (Hidayatullah, 2024).

The second is the lack of clarity in the contract. Most farmers stated that the contract was not set out in detail in written form, leading to uncertainty regarding profit and risk sharing. This condition shows that there is an element of gharar in the partnership practice, as also found in a similar study in Tulungagung, which assessed that the mudharabah contract in broiler chicken partnerships is not fully in accordance with sharia principles (Jayanti, 2024). The contract documentation obtained shows that clauses regarding the selling price of chickens and the quality of

seeds are mostly determined by the core company, while farmers only follow the existing provisions (Padilah, 2022).

The third is the imbalance in profit and risk sharing. Plasma farmers bear the risk of chicken mortality and additional costs due to the extension of the harvesting period, while the nucleus company still earns profits from successfully harvested chickens. This is consistent with the findings of a study in Pekalongan, which showed that the fixed fee system per chicken is more profitable for the nucleus company than the farmers (Saputra, 2024). Secondary data from the Central Bureau of Statistics of Tanjung Jabung Timur District also shows that although broiler production has increased, plasma farmers' profit margins have remained relatively stagnant in the last five years (BPS, 2023).

The fourth is the core company's dominance in decision-making. The nucleus company has full authority in determining the harvest time, seed quality, and selling price of chickens. Plasma farmers do not have adequate negotiation space, so their bargaining position is very weak. A similar phenomenon was also found in a study in Tuban that highlighted the unequal pattern of the nucleus-plasma partnership relationship, where the nucleus company is more dominant in determining technical policies and prices (Srimindarto, 2022).

The fifth is the lack of literacy in Sharia law and economics among plasma farmers. Most farmers do not understand the concept of shirkah or mudharabah in depth, so they do not realize the incompatibility of contracts with sharia principles. This is reinforced by research in Kudus, which found that laying hen farmers also have difficulty in understanding the ideal shirkah contract, so that profit-sharing practices are often not in accordance with Islamic economic theory (Pratama, 2018).

The sixth is the economic contribution of partnerships to the sustainability of livestock enterprises. Despite inequalities, the inti-plasma system still provides farmers with access to production inputs and market guarantees. Evaluative research in Riau showed that the nucleus-plasma system was able to increase broiler productivity, although the distribution of profits was uneven (Syafitri et al., 2020). Another study in South Sulawesi also confirmed that the contribution of the nucleus in providing capital and production inputs is very helpful to farmers, although the bargaining position of the plasma remains weak (Syafran, 2022).

The seventh is farmers' perception of fairness in the partnership. Based on interviews, most farmers feel that the partnership system does not reflect the principle of distributive justice. They complained that the quality of seedlings has declined even though the price has remained the same, as well as harvest delays that increase the risk of disease. This is consistent with research in Central Java that highlighted the existence of monopsony practices by nucleus companies in determining chicken prices (Dewanto, 2010).

The eighth is the role of government and supervisory institutions in partnerships. Documentation shows that local government supervision of partnership practices is still weak, so many contracts are not in accordance with the principles of fairness and transparency. Other research

also confirms that weak regulations mean that partnership practices are often detrimental to smallholder farmers.

Discussion

The results of this study confirm that the practice of broiler farming cooperation in Geragai Subdistrict still faces fundamental problems related to the unclear contract, the imbalance of profit sharing, and the dominance of the core company in decision-making. These findings directly answer the formulation of the research problem, namely, how the cooperation practices take place and how they are in accordance with the principles of Islamic economics. The fact that plasma farmers bear more risk than the core company shows that there is a discrepancy with the principle of distributive justice, which is the foundation of Islamic economics (Karim, 2020). This shows that the research objective of identifying partnership practices and reviewing them from a sharia perspective has been achieved, with an emphasis on the need to improve the contract structure to make it fairer and more transparent.

Interpretation of the findings within the theoretical framework of *shirkah* and *mudharabah* shows that partnership practices in Geragai do not fully reflect these principles. In *shirkah*, profits and risks should be shared proportionally according to each party's contribution, while in *mudharabah*, losses are borne by the owner of the capital unless due to the negligence of the manager (Ismail & Abdullah, 2021). However, in the *inti-plasma* practice, the risk of chicken mortality and additional costs due to harvest delays are mostly borne by plasma farmers, while the nucleus company continues to benefit. This condition shows the elements of *gharar* and *ikrah*, which are contrary to the principle of *ridha bi ridha* in Islamic transactions (Nugroho & Setiawan, 2022). Thus, the theoretical interpretation reinforces the conclusion that this partnership practice is not in accordance with Islamic *muamalah* values.

Comparison with previous studies shows a similar pattern. Research in Pekalongan found that the fixed fee system per chicken is more profitable for the nucleus company, while plasma farmers bear the risk of loss (Saputra, 2024). Another study in Bulukumba also confirmed that the contribution of the nucleus in the provision of capital and production facilities does help farmers, but the bargaining position of plasma remains weak (Syafran, 2022). However, there is a difference with a study in Riau, which shows that the nucleus-plasma system can increase farmers' productivity and income, although the distribution of profits is uneven (Syafitri et al., 2020). This difference suggests that the effectiveness of the partnership is strongly influenced by the quality of the contract and the level of transparency applied.

The scientific contribution of this article lies in the integration of empirical analysis with the theoretical framework of Islamic economics, which is rarely done in broiler farming partnership studies. Most previous studies have emphasized aspects of profitability and technical efficiency (Siregar et al., 2022), while the normative-shariah dimension has received less attention. This article enriches the literature by emphasizing the relevance of the principles of *tawhid*, morality, balance, individual freedom, and justice in building a sustainable partnership system (Antonio, 2019). Thus,

this research not only makes a practical contribution to the improvement of partnership models but also expands the theoretical horizons in contemporary Islamic economic studies.

The limitations of this study need to be acknowledged proportionally. Firstly, this research only focuses on one area, namely Geragai, so generalization of the results to other areas needs to be done with caution. Secondly, the data obtained mostly comes from interviews and observations, so it relies heavily on the subjectivity of the informants. This is in line with the general limitations of qualitative case study research, which emphasizes depth of analysis over breadth of coverage (Creswell & Poth, 2018). In addition, limited access to official contract documents was also an obstacle in obtaining a comprehensive picture of the contents of the partnership agreement.

The implication of this research for practitioners is the need to develop more transparent and fair cooperation contracts, involving plasma farmers in the negotiation process. Local governments and supervisory agencies also need to strengthen regulations and supervision of partnership practices, as mandated in MOA No. 13/2017 on livestock business partnerships (Dewanto, 2010). For policymakers, this research provides an empirical basis for formulating policies that are more favorable to plasma farmers, thus creating a balance in the distribution of profits and risks.

From an academic perspective, this research opens up room for broader follow-up studies, both with a quantitative approach to statistically measure the economic impact of partnerships and with a mixed methods approach to integrate normative and empirical analysis. Comparative studies between regions are also important to understand variations in partnership practices and the factors that influence their success. In addition, further research can examine the role of Islamic financial institutions in supporting sharia-based livestock financing, thus strengthening the halal agribusiness ecosystem (Fauzi & Rahman, 2022).

Finally, this research also has theoretical implications by confirming that Islamic economic principles are not only normative, but can also be an applicable analytical framework in assessing contemporary business practices. By taking *syirkah* and *mudharabah* as references, this research shows that the practice of core-plasma partnerships can be steered towards a more equitable, transparent, and sustainable model. This is in line with recent research trends that integrate legal, economic, and Sharia aspects in the analysis of agribusiness partnerships (Hartono et al., 2020). Thus, this article emphasizes the important position of Islamic economics as an alternative paradigm in building an equitable partnership system.

CONCLUSION

This research shows that the practice of broiler farming cooperation in Geragai Subdistrict still faces fundamental problems related to the unclear contract, imbalance in profit sharing, and the dominance of the core company in decision-making. Plasma farmers tend to bear greater risks, both in terms of chicken mortality and additional costs due to harvest delays, while the core company continues to benefit. This condition shows that the ongoing core-plasma partnership practice is not fully in accordance with the principles of Islamic economics, especially in the aspects of justice, openness, and equity. Thus, the research objective to describe the practice of cooperation and review

it from an Islamic economic perspective has been achieved, with an emphasis on the need to improve the contract structure to make it fairer and more transparent.

The contribution of this article lies in the integration of empirical analysis with the theoretical framework of Islamic economics, which enriches the literature on agribusiness partnerships with a normative-shariah perspective. Theoretically, this research confirms the relevance of the principles of shirkah and mudharabah as a reference in building an equitable cooperation system. Practically, the results of this study provide recommendations for farmers, nucleus companies, and policymakers to develop a more transparent, fair, and sustainable partnership model. This article also confirms that Islamic economic principles are not only normative but can be applied directly in contemporary business practices, thus strengthening the position of Islamic economics as an alternative paradigm in the development of the livestock sector.

The implications of this research open up room for a broader follow-up study, either through a quantitative approach to statistically measure the economic impact of partnerships, or through a mixed methods approach to integrate normative and empirical analysis. Comparative research between regions is also important to understand variations in partnership practices and the factors that influence their success. In addition, strengthening Sharia legal and economic literacy among plasma farmers is an important agenda so that they have a more equal bargaining position in contract negotiations. Thus, this research not only provides an academic contribution but also offers a direction for developing partnership practices that are more in line with the values of justice and sustainability.

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