SHARIA-BASED EDUCATION INSURANCE PROGRAM WITH CORN WASTE AS PREMIUM, ALTERNATIVE FOR DECREASING THE DROPOUT RATES IN SOCIETY OF KARANG JATI PASURUAN

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ABSTRACT

Karang jati is one of village in Indonesia which located in Pandaan sub-district, Pasuruan district with commonly the population become a farmer and cattleman. Corn is one of vegetation that often planted by society there. However, society in this village are not be able to utilize the corn waste that produced by remaining corn production. Moreover, the number of dropout in this village are still have high number. Therefore, society are needed effort to utilize corn waste and decrease the dropout rates. The writer was initiated a program that is Sharia-Based Education Insurance by using corn waste as a premium. The purpose of writing this scientific paper is to know general description about society in Karang jati village, so that it is aligned with Sharia-Based Education Insurance and to know implementation mechanism Sharia-Based Education Insurance program. The theory that used is theory which related with education insurance, cooperative and production of fermented animal feed. Research method that used is qualitative by taking data through interview, observation and study of literature. Sharia-Based Education Insurance program is offered with groove and financial plan which started when citizens submit the corn waste as premium. Thereafter, the cooperative changes waste to become fermented animal feed. After that, it is sold at fermented feed price Rp. 6000,00/kg. The fund proceeds of sale will be processed by cooperative by using profit-sharing system 70% for customer and 30% for cooperative. Insurance claims are awarded when the participant has reached the insurance target, expired the contract period and resign. To implement Sharia-Based Education Insurance program is needed cooperation with related parties such as investor, government and animal feed company. Implementation of Sharia-Based Education Insurance program is done by applying the principle of tafakul (caring) and ta’awun (tolong-menolong) that integrated with cooperative. Sharia-Based Education Insurance program is expected to resolve corn waste that produced by remaining corn production and decrease the dropout rates in Karang jati village Pasuruan.

Keywords: Education insurance, society of Karang Jati village, corn waste, fermentation
1. INTRODUCTION

Karang Jati is one of the villages located in Pandaan sub-district, Pasuruan Regency, Indonesia, with the majority of the population working as farmers and breeders. Corn is one of the plants that is often planted by people in Karang Jati Village. Total maize production in Pandaan Sub-district, Pasuruan Regency, amounts to 612,000 Kg per year (Central Statistics Agency Pasuruan Regency, 2015). Based on this amount of production it is estimated that the amount of waste produced is 39,780 kg per year. The amount of corn waste produced, often are not balanced with the community's ability to process it. In the other side according to survey conducted by the author, women in Karang Jati Village are mostly a school dropout. They prefer to get married and assume that being a housewife is better than wasting money on school. Meanwhile, men in Karang Jati Village mostly only have education up to junior high school or even elementary school. They choose to work as construction workers at the city. The high dropout rate in Karang Jati Village is related to the economic condition of the community. They prefer doing manual labor that can make money faster. Therefore, innovation is needed that can solve the high amount of corn waste while reducing the dropout rate in Karang jati Village.

Researchers propose solutions to sharia-based education insurance programs using corn waste as the premium. Basically sharia insurance or takaful, is insurance to bestow, transfer or transfer risks borne by other parties on condition that they make premium payments within a certain time period regularly instead of policies that guarantee protection against possible risks in the future along with uncertainty itself (Farodis, 2014). Meanwhile, education insurance is a form of protection for someone who wants to provide education funds for their sons and daughters until undergraduate. Educational insurance program offered by giving away corn waste as the premium. The community organizations (cooperatives) will process the waste into ammoniated animal feed. Profits from sales will be divided by 70% for customers and 30% for cooperatives. This program involves cooperation with various related parties such as investors, government, and animal feed companies.

Based on the existing problems, the researchers formulated the problem regarding an overview of sharia-based education insurance programs that soon to be implemented, the implementation of sharia-based education insurance programs in Pandaan District, Pasuruan, and the insurance program work system. The research method used is descriptive qualitative by taking data through interviews, observation, and literature studies. The results of this study aim to provide an overview of the insurance program that will be implemented, analyzing the implementation of sharia-based education insurance programs, and solving corn waste problem while reducing dropout rates by using insurance program work system in Karang Jati Village.

2. METHODS

The method used in this study is descriptive qualitative, primary data retrieval from the results of observation and unstructured interviews, namely free interviews where researchers use interview
guidelines that have been arranged as signs in the study. In addition, secondary data from literature and documentation studies. Qualitative research is a method to explore and understand the meaning that a number of individuals or groups of people deem to originate from social or humanitarian problems (Creswell, 2010). The location of the study was conducted in Karang Jati Village, Pandaan District, Pasuruan Regency. This place was chosen by the researcher because it has the potential to utilize the waste produced by the community and the condition of community education is not good. The sampling technique uses snowball random sampling, namely the determination of informants is determined by the previous informant. Data analysis techniques in descriptive qualitative research as proposed by Moleong (2000) follow the following procedures: (1) Descriptive analysis by developing relevant categories with objectives, (2) Interpretation of the results of descriptive analysis based on the results of interviews. Qualitative data analysis can involve the process of collecting data, interpreting, and reporting results simultaneously and together (Creswell, 2010).

3. DISCUSSION

According to Law of the Republic of Indonesia Number 25 year 1992, Cooperatives shall business actors that have members of individuals or cooperatives legal entities in which its operation is based on principles of cooperatives as well as treated as people economic movement based on familial principles. While Sharia Insurance is an insurance based on sharia principles with regard to mutual assistance (ta’awuni) and mutual protection (takafuli) between the participants through a collection of fund (Dana Tabarru’) managed under sharia principles to deal with certain risks. Profit sharing in Syari’ah insurance is divided between companies and participants according to the principle of profit sharing in a predetermined proportion. Whereas in conventional insurance, all profits are owned by the company. Education insurance is one of alternative for educational needs. Even when parents are not productive or death, education of beneficiaries of policy (children) are guaranteed. Educational insurance is a contract between an insurance company and parents that agree to pay premiums to the insurance company, then the parents get education funds from the insurance company when the child enters school according with the level of education. In this insurance participants have two possibilities, if the participant is still alive until the end of the contract period, then the claim payment from their account will be received by them and they can use for their children education costs. But if the participant have died during the contract period, the claim payment from their account will be received by his heirs for their children education cost.

3.1. General Description of Karang Jati Village Education Insurance Program

The cooperative that will be built in Karang Jati Village, Pandaan sub-district, Pasuruan District, is a cooperative with a special syari’ah education insurance program for the society of Pandaan sub-district, Pasuruan. People who want to become a customer must submit premiums regularly. The premium used in this insurance is corn waste. Corn waste that have given to cooperative will be processed by the cooperative into ammoniation animal feed. Then this animal feed will be sold to
many regions. The profit from product will be shared into 70% for customers and 30% for cooperatives. Payment of claims will be given to customers who ended the contract period.

3.2. Implementation Mechanism for Educational Insurance Program

Planning with carefully is needed to implement cooperatives with education insurance program, so this program can sustainable. The implementation step of the education insurance in the Karangjati village consists of several steps, those are establishment, financial analysis and socialization step.

3.2.1. Establishment step

The establishment steps of cooperative according to the Ministry of Cooperatives and the Deputy Assistant SMEs and Cooperative Legal Entities (2018) are:

1) Formation plan
   formation planning for the cooperative is making the name of the cooperative, forming the employees and the supervisor of the cooperative. After that, they have to hold a meeting attended with minimum 20 person.

2) Co-operative Counseling

3) Attended by Notary

4) Validation of Establishment Deed
   one of the meeting results is the establishment deed of the cooperative. Then, it is submitted to the Notary. Then the Notary will submit the establishment deed of the cooperative to the ministry of cooperatives and SEMs Indonesia by online. If the submission is accepted, the cooperative get the Legal status from the Government. after that, the cooperative management can contact people or institution, namely:
   - Investor
     Cooperative Employees contact investors who play a role in investment, both domestic and foreign investors.
   - Government
     The cooperative employees contact government that relating to the insurance program, especially the East Java Livestock Services which play a role in making cooperative product (ammoniation animal feed) and distributing product. During process to make ammoniation animal feed, assistance from East Java Livestock Services is needed. So the product is safe for livestock. Assistance from East Java Livestock Services is also needed to accompany the breeder or cattleman when they implement this feed in the first time to their livestock.
   - Animal feed or livestock companies
     The cooperative employees contact animal feed or livestock companies which play a role in becoming a consumer of animal feed. Moreover, animal feed companies also play a role as distributors for cooperative products.
3.2.2. Financial Analysis

Before implementing this idea, we have to analysis the financial carefully. So the program can sustainable and have a long impact on people's lives. There are several calculations in financial analysis for establishment and operation of the insurance, these are the calculation of the variable cost, fixed cost, Cost of Goods Sold (CGS) and Break Even Point (BEP). Variable cost is the cost that can changes depens on the volume of activity or output (Wiharjo, 2011). If the activity volume increases around 10%, the cost will also increase around 10%. So the costs will increase as the volume of activities increases too. The number of variable costs can be seen in table 1. Fixed costs are costs that have fixed total in a certain volume range. The number of fixed costs can be seen in table 2. the calculation of CGS (Cost of Goods Sold) is a description about the number of money that be spent of each product. The purpose of calculating cost of goods sold (CGS) is as a basis for setting the prices in the market, to know the income from the process of exchanging goods or services and as a tool for assessing efficiency in the production process (Rufaidah, 2012). CGS for implement insurance program can be seen in Figure 1. Then, the Break Evem Point (BEP) analysis is needed which is an analytical technique to study the relationship between fixed costs, variable costs, profits and sales volume and it is a combine technique, and management in decision making (Nuzuliani dan Syam, 2017). BEP analysis can be seen in Figure 2. According to BEP analysis, selling price of the amoniation animal feed is Rp. 6000. this selling price is above the CGS (cost of goods sold). the cooperative will obtain profits if their have sold 2.433 kilogram and will receive Rp. 14,796,500 after sold 2.433 kilogram product.

<table>
<thead>
<tr>
<th>No.</th>
<th>Keterangan</th>
<th>Jumlah</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Electricity cost</td>
<td>500.000,- / month</td>
</tr>
<tr>
<td>2</td>
<td>Water cost</td>
<td>1.000.000,- / month</td>
</tr>
<tr>
<td>3</td>
<td>Raw materials cost</td>
<td>100.000.000,- / month</td>
</tr>
<tr>
<td>4</td>
<td>Another cost</td>
<td>5.000.000,- / month</td>
</tr>
<tr>
<td></td>
<td>Output total in a month</td>
<td>107.000.000,-</td>
</tr>
<tr>
<td></td>
<td>Output total in a year</td>
<td>1.284.000.000,-</td>
</tr>
</tbody>
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<thead>
<tr>
<th>No.</th>
<th>Keterangan</th>
<th>Jumlah</th>
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</thead>
<tbody>
<tr>
<td>1.</td>
<td>The place cost</td>
<td>1.000.000,-</td>
</tr>
<tr>
<td>2.</td>
<td>Others</td>
<td>4.000.000,-</td>
</tr>
<tr>
<td></td>
<td>Output total in a month</td>
<td>5.000.000,-</td>
</tr>
<tr>
<td></td>
<td>Output total in a year</td>
<td>60.000.000,-</td>
</tr>
</tbody>
</table>

HPP = Total Variable Cost/Total Unit
= 1.284.000.000,- / 360.000 unit
= 3.567
Produk pakan ternak ini memiliki harga pokok penjualan sebesar Rp. 3.567,- per unit.

Animal feed product has basic price Rp 3.567 each kilogram

Figure 1. CGV Analysis (Cost Goods Value)
3.2.3. Socialization step
After the education insurance cooperative is ready to operate, the cooperative employees will socialization about the benefits of using an education insurance program to the public. This socialization aims to introduce education insurance programs. During the initial implementation of the education insurance program, the customer will get assistance directly from the cooperative employees so they do not confuse to this program.

3.3. Education Insurance Work System
Candidate customers must register themselves as customers to get this insurance facilities. After the customer registers with the tabarru contract, the customer must pay the premium regularly. Premiums from customers in the form of corn waste will be converted in selling value. The cooperative will process premiums in the form of corn waste into ammoniation animal feed. Profits will be shared according to mudaraba principles such as 30% for cooperative and 70% for insurance. The analysis of insurance funds processing are:

- Customers give corn waste as a premium to insurance cooperatives. The company will process and marketing of ammoniation animal feed as a result of corn waste to several regions, which the profits are shared by 30% for cooperatives (processing costs) and 70% for insurance.
- Insurance cooperatives will invest funds to several companies with mudhorabah and musyarakah systems.
- The profits obtain from investment will be included in the customer's account.
- Insurance cooperatives give claim payments to customers who ended their contract period.

![BEP Analysis (Break Even Point)](image)

\[
\text{BEP (Unit)} = \frac{\text{Total Fixed cost}}{6.000 - \text{HPP}} = \frac{60.000.000}{6.000 - 3.567} = 2.433 \\
\text{BEP (Rupiah)} = \frac{\text{Total Fixed Cost}/(\text{HPP}/6.000)}{1 - (3567/6000)} = \frac{60.000.000}{1 - 0.5945} = 60.000.000/0.4055 = 147.965 \, 474 = 148.2 \\
\]

\[= 14.796.500\]

Figure 2. BEP Analysis (Break Even Point)
4. CONCLUSIONS
Implement of education insurance in Karang jati village is needed a lot of cooperation from several companies and the employees cooperative must make plan carefully. Cooperative employees must get training before the cooperative operates. Marketing, administrative and ammoniation animal feed making training must be given for cooperative employees. Government supporting is needed to apply this program. This program can be implemented in other region that have similar condition with Karang jati village to improve the quality of education and involve over waste corn problem in Indonesia and other countries.

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6. REFERENCES