ISLAMIC MAQASHID APPROACH ON DROPSHIPPING PRACTICES

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ABSTRACT

Dropshipping is a streamlined form of retail business. In this business, there are three actors involved; buyers, sellers (owners of goods), and drop shippers. The series of product sales through the dropshipping system is when the customer has paid for a product to the drop shipper. The drop shipper then pays the seller as well as sends the products ordered by the customer. Furthermore, the owner of the goods will send the product ordered by the customer directly. This study aims to explain the scheme of buying and selling online through the dropshipping system from the Islamic economic perspective. This research is descriptive qualitative research by analyzing the dropshipping from the Islamic perspective. The study concluded that dropshipping trading is allowed in the perspective of Islamic economics by using the syirkah contract, known as syirkah wujuh and simsarah (broker/agent). Both types of this transaction can legalize dropshipping as long as there are no elements of gharar/frauds. This dropshipping practice is following maqashid syariah which will provide a rational and substantial pattern of thinking in looking at forms of transactions to respond to the progress of growing business.

1. INTRODUCTION

Every activity in this life must have a goal (maqashid). In contemporary Islamic economics and finance studies, many problems of business competition emerge and would be a trigger for a change. The growing number of diverse products has led producers/sellers to continue to compete. The producers will of course always innovate in the face of competition and competitors and strive to be the best, running their business with quality products, competitive prices, and total service (Muhammad Ismail 2002).

In recent days, technology has been used in many areas of this life, including in the field of commerce or business. The internet has provided various ease facilities for its users, one of which is the facility for buying and selling. According to Olivia Putri, based on her study, that the growth of online buyers or online shoppers in Indonesia occurred in the last three years. In 2016, the number of online buyers reached 9.6 percent of the total population and increased to 10.7 percent in 2017, both Muslim and non-Muslim business transactions.

Purchasing activity, in-depth view, is one of the stages of the whole purchasing decision process. The purchasing decision process for consumers includes the following stages: problem identification, information search, alternative evaluation, purchasing, and purchasing process evaluation. Even though, not all of these stages have been passed or...
implemented by consumers. The whole process is usually carried out in certain situations and conditions, for example on the first purchase and or the purchase of goods with relatively high prices or values. Consumers will find it easier to make purchasing decisions if it is repetitive or continuous for the same product. If the factors that influence change, of course, consumers will reconsider their purchasing decisions.

There are several decisions to consider for consumers to buy; they are a type of product, product forms, product brands, number of products, purchase time, and method of payments. Each brand for the products and sales of a company has its uniqueness and specificity that will differentiate it from other competitors.

Dropshipping is a streamlined form of retail business. It is an online buying and selling method that aims to achieve easy transactions between sellers and buyers. This type of marketing has become a practical medium for buying and selling in recent days. However, in practice, there are still shortcomings, among them, for example, questioning about the element of mutual benefit between sellers and buyers. The problem is that there is no need for a drop shipper (actor(s) in selling products) to have products to the trade. Indeed, the products are a must-have in the practice of buying and selling to avoid uncertainty (gharar). This study aims to examine in depth the implementation of dropshipping system marketing with an analysis of the maqashid shari‘ah concept.

2. MATERIALS AND METHODS

2.1. TRANSACTIONS FORMS IN ISLAMIC ECONOMIC

Tijarah contracts are all kinds of agreements relating to profit transactions. These contracts are carried out to seek profit because they are commercial. Examples of tijarah contracts are investment contracts, buying and selling, and leasing. Included in the tijarah contract are murabahah, salam, istishna, ijaraah, and musyararah (Adiwarman A. Karim, 2007).

Murabahah is a sale and purchase contract for certain goods, where the seller states the purchase price of the goods to the buyer and then sell them to the buyer on the condition that the expected profit is a certain amount. In a murabahah contract, the seller sells his products by asking for an excess of the purchase price and the selling price. The difference between the purchase price and the price.

2.2. BASIC LAW OF MURABAHAH (SALE AND PURCHASE AGREEMENT)

1) Al-Qur’an

الذين يأكلون الزكاة لا يقومون إلا كما يقوم الذي يتحيطه شيطان من صميم ذلك بأنهم فألوا إما الزكاة إلا الزكاة ملك الأمة وأهل الله أن يبيع وحزم ألبمو فهم من جاءته مواطنة من زكاه فأحله فقلا ما سلف وأحره إلى الله ومن عاد فأولئك أصحاب النار فهم فيها خلدون

Translation: “People who eat (take) usury cannot stand but are like a person who has been possessed by shit due to (pressure) from an insane disease. Their condition is because they say (argue), Indeed, buying and selling are the same as usury, even though Allah has made buying and selling legal and usury is prohibited. People who have come to him the prohibition of his Lord, then continue to stop (from taking usury), So for him what he had taken first (before the prohibition came); and matters (up to) to Allah. people who return (take usury), then that person is the inhabitants of hell; they are eternal in it. (al-Baqarah/2: 275)

2) Hadith

As a hadith narrated by, Al Bazar and Hakim which means: “From Rifaah bin Rafiq, the Prophet saw. was asked about good business, the Prophet answered someone’s deeds with his hands and all good trading”.

3) Fatwa of the National Sharia Council of the Indonesian Ulama Council No. 04 / DSNMUI / IV / 2000, regarding MURABAHAH.

Istishna contract is a transaction for merchandise/products that are required to be carried out. The object of the transaction is the goods that must be done and the work of making the goods. Istishna is a contract or transaction signed jointly between the customer and the producer for the manufacture of a certain type of goods or a sale and purchase agreement in which the goods to be traded do not yet exist. These transactions are engaged in work and goods dependently so that it is legally binding on both parties if it meets the pillars and requirements.

Etymologically, syirkah means ikhtilath (mixing two or more parts so that they cannot be distinguished from one part to another), namely the mixing of one treasure with another, so that there is no differentiation between the
two. Furthermore, the word syirkah is used by Muslims for a partnership transaction in the business world. In terms of syar'i, the scholars have different emphases which result in different editorial formulations. Syirkah can be divided into several types, as follows:

1) Syirkah Amla’ is two or more people owning property, which is not due to the syirkah agreement. This partnership of ownership is created because of inheritance, will, joint purchase, joint giving, or other conditions that result in the ownership of one asset by two or more people. Syirkah amla’ is divided into two types, namely syirkah ikhtiyariyah and syirkah ibjariyah.

2) Syirkah ikhtiyariyah occurs by the actions of two people who work together, such as when both of them buy, are given, or inherited then both receive, so that something becomes joint property for both.

3) Syirkah ibjariyah, occurs not by the actions of two or more parties like the syirkah ikhtiyar, but they have it automatically, forced and cannot evade (jabari), like two people who inherit something, so that both people have the same rights to the inheritance.

4) Syirkah ‘Ukud, is transactions conducted by two or more people to unite in capital and profit. The scholars differed in dividing the types of syirkah ‘ukud. According to Hanabilah, there are five types of syirkah ‘ukud, as follows:

   a) Syirkah ‘inan
   b) Syirkah Mufawadhah
   c) Syirkah Abdan
   d) Syirkah Wujuh
   e) Syirkah Mudharabah

According to Hanafiyah, syirkah are divided as follows:

a) Syirkah Amwal
b) Syirkah A’mal
c) Syirkah Wujuh

each syirkah consists of two types of syirkah, which are syirkah mufawadhah and syirkah ‘inan. So that a total of six types of syirkah. Meanwhile, according to Malikiyah and Syafi’iyah, there are four types of syirkah:

1) Syirkah Inan
2) Syirkah Mufawadhah
3) Syirkah Abdan
4) Syirkah Wujuh

Some scholars agreed that syirkah ‘inan is allowed, while other types of syirkah, there are differences of opinion among them. Syafi’iyah only allows syirkah ‘inan and syirkah mudharabah. Hanabilah allows all kinds of syirkah, except syirkah mufawadhah. Malikiyah allows all syirkahs, except syirkah wujuh and mufawadhah.

From what is mentioned about syirkah above, with various divisions and groupings, in this case, the researchers might conclude that there are 4 (four) types of syirkah ‘uqud, they are syirkah ‘inan, syirkah mufawadhah, syirkah a’mal/abdan and syirkah wujuh. While mudharabah is not grouped into syirkah, this is based on the object/contribution that must be submitted by the unionized person must be the same, while in mudharabah the contribution is different, one is as shahibul maal or owner of capital and the other is as a mudarib or a manager. Furthermore, the explanation of each syirkah is as follows:

1) Syirkah ‘Ian. It is a contract between two or more people. Each party provides a portion of the total funds and participates in the work. The two parties share in the profits and losses as agreed between them. However, the portion of each party, whether in funds, work results or profit-sharing, is different, according to their agreement.

2) Syirkah Mufawadhah. It is two or more people conducting a business union on the condition that there is equality in capital, profit and loss sharing, equality of work, responsibility, and debt burden. One party is not allowed to have more shares (capital) than the partner. If one party has a share capital of 1000 dinars, while the other party is 500 dinars, then this is not a Syirkah mufawadhah, but a Syirkah inan. Likewise other aspects, must have in common.

3) Syirkah ‘Amal/Abdan. It is a contract of cooperation for two or more people to accept work together and share the profits from that work, such as a tailor, blacksmith, carpenter, architect, etc. For example, two
parties agree and say, "We are united to work and the benefits we share". This syirkah is often called syirkah abdan or shana’iy.

4) Syirkah Wujuh. It is a business contract between two or more people who have a good reputation and prestige, where they are entrusted with developing a business without any capital. For example, they are trusted to carry merchandise without payment of cash. This means that they are trusted to buy these items in installments and then trade the goods for profit. They share in the profits and losses based on the supplier’s guarantee to each of them. Because this business does not require capital, this contract is commonly referred to as a accounts receivable syirkah.

Simsarah (simsarah) is a trade intermediary (a person who sells goods or finds a buyer), or an intermediary between buyers and sellers to facilitate buying and selling. According to Sayid Sabiq, “simsarah is a person who acts as an intermediary between the seller and the buyer to launch a sale and purchase transaction. With an intermediary, it will be easier for the seller and the buyer to make transactions, whether transactions are in the form of services or the form of goods.

According to Rafiq al Mishry, simsarah (broker) is an intermediary trader in which he sells other people’s goods by taking wages for his business without taking any risk. Thus simsarah (broker) is an intermediary between sellers and buyers to facilitate buying and selling.

So simsarah is an intermediary between consumers and those who need their services, namely producers or owners of goods. This aims to facilitate the sale and purchase transactions with wages agreed upon before the cooperation contract.

Yusuf Qardhawi said that a broker for people who come from outside the area is permissible because it can facilitate the entry and exit of goods from outside into the area through these intermediaries or brokers so that they will bring benefits to both parties.

Sayyid Sabiq further explained that simsarah is a term for people who work for other people in exchange for wages, both for selling and buying goods. This title is also appropriate for people who find (show) other people as partners so that the simsarah party gets a commission from the person who is his partner.

Simsarah is derived from Persian vocabulary that has been adopted into Arabic which means a profession to mediate between two interests or different parties with compensation, either in the form of wages (ujroh) or bonuses, commissions (ji’alah) in completing a transaction. Simsarah is a term for people who work for other people as an intermediary with compensation (wages or bonuses), both for selling and buying.

Based on the above explanations, it can conclude that simsarah (broker) is an intermediary between the seller and the buyer or the owner of the goods and the buyer to launch a transaction in exchange for wages (ujroh), bonuses or commissions (ji’alah).

In the present days, many people are busy with various activities and jobs, so that some people do not have time to sell their goods or otherwise find the things they need. Some people have spare time, have the expertise to market (sell), but do not have the goods to sell. To ease the difficulties they face, currently, there are people with special professions dealing with the matters mentioned above, such as service bureaus: where both parties benefit (benefit). Service bureaus get employment and service fees from the results of their work, while people who need services get facilities because they have been handled by people who understand their fields of expertise.

In this case, the service bureau can help and resolve the difficulties faced by the owner of the goods. Besides, the owner of the goods can solve the problem, the service bureau also gets job vacancies so that the goods owner and the service bureau both benefits.

Simsarah has the right to receive a reward after fulfilling the contract, while those who use their services must immediately give a reward, not to burn or lose it. Because things like that are hated by the Almighty Allah swt.

According to Onno W. Purbo, “E-commerce is a set of dynamic technologies, applications and business processes that connect companies, consumers and certain communities through electronic transactions in the form of electronic trade in services and information.” Meanwhile, Adi Nugroho said “E-commerce is a type of electronic business mechanism that focuses on individual-based business transactions using the internet as a medium for exchanging goods and services.”

Another opinion says e-commerce is business activities that involve consumers, manufacturers, service providers, and intermediaries using computer networks, namely the internet. There are various definitions to express the term e-commerce. However, in general, e-commerce refers to all commercial transactions involving organizations or individuals that are based on processing digitalized data including text, sound, and images.
Islamic Maqashid Approach on Dropshipping Practices

2.3. THE CONCEPT OF BUYING AND SELLING ONLINE THROUGH DROPSHIPPING

Dropshipping is now a business model that is preferred by new online businesses with small capital and even without capital but will benefit. Dropshipping is a product sales business without having to own any products. Dropshipping can also be interpreted as a system of buying and selling transactions where the drop shipper determines the price of the goods themselves, without stocking the goods, but after receiving an order, the drop shipper immediately buys goods from the supplier.

Dropshipping is a supply chain management technique in which a reseller or a retailer does not have a stock of goods. The producer or wholesaler will send the goods directly to the customer. Profits are made from the difference in price between wholesale and retail prices. But some resellers get an agreed commission from the sale which will be paid directly by the wholesaler to the reseller. This is a form of business that is in great demand in online business today.

In general, there are two types of cooperation model between drop shipper and supplier, which are: (1) The supplier provides a price to the drop shipper, then the drop shipper can sell goods to consumers at a price that he sets himself, by including the drop shipper’s profits, and (2) The price has been set by the supplier from the start, including the amount of fee for the drop shipper for each item sold. In the first type, the supplier gives the drop shipper the freedom to market a product by setting the price according to the drop shipper's wishes, usually, there is no fee registration and there is no minimum purchase limit. This type is the easiest and most popular with dropshipping businesses. Whereas in the second type, there is generally a member registration fee and there is a minimum sales limit.

In this kind of marketing system, the drop shipper only acts as an intermediary for consumers with the actual seller or supplier. The drop shippers never stock and provide a place to store goods, but only promote through online stores by posting photos and criteria for goods and prices. Goods obtained from cooperation with other parties who have the real goods.

Dropshipping only provides a means through the website or social media such as Facebook, WhatsApp, Instagram, or others for marketing the products or services that will be offered by uploading images or photos of the products being sold by mentioning several conditions and specifications of goods offered such as price, size, material, scales and so on.

The business of buying and selling transactions like this marketing system has several advantages, among them:

1) The drop shipper gets a profit or a fee (wages) for his services in marketing the supplier’s goods.
2) Does not require large capital to run this system.
3) Drop shipper does not need to provide an office and warehouse for goods.
4) Drop shipper can run this system. even without being armed with higher education, as long as they are proficient at surfing in cyberspace
5) The drop shipper is free from the burden of product packaging and distribution.
6) Drop shippers can run like this business anytime and anywhere.

5. RESULTS AND DISCUSSIONS

Islamic Economic Analysis of Dropshipping

1) Buying and Selling through Dropshipping from the maslahah mursalah Approach

In terms, mashlahah al-mursalah is a masashah that is not stipulated by shari’ a law to make it happen and there is also no shari’ a argument that orders to pay attention or ignore it. According to Yasser Auda, maqashid is another expression of “human interest” or masalih.

For example, al-Juwaini who sometimes uses the word maqashid and at other times calls it masalih. While al-Qarafi always relates maqasid with maslahah by explaining that “the goal (maqashid) will not be true (valid) unless it can provide benefits (maslahah) and avoiding loss (mafsadah). While asy-Syatibi expresses it with “Surely the syari’at aims to bring about the benefit of mankind in the world and the hereafter” and “the laws are made for the benefit of the servant”
As for the object of al-maslahah al-mursalah are events that need to be stipulated by law, but there is no single text (al-Qur'an and al-Hadith) that can be used as a basis. The principle shared by most followers of the school of thought existed in fiqh. According to Imam al-Qarafi ath-Thusi as quoted by Totok Jumantoro that al-Mursalah is the basis for establishing law in the field of muamalah as in the practice of buying and selling dropshipping.

2) **Buying and Selling through Dropshipping from the Maqashid Syariah Approach**

Maqashid in terms of lughawi is a form of jama’ (plurals) from maqshid which means intention or purpose. So it can be interpreted as difficulty in what is aimed at or intended. At the root of the language, maqashid comes from the word qashada, yaqshidu, qashdan, qashidun, which accordingly means a strong desire, clinging firmly, and deliberately. Or it can also be interpreted intentionally or meant to (qashada ilaihi). As Allah swt says: “wa’alallahi qashdussabili”, meaning, Allah is the One Who explains the straight path. Meanwhile, the word syari’ah comes from the word syara’a as-syai which means to explain something. Or taken from asy-syari’ah, which means a place where water is never cut off and people who come there do not need tools. So al-syari’ah means the way to the source of water, or it can be said by way of leading to the source of life.

Wahbah al-Zuhaili defines maqashid syari’ah with the meanings and objectives maintained by syara’ in all of its laws or most of its laws, or the ultimate goal of shari’ah and the secrets that the syara’ places in each of its laws. Maqashid syari’ah is not only means the benefit of mankind, but also the asy-syari’ahya secrets that lie behind the law established by syara’, in the form of benefit to mankind, both in the world and in the hereafter.

Likewise, with dropshipping buying and selling provides a lot of convenience and benefit for humankind.

3) **Buying and Selling through Dropshipping from the Istihsan Approach**

Istihsan in Arabic language is the form word (musytaq) from al-hasan (whatever the good of something). Istihsan means a person’s tendency to something because he thinks it is better, and this can be external (hissiy) or meaningful, even though it is considered bad by others.

In terms of ushul, scholars define it with a variety of different editors, al-Ghazali as quoted by Amir Syarifuddin in his book Ushul Fiqh, saying that istihsan is one of the methods of ijtihad, which is “what is thought to be an argument but does not include argumentation. So it is something that is written in a mujtahid, but he cannot express it in words”.

As for the istihsan according to the Hanabilah ulama, is the transfer of a mujtahid from the demands of qiyas jali (real qiyas) to qiyas khafi (qiyas vague) or from kulli law to the law of exclusion, because there is an argument that causes him to denounce his reason, and this transfer is won.

What has been stated by the scholars above, it is understood that if a mujtahid faces a case where no text stipulates the law, there are two different ways to seek the law, one path that is clear and the other is still vague, that is, they can establish laws and can also stipulate other laws, even though the mujtahid has a proposition that can be used to clear a vague path, then he leaves the real path to take that vague path.

Likewise, if he establishes a law, then after he gets other arguments that exclude law from the kulli postulate, he establishes another law that is different from the law stipulated by the kulli arguments. These two paths are what is meant by istihsan. Therefore, in this way also can determine the certainty of the ability of dropshipping in human life.

4) **Analysis of Dropshipping Practices from the Islamic Economic Perspective**

After conducting a theoretical study related to several buying and selling transactions and buying and selling practices on the Dropshipping contract, the researcher will analyze the practice of buying and selling Dropshipping from an Islamic economic perspective.

As the researchers have explained in the previous discussion regarding the forms of buying and selling and cooperation contracts, this Dropshipping sale and purchase is a transaction that is allowed in an Islamic economic perspective, while the contracts used are the cooperation contract or Syirkah and simarah contract.

The dropshipping sale and purchase using the syirkah contract belong to the syirkah wujuh contract, which is a business contract between two or more people who have a good reputation and prestige, where they are trusted to develop a business without any capital. For example, they are trusted to carry merchandise without payment of cash. This means that they are trusted to buy these items in installments and so on trade these goods for profit. They share
in the profits and losses based on the supplier’s guarantee to each of them. Because this business does not require capital, this dropshipping sale and purchase.

In addition to using the syirkah wujuh contract, it can also be likened to a contract known as simsarah, which is a sale and purchase contract engaging an intermediary/intermediary between the seller and the buyer or the owner of the goods and the buyer to launch a transaction in exchange for a wage (ujroh), bonus or commission (ji’alah).

If we relate to the present condition, many people are busy with various activities and jobs, so that some people do not have time to sell their goods or otherwise find the things they need. Some people have free time, have skills to market (sell), but do not have the goods to sell. Such a case, dropshipping exists.

4. CONCLUSIONS AND RECOMMENDATIONS

From what that have been described above regarding the Islamic point of view in terms of the dropshipping system, this research can conclude as follows:

1) Buying and selling dropshipping is a buying and selling scheme by sellers and buyers, where the seller acts as an intermediary in dropshipping, because the seller does not own the goods/products, but sells the supplier's goods to the buyer due to mutual trust between the parties involved. This contract is known as simsarah (contract of sale and purchase with an intermediary) and can also be called syirkah wujuh (cooperation due to mutual trust).

2) From the Islamic economics, dropshipping is a transaction to realize human welfare following the maqashid syaria, gas benefits and avoiding harm/frauds. Maqashid syaria can provide a different mindset. This contract is commonly referred to as an account receivable syirkah.

Technology provides many opportunities for business people. Therefore, some people can see these opportunities that can eventually run a new business. In this case to be able to conduct online transaction activities, like a dropshipping business.

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CONFLICT OF INTEREST

The author have declared that no competing interests exist.

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