Value For Money Time And Legitimation

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Abstract:*The use of funds that can make fund owners wealthier or more prosperous can decide to invest. The decision on the use of these funds is used in the company's operations in choosing the policy for the type of funds to be used. The important concept which is the basis for almost all decisions including in the field of financial management lies in the time value of money, in this case the concept of money value that is always used, namely in making decisions such asinvestment decisions, dividend policies, and spending decisions. Whereas in the theory of legitimacy revealed that every company or organization must have an assessment that is in line with the norm values of stakeholders or those found in society. Legitimacy can also end if it is unable to communicate all actions against maysrakat even though the company or organization has taken actions that are in line with the expectations of the community.*

Keywords:*Time Value Of Money, Investment, Sharia Legitimacy*

Definition of Time Value of Money

Money is an object that acts as a transaction tool that cannot be separated from economic activities in order to facilitate the transaction mechanism in the exchange of goods or services carried out by the public. The time value of money is known as the theory *of economic value of time* in the 7th century BC and appeared when gold and silver were used as a medium of exchange transactions because the intrinsic value is not a mechanism for its development. Money demand transactions are caused by transaction tools that are not due to the mechanism. In this case, it can be interpreted that the relationship between the debtor and creditor that arises is not a relationship that occurs as a result of a transaction made directly.

The time value of money or *time value of money* is a concept that states that the money received today is more valuable than the money received in the future. This is related to investment activities, the money invested p exist today will obtain greater results as compared with the same money at this time, but invested in the future.

The Concept of Time Value of Money

In Islam, the concept of money is clearly stated that money is not *capital* , but money is money. Whereas in conventional economics, money is defined as capital with the meaning that the more money held, the greater the income that will be obtained. This is a *stock concept* with proof that money is used as a modity so that the value of money will continue to increase even if it is not used for venture capital. The increased money is obtained through interest that can affect the economic system. This is what gave birth to the concept of time value of money or a *time value of money* , a concept that states that the value of money in the present is more valuable in value with the value of money in the future . And this certainly affects the value of goods, the time value of money which can increase and decrease as a result of time travel.

In the book *Positive Theory of Capital* , Von Bhom-Bawerk suggests the reasons why the value of goods in the future will decrease:

1. The benefits of the present are very clear and certain, while the benefits of the future are unclear and uncertain.
2. Satisfaction today is more valuable than satisfaction that can be obtained in the future. In the future, a person's desires can change.
3. Goods today are more important and useful than in the future. That way, these items now have a higher value compared to goods in the future.

In the Islamic view, do not recognize the *time value of money* method because this method only focuses on adding value to money which is solely due to increased time and not caused by effort. In Islam too, money is a tool that must go round and is not justified in being unemployed for too long in terms of the economy. The *time value of money* in Islam is precisely known as time that has economic value in accordance with Islamic teachings that an efficient and equitable monetary management is not based on the application of the interest method.

Islam teaches its adherents to invest their funds by not asking for certain of the results obtained in the future. However, investment returns can be predicted through several factors, namely by predicting the previous count, how much capital, how much agreed ratio, and how much capital can be rotated. The factor that cannot be calculated in accordance or according to the event is *return* (business acquisition) .

In the Shari'ah financial system there is the concept of money in terms of its functions, namely:

1. Money is something that flows (*money as flow concept*), which means that money must continue to spin continuously so that it can generate greater profits with the system the faster the money supply, the more income will be obtained. Therefore, money needs to be invested in the real sector. If not, then the money saved will certainly reach a certain haul and Nisab and will be reduced because it is subject to zakat. This view is a basic view of something dynamic in the economy, where the size of a person's income depends on someone's pandaia in rotating their money as venture capital. The faster he uses it for venture capital, the greater the opportunity to increase his income and the view will appear that interest does not affect the function of money as capital.
2. Money is owned by the general public (*money as public goods*) is not an individual monopoly (*private goods*). Money that revolves continuously will be able to maintain economic stability, and therefore it is not justified for someone to accumulate money or be left unproductive because this can hamper the amount of money in circulation.

So that the money owned today for the future will still have a high value even though it tends to decrease when allowed to settle in time to inflation, Islamic economics suggests investing, saving and business activities (*no risk no return*) by applying profit sharing in accordance with the ratio that can be done through mudharabah and musyarakah contracts for economic financing based on *Natural Uncertainty Contracts* (NUC), namely business contracts that do not provide certainty in *return* (*return*) both in terms of quantity (*amouth*) and in terms of time (*timing*). Another solution is to use sufficient profit margins only on financing products that can provide payment certainty, both in terms of amount (*amouth*) and in terms of time (*timing*), for example on murabaha financing, ijarah, greetings, and istisna ' .

Time Value of Money and Shariah Legitimation

Determining the value of time can be seen through the factor of how someone can manage time by making the best use of it. For someone who maximally utilizes time in producing something, the time he has will be more valuable. And vice versa, a person who uses minimal time to produce something, then the time he has will be increasingly worthless. Islam teaches that in obtaining benefits is not only the benefits obtained in the world, but the benefits of the world. Therefore, the use of time must not only be effective and efficient, but must be based on the principle of faith which will provide benefits in the hereafter. This refers to the Qur'an Surah Al-'Asr (103): 1-3.

وَالْعَصْرِۙ اِنَّ الْاِنْسَانَ لَفِيْ خُسْرٍۙ اِلَّا الَّذِيْنَ اٰمَنُوْا وَعَمِلُوا الصّٰلِحٰتِ وَتَوَاصَوْا بِالْحَقِّ ەۙ وَتَوَاصَوْا بِالصَّبْرِ

Meaning:" For the sake of time. Truly humans are really at a disadvantage. Except those who believe and do righteous deeds and counsel advise to obey the truth and counsel advise to keep patience. " (Surat Al-'Asr (103): 1-3)

In conventional economics it is recognized that the factor that influences the time value of money is inflation. If that is a factor in the time value of money, then on the other hand inflation, deflation should also influence the time value of money, this is because deflation is the reason for the *negative time value of money* .

So in conventional economics, *return* uncertainty becomes a certainty through (*premium for uncertainty*). Yet every investment will always get the possibility to acquire a position of uncertainty positive and negative uncertainty did not even get certainty, but with the *probability* (likelihood) then this would give rise to *uncertainty* (uncertainty) with something definite. This is rejected in Islamic economics, namely getting a *riskless return of* any risk (*gaining returns without being responsible for any risk*) and earning income without being responsible for any costs (*gaining income without being responsible for any expense*). This is found in the Qur'an Surah An-Nisa '(4): 29

يَا أَيُّهَا الَّذِينَ آمَنُوا لَا تَأْكُلُوا أَمْوَالَكُمْ بَيْنَكُمْ بِالْبَاطِلِ إِلَّا أَنْ تَكُونَ تِجَارَةً عَنْ تَرَاضٍ مِنْكُمْ وَلَا تَقْتُلُوا أَنْفُسَكُمْ إِنَّ اللَّهَ كَانَ بِكُمْ رَحِيمًا

Meaning:"O believers! Do not eat your neighbor's property with a false way, except in trades that apply on the basis of your liking. And do not kill yourself. Verily Allah is Most Merciful to you. "(Surat an-Nisa '(4): 29)

The size of the return rate based on Islam is:

1. The issue of time value of money formulated in the form of interest is unacceptable. The replacement formula that goes along with the soul of Islam is:

$$Y = (QR)vW$$

Information :
Y = Revenue
Q = Profit Sharing Ratio
R = Return of real business (Realized Return)
v = Level of utilization of assets
W = Savings

2. The mechanism used in Islamic economics is the ratio of profit sharing and business *returns* that occur significantly.
3. It is recommended to use the concept of *economic value of time* (time that has economic value, not money that has time value.

Conclusion

Theories in conventional economics look at the time value of money that is the value of using money in terms of time, with the concept that the value of money today is more valuable than the value of money in the future. Example: money in the amount of Rp 5,000 in 2019 can be impaired in 2025 due to inflation (rising prices), utilizing current money by lending to others and benefiting from interest rates multiplied by time (compound interest) . Whereas in Islamic economics, it is important to use time to increase economic value. Example: the current value of money can be utilized in activities that can add value for money, such as investment activities, saving money, opening shares.

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