

SPECIFICATION, PROJECTION, AND INVESTMENT IN ISLAM

Siti Ardila Siregar¹
Nisa Andriani Saragih²
Zati Hulwani³
Wella Triani⁴

¹Faculty Of Islamic Studies, University of Muhammadiyah Sumatera Utara, Indonesia, (E-mail: sitiardila6@gmail.com)

²Faculty Of Islamic Studies, University of Muhammadiyah Sumatera Utara, Indonesia, (E-mail: nisaandriani08@gmail.com)

³Faculty Of Islamic Studies, University of Muhammadiyah Sumatera Utara, Indonesia, (E-mail: wanizatihul@gmail.com)

⁴Faculty Of Islamic Studies, University of Muhammadiyah Sumatera Utara, Indonesia, (E-mail: wellatriani11@gmail.com)

Abstract:

Some of us are not aware of the importance of investment and do not need to be done. Most of them prefer to save their money in a bank or have a deposit in a bank. They worry that the results obtained are not what they want and they are looking for sure and safe. In fact, if we make the right investment, we will get very satisfying results. There are so many reasons why we need to invest including avoiding inflation, earning huge profits, for the future and many more. But in Islam investment it self is basically an active Islamic economic activity. Because in Islam the property has a limit or if it reaches the threshold of the treasure there is zakat, or at least the property is offered. As the Qur'an recommends "Every piece of your treasure there is also a part of other people who are entitled to receive it". Investment from a social perspective is based more on helping people who have capital but cannot manage and run their businesses. And in the concept of Islamic investment based on the value of monotheism, fair wal ihsan, endeavor, and obligations. This study aims to look at the effect of investment in the future economy and analyze some of the points in investment. This study examines the mechanism of investment and the effect of investment on the future economy. By using comparative theories whether investment has a positive and significant effect on the Indonesian economy.

Keywords: *specification, projection, invesment*

Introduction

The movement of the value of exchange rate of rupiah against the US dollar in the year 2018 can be likened to such a roller coaster. From 13.000 to 14.000 later in time suddenly penetrate figure of IDR 15,000 and now back again to 14.000. In essentially the name value of the exchange that rise or fall following the principle of demand and offer. When the demand for the US dollar rises, then the value will rise and vice versa as well as demand fell. The increase in demand will be the US dollar in the year is caused due to three things. Namely the increase in interest rates the central bank of the United States

Medan, Desember 10-11, 2019

(TheFed), US economic conditions are rising rapidly, and rising oil prices in the early to mid-year.

The increase in the level of rate of interest and the growth of the economy United States are very good in the year 2018 is made of funds from all over the world, including from Indonesia flocked back to there. As a result, demand for US dollar. Currency money dollar not only strengthened against the rupiah alone but also the eyes of money other countries more.

The price of oil which had climbed high up to nearly reach 80 dollars per barrel also participate boost demand for US dollars. Indonesia itself is a country a net importer of oil, so when oil price rises then the need for imports in the dollar US also will be getting a lot.

Some of us are not aware of the importance of investment and do not need to be done. Most of them prefer to save their money in a bank or have a deposit in a bank. They worry that the results obtained are not what they want and they are looking for sure and safe. In fact, if we make the right investment, we will get very satisfying results. There are so many reasons why we need to invest including avoiding inflation, getting large profits, for the future and many more.

Based on economic theory investment also means the purchase of capital / goods, capital that is not consumed but is used for future production (production goods). Investment is also a component part of GDP with the equation $GDP = C + I + G + (XM)$. The investment function can be interpreted with a function of income and interest rates seen in relation to $I = (Y_i)$. An increase in income will encourage greater investment, conversely if a higher interest rate will reduce the interest of people to invest where it is more expensive than borrowing money.¹

But in Islam the notion of investment is basically an active Islamic economic activity. Because in Islam the property has a limit or if it reaches the threshold of the treasure there is zakat, or at least the property is offered. As suggested by the Qur'an "Every treasure you have there are also parts of others who are entitled to receive it". Investment from a social perspective is based more on helping people who have capital but cannot manage and run their businesses. So in Islam not only look at investment in material factors, but also influenced by sharia factors and social factors, the benefit of the people. And in the concept of Islamic investment based on the value of *monotheism, fair wal ihsan, endeavor, and obligations*.

Why invest? Important investment due. First, the physical is not always healthy and strong to work. Second, market prices continue to rise. Third, requires reserve funds to anticipate emergencies. Fourth, future generations have the right to inheritance.²

There are several terms in the capital market that are often equated to mean when they have different meanings. The term *gambling* (gambling) and speculation. There are very basic differences between the two related to basic techniques and actions. *Gambling* action is done by not using analysis because basically it does not have proper techniques and knowledge and information. Instead speculation is done using analysis and sometimes even involves various kinds of accurate data and complete information. However, these activities are both aiming to profit in the short term without regard to the interests of others.

Meanwhile, if it is linked to investment, of course the case will be different. Judging from the types of investors in the world of capital markets, investors who dare to take risks (*risk takers*) and investors who do not dare to take risks (*non-*

¹ Abdul Azis, *Manajemen Investasi Syariah*, (Bandung: ALFABETA,2010), hal. 30.

² Muhammad, *Manajemen Keuangan Syariah*, hal 423

Medan, Desember 10-11, 2019

risk takers). Radcliffe in Muhammad Nafik said that: "*speculators accept fairly risk, and speculators have a large portfolio turnover, where as investors have low turnovers*"

Although it is difficult to differentiate between investment and speculation because it has the same goal, but both can be compared as in rational investor actions in making decisions, while speculators are sometimes irrational in conducting analysis even though sometimes manipulative. Gather information as completely as possible while on speculation making use of confusing information and creating rumors that benefit him. The difference between the two can also be seen from how they obtain, utilize, and behave towards information.

Projection is a picture of the future. A description to get about the future situation which is used as a basis for planning activities and marketing. In projecting the needs of future conditions there are several factors and methods so that the company knows in detail and good decisions that are good to carry out in dealing with the needs of the future.

This article is intended to analyze the importance of investing for future preparations, as well as the need for investment in sharia aspects. This study is carried out with a literature study referring to theoretical studies and ending with critical analysis.

Literature Review

Investment Speculation Activities in Islamic Sharia

In economic speculation is the act of trading valuable assets or carrying out high-risk financial transactions in the hope of getting a sizeable profit. With speculation, the high risk of loss will be offset by the possibility of getting large profits. If there is no "motivation" to get a big profit then people will have little to speculate. An example is the trading of shares and foreign exchange conducted by the public. The term speculation is also used to express an allegation or opinion that is not based on facts or just a chancy, can be a profit and can also lose. For example someone who plays in foreign currency trading and buying which is only based on guesses or estimates without the support of facts and valid data.

Islam has an economic system that is able to realize the welfare of human life both materially. In Islam, investing is a muamalah activity that is recommended, because it can make possessions more productive and bring benefits to many people. The Qur'an strictly prohibits the stockpiling of possessions. Investment is the expenditure or sacrifice of resources at this time to obtain returns that are uncertain. According to Benjamin Graham stated an investment is an activity after going through in-depth analysis and guaranteeing the security of the principal and sufficient returns. Investments that do not meet these requirements are speculation.

Speculation is different from investment although it has something in common containing unclearness. In speculation, investors rely on luck (Game of chance) with a large risk and often can harm others. While investment has a reasonable level of risk with the possibility of conducive profits and losses that always follow every business activity. Speculation that is prohibited by the teachings of Islam is relying on conditions and attitude *gambling (ghoror)*. In this case, there is a very high element of uncertainty. A very striking difference between gamblers and speculators is that gamblers do not use knowledge related to their investments (Rudiyanto, 2018).

Here are some speculations that are often done by the community:

a. Land Speculation

An investment technique by buying land that is still very cheap in price because it is not developed or underdeveloped in the hope that in the following years growth in the area will develop and trigger land price increases in the area.

Medan, Desember 10-11, 2019

b. Foreign Currency Speculation

Buying and selling foreign currencies by facing a certain level of risk with the motive to benefit from rising exchange rates on a foreign currency.

c. Speculation Goods

All types of goods are expected to increase in price in the following years. Examples of speculation items are antique cars, collectibles, stocks, gold, land, etc.

Legal aspect

Among the things that are prohibited by sharia'ah are transactions which are found to have speculative elements and contain gharar or obscurity, namely transactions where fraud is possible (*khida'*), therefore gharar includes the understanding of consuming other people's property in a false or illegitimate way³. Included in this sense is making a false offer (*najsy*), therefore the Prophet forbids transactions carried out through fake offers.⁴

Tips for avoiding speculative behavior

1. Plan your investment carefully, get as much information as possible to support that plan, and make careful calculations before deciding to invest.
2. Avoid being too optimistic or pessimistic in making investment plan calculations
3. Master the field of investment that you will enter and avoid speculation
4. Look for references to compare and consider whether the investment is profitable

PROJECTION

Forecast or projection is a forecast or estimate of the situation in the future. Forecasting to get a picture of the future that will be used as a basis for planning activities in marketing. In projecting the needs of future conditions there are factors and methods so that the company knows well what decisions are good to make in the face of future needs.

According to Subagyo (2000) forecasting is estimating something that will happen. According to Handoko (1999) Forecasting is an attempt to predict the situation in the future through testing the situation in the past. According to Gasperz (2005) forecasting activity is a business function that tries to estimate the sale and use of products so that the products can be made in the right quantity.

Types of forecasting

According to Render and Heizer in forecasting can be divided into several types. Judging from the planning of future operations, forecasting is divided into 3 types, namely:

1. Economic forecasting (Economic forecast) explains the business cycle by predicting inflation rates, availability of money, funds needed to build housing and other planning indicators.
2. Technology forecasting considers the level of technological progress that can launch exciting new products, which require new plants and equipment.
3. Demand forecasting (demand forecast) is the projected demand for a product or service of a company.

³ Nazir, Habib dan Muhammad Hasanuddin (2004) *Ensiklopedi Ekonomi dan Perbankan Syariah*, Bandung : Kaki Langit

⁴ Salamon, Hussin (2000)

Medan, Desember 10-11, 2019

Forecasting is usually classified based on the future time horizon that it covers. According to Taylor in relation to the forecast time horizon is divided into several categories, namely:

1. Short-term forecast (short-range forecast) includes the near future (immediate future) and pay attention to the daily activities of a business company, such as daily demand or daily resource needs.
2. Medium-term forecast (medium-range forecast) covers a period of one or two months to one year. This time period forecast is generally more related to the annual production plan and reflects things such as peaks and valleys in a demand and the need to guarantee additional resources for the next year.
3. Long-range forecast includes periods longer than one or two years. This prediction relates to management's efforts to plan new products for changing markets, build new facilities or guarantee long-term financing.

INVESTMENT IN ISLAM

Islam teaches its people to strive for a better life in the world and the hereafter. Having a good life in this world and in the hereafter that can guarantee the achievement of physical and mental welfare (falah)⁵. One way to achieve prosperity is by investing.

Investment is the activity of investing in the hope that you will get a profit in the future. Investment is actually a very risky activity because it deals with two possibilities, namely profit and loss meaning there is an element of uncertainty. Thus the acquisition of a business return is uncertain and not permanent. One time may experience a lot of profits, maybe mediocre (not bad), only capital returns may also go bankrupt and get cheated. Therefore, Islam gives signs or restrictions on investments that are allowed and not allowed to be done by business people such as investors, traders, suppliers and anyone related to this world. Not only that, some things such as knowledge about investment in related sciences need to be deepened so that the investment activities that we do are worth worship, get inner satisfaction and blessings in the world and the hereafter.

Verse about the call to invest: QS. Al-Hasyr: 18 " O you who believe, fear Allah and let every person pay attention to what he has done for tomorrow (the hereafter); and fear Allah, verily Allah knows what you are doing "From this verse, it can be understood that the verse contains a moral recommendation to invest as a provision for life in the world and the hereafter, because in Islam all kinds of activities that are intended as worship will be worthy of the hereafter as well as this investment activity.

Definition of Specification, Projection, And Investment In Islam

Legal aspect

Among the things that are prohibited by sharia'ah are transactions which are found to have speculative elements and contain gharar or obscurity, namely transactions where fraud is possible (*khida'*), therefore gharar includes the understanding of consuming other people's property in a false or illegitimate way⁶. Included in this sense is making a false offer (*najsy*), therefore the Prophet forbids transactions carried out through fake offers.

Tips for avoiding speculative behavior

⁵ Abdul Aziz, Manajemen Investasi Syariah (Bandung: Alfabeta, 2010), hlm., 14

⁶ Abdul Aziz, Manajemen Investasi Syariah (Bandung: Alfabeta, 2010), hlm

Medan, Desember 10-11, 2019

1. Plan your investment carefully, get as much information as possible to support that plan, and make careful calculations before deciding to invest.
2. Avoid being too optimistic or pessimistic in making investment plan calculations
3. Master the field of investment that you will enter and avoid speculation
4. Look for references to compare and consider whether the investment is profitable.

PROJECTION

Forecast or projection is a forecast or estimate of the situation in the future. Forecasting to get a picture of the future that will be used as a basis for planning activities in marketing. In projecting the needs of future conditions there are factors and methods so that the company knows well what decisions are good to make in the face of future needs.

According to Subagyo (2000) forecasting is estimating something that will happen. According to Handoko (1999) Forecasting is an attempt to predict the situation in the future through testing the situation in the past. According to Gasperz (2005) forecasting activity is a business function that tries to estimate the sale and use of products so that the products can be made in the right quantity.

Types of forecasting

According to Render and Heizer in forecasting can be divided into several types. Judging from the planning of future operations, forecasting is divided into 3 types, namely:

1. Economic forecasting (Economic forecast) explains the business cycle by predicting inflation rates, availability of money, funds needed to build housing and other planning indicators.
2. Technology forecasting considers the level of technological progress that can launch exciting new products, which require new plants and equipment.
3. Demand forecasting (demand forecast) is the projected demand for a product or service of a company.

Forecasting is usually classified based on the future time horizon that it covers. According to Taylor in relation to the forecast time horizon is divided into several categories, namely:

1. Short-term forecast (short-range forecast) includes the near future (immediate future) and pay attention to the daily activities of a business company, such as daily demand or daily resource needs.
2. Medium-term forecast (medium-range forecast) covers a period of one or two months to one year. This time period forecast is generally more related to the annual production plan and reflects things such as peaks and valleys in a demand and the need to guarantee additional resources for the next year.
3. Long-range forecast includes periods longer than one or two years. This prediction relates to management's efforts to plan new products for changing markets, build new facilities or guarantee long-term financing.

INVESTMENT IN ISLAM

Islam teaches its people to strive for a better life in the world and the hereafter. Having a good life in this world and in the hereafter that can guarantee the achievement of physical and mental welfare (falah). One way to achieve prosperity is by investing.

Medan, Desember 10-11, 2019

investment is the activity of investing in the hope that you will get a profit in the future. Investment is actually a very risky activity because it deals with two possibilities, namely profit and loss meaning there is an element of uncertainty. Thus the acquisition of a business return is uncertain and not permanent. One time may experience a lot of profits, maybe mediocre (not bad), only capital returns may also go bankrupt and get cheated. Therefore, Islam gives signs or restrictions on investments that are allowed and not allowed to be done by business people such as investors, traders, suppliers and anyone related to this world. Not only that, some things such as knowledge about investment in related sciences need to be deepened so that the investment activities that we do are worth worship, get inner satisfaction and blessings in the world and the hereafter.

verse about the call to invest: QS. Al-Hasyr: 18

" O you who believe, fear Allah and let every person pay attention to what he has done for tomorrow (the hereafter); and fear Allah, verily Allah knows what you are doing "

From this verse, it can be understood that the verse contains a moral recommendation to invest as a provision for life in the world and the hereafter, because in Islam all kinds of activities that are intended as worship will be worthy of the hereafter as well as this investment activity.

C. CONCLUSION

Investment is a very important thing to be prepared where with the investment we will prepare for life in the future. investment is also permissible by Islam but it must follow Islamic regulations as well. While speculation is forbidden in Islam because it contains elements of obscurity or gharar. And projections may also be made because each human being has to think about the consequences or what impact will be received if doing the things he does.

References

Abdul Aziz, *Sharia Investment Management*, (Bandung: ALFABETA, 2010)

Muhammad, *Syariah Financial Management*, page 423 Rudiyanto, 2000

Nazir, Habib and Muhammad Hasanuddin (2004) *Encyclopedia of Islamic Economics and Banking*, bandung: Kaki Langit

Salamon, Hussin (2000). "Speculation in the stock market from an Islamic perspective" *Review of Islamic Economics*, NO.9, International Association for Islamic economics, Leicester, UK