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## PROBLEM ANALYSIS ON SHARIA PROPERTY BUSINESS AND ITS PROPOSED SOLUTION

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### Abstract

*Sharia concept is one of disruptive factors in current economic and business along with digital disruptive and millennial disruptive. Sharia concept has brought disruption with the increasing demand for halal products, sharia banking and economics, including sharia property. The increasing number of demands in sharia property product has attracted many property developers to create sharia-based property product. Unfortunately for the last three years (2019-2021), there were some cases reported to the police with accusations in fraud or undelivered project. With such kind of impact and potential, there must be anticipation to anticipate such condition. Problem analysis on sharia property business results in three main issues. They are lack of understanding in business related sharia law, lack of understanding on property business process, and marketing issue. Proposed solution for lack of understanding in business related sharia law is to review the basic principles of sharia business, sharia law regarding partnership (syirkah), sharia capital aspects, and sharia business transaction in the property business. Proposed solutions for lack of understanding in property business process are 9 steps to starting a sharia property business. And in the last issue regarding marketing aspect, the author suggests to optimize value proposition of sharia property product and maximize digital marketing strategy.*

#### Keyword :

*Islamic Business, Sharia Property, Risk Management.*

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## 1 Introduction

Indonesia's housing backlog by 2021 is 11.4 million units. According to the Vice President, Mr. Ma'ruf Amin, the current percentage of new family growth in Indonesia is very high. Unfortunately, the actual number of available housing products is not adequate to meet this huge backlog (Kompas.com, 2021).

Indonesia is world's fourth most populous country and world's largest Muslim population. Indonesia is unquestionably catching up with

other countries to contend in the development of the halal/sharia economy. As the Muslim population is increasingly growing, sharia industry has offered many kinds of products that range from basic need such as food, lifestyle product such as cosmetics, tourism, hospitality services and finance including property business (Abdullah & Azam, 2020).

Sharia property has been growth since early 2000 (Akmal Tarigan, 2014). There are three aspects in the property business in which sharia principle can be implemented. They are in

property design, property development including its business process, and its financial transaction. Based on research by Invetura-Alvara (Yuswohady & Rachmaniar, 2021), the respondent of property market sees sharia concept is more preferable than conventional contract during Covid-19 pandemic. The sharia value, that is hold by the company and the consumer, plays an important role on the preference. Not only that, the contract rules that is negotiable make the consumer more comport using sharia transaction. The basis of this business is trust and communications (Adzkia Fauzi & Rahadi, 2021).

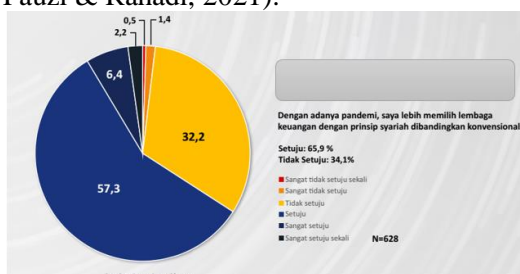


Figure 1 Property Purchasing Through Sharia System.

The increasing number of demands in sharia property product has attracted many property developers to create sharia-based property product. Deputy of Secretary General REI (Real Estate Indonesia) Royzani Syachril said that sharia property has become trend in Indonesia. The growth is around 10%. About 2,000 members of REI has chosen sharia property concept leaving conventional property concept. As for comparison, there are 6,000 members of REI in Indonesia (REI, Real Estate Indonesia, 2020). That is significant number if we also consider its growth factor.

However, irresponsible developer has used high demand volume of sharia property by delivering fraud project. Totok Lusida, chairman of REI, explained that REI must participate in educating people in order to avoid fraud project who claim based on sharia value but in real it is only deception (REI, Real Estate Indonesia, 2020). It is interesting to explore what kind of factor drives these property developers when they choose sharia property concept.

On the other hand, there is a negative view of the concept of sharia property, which is considered only a fraud under the name of sharia. This view occurs because of many complaints from consumer and failed sharia property projects on several cities in Indonesia (Syahrul, 2020). The police have received reports that there have been sharia property cases that ended with complaints from consumers and they sue the case to the police.

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## 2 Literature Review

### 2.1 Business in Islam

Allah encourages humans to work and earn a living so that they can fulfill their needs and those who are dependents such as wife, children, and their families (QS Ibrahim 32-34). In addition to the encouragement to seek sustenance, Islam also obliges the halal aspect, both from the aspect of acquisition and utilization (management and expenditure).

*"The feet of the son of Adam shall not move from before his Lord on the Day of Judgement, until he is asked about five things: About his life and what he did with it, about his youth and what he wore it out in, about his wealth and how he earned it, and spent it upon, and what he did with what he knew."* (HR Tirmidhi)

From the explanation above, business in Islam or sharia business can be interpreted as a series of business activities in various forms which are not limited in the amount (quantity) of ownership of their assets (goods/services) including profits, but are limited in how to obtain and utilize their assets (there are halal and haram rules) (Yusanto, 2002).

### 2.2 Concept of Sharia Property

Since its inception in early 2000s, there are several concepts of sharia property that are used by property developer. **First**, sharia property is defined as residential property in which all of the resident is Muslim. **Second**, sharia property is defined as residential property which put emphasize in spirit of Islam (*ghirah*). In this kind of sharia property residence, there will be mosque as public facility to accommodate the resident to pray together (Akmal Tarigan, 2014). **Third**, property sharia is defined with emphasizing sharia contract in its business process and its transaction between developer as seller and customer as buyer.

This research will focus in analyzing the last type of sharia property. Thus, sharia property is property of ownership be it land or building ownership is obtained in a manner according to sharia / Islamic law (Adzkia Fauzi & Rahadi, 2021).

### 2.3 Previous Study on Sharia Property

Research on sharia property is still very rare. Some of the related studies are as follows:

Table 1 Previous Study on Sharia Property

No	Author	Title	Research
1	Majid, R.N et al (2018)	Factors Influencing Sharia Housing Product Pricing In Bandung City	Based on the results of this study, religion factor cannot be underestimated because most of

No	Author	Title	Research
			<p>them stated that it has a significant influence when they have to make a decision. Even though, the developers still have to give better services to fulfil their needs like a strategic location and an affordable price. Sharia-based property products are already attracting interests not just from consumers with Islamic faith, but also the non-Moslem consumers. It because not only due to Islamic practicing but also non-Islamic reasoning, such as to maintain stable instalment rate and payment, and also to embrace the other non-finance factors such as location, investment return, and price.</p>
2	Dirwan (2019)	Pengaruh Tingkat Religiusitas Pada Keputusan Buying Property Syariah Non Bank (Studi Kasus Pada Buyer Griya Baiti Jannati Residence)	<p>The level of religiosity comes from the understanding of the believed religion, starting from the aspects of <i>aqeedah</i>, sharia, and morality which ultimately are internalized and implemented in the form of decisions and attitudes. Buyer decision to buy non-bank syariah property Griya Baiti Jannati residence is strongly influenced by the level of religiosity in each buyer.</p>
3	Jarianti, Rika (2019)	Sharia Property: Analisis SWOT Dalam Strategi Pengembangan Bisnis Dengan Matriks IFAS dan EFAS	<p>The research concludes that Sharia Property is growing rapidly. It proposes that sharia property player should follow S-O (strength-Opportunities) by focusing internal strength to capture</p>

No	Author	Title	Research
			<p>opportunities as much as possible.</p>
4	Andi Sasmita (2019)	Business Strategy Formulation for Sharia Property Development (Case Study: Sasmita Property)	<p>The study tried formulating strategy for Sasmita Property to capture business opportunities and to respond the economic slowdown. The proposed strategy involves organizational development, system development, and people development.</p>
5	Yeni Putri Lintang Sari (2020)	The Cash Management Strategy of Sharia Property Companies to Maintain Business Continuity	<p>The study finds out cash management strategy of sharia property companies by arranging sales schemes and payment schemes to maintain cash availability, and diversifying business as an effort to maintain business continuity.</p>
6	Al-Qorni (2020)	Sharia Property Purchase Decision Without Bank: Analysis of The Influence of Price Factors Environment and Religiosity	<p>The results showed price level, environmental housing level and religiosity level have a positive influence so that it can influence sharia property purchase decisions.</p>
7	Rahadi et al (2021)	Real Estate Developer Perception for Sharia Housing Products in Greater Bandung, Indonesia	<p>Sharia housing in Bandung City seems to not focus on the sharia design concept. The Sharia housing products' difference from conventional property products is the agreements, the avoidance of interest, that is replaced by the profit-sharing concept. Also, Sharia property does not translate as Muslim only development. Its development adheres with the Islamic system. However, non-Muslims are welcome to live there.</p>

No	Author	Title	Research
8	Fauzi, Aulia Adzkia et al (2021)	Toward a Business Resilience Model: The Case of Sharia Property in Surabaya Raya Area during COVID-19 Pandemic	The sharia property can build and maintain its resilience, by paying attention to the four dimensions that are proposed, strengthening commitment, strengthening cash flow management, knowledge stock, and dynamic capability. These dimensions are critical to maintain the sharia property business.

## 2.4 Risk Management Overview

Project Risk Management includes the processes of conducting risk management planning, identification, analysis, response planning, response implementation, and monitoring risk on a project. The objectives of project risk management are to increase the probability and/or impact of positive risks and to decrease the probability and/or impact of negative risks, in order to optimize the chances of project success.

There are several frameworks to manage risk in business or project. This research will use PMBOK framework due its simplicity and more appropriate with characteristic of project-based activity in sharia property business. Based on PMBOK Guide, the Project Risk Management processes are (PMI, 2017):

Table 2 PMBOK Risk Management Guidelines

No	Risk Management Process	Output
1	Plan Risk Management	The process of defining how to conduct risk management activities for a project.
2	Identify Risks	The process of identifying individual project risks as well as sources of overall project risk, and documenting their characteristics.
3	Perform Qualitative Risk Analysis	The process of prioritizing individual project risks for further analysis or action by assessing their probability of occurrence and impact as well as other characteristics.
4	Perform Quantitative Risk Analysis	The process of numerically analyzing the combined effect of identified individual project risks and other sources of uncertainty on overall project objectives.
5	Plan Risk Responses	The process of developing options, selecting strategies, and agreeing on actions to address overall project risk exposure, as well as to treat individual project risks. Five alternative strategies may be considered for dealing with threats, as follows: <ul style="list-style-type: none"> <li>Escalate</li> </ul>

No	Risk Management Process	Output
		<ul style="list-style-type: none"> <li>Avoid</li> <li>Transfer</li> <li>Mitigate</li> <li>Accept</li> </ul> <p>On the other hand, there are also five alternative strategies may be considered for dealing with opportunities, as follows:</p> <ul style="list-style-type: none"> <li>Escalate</li> <li>Exploit</li> <li>Share</li> <li>Enhance</li> <li>Accept</li> </ul>
6	Implement Risk Responses	The process of implementing agreed-upon risk response plans.
7	Monitor Risks	The process of monitoring the implementation of agreed-upon risk response plans, tracking identified risks, identifying and analyzing new risks, and evaluating risk process effectiveness throughout the project.

## 3 Research Methodology

### 3.1 Data

Indonesia is a huge country in term of people or area that span from Aceh in the west and Papua in the east. The sharia property business has already grown almost in every big city in Indonesia. The research data will be taken from business practitioner in Jakarta, West Java, and Banten. Even though, the information should also be valid nationally because some of respondents has experience in national association such DPS (*Developer Properti Syariah*) and DPSI (*Developer Properti Syariah Indonesia*).

The research process is undertaken over a period of four months from August 2021 to December 2021.

### 3.2 Respondents

There are eight respondents that have experiences on this business. They will be respondents for interview and expert judgment. In this research, the selection of respondents was carried out by taking into account certain considerations. These considerations are experience of making successful sharia property projects in at least 3 projects, being involved in sharia property for more than 5 years, or being a trainer or speaker in sharia property workshop, training, communities, or association.

Table 3 List of Respondents

No	Respondent	Expertise
1	Dandi Irawan S.T.	Owner of PT SGL and PT AJL. Founder of DPSI

		Association (Developer Property Syariah Indonesia).
2	Muhammad Makbul Rustam	Owner MATONhouse Indonesia
3	Chandra Purna Irawan S.H., M.H.	Law Expert - Rumah Hukum DPS (Developer Property Syariah).
4	Risky Irawan, SE., MM., CPC	Sharia Property Marketing Expert
5	Surani Ningsih	Sharia Property Investor
6	Trianto Kurniawan, ST.	Technical Director of PT SGL
7	R. Achmad Farouk	Financial Director of PT SGL
8	Dr. Arim Nasim, SE., M.Si., Ak., CA	Academician, Sharia Economic Expert

### 3.3 Methodology

The primary data is obtained through direct interview to discuss the sharia property business and potential issues on this industry. The interview is considered as a practical and effective approach to gather ideas and explore business risk using risk management framework. The questions are designed to gather information about respondent's thoughts and opinions in order to find the business process and root cause in sharia property business.

The resulting root cause from interview will be processed through PMBOK Risk Management based on expert judgment mechanism. Expert judgment is defined as judgment provided based upon expertise in an application area, knowledge area, discipline, industry, etc., as appropriate for the activity being performed. Such expertise may be provided by any group or person with specialized education, knowledge, skill, experience, or training (PMI, 2017).

Expert 1 and Expert 2 became the main sources in this study because of their background as owners of the sharia property developer who have some project portfolios and successful project. While Expert 3 to Expert 8 will give their opinion or thought according to their expertise such as marketing, finance, or technical.

## 4 Results and Findings

### 4.1 Problem Analysis on Sharia Property Business

#### 4.1.1 Plan Risk Management

##### 4.1.1.1 Risk Breakdown Structure

Risk breakdown structure is a method for grouping business risk under the same category using

a hierarchical representation of potential risk sources. After interviewing with expert 1 and expert 2, risk management in sharia property is distributed into six categories. They are sharia contract issues, legal due diligence, capital issues, marketing, construction, and human resources.

*Table 4 Risk Breakdown Structure (RBS) Based on Interview with Expert 1 and Expert 2*

RBS Level 0	RBS Level 1	RBS Level 2
Source of Risk	Sharia Aspect	Agreement between company's owners.
		Contract between developer and buyer.
		Sharia on Business Transaction
	Legality	Land legality
		Processing land permits
		Legal transaction between developer and buyer.
		Tax compliance
	Financing	Looking for the right investor
		Investment return
		Land acquisition
		Cash flow
	Marketing	Product definition
		Marketing Strategy
		Sales forces
	Construction	Cost
		Time delivery
		Quality
	Human Resource	Recruitment
		Staff training
		Good working environment
		Compensation and benefit
		Employee Retention

##### 4.1.1.2 Impact Matrix

Impact or consequence are the outcome of an event that can have positive or negative effect on organization. According to interview, impacts on sharia property developer will operation, cost, and reputation.

*Table 5 Impact Matrix of Sharia Property Business*

Level	Descriptor	Consequences		
		Operation	Cost	Reputation
5	Very High	Project stop	Profit < 10 %	Nationally
4	High	Cost over budget	Profit 15 % - 20%	Provincially
3	Moderate	Project delayed	Profit 20 % - 25%	Local impact
2	Low	Buyers's complain	Profit 25 % - 30%	Internal impact
1	Very Low	Limited work	Profit > 30%	No impact

##### 4.1.1.3 Probability Matrix

Probability or likelihood are the possibility of a consequence that will happen from a risk.

Table 6 Probability Matrix

Level	Descriptor	Likelihood	
		Percentage	Description
5	Very High	70 % - 100 %	Almost certainly happen
4	High	51 % - 70 %	Very possible to happen
3	Moderate	31 % - 50 %	Possible to happen
2	Low	11 % - 30 %	Rarely to happen
1	Very Low	< 10 %	Almost impossible to happen

#### 4.1.1.4 Rating Category

Rating category is multiplication between impact and probability value. Then the business organization can determine which risk category ranges are classified as acceptable or need further treatments.

Table 7 Rating Category

Risk Rating	Risk Code	Descriptor
20 – 25	E	Extreme Risk
11 – 19	H	High Risk
5 – 10	M	Moderate Risk
1 – 4	L	Low Risk

#### 4.1.1.5 Risk Appetite

Risk appetite is the level of risk that an organization is prepared to accept in pursuit of its objectives, before action is deemed necessary to reduce the risk. It represents a balance between the potential benefits of opportunities and the threats. The acceptable risks are only moderate risk and low risk. The High and extreme risk will be treated using response and contingency plan (risk score is more than 12).

Table 8 Risk Appetite

		Threat					Opportunities				
		-1	-2	-3	-4	-5	5	4	3	2	1
Likelihood	5	-5	-	-	-	-	25	20	15	1	5
	4	-4	-8	-	-	-	20	16	12	8	4
	3	-3	-6	-9	-	-	15	12	9	6	3
	2	-2	-4	-6	-8	-	10	8	6	4	2
	1	-1	-2	-3	-4	-5	5	4	3	2	1

#### 4.1.2 Identify Risks

Identify risk is the process to identify individual project risk and overall project risk. To cover all potential risk, Risk Breakdown Structure (RBS) Level 2 will be further break down to get individual risk and better evaluation.

Interviews with respondent 1 to 8 resulted in 99 individual risks. From which, 88 of individual risks are negative risk. While 11 of individual risks are positive risk.

Table 9 Summary of Risk Identification Process

RBS Level 2	Respondents	Number of Individual Risk
Agreement between company's owners.	1,2,8	8
Contract between developer and buyer.	1,2,8	7
Sharia on Business Transaction	1,2,8	4
Land legality	1,2,3	5
Processing land permits	1,2,3	4
Legal transaction between developer and buyer.	1,2,3	4
Tax compliance	1,2,3	1
Looking for the right investor	1,2,5	5
Investment return	1,2,5	4
Land acquisition	1,2,5	5
Cash flow	1,2,5	11
Product definition	1,2,4	6
Marketing Strategy	1,2,4	5
Sales forces	1,2,4	1
Cost	1,2,6	6
Time delivery	1,2,6	6
Quality	1,2,6	5
Recruitment	1,2,7	2
Staff training	1,2,7	2
Good working environment	1,2,7	5
Compensation and benefit	1,2,7	2
Employee Retention	1,2,7	1
TOTAL		99

#### 4.1.3 Perform Qualitative and Quantitative Risk Analysis

Qualitative Risk Analysis is the process of prioritizing individual project risks for further analysis or action by assessing their probability of occurrence and impact as well as other characteristics. The key benefit of this process is that it focuses efforts on high-priority risks. Quantitative Risk Analysis is the process of numerically analyzing the combined effect of identified individual project risks and other sources of uncertainty on overall project objectives. The key benefit of this process is that it quantifies overall project risk exposure, and it can also provide additional quantitative risk information to support risk response planning. Quantitative Risk Analysis is optional. This process is not required for every project (PMI, 2017).

This research doesn't use Quantitative Risk Analysis. Qualitative Risk Analysis is already enough to analysis problem on sharia property business. Every respondent will assign value of impact and likelihood for every risk based on their expertise. Except for respondent 1 and respondent 2, they are business owner. They will give score for all the individual risk. The resulted score for every individual from all respondents will be averaged to get the final score. Individual risk that has score more than 12 (risk appetite) will be treated with response and contingency plan if necessary.

#### 4.1.4 Plan Risk Responses

Plan Risk Responses is the process of developing options, selecting strategies, and agreeing on actions to address overall project risk exposure, as well as to treat individual project risks. The key benefit of this process is that it identifies appropriate ways to address overall project risk and individual project risks.

All the previous steps result individual risk that can be a threat or opportunities. Every sharia property should concern to reduce the threats and maximize the opportunities.

##### 4.1.4.1 Threats

There are some strategies for dealing with threats. Risk avoidance is when the project team acts to eliminate the threat or protect the project from its impact. Transfer involves shifting ownership of a threat to a third party to manage the risk and to bear the impact if the threat occurs. In risk mitigation, action is taken to reduce the probability of occurrence and/or impact of a threat.

*Table 10 Threats in Sharia Property*

ID	Threats	Score	Response
7	Investors demand compensation in case of investment loss	-20	Avoid
10	Problems in cash flow to run the project until completion	-19	Avoid
5	Delayed on processing land permits	-18	Transfer
6	Problem in illegal transaction between developer and buyer.	-18	Avoid
9	Problem in land acquisition due to price manipulation or miscalculation	-18	Avoid
3	Problem in business transaction by misusing project's fund or fraud marketing	-18	Avoid
2	Problem in contract between developer and buyer in which buyer cannot afford or have less commitment to pay the rest of debt/installment	-17	Avoid
17	Unfavorable working conditions	-16	Mitigate
1	Dispute between company owner when sharing profit, loss or responsibility	-16	Mitigate
14	House delivery to customer is delayed	-15	Mitigate
12	Lack of branding as new developer or no project portfolios	-14	Mitigate
4	Problem in land legality due to fake certificates, duplicated, or improper land zone	-14	Avoid
11	Problem in product definition, target market, and value proposition	-14	Mitigate
13	Increasing cost on building material and contractor wage	-13	Transfer
15	Complaint from buyer about building quality	-13	Mitigate
8	When required, it takes a long time to convert backup asset into current asset.	-12	Mitigate
16	Finding appropriate employee both on skill and attitude	-12	Mitigate
18	Loss of high-quality employee	-12	Mitigate

#### 4.1.4.2 Opportunities

There are some strategies for dealing with opportunities. The enhance strategy is used to increase the probability and/or impact of an opportunity. The exploit strategy may be selected for high-priority opportunities where the organization wants to ensure that the opportunity is realized.

*Table 11 Opportunities in Sharia Property*

ID	Opportunities	Score	Response
3	Potential of cash buyer or gradual cash buyer (tenor < 1 year)	20	Enhance
6	Islamic value is the company culture	16	Exploit
5	Upgrading program for employee	15	Enhance
1	Potential investor who wants to invest in property syariah in term of <i>syirkah</i> , flipper buyer or <i>murabahah</i>	14	Exploit
2	The existence of underlying assets to back up investment security	12	Enhance
4	The sales force has Islamic value	12	Exploit

#### 4.1.5 Implement Risk Responses

Implement Risk Responses is the process of implementing agreed-upon risk response plans. The key benefit of this process is that it ensures that agreed-upon risk responses are executed as planned in order to address overall project risk exposure, minimize individual project threats, and maximize individual project opportunities.

##### 4.1.5.1 Threats

*Table 12 Threats Response Plan*

ID	Threats	Response Plan	Contingency Plan
7	Investors demand compensation in case of investment loss	Understanding business related sharia law before doing business	
10	Problems in cash flow to run the project until completion	Improve cashflow management to manage between cash in and cash out	Up the value proposition
5	Delayed on processing land permits	Use consultant service who has experience at that location	
6	Problem in illegal transaction between developer and buyer.	Use legal consultant who has experience at that location	
9	Problem in land acquisition due to price manipulation or miscalculation	Understanding property business process	Up the value proposition
3	Problem in business transaction by misusing project's fund or fraud marketing	Understanding business related sharia law before doing business and improving	It is possible from one project to loan cash from another project. But commitment to related parties

		cashflow management	should be maintained.			more than a certain time span	
2	Problem in contract between developer and buyer in which buyer cannot afford or have less commitment to pay the rest of debt/installment	Buyer creditworthiness analysis with appropriate number of cash or credit buyer. In credit buyer, minimum 30% of DP is required. If possible, developer can ask for replacement assets as collateral.	Contract cancellation and sell the asset together	<b>4.1.5.2 Opportunities</b> <b>Table 13 Threats Response Plan</b>			
				<b>ID</b>	<b>Opportunities</b>	<b>Response Plan</b>	<b>Contingency Plan</b>
				3	Potential of cash buyer or gradual cash buyer (tenor < 1 year)	Proper proportion. Because if the number is too much, it will reduce profit margin	
				6	Islamic value is the company culture	Developing Islamic value as company culture	
17	Unfavorable working conditions	Develop company culture based on Islamic value	Islamic study is adopted as part of company culture	5	Upgrading program for employee	Skill upgrading becomes one of company program	
1	Dispute between company owner when sharing profit, loss or responsibility	Understanding business related sharia law before doing business		1	Potential investor who wants to invest in property syariah in term of <i>syirkah</i> , flipper buyer or <i>murabahah</i>	Create community or association to enhance the opportunity	
14	House delivery to customer is delayed	Improve cashflow management to manage between cash in and cash out	Manage the composition between internal contractor or outsource contractor	2	The existence of underlying assets to back up investment security	The new developer should <i>syirkah</i> with trusted developer	Doing <i>syirkah</i> with <i>shahibul mal</i> or land lord
12	Lack of branding as new developer or no project portfolios	<i>Syirkah</i> with trusted or experienced developer		4	The sales force has Islamic value	Make Islamic value as company culture	
4	Problem in land legality due to fake certificates, duplicated, or improper land zone	Comprehensive land assessment of all related parties: government officials, neighbors, Land lord's families, and local officials		<b>4.1.6 Monitor Risks</b> Monitor Risks is the process of monitoring the implementation of agreed-upon risk response plans, tracking identified risks, identifying and analyzing new risks, and evaluating risk process effectiveness throughout the project. The key benefit of this process is that it enables project decisions to be based on current information about overall project risk exposure and individual project risks.			
11	Problem in product definition, target market, and value proposition	Doing market research before project execution		<b>4.1.6.1 Threats</b> <b>Table 14 Monitor Risk of Threats Based on Author Analysis</b>			
13	Increasing cost on building material and contractor wage	Doing turn key service from contractor	Up the value proposition	<b>ID</b>	<b>Threats</b>	<b>Key(s) Indicator</b>	<b>Problems</b>
15	Complaint from buyer about building quality	Developer must have internal technical supervisor	Provide a guarantee for a certain period of time	7	Investors demand compensation in case of investment loss	Investor's complaint	Business related sharia law
8	When required, it takes a long time to convert backup asset into current asset.	Offer replacement in form of land		10	Problems in cash flow to run the project until completion	Delayed project and reduced profit margin	Property business process
16	Finding appropriate employee both on skill and attitude	Doing <i>syirkah</i> with experienced or expert on that field	Looking for investor to provide initial capital	5	Delayed on processing land permits	Delayed project	Property business process
18	Loss of high-quality employee	Bonus for employees who have worked		6	Problem in illegal transaction between	Warning from government authorities	Property business process

	developer and buyer.			4.1.6.2 Opportunities			
9	Problem in land acquisition due to price manipulation or miscalculation	Reduced profit margin	Property business process	Table 15 Monitor Risk of Opportunities Based on Author Analysis			
3	Problem in business transaction by misusing project's fund or fraud marketing	Delayed project and buyers complain	Business related sharia law	<b>ID</b>	<b>Opportunities</b>	<b>Key(s) Indicator</b>	<b>Problems</b>
2	Problem in contract between developer and buyer in which buyer cannot afford or have less commitment to pay the rest of debt/installment	Less cash in and buyers complain	Property business process	3	Potential of cash buyer or gradual cash buyer (tenor < 1 year)	Positive cash flow.	Property business process
17	Unfavorable working conditions		Property business process	6	Islamic value is the company culture	Staff appearance, good interaction, and interaction to all stake holder.	Business related sharia law
1	Dispute between company owner when sharing profit, loss or responsibility	Abandoned project with complain from buyer or investor	Business related sharia law	5	Upgrading program for employee	Scheduled program	Property business process
14	House delivery to customer is delayed	Delayed project	Property business process	1	Potential investor who wants to invest in property syariah in term of <i>syirkah</i> , flipper buyer or <i>murabahah</i>	Positive cash flow.	Business related sharia law
12	Lack of branding as new developer or no project portfolios	Sluggish marketing and sales	Marketing aspect	2	The existence of underlying assets to back up investment security	Existing asset or project portfolio	Property business process
4	Problem in land legality due to fake certificates, duplicated, or improper land zone	Legal process cannot be granted	Property business process	4	The sales force has Islamic value	Spirited sales agent	Business related sharia law
11	Problem in product definition, target market, and value proposition	Sluggish marketing and sales	Marketing aspect	4.1.7 Analysis on Current Business Situation			
13	Increasing cost on building material and contractor wage	Reduced profit margin	Property business process	The data above shows some problems around the sharia property business. These results are also in line with the opinions of respondent 1 and 4. Based on results of interviews with respondent 1 and 4, sharia properties that emerge in the Indonesia market are driven by idealism to be bound by sharia value. But on the other hand, there are also some developers who use the sharia brand because they actually don't qualify to get funding from bank to support their business. That's why there must be proposed solution to anticipate such condition.			
15	Complaint from buyer about building quality		Property business process	This research will focus on three problems. <b>First</b> , the importance of understanding business related sharia law. <b>Second</b> , sharia property business process. <b>Third</b> , marketing aspect of sharia property business.			
8	When required, it takes a long time to convert backup asset into current asset.	Investor's complaint	Property business process	4.2 Proposed Solution			
16	Finding appropriate employee both on skill and attitude		Property business process	4.2.1 Business Related Sharia Law			
18	Loss of high-quality employee		Property business process	Islam is a religion that covers all aspects of human life, including how humans fulfill all their needs through business activities. Sharia laws which are related with property business activities are follow:			
				4.2.1.1 Sharia Business Basic Principle			
				Sharia business basic principle is all understanding that can provide guidance or direction in running a business so that it is always in accordance with the Sharia (Dwi Condro Triono, 2020). Sharia business is based on the belief that business activities are not only related to profit and			

loss in this world but are also related to consequences in the hereafter. This worldview is what distinguishes Islamic or sharia business from conventional business.

Studies related to sharia laws will lead to conclusion that the foundation of sharia business will include the following three things:

1. The faith that human actions, including business matters, will be held accountable in the afterlife.
2. Injustice against fellow human beings is something that God will not allow.

*"There are three kinds of wrongdoing: wrong that Allah does not ignore, wrong that He forgives, and wrong that He does not forgive. As for wrong which is not forgiven, it is idolatry that Allah does not forgive. As for wrong that is forgiven, it is the wrong of a servant between himself and his Lord. As for that which He does not ignore, it is retaliation against some people on behalf of others."* (HR. Ath-Thayâlisi dan al-Bazzar).

3. The issues related to property/business if not resolved in this world will be resolved in the hereafter between humans by exchanging charity from those who do evil to those who do good. When the deed runs out, then what is transferred is the sins from the wronged to the oppressor.

*"Do you know who is bankrupt?" They said, "The one without money or goods is bankrupt." The Prophet said, "Verily, the bankrupt of my peoples is those who come on the Day of Resurrection with prayers, fasting, and charity, but also with insults, slander, consuming wealth, shedding blood, and beating others. The oppressed will each be given from his good deeds. If his good deeds run out before justice is fulfilled, then their sins will be cast upon him and he will be thrown into the Hellfire."* (HR Muslim)

#### 4.2.1.2 Type of Partnership (Syirkah)

Type of partnership is related to cooperation between two or more parties/owner to carry out business activities.

	Capital	Work
Capital	Prohibited	Mudharabah
Work	Mudharabah	Abdan

Figure 2 Type of Syirkah

Based on the combination of capital and work, the form of *abdan* and *mudharabah* will derive other forms type of partnership according to their respective characteristics such as *inan*, *wujud*, or *mufawadhah*. The principle is that in *syirkah* there must be at least one party who provide expertise, effort, and management in undertaking the business venture/project (*mudharib*). He will be the one who run the business with his effort, know-how, and skill.

Islam forbids alliances that only involve capital without a *mudharib*.

Islam regulates the *syirkah* process, either in a profit condition or in a loss condition. It is arranged in such a way according to the principle

*"Profits is based on the agreement of the parties who are on syirkah, depending on the amount of capital"*

Thus, the loss of property will be borne by the owner of the capital (*shahib al-mal*). Meanwhile, the loss of effort, time, and energy will be borne by the *mudharib*. The *mudharib* does not bear the loss of capital unless he also acts as the owner of the property by entering his property as capital into *syirkah*.

#### 4.2.1.3 Capital Aspect on Sharia Concept

The capital is very important in a business. To get capital there are two things that can be done. The first is taking debt. The second is to attract new investment.

1. Taking debt

Islam has allowed humans to take loans. The loan can be used for consumptive activities such as buying personal needs, or for productive purposes, such as example for business capital. However, Islam has set prohibition among them relating to additions either because of the consequences of time/delay or in terms of additional amounts.

Addition due to the consequences of time/delay is referred to in Islam as *riba* (usury) *nasi'ah* or *riba jahilyah*. This is what is mentioned in the Quran

*"Allah has permitted trading and forbidden interest."* (Al Baqarah: 275)

As for the addition in terms of quantity, this applies to certain commodities, including gold and silver, which are currently being replaced by paper money or currencies. This is as explained in the hadith of the Prophet Muhammad

*'Gold is to be paid for by gold, silver for silver, wheat by wheat, barley for barley, dates by dates and salt by salt, like for like and equal for equal, payment hand to hand. He who makes an addition to it or asks for an addition, deals in riba. The receiver and the giver are equally guilty.'* (HR. Muslim).

Most scholars, based on the fact that gold and silver are included in the six commodities mentioned by the Prophet and were typically used as money in the time of the Prophet, extend the above principles to exchange of paper and electronic money. Rules of sharia-compliant foreign exchange are derived from these principles (Karbani, 2015).

## 2. Attracting New Investment

Sharia law that regulates the attracting of new investments is included in the *syirkah* rules. This is mainly related to the addition of new capital or new *syirkah* members if previously already established *syirkah*. If there is an addition of new capital or there are new members who want to join the *syirkah*, then it must be approved by the old parties of *syirkah*. If the old party of *syirkah* does not agree, then the addition of the new capital cannot be accepted. After all the parties of *syirkah* is agree, then there will be recalculation on the new capital composition as well as profit sharing and loss sharing. Things are arranged according to the words of the Prophet “Whoever has a guild in a house or garden, then he has no right to sell it before getting permission from the guild. If it is allowed then he can do it. If it's not allowed then it can't be done” (HR Muslim).

### 4.2.1.4 Sharia Property Business Transaction

Sharia law prohibits sale of goods that do not yet exist. While in reality, developers often do not have ability to provide ready stock house. Therefore, alternative solutions are needed to address these two issues.

#### 4.2.1.4.1 Transactions When the House Already Exists

When the house has been built or ready stock, then the delivery of goods can be done at the time the contract is made. Payments can be made in the following ways:

##### 1. At that time in cash (*bai'u munjiz ats-tsaman*),

Transactions in cash are usually carried out by the developer at the beginning of the project to help balancing cash flow. At this stage, the sale is made at a low price, which developers often do not take into account profits at this stage. This kind of selling is called a flipping strategy and the buyers are called flippers.

##### 2. Installments in a certain time frame (*al-bai` bi at-taqsih*),

If the payment is delayed, then what must be considered is the profit margin obtained and the cash flow condition of the developer. In contrast to the flipping strategy, which usually developers sell at low prices, credit sales have a higher price so that developers can get more profit.

To make sure and maintain cash flow is in balance, developers can set a down payment (DP) of around 30% and a time span of 1 to 2 years.

To make sure and maintain cash flow is in balance, developers can set a down payment (DP) of around 30% and a time span of 1 to 2 years.

##### 3. Payment is postponed but paid at once at a certain time (*al-bai` bi ad-dain*).

Developer usually receives sales on credit and payment at the end when the cash flow is already positive and the developer itself already has passive income from previous sales. The price and time span can be determined according to the agreement between the developer and the buyer. The prices usually will much higher.

#### 4.2.1.4.2 Transactions When the House Doesn't Exist

Meanwhile, when the house does not exist, in this condition there is no sale and purchase transaction. Sharia law against selling goods that do not exist or are not owned, as the Prophet said “Do not sell anything that is not by your side” (HR Abu Daud)

The term “not by your side” means the goods is not already exist or not fully owned by the seller. As a solution, transactions between buyers and developers can use several alternatives as follows:

##### 1. Murabahah Contract

*Murabahah* refers to a sale transaction in which the seller discloses the cost price of the items they are selling and the profit mark-up they are applying to get to the sale price.

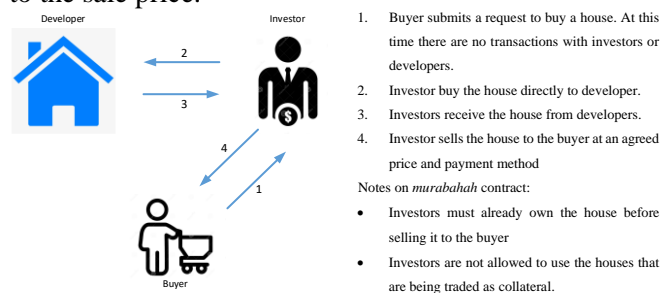


Figure 3 *Murabahah Contract*

There are some issues in *murabahah* transaction via bank, both of sharia or conventional bank. These problems make sharia property use no bank service in its transaction with the buyer. The *murabahah* transactions with banks have some problems. **First**, when bank sells house to the buyer, the bank does not yet own the house completely. In this condition, it is prohibited to sell goods that are not owned. **Second**, when selling a house on credit to a buyer, the bank uses the house as its collateral. Whereas the guarantee should have been taken from other assets, not from the object of the transaction itself.

##### 2. Ijarah Contract.

In this way, transactions between buyers and developers are carried out separately. At first, the developer sells his land lot (*kavling*) to the buyer. After the first transaction is completed, the buyer can hire contractor services of this developer or use contractor services of another party. The buyer requests that contractor to build house with an *ijarah*

contract. With this contract, the building materials, including land, comes from the buyer. Meanwhile, the contractor only provides services. The *ijarah* payment can be made in cash or installments or debt.

3. Non-Binding Promise (*wa'ad ghairu mulzim*)

There is also condition in which building material is not from buyer but from developer. At first step, the developer sells his land lot (*kavling*) to the buyer while the house does not yet exist. Then the developer and the buyer make a non-binding promise (*wa'ad ghairu mulzim*) for a sale and purchase contract. In this example, there may be cancellations by the buyer. In this stage, the developer may ask for a certain amount of money as a token (DP) from the buyer, which will reduce the total price of the house.

When the house already exists or has been built more than 50% (for example: there is already a foundation, walls, roof), developers and buyer carry out a sale and purchase contract. If the buyer cancels his promise to make a sale and purchase agreement, the developer may not sanction the buyer or ask for compensation from him. So, if the buyer cancels his promise to enter into a sale and purchase agreement, the payment for the token (DP) will be returned 100% (Al-Jawi, 2019).

The mechanism for returning the DP can be arranged according to the agreed terms between each party as long as it does not violate the sharia law. For example, no additional charge or penalty that can be usury (*riba*).

#### 4.2.2 Property Business Process

The most distinguishing thing, between sharia and conventional property, is direct transactions from buyers to developers based on sharia contracts. When the developer does not have sufficient internal capital or capital from investors, the company's cash flow depends entirely on sales and payments from buyers. To ensure that legal aspects are safe and cash flow projections are not problematic in the future, the author proposes 9 steps to build a property business, especially sharia property.

##### 4.2.2.1 Land Listing

The first thing to make a sharia property project is to record as much land as possible. There are at least four kinds of information needed to be collected and analyzed during this stage. They are land area, price of land offered, GMAP location of land offered, and payment scheme desired by land lord. At this stage, developer do not need to conduct a direct survey to the land location. What developer has to do on this stage is to calculate and assess the feasibility of a land. If the calculation result is not feasible, we can skip it and do the calculation to another land.

Based on the four kinds of that information, developer can quickly assess whether the land is feasible or not for execution. Developer can see the

suitability of the land by comparing with its financial ability to pay and process the land. Developer will also able to estimate conditions of competition in that area and its market prices.

Table 16 Estimated Residence Class (from Respondent 1)

No	Housing Type	Range Price	Lump sum price of contractor
1	Low class/FLPP	Rp 150 – 300 million	Rp 2 – 2,5 million/m <sup>2</sup>
2	Middle Class	Rp 300 – 500 million	Rp 2,5 – 3.5 million/m <sup>2</sup>
3	Upper Class	More than 750 million	More than Rp 5 million/m <sup>2</sup>

For example, around the area at a distance of 2-3 Km from the location of the land being offered, there are houses for sale or housing complexes of type 45/90 with a price of Rp. 350 million. So, what is the right price for the area?

1. Calculate building price. Based on information above, the area is middle class residence.

$$\begin{aligned} \text{Building Price} &= \text{Lump sum price} \times \text{Building Area} \\ &= \text{Rp } 3.000.000 \times 45 \\ &= \text{Rp } 135.000.000 \end{aligned}$$

2. Calculating land price

$$\begin{aligned} \text{Land Price} &= \text{House Price} - \text{Building Price} \\ &= \text{Rp } 350.000.000 - \text{Rp } 135.000.000 \\ &= \text{Rp } 215.000.000 \end{aligned}$$

3. Calculating land price per m<sup>2</sup>

$$\begin{aligned} \text{Land Price/m}^2 &= \frac{\text{Land Price}}{\text{Lot Area}} \\ &= \frac{\text{Rp } 215.000.000}{90 \text{ m}^2} \\ &= \text{Rp } 2.389.000 \end{aligned}$$

4. Calculate initial land price. The price at step number 3 is ready to build land. The land has gone through a lengthy processing and licensing process. To find out the initial land price (before any processing), developer can use benchmark data or reference data that is one-fourth or one-third.

$$\begin{aligned} \text{Land Price/m}^2 &= \frac{\text{Rp } 2.389.000}{4} \\ &= \text{Rp } 597.250 / \text{m}^2 \sim \text{Rp } 600.000 \end{aligned}$$

Thus, the price of land, after processing and legal permits, in the area that is suitable for commercial housing project is Rp 600.000/m<sup>2</sup>.

##### 4.2.2.2 Quick Count

In the previous step, simple calculator is enough to do calculations because it is not so complicated. Thus, the calculation results obtained are not accurate. But as initial estimation, that is sufficient.



Table 18 Cash Out Sample

No	Cost Category	Unit	Volume	Unit Price	1	2	3	4	5	6	7	...
<b>A. PEMBERSIHAN LAHAN</b>												
1.	Pembelian Tanah	m <sup>2</sup>		500,000	200,000,000							
<b>B. PERENCANAAN PROYEK</b>												
1.	Tan Konstruksi Perencanaan (desain disamping)	m <sup>2</sup>		10,000,000								
2.	Biaya Perencanaan Lahan (Topografi)	m <sup>2</sup>		1,000								
3.	Biaya Pembuatan Logo Project	l <sup>1</sup>		2,500,000								
<b>C. PERUMAH &amp; NOTARIAT</b>												
1.	Akt Pembelian Lahan - Developer & Biaya Balik Nama	l <sup>1</sup>	0.10									
2.	Biaya Perizinan Perumahan	unit		5,000,000								
3.	Notaris, Sertifikat	unit		5,000,000								
4.	Biaya ASB/Developer - Konsumen	unit		5,000,000								
<b>D. BIAYA TAX PLAN</b>												
1.	Pajak Pembiat (BPHTB) Pembelian Lahan - Developer	l <sup>1</sup>	0.05									
2.	Pajak Perizinan (PPN) Developer - Konsumen	l <sup>1</sup>	0.03									
3.	PPN 10%	l <sup>1</sup>	0.10									
<b>E. PER. LAND CLEARING &amp; PENGURAIAN</b>												
1.	Pembelian Cut & Fill	l <sup>1</sup>	1.00	10,000,000								
2.	Pembelian tanah Out Kaveling	l <sup>1</sup>	1.00	10,000,000								
<b>F. PER. SARANA &amp; PRASARANA</b>												
1.	Biaya Kompor	unit		175,000								
2.	SPK	unit		1.00								
3.	Costo Ma Vahana	unit		1.00								
<b>G. PENGAPAN &amp; KUCURUNASI</b>												
1.	Sumbangan ke RT/RW	unit		500,000								
4.	Reklamasi	l <sup>1</sup>	1.00									
<b>H. PER. KONTRUKSI BANGUNAN</b>												
1.	Tan (unit)	unit		2,000,000								
2.	Salu - unit	unit		3,000,000								
<b>I. KELENGKAPAN RUMAH</b>												
1.	Biaya Pemecatan Listrik (2200 watt)	unit		1,500,000								
2.	Biaya Pemecatan Listrik (2200 watt)	unit		2,200,000								
3.	Sumber Air/Sumur Bor	unit		5,000,000								
<b>J. BIAYA PEMASARAN</b>												
1.	Fee Marketing	l <sup>1</sup>	0.05									
2.	Biaya Operasional Promopagan	unit		500,000								
3.	Biaya Akus KPS (transport, dokumentasi, dll)	unit		500,000								
<b>K. OPERASIONAL PENGURAIAN</b>												
1.	Model Per. Kantor Pemecatan	l <sup>1</sup>	1.00									
2.	Komputerisasi (PC, Printer, dll)	l <sup>1</sup>	1.00									
<b>L. OVER HEAD OPERASIONAL</b>												
1.	Biaya Personel	unit										
2.	Biaya Operasional Kantor	unit										
<b>RAB TOTAL</b>					200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	...

#### 4.2.2.5 Pre-Marketing

The target of pre-marketing is to see how the response of potential buyers. If the developer requires additional capital for project operation, pre-marketing can also open up investment opportunities for those who are interested in becoming investors.

##### 1. Observing Market's Response to the Locations Offered

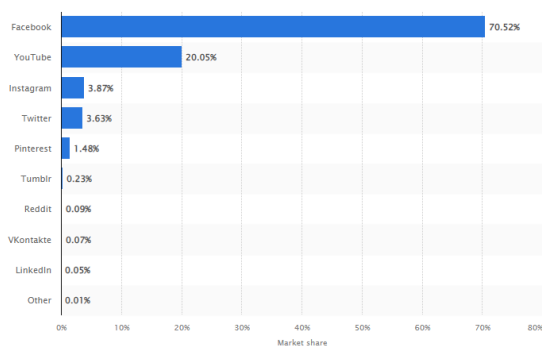


Figure 5 Market Share of Leading Social Media Platforms in Indonesia (Statista, 2021)

At this stage, the developer has started to design the project and values of product that will be sold to consumers. Developers have also started doing market research to identify, collect, record, and analyze data/information about marketing that is used to identify and define opportunities and problems in the market to make marketing activities more effective. The important role of marketing research is to provide management with a variety of information that is relevant, accurate, reliable, valid, and the most up-to-date.

Pre-marketing activities can take advantage of digital channels such as social media. As of July 2021, Facebook had the largest market share among other social media platforms in Indonesia, at 70 percent. However, Facebook's popularity may soon be outpaced by other social media platforms due to growing competition.

The use of social media is no longer limited to communicating and interacting with friends

and family. Many businesses have turned to social media as part of their marketing strategies. One of these strategies includes collaborating with an influencer to promote their products and increase their customer reach. A recent finding revealed that 62 percent of Indonesian social media users had purchased an item because of influencer endorsement. Trust in the influencer and being convinced by their promotions are among the leading reasons for purchasing endorsed products (Statista, 2021).

##### 2. Looking for Investors for Project Execution If Required

If developer requires additional funds for project execution, the developer can start looking for investors at this stage. Developers who already have a project portfolio are usually easier to get investors. Apart from being proven, experienced developers usually already have an extensive network. For new developers, the process of getting investors will be easier if they collaborate (*syirkah*) with experienced developers. Then new developers will get trust from investors as well as get guidance or mentorship from experienced developer.

#### 4.2.2.6 Negotiate with Land Lord

At this stage, the developer start negotiating with land lord. At previous stage, developer only receives price information, payment schemes, and analyze project feasibility. At this stage developer can start making concrete offers to land lord. There are several schemes that can be done to acquire land:

##### 1. Land cooperation scheme through *syirkah mudharabah*

Land cooperation scheme is the best option, especially for developers who are new and have limited capital. But to get this kind of deal, it will depend on land lord's trust to developer.

##### 2. Land acquisition using installment payment scheme. This scheme has to consider following consideration

###### a. Down Payment (DP) as small as possible

In initial stages, the developer will need a lot of cash to take care of legality process and processing the land in order to make it is ready for selling. Therefore, in the initial stages the developer must keep the DP as small as possible. The cash that is owned is better used for land preparation and doing market research and developing marketing strategies. After the land is ready to be sold, the installments to the land lord could be covered with selling of the land. Of course, in order to be like this, sales performance must meet the targets that have been made in the cashflow plan.

- b. Time span as long as possible

Another option that can be taken is to extend the payment period. This is usually accompanied by an increase in the price requested by the land lord. This is still acceptable. Because the rule is “an increase in prices, term conditions will decrease and vice versa”.

- c. Offer profit sharing options at the end of the project

This kind of option is similar with land cooperation scheme. But in this scheme, some remaining payment is covered from profit sharing after the project is completed. This will greatly facilitate the developer and is usually done by developers who are already familiar with the land lord.

3. Developers have to show other property guarantees to further convince the land lord. There are several options that can be used. *First*, the project portfolio. Projects that are already running will convince the land lord to cooperate with the developer. *Second*, if necessary, personal assets also need to be shown. This can convince the land lord to believe that the developer who wants to buy this land is a person who has capacity.

#### 4.2.2.7 Legality Process

Legality process is a step that must be taken when building a property project. Although this is an administrative process, in fact legality proses is the most difficult to predict both in terms of time and cost. In addition, the type and number of legalities proses differ from one region to another because they are related to government policies in each region. Therefore, an understanding of legality as well as communication to related parties must be considered. Several types of permissions that must be met by every developer include:

1. ITR/KRR/KRK
2. Izin lokasi
3. UKL/UDL
4. Amdal
5. Pengesahan Site Plan
6. IMB Induk
7. IMB Unit

Success in legality proses is highly dependent on the developer's ability to negotiate with all interested parties. To carry out a good legality process, it is necessary to cooperate with legal consultants. The required legal consultants include a notary/PPAT and a lawyer. Notary/PPAT assists in making legal contracts and carrying out land registration activities to obtain legal land documents. Meanwhile, the services of a lawyer are needed when there is a dispute with local residents or from other parties.

#### 4.2.2.8 Making a Work Plan and Its Technical Aspects

##### 1. Site Plan

A site plan is a concept map of a plan for the division of a number of buildings or a complete picture concept with all kinds of supporting facilities. Even the site plan also covers land use area to road planning within a certain limit scale. This picture shows a detailed development plan with all the supporting elements in it within the scale of certain land area boundaries.

The site plan made by the housing developer needs to describe the complete detail of the development plan. Including about public and social facilities by using effective plots. This is related to road plans, electricity, clean and dirty water utilities, to public facilities and social facilities. The site plan usually includes a new building or additional development plan complete with land contour lines, as well as a planned housing cluster. Its functions include (Onlist.id, 2021):

- Through the site plan, contractor and potential buyer can see the physical house and its infrastructure, such as road, the environment and so on. It maybe includes facilities for education, health, shopping centers, worship, fitness, and others.
- To find out what housing developers want to build and other things that want to be added to a land.
- This site plan is also one of the administrative requirements for applying for a Building Permit (IMB).
- For developers, the site plan describes all the concepts that will be planned in a structured and systematic way as well as the formulation of development plans.

##### 2. Shop Drawing

Shop drawings are plan drawings that contain the project location, floor plans, building shapes, sections, and dimensions with a certain scale. Its functions include (Wanpis.my.id, 2021):

- To determine the type of work, the quantity of materials to be provided and for implementation guidelines.
- It is a reference for realizing the location, height, shape, dimensions and size of the building.

#### 4.2.2.9 Project Launching

The legal process often takes a long time. The longer the process, the greater costs required. Ideally, all the stages of legality above must be taken first. But in reality, it can't be like that. This process is often the biggest obstacle for a property project. So, to balance the legal process and the company's cash flow, which must run immediately, the meeting point is that

developers can only sell when the location permit has been issued.

When location permit is issued, principally, the land has been controlled by the developer. The allocation and use of land are also in accordance with the regulation. Further processes such as ratifying the site plan and IMB are just a matter of time and cost. The developer is actually safe to make transactions. However, this must then be communicated properly to buyers. At this stage, developers usually sell the property in a flipping scheme.

The determination of property prices is usually carried out in four stages. *First*, at the stage of the legal process being taken care of (at least the location permit has been issued). At this stage, flipping scheme is carried out. *Second*, when the land clearing process has been carried out. *Third*, when sales have reached 50% or when housing public facilities have been built. *Fourth*, when sales have reached 80%. In each stage, the price will increase even more. The number of buyers of cash, cash in stages, or credit will be customized according to the company's cash flow and expected profit target.

### 4.2.3 Sharia Property marketing

Marketing management is the art and science of choosing target markets and getting, keeping, and growing customers through creating, delivering, and communicating superior customer value (Kotler, Marketing Management 15th, 2016). One of the methods to perform marketing management is to analyze the STP (segmentation, targeting, and positioning) and develop the 4P marketing mix based on that knowledge.

#### 4.2.3.1 Sharia Disruption

Digital technology has become a disruption by changing how people produce, distribute, and consume goods. The growth of the millennial generation has also become a disruption by bringing changes to new lifestyles and tastes. Apart from these two things, sharia values have also brought disruption with the increasing demand for halal products, sharia banking and economics, including sharia property.



Figure 6 Sharia Disruption (Author Analysis)

All of these disruptions have change consumer behavior. Understanding consumer buying behavior is vital for industry and marketer. It will help industry to define their product and value. It also helps marketers to understand which of their campaigns are more effective, and in the end increasing return on investment.

#### 4.2.3.2 STP and 4P

STP (Segmentation, Targeting, Positioning) marketing focuses on commercial effectiveness, selecting the most valuable segments for a business and then developing a marketing mix and product positioning strategy for each segment. The three-step consists of market segmentation, market targeting, and product positioning.

Market segmentation phase is to identify a basis for the segmentation of target customers, and determine important characteristics to differentiate each market segment. When creating targeting and positioning strategy, developer must evaluate the potential and commercial attractiveness of each segment, and then develop detailed product positioning for each selected segment, including a tailored marketing mix based on knowledge of that segment.



Figure 7 (Hanlon, How to use Segmentation, Targeting, and Positioning (STP) to develop marketing strategies, n.d.)

The marketing mix consists of everything the firm can do to engage consumers and deliver customer value. The four Ps concept takes the seller's view of the market, not the buyer's view. From the buyer's viewpoint, in this age of customer value and relationships, the four Ps might be better described as the four As (Kotler, Principle of Marketing 18th, 2021).

#### **Four Ps**

Product  
Price  
Place  
Promotion

#### **Four As**

Acceptability  
Affordability  
Accessibility  
Awareness

The four As relate closely to the traditional four Ps. Product design influences acceptability, price affects affordability, place affects accessibility, and promotion influences awareness. Marketers would do well to think through the four As first and then build the four Ps on that platform (Kotler, Principle of Marketing 18th, 2021).

#### 4.2.3.3 Sharia Property Values

Compared to conventional property, sharia property has more additional features that can be included to create more value. In spite of common functional feature, developer should explore emotional and spiritual features that can add more value customer.

Value	=	Functional + Emotional + Spiritual
		Price

Figure 8 Sharia Property Values (Author Analysis)

Table 19 Component of Values in Sharia Property (Author Analysis)

No	Product Features	Components
1	Spiritual	<ul style="list-style-type: none"> <li>Without bank loan or bank involvement.</li> <li>Transactions without usury (<i>riba</i>).</li> <li>The price has not changed since the contract.</li> <li>Without penalty.</li> <li>Without confiscation.</li> <li>No insurance.</li> <li>Without the other incompliance sharia contract.</li> </ul>
2	Emotional	<ul style="list-style-type: none"> <li>Blessing</li> <li>Pious child</li> <li>Good neighborhood</li> <li>Supportive environment for worshipping The God</li> </ul>
3	Functional	<p><b>Internal Factors:</b></p> <ul style="list-style-type: none"> <li>Location of the residential</li> <li>Price</li> <li>Quality building</li> <li>Area of the residential</li> </ul>

	<ul style="list-style-type: none"> <li>Accessibility</li> <li>Number of houses</li> <li>Type of houses</li> <li>Residential facilities: mosque, education, sport, playing garden, security, electrical installation, green house, smart house, etc.</li> </ul> <p><b>External factors:</b></p> <ul style="list-style-type: none"> <li>Market potential</li> <li>Income</li> <li>Competitor's features</li> <li>Competitor's price</li> <li>Government policy</li> </ul>
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#### 4.2.3.4 Expanding Value to Be a Value-Driven

Current property business still uses traditional approach when developing marketing strategy. Many of them still think that exceptional location and competitive price are keys to have successful property business. That was correct in the past, but now it started changing. Limited land and more growth demand of property force consumer behavior and marketing strategy to evolve. In 2010, Philip Kotler and Hermawan Kertajaya have developed a new model of marketing. The new model does not just focus on product centric or consumer-oriented marketing but also focus on value driven marketing (Philip Kotler, 2010).

	Marketing 1.0 Product-centric Marketing	Marketing 2.0 Consumer-oriented Marketing	Marketing 3.0 Values-driven Marketing
Objective	Sell products	Satisfy and retain the consumers	Make the world a better place
Enabling forces	Industrial Revolution	Information technology	New wave technology
How companies see the market	Mass buyers with physical needs	Smarter consumer with mind and heart	Whole human with mind, heart, and spirit
Key marketing concept	Product development	Differentiation	Values
Company marketing guidelines	Product specification	Corporate and product positioning	Corporate mission, vision, and values
Value propositions	Functional	Functional and emotional	Functional, emotional, and spiritual
Interaction with consumers	One-to-many transaction	One-to-one relationship	Many-to-many collaboration

Figure 9 Comparison of Marketing 1.0, 2.0, and 3.0

To become value driven marketing, sharia property developer cannot compete with conventional develop in term of traditional value such as location or price. Sharia property should increase its value to buyer by making new benefits and service. At the same time, sharia property developer should always try to reduce cost. For example, sharia property developer could try to minimize fewer valuable features or services.

Table 20 Sample Value Added

No	New Benefits or Values	Example
1	People	Educate sales force team with Islamic value. The same Islamic value will attract potential buyer who also has the same value.
2	Physical evidence	Developers must invest upfront to prepare housing projects and sample house. Developers must also show success property project that have been built as a project portfolio. Housing project, that has been built houses and public facilities in it, will generally increase the selling value of a property project.
3	Promotion	Testimonies from customers or recommendations from prominent figures will make the project more attractive to potential buyers.

#### 4.2.3.5 Digital Marketing Optimization

The internet has become an integral part of human life at this time. This is an opportunity for marketers, including sharia property, to promote their products more broadly. One strategy that can be done is to combine online and offline approaches.

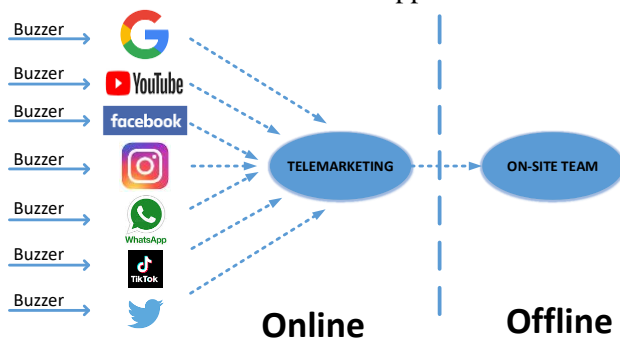


Figure 10 Proposed Marketing Strategy (Author Analysis)

The online marketing team, namely the buzzers, is assigned to increase brand awareness as well as installing perceptions in target buyers. Various tools can be used such as the Google search engine or social media such as YouTube, Facebook, Instagram, WhatsApp, TikTok, or Twitter. The target of this online team is to get as many leads as possible which will be processed by the telemarketing team to provide more detailed product knowledge. The telemarketing team will persuade and direct potential buyers to conduct surveys and visit project location.

In the location, they will be accompanied by an on-site team to take survey and be educated further

until they can deal and buying the property product. Each of these stages will usually result in an increasingly smaller amount. The number of conversions at each stage will be an evaluation indicator for the overall marketing process.

## 5 Conclusions and Recommendations

### 5.1 Conclusion

Problem analysis on sharia property business results in three main issues. They are lack of understanding in business related sharia law, lack of understanding on property business process, and marketing issue.

Proposed solution for lack of understanding in business related sharia law is to review basic principles of sharia business, sharia law regarding partnership (*syirkah*), sharia capital aspects, and sharia contracts in the property business.

Proposed solutions for lack of understanding in property business process are 9 steps to starting a sharia property business. And the last issue regarding marketing aspect, the author suggests to optimize value proposition of sharia property product and maximize digital marketing strategy.

### 5.2 Recommendations

The research has found how the sharia property should define its product, target market, and add more values to reduce its risk due to business failure. Further research needs to be conducted at least for two issues:

1. Market research that are specific for sharia property product. There has been a lot of market research tools for conventional market. But market research related to sharia property consumers along with their parameters are still not widely available yet.
2. Sharia property has a big challenge to find a large enough capital due to its preference without bank involvement. This will be more challenging because the problem is not only about the ability to raise funds but also very strict regulations, protocols and a worldwide network. All are arranged with their respective restrictions hierarchically.

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