

Students' Understanding of Sharia Contracts: A Comprehensive Assessment of Translation, Interpretation, and Extrapolation Skills

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Abstract

The challenges in translation, interpretation, and extrapolation can result in a gap between students' theoretical knowledge of Sharia contract products and their ability to understand and apply them in practice, particularly in the context of Islamic finance. This research aims to assess the level of understanding of Sharia contract products, focusing on three key aspects: translation, interpretation, and extrapolation. Using a survey approach, the study investigates how Sharia economic law students at Universitas Muhammadiyah Makassar comprehend Sharia contract products. The findings reveal that most students possess a satisfactory understanding of the subject matter, demonstrating a reasonably good ability to translate, interpret, and extrapolate the principles of Sharia contracts. However, some students face challenges in fully grasping and applying these concepts, particularly in practical scenarios. A number of respondents exhibit a general understanding of Islamic financial institutions but lack the deeper capacity to translate and implement these concepts in real-world contexts.

Keywords: Agreements, Sharia Product, Students

INTRODUCTION

Although Indonesia has the largest Muslim population in the world, the application of Islamic values in various aspects of social, economic, political, and cultural life remains uneven (Nata, 2023). Specifically in the economic field, Indonesia still adopts an economic system based on Western models, although there has been an increase recently in the implementation of a Sharia-based economic system, particularly in Sharia financial institutions (Mustamin & Jasri, 2022). In the context of meeting daily needs, humans engage in social interactions known as *muamalah*, which is part of Sharia law governing human relations (Tarmizi, 2019). The relationships between individuals in *muamalah* activities are determined by mutually agreed contracts (Hastharita & Jasri, 2024).

Contracts are crucial instruments in *muamalah* (Hatta, 2022). *Ijab qabul* serves as the marker of agreement between the parties involved in the contract. The position and function of contracts are highly important in determining the validity of a *muamalah* transaction (Muhtadi et al. 2023), and they are the main focus in the execution of such *muamalah*. When discussing contract planning, it often relates to Sharia financial institutions, where various types of contracts are used.

Islamic financial institutions comprise both banking and non-banking financial institutions (Sjahdeini, 2018). Within the framework of the banking system in Indonesia, Islamic banks are considered equivalent to commercial banks, which prioritise Sharia principles in their financing activities (Devanita, 2022). A crucial function of banking institutions is to serve as intermediaries between individuals with funds and those in need, with commercial banks generally falling into two categories: conventional banks and Sharia-compliant banks. In conducting their activities, both Sharia-based financial and non-financial institutions have the authority to develop a variety of products based on the principles of Islamic Sharia (Galuh & Utami 2022). Every consumer has the right to choose products that suit their needs, and their values are recognized as important. However, a common challenge is the lack of deep understanding among prospective consumers of Sharia principles (Arisyanti et al., 2023; Argita et al., 2023). What's even more concerning is that this issue is not only limited to the general public but is also often found among students. This underscores the need for broader and more effective educational efforts about Sharia principles in various aspects of life.

A careful understanding of Sharia contract products holds significant importance, especially in educating students in Hukum Ekonomi Syariah departments (Heykal 2014; Norrahman, 2023). As a discipline that studies legal and economic aspects within the framework of Islamic Sharia, it is expected that Sharia economic law Syariah students have a fundamental knowledge of various Sharia contract products commonly used in Sharia finance practices (Putri, 2022).

However, there are situations where students' understanding of Sharia contract products does not reach an adequate level. Some cases indicate a lack of understanding or confusion among students regarding the concepts and principles underlying Sharia contract products. In other cases, students may have limited or shallow understanding of the implementation of Sharia contract products in the practical context of daily life. This highlights the need for greater efforts to provide comprehensive and practical understanding to students about Sharia contract products (Bariyah, 2023). Factors such as educational curriculum, teaching methods, and learning environment can influence students' level of understanding in this regard.

This study aims to identify and evaluate the extent to which students understand Sharia contract products in the university environment, with a focus on the Sharia economic law program at Universitas Muhammadiyah Makassar as a study object. Thus, the study contributes to provide a more comprehensive understanding of the extent of students' understanding of Sharia contract products and the factors influencing it at the university level, thereby providing valuable input for curriculum development and teaching methods to support better understanding in the future.

METHOD

This research adopts a survey approach because the focus of the study is related to human aspects that essentially involve in-depth observation. The research subject in this study is students of the Sharia Economic Law program at Universitas Muhammadiyah Makassar. By targeting this specific group, the study aims to gain a deeper understanding of how students within this academic discipline perceive and engage with key issues related to Sharia law and economics. The survey method is particularly effective in this context, as it allows for the collection of diverse opinions, experiences, and attitudes from a large sample of participants. Moreover, the students in this program are uniquely positioned to provide insights into the integration of Islamic principles with economic practices, making them a valuable source of information for the research. Their perspectives will not only reflect academic learning but also reveal personal interpretations of how Sharia law intersects with modern economic systems. The survey will facilitate the collection of both quantitative data, to measure general trends and patterns, and qualitative data, to explore the depth of students' understanding and perspectives on Sharia economic law. This approach ensures that the study can comprehensively address the research questions and contribute meaningful findings to the field of Sharia law and economics.

RESULTS AND DISCUSSION

The Result Description

These findings of this study underline three aspects including translation, interpretation, and exploitation in terms of sharia contracts.

1. Translation Ability

The ability of students to translate information related to Sharia financial contracts indicates a success rate of 75%. This means that the majority of respondents, around 75%, successfully translated the understanding of contracts and the fundamental principles underlying Sharia financial institutions. However, there is a finding that some students have not fully mastered the concepts related to contracts in Sharia financial institutions. One example is in providing examples of contract clauses applied in the context of Sharia financial institutions, where only about 66% of respondents were able to do so. This phenomenon is caused by a lack of in-depth understanding or confusion between concepts related to Sharia financial institutions in general and specific contracts applied within them.

The findings of this study provide an encouraging overview of students' understanding of Sharia contracts, although there are certain areas that require further attention. The greatest challenge may lie in students' ability to recall and consistently apply these concepts, particularly in the context of practical implementation within Sharia financial institutions (Hadi et al., 2022). Therefore, efforts are needed to strengthen understanding and sharpen awareness of Sharia contract concepts among students, enabling them to become competent professionals and contribute effectively to the Sharia finance industry in the future. Delvi & Rahmi (2022) indicates a very high percentage of student understanding of Sharia contracts. Topics such as the definition of Sharia financial institution contracts, the legal foundation of Sharia financial institutions, the differences between the types of contracts used in Sharia financial institutions, and providing examples of commonly used contract clauses are generally understood and can be translated by students with a comprehension level above 65%. However, there is still room for improvement in understanding, especially in translating more specific and complex concepts directly related to contracts in Sharia financial institutions. Therefore, further efforts are needed to support student understanding in this regard, such as through more structured learning approaches and emphasis on the practical application of the concepts taught.

2. Interpretation Ability

The ability to interpret Sharia financial institution contracts refers to an individual's capacity to understand and analyze contracts or agreements used in Sharia financial transactions (Hadi et al. 2022). In Sharia finance, a contract or *akad* is an agreement regulated according to the principles of Islamic Sharia, which includes prohibitions on *riba* (interest), *maysir* (speculation), *gharar* (excessive uncertainty), as well as principles of justice and equity. The ability to interpret Sharia financial institution contracts involves a deep understanding of the types of contracts used in Sharia financial institutions, such as *murabahah* (cost-plus sale), *mudharabah* (profit sharing), *musyarakah* (partnership), *ijarah* (leasing), and others (Jasri, et al. 2023).

Students with this ability can comprehend the purpose and mechanism of each contract, as well as the legal and financial implications of each transaction. Furthermore, the ability to interpret Sharia financial institution contracts also involves the ability to assess the compliance of a transaction or financial product with the principles of Islamic Sharia. This entails evaluating the structure, processes, and related documents of the contract, as well as identifying potential risks or violations of Sharia principles. With this ability, one can play a role in the development, oversight, or advisory of Sharia financial affairs, as well as make significant contributions to ensuring that Sharia financial transactions and products adhere to the principles of Islamic ethics and law. Based on the research findings, it was determined that 75% of students are able to interpret various materials related to Sharia contracts, with the majority demonstrating an understanding of the concept of Sharia financial contracts. Furthermore, 83% of respondents possess the ability to interpret the legal basis of Sharia financial institutions. Additionally, 83% of respondents are able to distinguish between different types of contracts used in Sharia financial institutions, while 66% are capable of interpreting clauses in Sharia financial contracts. From these findings, it can be concluded that the majority of students have a sufficient understanding of materials related to contracts in Sharia financial institutions, including definitions, legal foundations, types, and contract clauses. However, there is a need to enhance their understanding, particularly in interpreting Sharia financial contracts more comprehensively.

3. Extrapolation Ability

Students' ability to apply Sharia contracts refers to their skill in using the principles and concepts they've learned about Sharia contracts in new situations or cases they haven't encountered before. This means taking the ideas they've studied and using them in different contexts, even if those contexts are different from what they studied (Zahrainuddin, 2022). For example, if students learn about Sharia contracts in their Islamic Economic Law courses, their ability to apply what they've learned will show when they can use these principles in unfamiliar cases. This might involve understanding how Sharia principles apply to complicated business situations or new legal contexts. By being able to apply Sharia contracts, students not only grasp the basic ideas but can also use them in real-life situations they may face in their careers or personal lives (Janes, 2022). This reflects their ability to think creatively, analytically, and adaptively when dealing with complex issues in Sharia economics and law. The research findings show that students have varying abilities to understand Sharia financial contracts. According to the results, 75% of students could clearly explain the concept of contracts, while 66% understood the legal foundation behind them. Additionally, 75% were able to distinguish between different types of contracts used in Sharia financial institutions, but only 66% could provide specific examples of these contract clauses. However, interview conclusions reveal that students still need to improve in making deeper connections between these concepts.

A key challenge for students is linking the fundamental legal aspects to the explanation of contract clauses, especially during the extrapolation stage. The success rate in providing clear examples of contract clauses tends to drop due to a lack of understanding of the mechanisms behind those clauses. One reason for this gap is students' limited interest in exploring the details of clauses in Sharia financial institutions.

Based on data from respondents, 75% of students understand the concept of Sharia financial institution contracts. However, the analysis indicates that their understanding in this regard has not reached an optimal level. Therefore, to enhance their understanding, it is suggested that students be more diligent in seeking additional references and delving deeper into materials related to Sharia financial institution contracts. This step is crucial to support the development of Sharia-based economics. The results of this study underscore the importance of improving students' understanding of Sharia financial institution contracts so that they can serve as catalysts for change, disseminating knowledge about Sharia financial institution contracts to those who are unfamiliar with them.

Sharia Economic Law Students' Understanding regarding Sharia Contracts

The research findings on the studied subject indicate that the respondents' understanding of Sharia contracts falls within the category of reasonably good. This evaluation is based on measuring students' understanding of three key factors that have been analysed, namely the ability to translate, interpret, and extrapolate (Bloom 1979) understanding of various Sharia contracts. The ability to translate allows students to interpret complex terminologies in Sharia contracts into more digestible understanding. Meanwhile, the ability to interpret enables them to comprehend the meanings and implications of various provisions in Sharia contracts. Furthermore, the ability to extrapolate allows students to connect concepts in Sharia contracts with broader situations or contexts. Overall, in line with the studies by Nasution et al. (2019) and Karmayani et al. (2023), these findings illustrate that students have a fairly good understanding of Sharia contract products, especially in the context of translating, interpreting, and extrapolating information. This evaluation provides a positive insight into the level of students' understanding in grasping complex concepts within Sharia contracts. However, it should be noted that there is still room for improvement, particularly in deepening the understanding of the practical application of these concepts in everyday life and within the context of Sharia financial institutions as a whole.

CONCLUSION

The research findings indicate that students have a fairly good level of understanding of the concepts of Sharia financial institution contracts, particularly in the ability to translate, interpret, and extrapolate information. Although most students can explain the meaning of contracts, understand the legal basis, differentiate between types of contracts, and provide examples of contract clauses, the evaluation suggests that there is still room for improvement in their understanding, especially in the context of practically applying these concepts within Sharia financial institutions as a whole. Although most students demonstrate a fundamental understanding of Sharia financial institution contracts, there are notable shortcomings in their ability to connect legal principles with specific contract clauses. This gap in understanding is particularly evident when students are asked to provide examples of contract clauses, as the success rate tends to decrease. The decline in performance can be attributed to students' insufficient comprehension of the underlying mechanisms of these clauses, which often stems from a lack of engagement with the detailed materials related to them. This disinterest or insufficient exploration may hinder their ability to grasp the full scope of how Sharia principles are applied in financial contracts. Given the increasing significance of Sharia-compliant financial institutions in the global economy, it is crucial to address these deficiencies. Strengthening students' understanding of the intricacies of contract clauses is essential, as it will equip them with the knowledge to navigate the complex legal landscape of Sharia finance. By doing so, students can play a more active and effective role as agents of change in society, contributing to the development and dissemination of knowledge surrounding Sharia financial institutions and their contracts.

Furthermore, cultivating a deeper and more practical understanding of Sharia financial contracts will not only enhance students' academic performance but also prepare them for professional roles where they can influence and shape the future of financial

practices within Sharia-compliant frameworks. Thus, it is imperative for educational institutions to prioritize a more comprehensive and engaging approach to teaching Sharia contract clauses, ensuring that students develop the necessary expertise to become key contributors in this evolving sector.

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