The Analysis of Franchise Fee and Royalty Fee Systems in the Business of Nyoklat Klasik™ Based on al-Mu'amalah al-Maliyah Perspective

Mufti Afif  
University of Darussalam Gontor  
muftiafif@unida.gontor.ac.id

Asifah Itsna Rosidah  
University of Darussalam Gontor  
asifabitsna97@gontor.ac.id

Nur Hidayah Al Amin  
UIN Raden Mas Said Surakarta  
zollo212212@gmail.com

Ahmad Suminto  
University of Darussalam Gontor  
abmadsunimoto@unida.gontor.ac.id

Abstract  
This study aims to determine the franchise and royalty fees implementation system in the Nyoklat Klasik™ Tulungagung. This study employed qualitative research, specifically field research. Data collection is maintained by using interviews, observation, and documentation. This study uses the descriptive-qualitative analysis method, which describes the implementation of the Franchise Fee and Royalty Fee Systems on Nyoklat Klasik™, then analysis it from the point of view al-mu'amalah al-maliyah. The result is that the franchise fee payment is not paid fully but will be paid 50% after signing the contract, and the rest is paid before shipping the goods. The chosen place must follow the standards that are set by the franchisor. The royalty fee charged by the franchisor to the franchisee is about $1-3 million per year. The franchisor provides repeat order prices of 45%–50% of the regular price. From the al-mu'amalah al-maliyah perspective, the franchise fee and royalty fee systems of Nyoklat Klasik™ are appropriate with the basic principles of al-mu'amalah al-maliyah, that is: a principle of tauhid; prohibition of riba; prohibition of gharar
and maisyir; prompts to trade and share benefits and risks; no time value of money concept; funding is based on tangible assets; compliance agreement.

**Keywords:** Franchise, Franchise Fee, Royalty Fee, al-Mu’amalah al-Maliyyah.

**DOI:** 10.22515/jfib.v4i2.4939

**Introduction**

Indonesia is the largest archipelago globally (Malta et al., 2018). However, in reality, the quantity of the population does not make a country’s benchmark with quality human resources. The capabilities of human resources in Indonesia are still low, especially in getting a decent job. The Ministry of Industry and Trade of Indonesia said that Indonesia needs at least four million new entrepreneurs to strengthen the economic structure (Kominfo, 2017). Therefore, this ratio of entrepreneurship within the country is around 3.1% of the whole population (Kementerian Perindustrian, 2018). Although it has exceeded the psychological threshold of 2%, Indonesia must have at least 5 million Indonesian entrepreneurs with over 250 million people. Compared with neighbouring countries, such as Singapore with 7%, Malaysia with 5%, Thailand with 4.5%, and Vietnam with 3.3%. The USA and Japan have soared far. 10% of the population is within the business world (Kementerian Perindustrian, 2018).

There are many ways to develop a business (Sumathisri, 2013). The increasing fierce trade competition requires a broader business development system, but the costs of starting a business are too high to create an alternative to saving business costs more effectively and efficiently; one example is the franchise system of goods or services to consumers (Sulistyaningsih et al., 2017). The franchise has attracted worldwide attention due to its uniqueness, particularly its established business record (Harun, 2011).

Franchising relies on the ability of business partners to develop and run a franchise business activity through the ordinance, the process, a code of conduct, and a system that the franchisor or franchisor businessman has specified (Manjunatha et al., 2016). In franchising, a franchisee must pay a royalty fee to the franchisor as reciprocity for giving a license to the franchisee to try to brand merchandise (Sinisterra et al., 2013). Instead, the franchisee or franchisee from the franchisor licence uses the franchisor effort as a distinguishing feature or specification (Mendelsohn, 1993).
The franchise cannot be separated from the concept of the franchise fee and royalty fee, an aspect of franchise business financing (Fernández et al., 2013). Within the concept of the franchisor’s franchise fee, an initial investment in starting a business is usually a franchise fee charged just once to be used as the initial setup of the primary outlet to be opened by franchisees (Darmawan, 2016). As for the royalty fee, the franchisee contributes to the outcome of the franchise business income by paying a sum of money periodically determined by the agreement between the franchisor and the franchisee that is reciprocal for the use of franchise rights derived from sales turnover (Alon et al., 2006).

In fiqh al-mu’amalah al-maliyah, there is a principle that governs all business, especially on the basic principles of fiqh muamalah maliyah. In fiqh al-muamalah al-maliyah, there is a principle that governs all business, especially on the basic principles of fiqh muamalah maliyah. The basic principle of Muamalah Maliyah can also be interpreted as the principle used as the basic principle of thinking related to the foundation of Islamic finance. In the modern era, precision is needed when expanding business by franchising according to the Islamic law described in the al-Qur’an or Al-Hadith. Associated with the franchise, the researcher wanted to examine the franchise system that moves in the culinary field, Nyoklat Klasik™. Nyoklat Klasik™ is a drink franchise business that supported cooperation by granting rights to market a product to another party (Widjaja, 2004). Nyoklat Klasik™ is a company engaged in the field of beverage business that was founded in 2014 until today over 2100 outlets throughout Indonesia. Although the company includes new business, Nyoklat Klasik™ can prove that the franchise can compete with the opposite franchises that first developed in Indonesia.

The research was conducted at the CV. Denov Putra Brilian is located at Jl. Ki Mangun Sarkoro 12, Krajan, Beji district, Boyolangu, Tulungagung, East Java 66233. The primary office is located at Jl. South Gedangsewu Rt. 02, and the secondary office is located at Jl. Gedangsewu RT. 01, Village Gedangsewu Boyolangu District of Tulungagung, East Java. 66231. This location is a warehouse for shipments in Java. The second location is used as a shipping warehouse outside Java.

The researcher is interested in further investigating the franchise system of the owners of Nyoklat Klasik™ in terms of the implementation of the franchise fee and royalty fee on franchise Nyoklat Klasik™ Tulungagung
and franchise fee and royalty fee in terms of the concept of al-mu'amalah al-maliyah.

**Research Method**

This study employed qualitative research, specifically field research. Research is descriptive and analysed in the form of analytical-qualitative. Data collection is maintained by using interviews, observation, and documentation. In this study, the researcher wants to explore data from Nyoklat Klasik™ company in Tulungagung. The character of this research is included in the descriptive analysis that explains and aims to get an entire picture of the things being studied. Also, to describe or collect data following the circumstances in the field (Kountur, 2005). This research used an interview with Al-Ayib Bukhoirudin, as HR Manager at Nyoklat Klasik office in Tulungagung. The official website, https://www.nyoklatklasik.co.id/, also provides information regarding this franchise.

This study uses the descriptive-qualitative analysis method, which describes the implementation of the Franchise Fee and Royalty Fee Systems on Nyoklat Klasik™, then analyses it from the point of view al-mu'amalah al-maliyah. The basic principles of Islamic economic activities, or muamalah, including sharia finance, are sought from Islamic economists such as M. Umer Chapra, Muhammad Ayub, Ibrahim Warde, Syed Nawab Haider Naqvi, and others (Naqvi, 2009). The following basic principles of Muamalah Maliyah are: the principle of tauhid; prohibition of riba; prohibition of gharar and maisyir; prompts to trade and share benefits and risks; no time value of money concept; funding is based on tangible assets and compliance agreement.

**Theoretical**

1. **Waralaba**

   In the business world, waralaba is known as the term “franchise,” which is derived from the words “wara,” which means “more,” and “laba,” which means “profit.” From this literal meaning, it can be seen that franchising is a business that provides more or special benefits. (Sarikhani & Lankaran, 2013). According to Paul H. Rubin, a franchise agreement is a contract between two (legal) firms, the franchisor and the franchisee (Hong et al., 2021). A franchisor is a parent company that has developed some product or service for sale; a franchisee is a firm that is set up to market this product or service in a particular location. The
franchisee pays a certain sum of money for the right to market this product (Lee, 2010). In general, a franchise grants a business licence by a party (individual or company) to another party as a franchisee (Berezina & Cobanoglu, 2010). In other words, franchising is a business arrangement with a system of granting the right to use a trading name by the franchisor to the franchisee to sell products or services following the standardisation of the agreement to open a business using the trademark or trade name (Rodríguez et al., 2011).

In Indonesia, the word “franchise” is defined as a franchise based on Government Regulation No. 16 of 1997, dated June 18, 1997, about franchising, which was later replaced with Government Regulation No. 42 of 2007 concerning franchises and the Decree of the Minister of Industry and Trade of the Republic of Indonesia No.259/MPP/Kep/7/1997, dated July 30, 1997 (Wijaya, 2001), and then supported by Peraturan Menteri Perdagangan RI No. 12/M-DAG/PER/3/2006 Pasal 1 Ayat 1, regarding the provisions and procedures for the issuance of a franchise business registration certificate. In the sense of the intent and procedure specified in government regulation about the franchise above, it can be concluded that the franchise in Indonesia (Wijaya, 2001):

a. There is an evident legal bond between the franchisor and the franchisee.

b. There is an exchange process between the rights and privileges granted by the franchisor with a sum of money and other terms as a condition of the agreement.

c. The franchisee must meet the requirements agreed in the legal bond.

d. The franchisor must also provide its HR support and training (Anon, 2000)

The contract specifies each channel member’s responsibilities, including the scheduled payments by the franchisee. This consists of two parts (Sabbaghnia & Taleizadeh, 2021). The first is paying an initial lump-sum fee to the franchisor for the entire contract period. The franchisee also generally agrees to pay the franchisor a royalty fee (O’Neill & Carlbäck, 2011). The franchise business system involves two parties (Flores Villanueva & Gaytán Ramírez, 2020)
a. **Franchisor** (Pewaralaba)
   The owner of a trademark and a proven, successful business system. A franchisor owns a product, service, or operating system unique to a particular brand and is usually patented. (Bordonaba Juste et al., 2011).

b. **Franchisee** (Terwaralaba)
   The party that obtains the right (license) to use the trademark and business system, namely an individual or other entrepreneur selected by the franchisee to become the franchisee, by providing “profit-sharing” to the franchisee in the form of a fee (initial security deposit) and royalties (constant profit sharing), continuously (Grannemann & Whitaker, 2019). Both agreed to cooperate in mutually beneficial ways, with various terms agreed and outlined in a contract agreement called a Franchise Agreement (Polo-Redondo et al., 2011).

2. **Franchise Fee**
   The fee structure is an important element of franchise contracts. It involves two distinct elements: Franchisors generally require franchisees to pay fixed franchise fees. These fees are paid only once at the beginning of the contract period. In addition, franchisors typically require franchisees to pay ongoing royalties throughout the life of their contracts (Rau et al., 2019). Some franchisors require initial payments (occasionally refundable to the successful franchisee) set at a common level for all franchisees (Van Wyk & De Jager, 2010). These do not distinguish between franchise operators able to earn high and low returns among those who sign, but they do exploit the potential franchisee’s limited ability to convince the world of what he believes is his entrepreneurial abilities (Israhadi, 2020).

   This fee is charged to all franchisees for all initial services provided, including recruitment of the establishment costs incurred by the franchisor for the franchisee’s benefit. (Bordonaba Juste et al., 2009). Usually, the franchisor does not take the rate of the fees charged. The amount and term of the initial payment are stated in the agreement (S. S. Jiang & Li, 2021). Payments that have been submitted fully become the property of the franchisor and cannot be returned unless there is an agreement that requires them to be returned (Adebayo et al., 2021).

   The franchisor requires the initial fee to assist the franchisee, which consists of: (Y. Jiang & Seidmann, 2014): Pre-operation and start-up
assistance for franchisee business operations; creation of operating manuals for franchisees; provision of initial training and consulting fees, especially on franchise business operations; promotional and advertising costs, especially for promotions ahead of the opening of a new franchise company; promotional and advertising costs, especially for upgrades ahead of the start of a new franchise company; site survey (Van Wyk & De Jager, 2010)

3. Royalty Fee

Royalty is often called “continuous money.” The money is a payment for ongoing services rendered to the franchisor (S. S. Jiang & Li, 2021). Royalties that franchisees are obliged to pay to the franchisor afford an economic incentive for the franchisor to exert effort but a disincentive for the franchisee to exert effort (Pérez Trento, 2021). Royalty fees are calculated as a percentage of the total production or sale of goods and services containing franchised intellectual property rights (Adebayo et al., 2021). The amount of royalties related to the amount of production, sales, or other factors that tend to increase is generally accompanied by a decrease in the percentage of royalties that must be paid. However, in absolute terms, the number of royalties paid will still show an increase in line with the increase in the amount of production, sales, or profits of the franchisee (Brüggemann & Meub, 2017).

Generally, a franchise agreement states that the franchisee pays a franchise fee (royalty) to the franchisor based on the amount of sales. It contains, among other things (Kulczycka et al., 2017), about:

a. The basis of payment is usually on the basis of gross sales.
b. Minimum royalty rates, especially where the franchisee obtains rights to certain areas without the requirement of a fixed quota rate (Stange et al., 2016).
c. Periodic payments (weekly, monthly, etc.)
d. The payment time has been determined according to the day or date, depending on the initial agreement (Babich & Tang, 2016)

History, Ownership, and Financial Information of Nyoklat Klasik

CV. Denov Putra Brilian was established on September 28, 2014, has a staff of about 140 people and has three business warehouses in several locations. The primary warehouse is located at Jl. Soekarno Hatta A9
Kutoanyar Village Tulungagung District Tulungagung Regency, where the warehouse is dedicated to retail sales. Then the second warehouse is located at Jl. Ki Mangun Sarkoro VIII No. 12 Talun Beji Village Boyolangu District Tulungagung Regency, where the second warehouse serves the area outside Java and Bali. In comparison, the third warehouse is located at Jl South Gedangsewu Rt 02 Rw 01 Gedangsewu Village Boyolangu District Tulungagung Regency. This warehouse is used to serve the sale of Java and Bali areas.

Nyoklat Klasik is a trademark that has been officially registered by a legitimate government institution and is based on the laws of the Republic of Indonesia No. 15 of 2001. The Nyoklat Klasik™ trademark belongs to a company that provides or manufactures franchised chocolate drinks called Nyoklat Klasik.

At the time, Nyoklat Klasik™, Mrs. Dendy (Rofi’ Solikhah), and Mr. Denov (Teguh Pramudya) were trading street vendors selling only pop ice and cookies and sausages, and they suffered losses of up to millions of rupiah. It turned out that Mrs. Dendy had 38 savings of only 5 million. Mrs. Dendy and her husband turned their brains to a way to make that 5 million dollars produce a business, on the idea of a drink business blazing when it breaks on the streets to visualise people always buying and drinking regardless of the conditions. Finally, she borrowed $5 million to start a business drink company. She chose a chocolate drink until she finally had ideas and initiatives to promote products to consumers more widely by opening a franchise for the first time in Golden Tulungagung in 2014. Now, more than 2100 outlets have spread throughout Indonesia.

From the information above, Nyoklat Klasik™ was moved to make young entrepreneurs franchise premium chocolate drinks by providing five optional packages to open a franchise business. Twelve million for a silver package, 14 million for a booth container package, 17 million for a minibar package, 60 million for a gold package, and 250 million for a platinum package, so that these businesses can reach all segments.

**Implementation Franchise Fee and Royalty Fee System on Nyoklat Klasik™**

The implementation system in the Nyoklat Klasik™ franchise is all forms of franchise business management that are commonly referred to as business or organisational management, which means to join the business
must go through a long series of processes and must be followed and implemented (Interview with Al-Ayib Bukhoirudin as HR Manager; September 20, 2019).

a. Implementation Franchise Fee System on Nyoklat Klasik™

Franchise fees are initial costs that must be paid to the franchisor before starting a business. Generally, the franchise fee is paid once, and typically, the facilities provided after franchise fee financing are in the form of initial training and initial setup support from the primary outlet to be opened by the franchisee (Clark, 2006). This fee is charged to the franchisee for all services provided by the franchisor to the franchisee (Darmawan, 2016).

In general, this fee is paid just once, or sometimes for a certain period, for example, five years. Besides, the franchisee usually pays royalties or pays a portion of the sales proceeds. Another variation is that the franchisee must buy the franchisor’s essential goods or equipment (capital goods). The Nyoklat Klasik™ franchise uses a one-pay model, and the franchisees also need to buy capital goods from the franchisor (Interview with Al-Ayib Bukhoirudin as HR Manager, September 20, 2019).

In the Nyoklat Klasik™ business franchise system, the franchise fee payment is not paid fully but will be paid 50% after signing the contract and the rest will be paid before shipping the products. After paying the cost of the franchise fee, the franchisee will get the raw materials to start their business, such as booths, blenders, cocoa powder, and so on. The franchise fee to be paid by the franchisor is Rp. 12,000,000,- for the silver package, Rp. 14,000,000,- for the container booth package, Rp. 17,000,000,- for the minibar package, Rp. 60,000,000,- for the gold package, and Rp. 250,000,000,- for the platinum package (Nyoklat Klasik™ Indonesia, 2019a).

After obtaining the booth, raw materials, training manuals, and promoting his business, the franchisee can run their business. Except for the locations to be utilised in the franchise business, the franchisee provides them by himself. However, the franchisor continues to review the requirements of one outlet for only one district and whether the location to be used is strategic enough for business use, for example, elementary/junior high/senior high schools, campuses, tutoring institutions, centres of crowds, malls, supermarkets, and so on, because
the location will affect the progress of the Nyoklat Klasik™ franchise business later significantly (Nyoklat Klasik™ Indonesia, 2019a).

In addition, to get the equipment, franchisees also get a trademark from Nyoklat Klasik™. Not only that, but the franchisee will also get training guidelines from the franchisor before the business starts. Besides that, the franchisee can also consult the franchisor related to the franchise business during the agreement period is still ongoing. From some above, it can be concluded that the Nyoklat Klasik™ franchise in determining the franchise fee follows the franchise system in general.

b. Implementation Royalty Fee System on Nyoklat Klasik™

Royalty fees are often called "continuous franchise money," which is collected by the franchisor based on the use of intellectual property owned by the franchisor (brand and SOP) (Zhang, 2007). Generally, royalty fees are collected monthly and are based on the gross sales value of the franchisee's business. Therefore, royalty fees are the primary income of the franchisor (Shane et al., 2006). However, the determination of the amount of the royalty fee and the time of this collection also vary according to the agreement (Kamal, 2018).

The franchisee charged the franchisee’s royalty fee for silver, minibar, and container packages of 1 million per year, while gold and platinum packages were 3 million per year. The nominal is nothing compared to the profit potential because these costs are used for web maintenance, advertising, promotion, and, of course, for the benefit of the franchisee (Nyoklat Klasik™ Indonesia, 2019a).

Additionally, because the franchisee must do a repeat order from the raw materials, the franchisor should not mix them if they are used up. Franchisors provide repeat order prices of 45%–50% of the regular selling price so that profits can reach 55% of the turnover obtained (Nyoklat Klasik™ Indonesia, 2019b). This automatically benefits both parties because the franchisee only pays a royalty fee per year, which is relatively cheap, and the franchisor continuously gets repeat orders from the franchisee.

Nyoklat Klasik™ also provides free royalties in the first year after joining the Nyoklat Klasik™ franchise. Free royalty means that any sales turnover obtained by the franchisee does not require the franchisee to pay a royalty fee to the franchisor. Profit from the sale is owned entirely by
the franchisee (NYOKLAT KLASIK™, 2019). Royalties charged by the Nyoklat Klasik™ franchise are only annual, not monthly. Therefore, many want to join the Nyoklat Klasik™ partner because it has significant profit potential with relatively affordable capital.

The Analysis of Franchise Fee and Royalty Fee System in The Business of Nyoklat Klasik™ Based on al-Mu’amalah al-Maliyah Perspective

The basic principles of Islamic economic activities, or muamalah, including sharia finance, are sought from Islamic economists such as M. Umer Chapra, Muhammad Ayub, Ibrahim Warde, Syed Nawab Haider Naqvi, and others (Naqvi, 2009). The following basic principles of Muamalah Maliyah are: the principle of tauhid; prohibition of riba; prohibition of gharar and maisyir; prompts to trade and share benefits and risks; no time value of money concept; funding is based on tangible assets and compliance agreement.

a. The principle of *tauhid*

Tauhid, or faith in Allah, is the principle of the origin of the dominant principle of Islamic economics (Warde, 2014). Tauhid awakens human beings as divine beings, godly beings. It means every activity of human life must be based on tauhid values. Also, every step and the law must reflect religious values (Mardani, 2012). Nyoklat Klasik™ is a franchise business that implements the Islamic side, including in terms of tauhid. In practice, such as recruiting new employees, the management provides several provisions, such as Muslims, closing the genitals, and praying five times in advance in the congregation (Interview with Al-Ayib Bukhoirudin as HR Manager, September 20, 2019).

The principle of *tauhid* in Islamic economics is seen in the concepts of ownership and balance (equilibrium). The concept of ownership in Islamic economics lies in its use rather than in absolute control of economic resources (Idri, 2015). The concept of ownership of the Nyoklat Klasik™ is that profit-sharing does not burden one of the parties; meaningly, the franchisor does not feel a loss in determining the annual royalty fee, while the franchisee is more satisfied because the benefits can reach 55% of the capital provided.

Meanwhile, the concept of equilibrium is seen in various aspects of economic behaviour, such as moderation, parsimony, and avoiding extravagance (Lubis, 1996). In practice, the Nyoklat Klasik™ has fulfilled the concept of balance, such as moderation, parsimony, and avoiding
extravagance. It is just that for some of the Nyoklat Klasik™ events, family time with all employees is to strengthen the cooperative relationship and network expansion (Interview with Al-Ayib Bukhoirudin as HR Manager, September 20, 2019).

b. Prohibition of *riba* (usury)

The concept of usury is not limited to interest. At least two forms of usury in Islamic law exist—first, *riba al-qarud*, associated with additional loans. Second, *usury al-buyu* is associated with additional buying and selling. *Riba al-buyu* consists of two forms: *riba al-fadl* and *riba an-nasia*. *Riba al-fadl* involves the simultaneous exchange of the same commodity that has the same quality and quantity. As for *riba an-nasia*, it includes the unequal exchange of the same commodity with the same quality and quantity (Lubis, 1996).

Free of usury practises in the Nyoklat Klasik™ franchise. Nyoklat Klasik™ is free from *riba al-qarud*, which is associated with additional loans. *Riba al-buyu* relates to additions to buying and selling. There is no increase in commodities with quality differences, either directly or indirectly. Because in purchasing raw materials, Nyoklat Klasik™ management provides premium quality products and quality equality between one franchise and another (interview with Al-Ayib Bukhoirudin as HR Manager, September 20, 2019).

c. Prohibition of *gharar* and *maisyir*

*Gharar* is ignorance of the consequences of a transaction or the obscurity between good and bad (Mushlih & Ash-Shawi, 2008). In the Nyoklat Klasik™ franchise, all transactions are carried out clearly in the absence of gharar. As in the case of shipping, the goods will be sent according to the agreement after paying a specified amount. Transactions can be made by contacting customer service and following a few directions from customer service. In this case, the Nyoklat Klasik™ avoids the practise of gharar.

Turning to *maisyir* issues, *maisyir* refers to the acquisition of wealth quickly or the acquisition of assets based on opportunities, whether by taking the rights of others or not. In the Nyoklat Klasik™ franchise, there is no practise of maysir because everything is done with effort; no work is done free of charge. The franchisee sells the product, while the franchisor provides raw materials for sale by the franchisee. One of the basic principles of the Islamic financial system is the prohibition of
gharar and maisyir because, besides containing speculative elements, gharar and maisyir cause injustice in economic activities, both business and financial.

d. Prompts to trade and share benefits and risks

At this point, the Nyoklat Klasik™ has fulfilled the recommendations for trading and sharing profit and loss sharing. Trading recommendations have been fulfilled by opening franchises throughout Indonesia. In its implementation, a for-profit and loss sharing system is a type of cooperation agreement between investors and capital managers (entrepreneurs) in carrying out economic business activities, in which both parties are bound by a contract that in the business, if they make a profit, it will be shared by both parties according to the agreed ratio at the beginning of the agreement, and if the business loses money, it will be shared by both parties according to the agreed ratio at the beginning of the agreement (Warde, 2014). For this to be applied to the royalty fee paid annually in the cooperation contract However, if there is a problematic outlet, the franchisor will provide more support, training, and promotion to maintain the outlet (Interview with Al-Ayib Bukhoirudin as HR Manager, September 20, 2019).

e. No time value of money concept

The Time Value of Money, or Favourable Time Preference, states that the commodity is currently higher in value compared to the future. In this case, the time value of money is another name for interest. The concept of the time value of money departs from the understanding that money is precious and can be developed at a specific time. By holding money, people are faced with the risk of a decrease in the value of money due to inflation. Therefore, the present value of money is considered more significant than the value of money in the future, even with the same nominal value (assuming inflation) (Lubis, 1996).

The Nyoklat Klasik™ franchise certainly does not use the concept of the time value of money. The price charged for each package is determined following the calculations needed. In addition to paying royalties, the Nyoklat Klasik™ has determined 1-3 million payments per year. So, if the outlet makes a profit, the franchisee will only pay a royalty fee with a predetermined nominal value that is not added to the specified nominal value (Interview with Al-Ayib Bukhoirudin as HR Manager, September 20, 2019).
f. Funding is based on tangible assets.

Islamic economics is a real-economy patterned economy that does not recognise the dichotomy between the real sector and the monetary or financial sector. The financial sector supports the smooth running of productive activities in the real sector (Ascarya, 2006). If related to financing in muamalah maliyah, the Islamic economy underlines that financing in business does not rely on interest income but on the distribution of profits derived by entrepreneurs (Yafie, 2004). In this case, the Nyoklat Klasik™ has fulfilled the point because it is free of interest. The franchise fee and royalty fee payment are straightforward and meet the requirements in the following sharia (Interview with Al-Ayib Bukhoirudin as HR Manager, September 20, 2019).

g. Compliance agreement

Islam considers that in economic activities, the contract occupies a critical position. In other words, Islam strongly emphasises the urgency of contracts in economic relations. This is due to the agreement in the contract that limits the relationship between the two parties involved in a contract and will bind the relationship in the present and the future. Also, because the contract is the basis of the relationship, that is the implementation of what is the orientation of the two people who made the agreement, which is explained in the agreement (contract) by both (Interview with Al-Ayib Bukhoirudin as HR Manager, September 20, 2019).

In the Muamalah Maliyah transaction in the Nyoklat Klasik™ franchise, the contract used is included in the category of a commercial contract (Mustofa, 2014). A commercial contract (contract tijarah) is a contract or agreement that aims to seek financial gain in the field of buying and selling; it is bai’ murabahah contract in the sale of raw materials, as well as in the trading sector, it is a syirkah agreement on the form of franchise cooperation between the franchisor and the franchisee.

Conclusion

Nyoklat Klasik™ business franchise system of franchise fee payment is not paid fully but will be paid 50% after signing the contract, and the rest will be paid before shipping the goods. At the location of the Nyoklat Klasik™ franchise, the franchisee searched for his location, but the franchisor continued to observe the location. The place chosen must meet the standards
set by the franchisor, which is a strategic place to be used as a beverage business.

The franchisee charged the franchisee’s royalty fee for silver, minibar, and container packages of 1 million per year, while gold and platinum packages were 3 million per year. Franchisors provide repeat order prices of 45%–50% of the regular selling price so that profits can reach 55% of the turnover obtained. Nyoklat Klasik™ also provided free royalties in the first year after joining the Nyoklat Klasik™ franchise.

From the al-mu’amalah al-maliyah perspective, franchise fee and royalty fee system of Nyoklat Klasik™ is appropriate with the basic principle of al-mu’amalah al-maliyah, that is: the principle of tauhid; prohibition of riba; prohibition of gharar and maisyir; prompts to trade and share benefits and risks; no time value of money concept; funding is based on tangible assets and compliance agreement.

References


https://doi.org/10.1016/j.marpol.2021.104505


