



Strengthening Village Economy through Village-Owned Business Agencies in Sharia Maqasid

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Abstract:

BUMDES in recent years has indeed become the subject of conversation, not only by ordinary people but also among researchers and students. This is understandable, because the existence of BUMDES has a strategic role in the midst of society, especially in rural areas. If examined carefully the nature of BUMDES is not merely as a commercial economic institution, but also as a means to improve community welfare, in this study aims to describe the BUMDES Gesang business units. Analyzing the role of BUMDES in strengthening the village economy in the village of Gesang, Tempeh sub-district, Lumajang Regency, which was then reviewed from the perspective of the Islamic maqasid. The research method used in this study is a qualitative research type of research is field research which in data collection using interviews, observation and documentation. While for data analysis techniques, namely by reducing the data presentation of data and drawing conclusions while for checking the validity of the data is to use triangulation. The results of this study can be seen that: Gesang BUMDES business units there are three agricultural units, service units and HIPPA units.

Keywords: Economic Strengthening, Village-Owned Enterprises, Maqasid Syariah

JEL Classification Code: I28, I38, N10

1. Introduction

Village-owned enterprises BUMDES are a new strategy that is being fiercely promoted by the Ministry of Home Affairs in encouraging and driving the village economy. BUMDES was born as one of the new programs in an effort to improve the village economy based on the needs and potentials of each village. The management of BUMDES is fully carried out by the village government and the community, namely from the village, by the village and for the village, while the nature of business management is openness, honesty, participatory and fairness (Dewi, 2014).

One area that has started to pay attention to BUMDES is Lumajang Regency, from the information provided by Nanik Indrawati and the Lumajang District Community and Village Empowerment Service (DPMD) which quoted from Lumajang one.com stated that out of 198 villages, 18 have BUMDES which active. Meanwhile, 92 villages have submitted BUMDES and in 2018 they will budget for capital participation.

BUMDES Gesang is one of 18 BUMDES that has been active in Lumajang, as mentioned above BUMDES Gesang is oriented towards strengthening the



village economy where the indicators of strengthening include its contribution to the village's original income from the data on the original income of Gesang village, it seems that it still shows a number the same every year.

Table 1.1: Original Income of Gesang Village

No	Year	Village Original Income
1	2014	Rp 270.000.000,00
2	2015	Rp 270.000.000,00
3	2016	Rp 270.000.000,00
4	2017	Rp 270.000.000,00

From this data, it can be seen that the original income of Gesang village is still relatively the same every year, which in 2014 to 2017 it obtained 270,000,000 results.

In addition to aiming to increase the village's original income, the indicators for the success of BUMDES are also oriented to the absorption of labor and increase in community income, this has been done by BUMDES Gesang as evidenced by the continued reduction in the number of poor households in Gesang Village from each year, this can be seen from the household data table below.

Table 1.2: The number of poor households in Gesang village

No	Year	Number Of Poor Households
1	2015	423
2	2016	366
3	2017	202

From the table above, it can be seen from 2015, which initially as many as 423 households decreased in 2016 to 366 households and in 2017 the number of poor households in Gesang village showed a significant reduction, namely to 202 households, this condition illustrates that there is a strengthening of the village economy in Gesang village.

"BUMDES Gesang started its business with a capital of 125,000,000 which came from village funds (Aldi, personal communication, October 02, 2019)". The type of business chosen first was an agricultural business, this business was chosen based on the potential of the village of Gesang. It is recorded that there are around 255,000 Ha of land area supported by sources of water that can be To irrigate the entire rice field area besides that BUMDES Gesang also has other business units that can support the strengthening of the village economy (Gesang Village Profile, 2017), "the business carried out by BUMDES Gesang has good



potential in developing its business so that it gets the attention of the local government by providing additional assistance in the form of a rice grinding machine for business that is run by bumdes gesang is even more effective (Miswan, personal communication, October 14, 2019)".

Efforts to strengthen the village economy through BUMDES are in line with the aim of the sharia maqsid which aims to maintain the faith, soul, intellect and property, Umar Chapra said that placing faith (*Al-din*) first and property (*Al-maal*) in the last sequence is a very precise and wise thing. Furthermore, he said that it is not always the first or the top rank shows that the first is more important or the last rank is less important, placing the safeguard of assets in the last order does not mean that assets are not important, in fact, assets are very important to support the four elements of the maqashid sharia above (Chapra, 2000). From this, this research uses maqasid sharia to analyze the strengthening of the village economy through BUMDES Gesang in Gesang village, Tempeh District, Lumajang Regency. This study aims to analyze the role of business units run by BUMDES in strengthening the village economy in Gesang Village, Tempeh District, Lumajang Regency, Islamic maqasid perspective.

2. Research Methods

This research uses a qualitative approach (Priadana dan Muis, 2009). While this type of research is field research or case studies, in this study it looks for facts about the strengthening of the economy in Gesang Village and looks for factual information which in this study looks at social phenomena about economic strengthening. Villages through BUMDES in Gesang Village. The type of data used in empirical research comes from primary and secondary data, primary data, namely data directly obtained from informants through interviews, observation and documentation, while secondary data such as data on the management of BUMDES Gesang and related books, for checking the validity Research data using triangulation (Moeloeng, 2018).

3. Finding and Discussion

3.1. Economic Development: The success of a country's economic development is shown by three main values, namely the development of the community's ability to meet their basic needs (*sustenance*), an increase in the sense of self-esteem of the community as a human being, and an increase in people's ability to choose (*freedom from servitude*) which is one of human rights (Arsyad, 2019).

3.2. Economic Development in Islam: In the Islamic perspective, development is based on five philosophical foundations, namely uluhiyyah, humans are only recipients of the mandate of all the resources provided to them and



must strive so that the benefits generated can be shared with others then rububiyah in the context of human development must be aware that the achievement of development goals is not only depend on yourself but also on God's help. Khilafah, the role of humans as managers on earth must carry out responsibility as good role models, then Takziyah an-nas humans are agents of change and development, therefore whatever is done as a result of human efforts is aimed at their good and others and therefore any success in the world will be. Affect success in the hereafter (Kuncoro, 2010). Umar Chapra offers several policy steps in Islamic-based Economic Development that are oriented towards just welfare, namely: a) Gives the comfort factor to the human factor, b) Reducing the Concentration of Ownership, c) Conducting Economic Restructuring, d) Financial restructuring, e) Strategic Policy Planning, and f) Concern for nature and the environment.

- 3.3. **Village Owned Enterprises:** Village-Owned Enterprises (BUMDES) are village economic institutions managed by the village government and their communities with the aim of strengthening and encouraging village economic growth based on the needs and potentials of the village. BUMDES is a pillar of strengthening the economy in the village which has a function as a social institution (*social institution*) and commercial institution (*commercial institution*) (Tim Penyusun Kamus Pusat Bahasa, 2008).
- 3.4. **BUMDES Success Indicators:** a. Financial Conditions, b. The four basic indicators of classification are: Turnover, Number of employees, PAdes Contribution, Social assistance that BUMDES can afford to residents, c. Concern for the Environment, this perspective is important to add so that BUMDES businesses do not actually damage the environment. There are two dimensions, namely the existence of a waste treatment facility and environmental damage reports. Of course, this measure is related to the type of business chosen, if the BUMDES business type is a service then the above measures may be less relevant, and replaced with other measures that are more appropriate, for example related to the impact of noise or noise pollution socio-cultural, and other negative impacts, the target is that BUMDES has zero value on negative impacts on the environment (Suryanto, 2018).
- 3.5. **Maqasid Sharia in Strengthening the Economy:** Maqashid syariah is a number of meanings or goals that the syara 'wants to achieve in all or most of its legal cases or he is the goal of the Shari'ah, or the secret behind the promulgation of each law by Allah and His Messenger as the authority for determining the Shari'a (al-Zuhayli, 1998). In its development, the scholars divided the maqasid sharia levels into three levels, namely: Daruriyyat is



an urgent need (Hallaq, 2010), Hajj is a second basic need or is often called a secondary need (Hallaq, 2010). Tahsiniyyat is a complementary need (Hallaq, 2010). Furthermore, Daruriyyat is divided into five points, namely Maintaining Religion (*Hifz al-din*)

According to Umar Chapra, religion (*faith*) is a set of values capable of guarding and maintaining morals. Religion is also able to motivate and subdue one's personal preferences by prioritizing social interests based on togetherness, brotherhood, and creating a conducive environment to strengthen social solidarity and cooperation between individuals (Chapra, 2000), ensure that he can perform his role as kholifah effectively. An important thing that must be fulfilled is the need for a sense of justice (*justice*), life insurance, property rights and honor (*security of life, property and honor*) (Chapra, 2000).

Keeping Intellect (*Hifd Al-aql*) Maintaining reason (*Hifd Al-aql*) Furthermore, for the maintenance and development of reason, it is necessary to support the provision of good quality education at affordable prices, the provision of supporting facilities such as libraries for research (*library and research facilities*), freedom in thinking and expression (*freedom of thumb and expression*), giving awards for work performance, and finance (Chapra, 2008). Maintaining Descendants (*Hifd al-nasl*) In an effort to build a good and surviving civilization, a qualified generation is needed, both physically and mentally in order to respond to the challenges of the times. For this reason, it is necessary to instill moral education from an early age and the family as the first institution that has the responsibility to instill noble moral and moral education.

Safeguarding Property (*Hifd Al-Mal*) Umer Chapra said there are several consequences for safeguarding and developing assets. The consequences are: That humans have the right to enrich economic resources as a means of fulfilling their life needs, but it contains a social function because they are obliged to share these rights with other people or society as a whole, the natural potential that is owned by the community in an area must be managed to prosper the community, especially the local community itself. Thus efforts to advance the community's economy will be realized, activities such as producing goods and services in their distribution and consumption must be based on religious rules. Furthermore, Ali Yafie added environmental protection to the point of maqasid sharia, *Hifdz Bi'ah* based on the understanding of how humans are able to protect and preserve natural resources that exist as the embodiment of humans in managing the universe. There are several things related to environmental fiqh where humans as kholifah on earth need to carry out what has been mandated, namely to protect the universe as a form of maintenance of the environment, such safeguards include (Yafie, 2006).



3.6. Gesang BUMDES business units: BUMDES Gesang has three business units that are run, namely the agricultural business unit, which is engaged in organic agriculture as well as the manufacture of medicines and organic fertilizers to support the agricultural system which they created themselves then the HIPPA unit (Association of Water Users Farmers) engaged in irrigation for rice fields residents who need irrigation, then in early 2019 BUMDES Gesang re-established a new business unit, namely the program service unit of the East Java provincial government which is engaged in services such as opening savings, then there are also other services such as cash deposits and withdrawals, electronic money registration, transfers, payment (electricity, telephone, BPJS, PDAM, multifinance, tickets and others) purchase of pulses and electricity tokens, then KUR cow which is the result of cooperation with BNI bank but in KUR services, BUMDES Gesang is only a distributor without taking profit, but for the waste management unit is developed turn to the village.

3.7. The role of BUMDES Gesang business units in strengthening the Village Economy in the Perspective of Maqasid Syariah: The business units established by the Gesang BUMDES are aimed at strengthening the village economy, the service business units established by the Gesang BUMDES are engaged in services such as sinpan and loan with this will encourage the rotation of the village economy, providing loans as business capital to the community will make it easier for the community In obtaining funds in running its business, the service business units in BUMDES Gesang are an effort in the framework of economic development, the existence of these service units is also a step in economic development so that every line of society can more easily get capital to run their business.

However, the Gesang Gesang BUMDES business unit has not been able to play a role in strengthening the economy of Gesang village because the business unit has not been running optimally because this business unit is a new business unit established by BUMDES Gesang besides that the Gesang BUMDES is also still constrained by the limited funds they have.

Whereas in the HIPPA business unit which is engaged in irrigation services for community rice fields by helping to provide facilities for people who have agricultural land so that their farming can be maximized and can produce good quality products besides that the HIPPA unit is also a forum for farmers to meet each other. exchange ideas and make decisions to solve problems faced by farmers in irrigation management, increase farmer participation in the management and maintenance of tertiary irrigation networks and / or village irrigation networks, improve coordination of irrigation water services at tertiary plots / farm level, encourage improvement the ability and capacity of farmers in implementing



adaptation efforts against climate change, strengthening the coordination of production facilities and rural agro-industry services needed by farmers.

In addition, HIPPA also functions as a learning platform for farmers by visiting or bringing in agricultural extension agencies and other sources of information to increase farmers' knowledge in managing their farms. The next business unit owned by BUMDES Gesang is an agricultural business unit. This business unit sells agricultural products that they produce themselves such as medicines and organic fertilizers besides that there are also organic rice products produced from the organic farming of the people of Gesang village who are members of the organic farmers of the Gesang BUMDES, these farmers can sell their agricultural products to the Gesang BUMDES and by selling their agricultural products to the Gesang BUMDES, the farmers will get a higher price when compared to the market price.

However, in this BUMDES Gesang agricultural business unit, there are still many obstacles in the marketing of its products. The BUMDES Gesang does not yet have a certificate with an SNI standard apart from the Gesang BUMDES certificate also does not have a brand name for their rice, the application process for a brand name has indeed been submitted but until now the process has not been completed.

In addition to healthy rice products, BUMDES Gesang is also constrained in marketing fertilizers and supporting medicines in organic farming, they can only market to farmers who have joined the Gesang BUMDES organic farming, parties have not yet dared to market their products out because bumdes have not yet pocketed HAKI (*Rights intellectual property*) for the products they create themselves, BUMDES Gesang is worried about the products.

For sale, the output without HAKI will be plagiarized by irresponsible individuals who in the end will only harm the Gesang BUMDES. Various efforts have been made by BUMDES Gesang in marketing products produced from organic farming businesses, one of which is by participating in exhibitions in various places such as in Carefour Surabaya and others BUMDES Gesang also collaborates with other BUMDES that have minimarket businesses but sell rice products. They are still not optimal.

Of all the business units run by BUMDES Gesang, it cannot be said that they have a role in strengthening the village economy, agricultural business units that facilitate the purchase of community crops at higher prices are also still limited to only a few people who are members of the Gesang BUMDES agriculture and have not yet touched all farmers in Gesang village are in service business units which also still have obstacles so that they have not been able to play a role in strengthening the economy of Gesang village.



The absence of the role of the Gesang BUMDES business unit in strengthening the village economy can also be seen from the APBD data (*Village Revenue and Expenditure Budget*) along with the Gesang Village APB table.

Table 5.2: Data APB Gesang Village

No	Description	Budget
1	Village Origin Income	270.000.000
2	Village Business Result	
3	Result Of Village Assets	270.000.000
4	Village Fund	1.461.533.560
5	Tax Profit Sharing	18.714.556
6	Regional Retribution Tax Profit Sharing	5.220.004

From the table above we can see if the business unit owned by Gesang village, in this case is BUMDES Gesang, has not contributed to the income of Gesang village.

Based on existing data in the field of the Gesang BUMDES concept, when viewed from the perspective of maqasid sharia, the concept is in accordance with several points in maqasid sharia, namely in terms of safeguarding reason, assets and the environment.

- a. Keeping Intellect, Mindfulness (*Hifd Al-aql*) in accordance with the facts in the Gesang BUMDES, namely the HIIPA business unit this business unit not only provides irrigation for farmers but also provides learning facilities for farmers, namely by visiting or inviting extension agencies. Agriculture and other sources of information to increase farmers' knowledge in managing their farms.
- b. Protection of Assets, Safeguarding of assets (*Hifdz maal*) in strengthening the village economy through the Gesang BUMDES business units is like the existence of a service unit that helps the community with capital then the HIIPA unit which provides irrigation facilities for the rice fields of farmers in Gesang village and then at the unit. agricultural businesses that provide medicines and organic fertilizers at lower prices so that they can help farmers and also this unit buy the crops of the farmers who are members of the organic farming BUMDES Gesang with a higher price than the market price so that farmers can get bigger profits.
- c. Environmental Protection, the organic farming business unit in BUMDES Gesang is also a form of environmental protection, with this organic farming system being able to preserve the environment. The reduction in the use of chemicals carried out by BUMDES Gesang is a form of harmonizing the natural balance (*ecosystem*).



Protecting the environment of the Gesang BUMDES is also shown by running business units that do not interfere with the businesses that have been carried out by the people of Gesang village because the purpose of establishing the Gesang BUMDES is to improve the village economy, another form of social environmental protection carried out by BUMDES Gesang is by holding village deliberations. villages to gather community opinions regarding what businesses will be established by BUMDES with this deliberation, besides being able to absorb community aspirations regarding what potential the village has, it can also prevent business competition between communities that have been run by the community and businesses run by bumdes so that they can avoid There are misunderstandings that lead to conflicts between residents, village deliberations are village-based institutions and processes of deliberative democracy, deliberation is a tradition of Indonesian local communities in the traditions of society always strived to be but pay attention to the aspirations of each community so that suggestions from the community can be accommodated and as much as possible avoid conflicts between communities.

4. Conclusions

There are three business units owned by BUMDES Gesang, namely: Agricultural Business Unit, Service Business Unit, HIPPA Business Unit (*Water User Farmers Association*). In relation to the economic strengthening of the Gesang BUMDES, it cannot be said that it has a role because the Gesang BUMDES business units also still experience many obstacles. In relation to the concept of maqasdi sharia, BUMDES Gesang has fulfilled several points of maqasid sharia, namely *Hifd al aql, Hifd al maal, Hifd Al Bi' ah*.

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