

ANALYSIS OF THE ROLE OF VILLAGE-OWNED ENTERPRISES (BUMDES) IN IMPROVING THE ECONOMY OF THE COMMUNITY IN SHARIA-BASED PATOKAN VILLAGE

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Abstract

This research aims to analyze the financial performance and community impact of Village-Owned Enterprises (BUMDes) in improving the economy of Patokan Village through a sharia-based management approach. BUMDes is an economic institution established in villages to manage local potential and improve community welfare. In the context of Patokan Village, the application of sharia principles in BUMDes management is important given that the majority of the population is Muslim. This research uses a descriptive qualitative method, with data collection techniques in the form of in-depth interviews, observation, and documentation. The results showed that the BUMDes of Patokan Village has contributed positively to the village economy, especially through the savings and loan, livestock, and agriculture business units. However, there are still some obstacles, such as a lack of capital, skills, and community participation. The application of sharia in BUMDes management also provides additional benefits, such as increased community trust and avoidance of usury. This research is expected to provide theoretical and practical contributions in the development of a sharia-based BUMDes management model, which is more effective in supporting the welfare of village communities.

Keyword: Village-Owned Enterprises (BUMDes), Community Economy Improvement, Sharia-Based Economy

INTRODUCTION

The rural economy in Indonesia faces significant challenges, especially in terms of developing and improving the welfare of the community. (Asnuryati, 2023). BUMDes is a village economic institution formed based on the needs and potential of the village to improve the welfare of the village community through independent management of local resources (Endah, 2018). In this context, the application of sharia principles in the management of BUMDes becomes very relevant, especially in villages with a majority Muslim population. The application of sharia principles not only ensures business sustainability in accordance with religious values, but is also expected to increase community participation in village economic development. (Muzakki, 2023).

This research is important because BUMDes have great potential in driving the economy in rural areas, but there are still several obstacles in their application and management, especially related to the understanding and implementation of sharia principles (Jenita et al., 2023). By examining the role of sharia-based BUMDes, this research seeks to bridge the knowledge and practice gap in managing BUMDes in

accordance with Islamic principles. This is important to ensure that the economic activities undertaken are not only financially profitable but also comply with sharia rules, which in turn will strengthen the social legitimacy and sustainability of the business (Hamdi & Ade Junaedi, 2022).

The novelty of this research lies in the comprehensive approach that combines economic and sharia analysis in examining the role of BUMDes. This research not only evaluates the contribution of BUMDes to the village economy, but also examines in depth the application of sharia principles in the operationalization of BUMDes. Thus, this research is expected to provide theoretical and practical contributions in the development of a sharia-based BUMDes management model, which has not been widely discussed in previous studies.

METHODS

This research uses a qualitative approach with descriptive analysis method. The qualitative approach was chosen because this research focuses on an in-depth understanding of the role of Village-Owned Enterprises (BUMDes) in improving the economy of the sharia-based Patokan Village community (Mappasere & Suyuti, 2019). The descriptive method is used to describe the phenomena that occur in the social and economic context in Patokan Village (Fadli, 2021). The data sources are divided into two categories: primary and secondary. Primary data was obtained through in-depth interviews with the BUMDes manager of Patokan Village, the community of Patokan Village, and other stakeholders. These interviews aimed to explore information related to BUMDes operations, challenges faced, and its impact on the community's economy. Secondary data was obtained from various documents such as BUMDes annual reports, government regulations related to BUMDes, relevant literature, as well as the results of previous research discussing BUMDes and Islamic economics.

Meanwhile, data collection techniques included in-depth interviews, field observations, and documentation (Achjar, K. A. H. et al., 2023). The data that has been collected is analyzed using thematic analysis techniques. Researchers identified the main themes that emerged from the interview data, observations, and document studies. These themes were then interpreted to explain how BUMDes Desa Patokan plays a role in improving the sharia-based community economy. To ensure data validity, researchers used source triangulation techniques. Data obtained from interviews, observations, and document studies were compared and confirmed with each other to avoid bias and ensure that the findings obtained are valid (Wintolo, 2019).

RESULTS AND DISCUSSION

The role of BUMDES Patokan village in improving the economy of the shari'ah-based benchmark village community

BUMDes Patokan village was established since 2015 and has shown positive results where from several business units that have been run have produced good results. As a rural business entity BUMDES Patokan Village continues to strive to provide the best service to the community with the aim of improving and developing the community's economy, especially the Patokan Village community. From several business units run by BUMDES Patokan continues to develop businesses that benefit the community, in its journey so far it has provided positive things to the Patokan Village community and also benefits for Patokan Village including:

1. The community is no longer in contact with rintenis in Patokan Village.
2. In financial matters, the community does not even have to go all the way to BANK or other financial services but simply with the BUMDES everything can be done.
3. All the needs that are desired be it primary needs or secondary needs have been prepared by BUMDes.

4. For Patokan Village, with the existence of BUMDes, all profits generated from the business being developed will become the original village income (PADes) of Patokan Village.

Problems faced by BUMDES Patokan Village in improving the economy of the Patokan Village community based on sharia

BUMDES Patokan Village is one of the business entities that has been established since 2015 and its existence is expected to be a solution to the economy of the Patokan Village community, in its development BUMDES Patokan Village at the beginning of its formation experienced several obstacles both in terms of capital, social, and politics. At the beginning of the formation of BUMDes Patokan Village did not have significant capital so that developing the business was hampered, only one business unit could be implemented, namely livestock and even then only one livestock business group could be reached. From the social side, the community's response to the existence of BUMDES Patokan Village is still relatively weak, because there is still a lack of socialization to the community so that the community does not really know about the existence of BUMDES in Patokan Village.

One of the main challenges faced by BUMDes in Indonesia is the limited initial capital that hinders business development, as well as the lack of socialization that leads to low community participation and support for BUMDes programs (Subekti & Irma Fitriana Ulfah, 2023). In his study, Hailudin found that without sufficient capital, it is difficult for BUMDes to run more than one business unit, and community economic empowerment efforts are limited (Hailudin, 2021). In addition, inadequate socialization causes the community to lack understanding of the role and benefits of BUMDes, hindering the creation of strong support from the community (Mayasari, 2022). These findings are in line with the conditions experienced by BUMDes Desa Patokan, where capital constraints and low community social response are barriers to achieving the main objective of establishing BUMDes as a local economic solution.

Solutions carried out by BUMDes Patokan Village in improving the economy of the Sharia-Based Patokan Village Community.

In carrying out its role as a driving force for the economy of the village community, BUMDes Desa Patokan beautifully continues to move and innovate to realize a quality rural economy, with most of the population of Patokan Village, BUMDes Patokan Village has made several new breakthroughs in improving the economy of the village community such as:

1. Moving in the field of animal husbandry, based on the results of interviews with the Director of BUMDes Desa Patokan that at this time the development is more focused on community empowerment in the field of animal husbandry where almost every hamlet for people who want to raise cattle will be given capital by BUMDes then the community will maintain it with predetermined conditions for a maximum of 6 months with a profit sharing system but from the BUMDes only asks for 1% of the profit obtained from sales.
2. Engaged in the field of agriculture BUMDes Desa Patokan tries to carry out and develop community agriculture by assisting the community in agricultural capital where the results of the harvest will later be handed over to BUMDes in accordance with an agreement or agreement based on the amount of farming capital loans to BUMDes, besides that BUMDes also collaborates with all Agricultural Groups in Patokan Village to supply all the needs of the farmers then the groups will make payments after the harvest is collected.
3. At the beginning of the formation of BUMDes Desa Patokan, it started with a savings and loan business because according to the main director of BUMDes Desa Patokan that the main need in the daily life of the village community is money, it is

just that the business that will be developed often lacks capital so that with the existence of BUMDes, people who have a business can borrow from BUMDes Desa Patokan with a fairly low interest rate of 0.50% of the loan amount, from this the community feels helped.

The role of village-owned enterprises (BUMDES) of Patokan Village in the welfare of the people of Patokan Village based on Sharia.

Many government policies for the prosperity of small communities aim to prosper the community, therefore the government makes policies in the form of rural economic institutions (Fitri, 2020). Rural-based economic institutions are a very important part in order to support the empowerment and strengthening of the people's economy so that it can prosper the community (Pradana & Fitriyanti, 2019). A new approach that is expected to be able to stimulate and drive the economy in rural areas is through the establishment of economic institutions that are fully managed by village communities. In the midst of more competitive global competition, there are many economic actors who play a role in the process of village growth and development, one of which is a program that is being intensively promoted by the Ministry of Home Affairs is Village-Owned Enterprises (BUMDES) as a driver of the village economy. BUMDES as a form of legal entity that houses various village business units, including monetary sector businesses (finance and real sector).

The enactment of Law of the Republic of Indonesia No. 6/2014 on villages is a better change in the village community itself (Herdiana, 2020). One of the objectives of regulating villages through the Law stated in Article 4 of Indonesian Law No. 6 of 2014 concerning villages is to encourage initiatives, movements and participation of village communities to develop village potential and assets for common welfare. In this study, researchers will look at the role of economic institutions, namely Village-Owned Enterprises (BUMDES) on community welfare. BUMDES has spread in various regions, one of which is in the East Java Province, precisely in Probolinggo Regency, there are already several villages that have Village-Owned Enterprises (BUMDES), such as in Patokan Village, Kraksaan Subdistrict, which already has a business entity engaged in the business of saving and borrowing, granaries, livestock and household needs.

According to Todaro and Stephen Smith, community welfare shows the size of the results of community development in achieving a better life which includes:

1. Increased ability and equitable distribution of basic needs, such as food, housing, health and protection.
2. An increase in the level of life, income level, and better education.
3. Expanding the economic scale and availability of individual and national social choices (Turere et al., 2019).

There are various kinds of indicators that are used to see the welfare of society, including:

1. Income, income is the income earned by the community which comes from the income of the head of the household and the income of household members (Virdausya et al., 2020). This income is usually allocated for consumption, health, and education as well as other material needs. Most of the people of Patokan Village have a profession as farmers, with the number of farming households currently being 400 households dominated by rice farmers, the number of farm labor households is 15 households, because most of the people are farmers, the Patokan community is seen from each farming household whose per capita income is 2,456,800 per harvest season. But there are also farmers who in one year can only reach 2 harvest seasons, which means that the harvest income is smaller. In addition to farmers, the people of Patokan Village have other jobs such as teachers,

breeders, civil servants, traders, lawyers, nurses, clerks, lecturers, midwives, and so on.

The community's opinion in fulfilling the needs of life such as basic needs such as shelter, food, education, and health is sufficient. The income of the Patokan Village community has been able to meet the daily needs of the family but has not yet reached the stage of setting aside for savings for low-income communities. The business units carried out by BUMDES have not helped much in increasing the income of low-income communities, even though they have been operating for approximately one year, BUMDes Patokan should further maximize the business units it has so that it can help the community in increasing its income through the businesses managed by BUMDes Patokan. Although the role of BUMDes Patokan has not contributed much to community income, there is one unit whose work prospects can benefit and can increase community income, namely the Savings and Loan business unit and Rice Barn, namely with a sharia-based loan system with the *Morabahah Bil Wakalah* system in its operation which is more directed towards profit sharing and mutual benefit between the community and the BUMDes Patokan, in the Paddy Barn business unit the community and the BUMDes use an *ijon* system, namely a special capital loan system for agriculture and then replaced with agricultural products every harvest.

2. Expenditure consumption, household consumption patterns are an indicator of household/family welfare (Harahap, 2021). Community expenditure is categorized into two groups, namely expenditure on food and non-food items. The proportion of food and non-food expenditures is also used as an indicator to determine the level of household welfare or food security. The people of Patokan Village do not always fulfill their consumption needs in the same way. For people with low incomes, of course, they have a limited level of consumption patterns because their income must be divided with expenditure on food and non-food items, while for those with moderate incomes not all people have a high level of consumption patterns, some have low consumption patterns. Meanwhile, expenditure on education and health is also adjusted to the income capabilities of each community. Expenditure on education and welfare in each community cannot be determined in rupiah terms. The community recognizes that non-food expenditure is greater than expenditure on food.
3. Education, education is guidance or help given by the village to the development of children to reach maturity with the aim that children are capable enough to carry out their own life tasks without the help of others. The Patokan Village community has implemented a minimum education level of 9 years or the equivalent of junior high school / high school education, and some others only reach the elementary school level. besides that, when viewed from the relevant data in Patokan Village, not a few continue to higher education levels such as S1 / S2 / S3 diplomas. But there are also those who did not finish school and are not yet of school age.

Problems faced by BUMDes Patokan Village in developing the economy of the Patokan Village community based on Sharia.

The role of education is very important among the community, especially rural communities, because education is one of the indicators of community welfare where the higher the education taken, it can increase income and can empower the surrounding community with the knowledge they have (Fajar & Mulyanti, 2019). In this case, BUMDES Patokan Village has not encouraged higher education for the people of Patokan Village, because the operation of this economic institution, which was born 1 year ago, is still very lacking and it can even be said that its contribution is only a few percent for the

people of Patokan Village. The level of welfare is also quite good although there is no special role or direct contribution by BUMDES Patokan. When viewed from the existing community welfare indicators, there are still many indicators that have not been fulfilled properly such as income which is the foundation of people's lives which is still low, education which is still low and facilities that have not been fulfilled such as public toilets for the community.

The role of BUMDES Patokan Village is still very lacking, the benefits felt by the community are still very low. Despite the fact that the government established a business entity that is useful as an institution to drive the economy of the community, especially the village community, which has the target of serving the village community in developing productive economic businesses and the availability of various business media in improving community welfare. But in reality, especially in Patokan Village, this Village-Owned Enterprise (BUMDES Patokan) has not been able to run as in its founding intentions and objectives. This happens because there are still many obstacles in these institutions such as:

1. Lack of capital owned by BUMDES Patokan.
2. Lack of human resource skills and proficiency in the management of BUMDES Patokan.
3. Another factor is the lack of community knowledge about BUMDES Patokan and the lack of community participation in advancing community-managed business units.

Therefore the role of Village-Owned Enterprises (BUMDES Patokan) on community welfare is still not optimal even though the level of community welfare has increased but not because of the performance or role of BUMDES Patokan which helps improve community welfare but because of other factors. But even though the role of BUMDES Patokan has not been maximized but the BUMDES Patokan management can maximize in the field of agricultural business units for now with savings and loan services, while for the livestock business unit and village agriculture has not been running optimally for community welfare, although it has not been running optimally but that does not mean that the business unit has a negative impact, it only needs good management from the manager of the business unit and also better attention and supervision so that this business unit can also develop like other business units.

Solutions made by BUMDES Patokan in developing the economy of the Sharia-based Patokan Village community

Although the role of BUMDES Patokan cannot be said to be developing but the chairman of BUMDES Patokan Pak Sodikin and the village head Pak Ibang who is the supervisor of BUMDES Patokan have confidence for a more positive development in the future with better management and also new business units that will be developed later. So that in the future the business units managed by BUMDES Patokan can run well and can contribute not only to the welfare of the community but also to the original village income (PADES) for Patokan Village. Village-Owned Enterprises are one of the economic institutions whose capital is partly owned by the village through direct participation derived from village assets for the welfare of the village community, especially Patokan Village. In Islam encourages its people to produce and take part in various forms of economic activity, BUMDES helps the community to optimize their resources, both natural resources and village assets, or skills possessed by the people of Patokan Village. By working an individual is able to meet the needs of his family, do good to his neighbors, all of that will not be realized without work, as Allah's word in the letter al-mujadali verse 11 which reads:

يَا أَيُّهَا الَّذِينَ آمَنُوا إِذَا قِيلَ لَكُمْ تَفَسَّحُوا فِي الْمَجَالِسِ فَافْسَحُوا يَفْسَحِ اللَّهُ لَكُمْ وَإِذَا قِيلَ انشُرُوا فَانشُرُوا يَرْفَعِ اللَّهُ الَّذِينَ آمَنُوا

مِنْكُمْ وَالَّذِينَ أُوتُوا الْعِلْمَ دَرَجَاتٍ ۗ وَاللَّهُ بِمَا تَعْمَلُونَ خَبِيرٌ

“O you who believe! When it is said to you, 'Make room in the assembly', then make room, and Allah will make room for you. And when it is said to you, 'Stand up,' stand up, for Allah will elevate those who believe among you and those who are given knowledge by several degrees. And Allah is Observant of what you do.”

In addition, BUMDES aims to equalize community income, so that the community creates welfare, improves social order, and strengthens brotherhood. BUMDES Patokan Village has a good goal for the welfare of the Patokan Village community, although at this time the benefits have not been felt by the community to the fullest, but even though its role is still low, at least it is able to provide additional income and reduce unemployment in Patokan Village. In Islam, welfare is not only measured in material terms but also in non-material terms, such as spiritual level, moral values (Hamid & Suzana, 2021). Islam also divides human needs into three parts, namely: (Islam, 2024)

1. Al-dharuriyah primary needs, these needs include religion, soul, mind, offspring, and property to become the foundation of human life, the people of Patokan Village have entered this category of needs because 99% of the people of Patokan Village believe in God Almighty.
2. Al- Hajiyyah is a secondary need needed by humans to facilitate their lives, eliminate difficulties and become good caretakers of human life, BUMDES Patokan Village has been present in this secondary need with the development of existing business units to facilitate the community in meeting all their needs.
3. Al-Tahsiniah tertiary needs), is to do good habits and avoid bad ones in accordance with what is known by common sense.

From the description of basic needs in Islam above, it can be explained that in terms of primary and secondary needs, BUMDES Patokan Village has played a role in improving the economy of the Patokan Village community, has helped the community to get their needs in a halal way.

CONCLUSIONS

The conclusion of the analysis of the role of the Village-Owned Enterprise (BUMDes) in improving the economy of the sharia-based Patokan Village community shows that since its establishment in 2015, the BUMDes of Patokan Village has had a positive impact on the local community. Through its various business units, such as savings and loans, granaries, livestock, and agriculture, the BUMDes has been able to provide economic solutions that help the community avoid loan sharks and facilitate access to financial services. However, despite these positive contributions, the role of BUMDes in improving community welfare has not been maximized. Constraints such as lack of capital, management skills, and community participation are the main challenges. The solutions taken, including innovations in the livestock and agriculture sectors, show great potential in developing a more inclusive sharia-based economy. Overall, BUMDes Desa Patokan has endeavored to implement sharia principles in its activities and assist the community in meeting basic needs in a halal manner. Nonetheless, to achieve a more significant impact, better management, increased capital and wider community participation are required. Thus, BUMDes can be more effective in achieving its main objective, which is to improve economic welfare and equity in Patokan Village.

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