

THE VILLAGE OWNED ENTERPRISE IN ECONOMIC ISLAMIC PERSPECTIVE: ISLAMIC ECONOMY STUDY ACCORDING TO AL-GHAZALI

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THE VILLAGE OWNED ENTERPRISE IN ECONOMIC ISLAMIC PERSPECTIVE: ISLAMIC ECONOMY STUDY ACCORDING TO AL-GHAZALI

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Abstract

The Role of Village-Owned Enterprises, commonly referred to (as Badan Usaha Milik Desa), since the birth of Law Number 6 of 2014 concerning The Villages has become very popular in rural communities, the policy was born with the desire to make village communities independent, because the village is a government whose level is under direct local government come into contact with the community. The purpose of the Village-Owned Enterprises in the framework of welfare of the village community when associated with what Al-Ghazali thinking about the function of Islamic social welfare which emphasizes economic development as part of social duties and obligations (*Fard al Kifayah*) so that the relationship between the Village-Owned Enterprises and thoughts about Islamic social welfare this is interesting to study. This normative research uses a conceptual approach by interpreting Islamic economic thought that was initiated by Al-Ghazali with the concept of Village-Owned Enterprises. The results of this study are expected to be able to describe the relationship between the Islamic economy and the thinking of the welfare function in the thinking of Al Ghazali with the Village Owned Enterprises that are able to realize national welfare.

Keywords : Village-Owned Enterprises, Islamic economic.

1. INTRODUCTION.

The Village Owned Enterprise is not the first policy regulated in Law Number 6 of 2014 concerning The Villages but the policy has been born in Law Number 22 of 1999 concerning Regional Government as stipulated in article 108 governed by the Village Owned Enterprise. The Regulation of Village-Owned Enterprises is the embodiment of President Joko Widodo's wish which is famous for its idea of building from the periphery. The wish is formulated in the legislation namely Law No. 6 of 2014 concerning Villages in an effort to make the village independent. The Establishment of a Village-Owned Enterprise for the village community is a business entity that is expected to be able to accommodate the needs of the village community in the context of the welfare of the village community.

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The Village Owned Enterprise in running its business is not only for material benefits but also must be able to have a social function that is for the purpose of obtaining mutual benefits so that it can be enjoyed by the entire village community. The development of The Village Owned Enterprise units is expected to be able to improve village finance and economy by prioritizing village potentials in the field of business, so that the development of village-owned enterprises may be incorporated.

The function of The Village Owned Enterprise is to have an economic function and social function in which the activities of The Village Owned Enterprise development and management are village businesses which must provide profit margins for the village as well as for the village community. The social function that can be carried out by The Village Owned Enterprise is indirectly by giving financial transfers to village treasury through additional Village Original Income which is then used for village development activities and the social function directly is to provide guidance and business assistance conducted by the village community, besides that it can also manage public goods or services such as clean water, irrigation, village markets, village tourism, village forests, village electricity and so on with the aim that every citizen can make optimal use of the village's public goods. (Material, The Village Owned Enterprise Program, 2016) Economically and socially the village is in a strategic position because of its large and large amount of potential to develop rapidly but if not empowered will cause great poverty and become a burden for the entire nation and if properly empowered then it will be an independence that can increase the village economy. (Bambang Ismawan, 2012).

In connection with the purpose of The Village Owned Enterprise that welfare the village community, it will be seen the connection to Al-Ghazali's opinion about socio-economics, because The Village Owned Enterprise in addition to looking for profit business activities carried out must be intended for social purposes so that the most important characteristic in The Village Owned Enterprise is socio-economic. Al-Ghazali's Socio-Economic Thought is rooted in a concept that Al-Ghazali calls "the function of Islamic social welfare" which then becomes a large concept is the concept of benefit or social welfare or utility (the common good), which is a concept that covers all human activities and makes close relationship between individuals and society. Al-Ghazali has discovered the concept of social welfare which is difficult to break down and has been missed by contemporary economists. (Adiwarman Azwar Karim, 2008).

According to Al-Ghazali the welfare (*maslahah*) of a society depends on the search and maintenance of five basic objectives, namely religion (*al-dien*), life or soul (*nafs*), family or offspring (*nasl*), wealth or wealth (*mall*) and intellect or reason (*aql*). Al-Ghazali defines the economic aspects of his social welfare function within the framework of a tripartite hierarchy of individual and social utilities namely needs (*daruriat*), pleasure or comfort (*hajjat*), and luxury (*tahsinaat*). (Adiwarman Azwar Karim, 2008).

Al-Ghazali views economic development as part of the duties of social obligations (*fard al-kifayah*) that have been established by God, if this is not

fulfilled then world life will collapse and humanity will perish. That economic activity must be carried out efficiently because it is part of fulfilling one's security duties. Three reasons why a person must carry out economic activities: first, to meet the necessities of life concerned; secondly, for the welfare of the family; the third, to help others in need.

Based on the description above, it is interesting for the writer to describe the Village-Owned Enterprises in the perspective of Islamic economics by linking them to thoughts about the function of Islamic social welfare according to Al-Ghazali because the first enterprise owned by the village is a business entity that aims for the welfare of the community which has concepts and characteristics which is the same as Al-Ghazali's Islamic economic thought, the second is the welfare function adopted by The Village Owned Enterprise with the concept of Al-Ghazali thinking related to efforts to fulfill welfare in realizing the ideals of the Indonesian nation as contained in the fourth paragraph of the Constitution of the Republic of Indonesia.

Based on the background description above, it can be formulated that the problem in this study is the first link between the perspective of Islamic economics with the Village-Owned Enterprises, the second is the main characteristic or characteristics of the Village-Owned Enterprises with the concept of Islamic social welfare thought raised by Al-Ghazali. the same for the welfare or social welfare for the community.

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2. LITERATURE REVIEW

This research is not the first to be carried out, it has been done by other researchers as written by Bambang in the journal UIN Allauddin who analyzed the concept of Islamic economics in the business of Village-Owned Enterprises, the emphasis on this research is the approach of Al-Ghazali's thought about Islamic Social Welfare Functions that are in line with the thought of the purpose of establishing a Village-Owned Enterprise in which the Village-Owned

Enterprise has socioeconomic characteristics in management not only focused on profits but on the benefit or interests of the people, namely the welfare of the village community. The main focus of Al-Ghazali's views in economics is that a person must fulfill all of his life's needs in carrying out the obligations of worshipping Allah and the ruler or government must pay attention to the needs of the people. The purpose of this study is to equate Al-Ghazali's views on the concept of Islamic welfare thinking (socio-economic concept) with the aim of the Village-Owned Enterprises which have similarities, namely to benefit or fulfill people's needs in order to achieve prosperity.

3. RESEARCH METHODS.

This research is a research using literature study. Literature review or literature research is research that examines, reviews or critically studies a knowledge, ideas, ideas or findings contained in an academic-oriented literature. The focus of the literature review is finding various similarities from the basic principles of Islamic economics in Al-Ghazali's view with the aim of establishing a Village-Owned Enterprise in which ideas, principles, propositions, theories, or laws are used to examine and analyze as an effort to answer the problem formulation in this research. The method of analysis in research with the study of this literature is descriptive analysis, namely the interpretation of ideas or information/data carried out by trying to equalize the perception of Islamic economic views in Al-Ghazali's thinking about the function of Islamic Social Welfare (socio-economic) towards the function or objectives of the Business Entity Village.

4. ANALYSIS

4.1 Islamic Economy

In a simple Islamic economic system is an economic system based on Islamic teachings and values, the source of all these values is the Qur'an, As-Sunnah, Ijma and Qiyas. The values of the Islamic economic system are an integral part of all comprehensive Islamic teachings and have been declared by Allah SWT as perfect teachings (QS. Al-Maidah verse 3). (Mustafa Edwin Nasution et.al, 2002).

An Islamic economic system based on Islamic values will certainly be different from a capitalist economic system based on the teachings of capitalism, and also different from a socialist economic system based on the teachings of socialism, but in some respects the Islamic economic system is a compromise between the two systems but in many ways the Islamic economic system is very different from the two systems. The Islamic economic system has the good qualities of capitalism and socialism but despite their bad qualities.

The basic nature of Islamic economics is Rabbani and Humane economics, called Rabbani economics because it is loaded with Divine direction and values

and has the basic nature of Human Economy because this economic system is implemented and demonstrated for human prosperity. Some notions of Islamic Economics include according to:

1. M.Akram Kan, Islamic economics aims the study of the human *falah* (well being) achieved by organizing the resources of the earth on the basis of cooperation and participation.
2. Muhamamd Abdul Manan, economic is a social science which studies the economic problems of a people imbued with values of Islam.
3. Muhammad Nejatullah Ash-Sidiqy, Islamic economics is the Muslim thinker's response to the economic challenges on their time. In this endeavor they were aided by the Qur'an and the Sunnah as well as bay reason experience.
4. Kursyid Ahmad, Islamic economic is systematic effort to understand the economic problem and man's behavior in relation to that problem from an Islamic perspective

The characteristics of Islamic economics are as follows:

1. Assets belong to Allah and humans are the Khalifah of property.
2. Economics is bound by faith, sharia (law) and morals.
3. Balance between spirituality and materiality.
4. Islamic economics creates a balance between individual interests and the public interest.
5. Individual freedom is guaranteed in Islam.
6. The state is authorized to interfere in the economy.
7. Consumption guidance.
8. Investment instructions.
9. Zakat.
10. Prohibition of usury.

The source of the characteristics of Islamic economics is Islam itself which includes three main principles namely the three human rights and jointly regulating the economy in Islam, namely the principles of faith, morals and principles of law (*muamalah*).

The ultimate goal of Islamic economics is to achieve happiness in the world and the hereafter in accordance with the objectives of the Islamic Shari'a, namely to realize the ultimate welfare for people Islamic economics is not merely oriented to the physical development of individual material but also concerns other elements such as a prosperous and happy life. Human behavior reflects a person's faith which later will lead to the realization of welfare (*mashlahah*) to achieve happiness (*falah*).

Achieving essential welfare for humans is the basis and the main objective of Islamic law (*maslahah al ibad*), therefore it is also the goal of Islamic economics. According to As-Shatibi the main objective of Islamic law is to achieve human welfare lies in the protection of the five benefits, namely faith (*ad-dien*), science (*al-science*), life (*an-nafs*), wealth (*al-maal*) and continuity of the

offspring (*an-nasl*) the five masalah are basically the facilities that are needed for the continuity of a good and honorable life. (Center for the Study and Development of Islamic Economics, 2011).

4.2 Thought of Al-Ghazali.

Al-Ghazali's socioeconomic thinking has its roots in a concept which he calls the "function of social welfare" with the concept of benefit or social welfare or utility (common good), which is a concept that encompasses all human activities and makes close links between individuals and society. Al-Ghazali found a concept of social welfare function that is difficult to break down and has been missed by contemporary economists. Al-Ghazali identified all problems both in the form of *masalih* (utility, benefit) and *mafasiid* (disutility, damage) in improving social welfare.

Prosperity according to Al-Ghazali is that it can be seen from the condition of the community through the search and maintenance of five basic objectives namely religion, life or soul, family or ancestry, wealth or wealth, and intellectual or intellect which emphasizes that everything must be done in accordance with the demands of revelation and purpose the main life of humanity to achieve the good of the world and the hereafter.

According to Al-Ghazali three reasons a person must carry out economic activities, namely: first to meet the needs of life concerned; secondly, for the welfare of the family; and third, to help others who need it.

General perspectives on Al-Ghazali's socioeconomic insights can be identified by specific economic concepts and principles which are later revealed by contemporary Muslim and non-Muslim muslim scientists whose main discussion lies in the voluntary exchange and market evolution, production activities, barter and evolution money and the role of the state and public finance.

Al-Ghazali believes the state is responsible for creating appropriate conditions for increasing prosperity and economic development and the state is the most important institution not only as carrying out economic activities but also to fulfill social obligations. State and religion are pillars that cannot be separated from an organized society. Religion is the foundation, and the ruler who represents the state is the disseminator and protector: if one of the pillars is weak, the community will collapse.

4.3 Village-Owned Enterprises.

The Village-Owned Enterprises is an economic activity in the village that functions as a social and commercial institution. the Village-Owned Enterprises as a social institution that focuses on the interests of the community through its contribution to the provision of social services and the provision of the needs of rural communities. the Village-Owned Enterprises as a commercial institution aims to make a profit through offering local resources to the market. The principle of efficiency and effectiveness must be emphasized when running a business.

The Village-Owned Enterprises as a legal entity is formed based on the prevailing laws and regulations in accordance with the agreements that are built in the village community. Thus, the form of a village The Village-Owned Enterprises can vary in each village in Indonesia. These various forms are in accordance with the characteristics of the location, potential, and resources of each village.

According to Law No. 6 of 2014 concerning The Villages, the purpose of establishing The Village-Owned Enterprises is to increase village original income. Every village government can establish the Village-Owned Enterprises. The Village-Owned Enterprises was established according to community initiatives according to potential that can be developed using local resources and market governance. Establishment of the Village-Owned Enterprises was not an instructional package from the government, provincial government, or district government, but the mandate of the Village Law to be immediately implemented in the village government to immediately establish a Village Miik Business Entity.

The task and role of the government is to disseminate and raise awareness to the village community through the provincial and/or district governments about the importance of the Village-Owned Enterprises for improving the welfare of the community. Through village government the community is motivated, made aware, and prepared to build their lives. The task of the government is for the welfare of society this is in accordance with what was raised by Jeremy Bentham. The principle of utility is the foundation of the present work, it will be proper therefore at the outset to give an explicit and determinate account of what is meant by it. By the principle of utility is meant that principle which approves or disapproves of every action whatsoever, according to the tendency which it appears to have to augment or diminish the happiness of the party whose interest is in question, or, what is the same thing in other words, to promote or to oppose that happiness. I say of every action whatsoever, and therefore not only of every action of a private individual, but of every measure of government. "

The government facilitates education, training and other fulfillments that can facilitate the establishment of the Village-Owned Enterprises. The operationalization was left to the village community. Village communities need to be prepared so they can accept new ideas about economic institutions that have social functions and commercial functions.

According to Law No. 6 of 2014 concerning The Villages, village development aims to improve the quality of human life and poverty alleviation through the provision of meeting basic needs, construction of facilities and infrastructure, development of local economic potential, sustainable use of natural resources and the environment that promotes togetherness, kinship, mutual cooperation in order to realize the mainstreaming of peace and social justice. (Center for Islamic Studies and Development, 2011).

The Village-Owned Enterprises is a business institution managed by the community and the village government in strengthening the village economy by building the social cohesion of the village community that is formed based on the

village's potential and the profits from the village-owned enterprise are fully used for the welfare of the village community. (Maryunani, 2008).

Increasing the village economy through The Village-Owned Enterprises is not easy because the various potentials of villages that are not uniform or equal even each village has a different natural wealth can even be categorized as not easy to advance the village economy with BUM Desa. The purpose of the Village-Owned Enterprises is not only to improve or advance the village economy but also as a social function.

4.4 The Village-Owned Enterprises in Islamic Economic Perspective and Al-Ghazali's View.

The Village-Owned Enterprises in Islamic economic perspective is a business entity established in the context of the people's prosperity in accordance with Islamic economic principles, namely that the economic characteristics of Islam are Islam itself which includes three main principles, namely the principles of faith, morals and legal principles (*muamalah*). The ultimate goal of Islamic economics is to achieve happiness in the world and the hereafter in accordance with the objectives of the Islamic Shari'a, namely to realize the ultimate welfare for people Islamic economics is not merely oriented to the physical development of individual material but also concerns other elements such as a prosperous and happy life. The essential welfare of mankind is the basis and the main objective of Islamic law, which is basically an indispensable means for the continuity of a good and honorable life.

The Village-Owned Enterprises and the view of Prosperity according to Al-Ghazali is related in the main purpose of the Village-Owned Enterprises which is to improve the community economy where the the Village-Owned Enterprises is expected to be an economic pillar of the village community to fulfill five basic objectives namely religion, life or soul, family or offspring, wealth or wealth, and intellectual or intellect. One must carry out economic activities, namely: first to meet the needs of life concerned; secondly, for the welfare of the family; and third, to help others who need it. the Village-Owned Enterprises regulates that what becomes the business of the Village-Owned Enterprises is in addition to public services, it is also a business that meets the needs of the village community.

Al-Ghazali's opinion about the state is responsible in creating appropriate conditions to increase prosperity and economic development and the state is the most important institution not only as carrying out economic activities but also to fulfill social obligations, it has been implemented through the legislative policy on villages in Article 87 which regulates the establishment of the Village-Owned Enterprises.

5. CONCLUSIONS :

From the research conducted it can be concluded that:

1. The purpose of The Village-Owned Enterprises is a goal that is in harmony with the principles of Islamic economics, which is to prioritize human prosperity as an effort to achieve human welfare through business entities that are oriented to social economy.
2. Al-Ghazali's view of the function of Islamic social welfare is a form of state implementation of the economic activities of rural communities in developing economic activities through business entities that have the function of fulfilling the welfare of rural communities.

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