

Al-Ghazālī on Social Welfare: In Search of its Relevance in the Context of Village Owned Enterprise

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Abstract: Social welfare in Al-Ghazālī's thinking. Al-Ghazālī formulated that the concept of *maslahat* or social welfare or utility (common good), which is a concept that all human activities, especially in the economic field, must be carried out with the aim of benefit or social welfare, therefore it is in line with the objectives of Village-Owned Enterprises (BUM Des) in order to achieve economic equality and village development as mandated by law No.6 of 2014 concerning Villages, BUM Des was formed by the village government to utilize all human resources in order to improve the welfare of village communities in accordance with article 87 paragraph (3) of Law Number 6 of 2014 concerning Villages. The purpose of BUM Des is to improve the welfare of the village community. The research formulates problems that equate Al-Ghazālī's perceptions of social welfare with the objectives of Village-Owned Enterprises. This research is a study using literature review. Literature review or literature research is a research that examines, reviews or critically examines the knowledge, ideas, or findings contained in an academic-oriented literature. The results of this study indicate that the BUM Des that was formed by the village with the aim of the welfare of the village community and the distribution of the results allocated for the benefit of the village community and the efforts carried out to meet community needs are in line with the concept of social welfare of Al-Ghazālī.

Keywords: Social Welfare, Al-Ghazālī, BUM Des

Abstrak: Kesejahteraan sosial dalam pemikiran Al-Ghazālī. Al-Ghazālī merumuskan bahwa konsep *maslahat* atau kesejahteraan sosial atau utilitas (kebaikan Bersama) yakni sebuah konsep semua aktifitas manusia khususnya dalam bidang ekonomi harus dilakukan dengan tujuan kemaslahatan atau kesejahteraan sosial karenanya hal itu sejalan dengan tujuan Badan Usaha Milik Desa dalam rangka mewujudkan pemerataan ekonomi dan pembangunan desa sebagai amanat Undang-Undang Nomor 6 tahun 2014 tentang Desa, BUM Des dibentuk oleh Pemerintah desa untuk mendayagunakan segala sumber daya manusia dalam rangka meningkatkan kese-

jahteraan masyarakat desa sesuai dengan pasal 87 ayat (3) Undang-Undang Nomor 6 Tahun 2014 tentang Desa. Tujuan BUM Des adalah untuk meningkatkan kesejahteraan masyarakat desa. Penelitian merumuskan permasalahan yang menyamakan persepsi kesejahteraan sosial Al-Ghazali dengan tujuan Badan Usaha Milik Desa. Penelitian ini merupakan penelitian dengan menggunakan kajian literatur. Kajian literatur atau penelitian kepustakaan (literature review atau literature research) merupakan penelitian yang menelaah, meninjau atau mengkaji secara kritis suatu pengetahuan, gagasan, ide atau temuan yang terdapat dalam suatu literatur dengan berorientasi akademik. Hasil penelitian ini menghasilkan bahwa BUM Des yang dibentuk oleh desa dengan tujuan kesejahteraan masyarakat desa serta pembagian hasil yang dialokasikan untuk kepentingan masyarakat desa dan usaha-usaha yang dijalankan untuk pemenuhan kebutuhan masyarakat sejalan dengan konsep kesejahteraan sosial Al-Ghazālī.

Kata Kunci: Kesejahteraan Sosial, Al-Ghazālī, BUM Des

Introduction

Social welfare is the aspiration of the Indonesian nation which is embodied in the 1945 Constitution of the Republic of Indonesia as well as all regulations that are enforced in order to fulfill the economic and social rights of the community.¹ The village is the smallest government unit in a country,² the progress of the country cannot be separated from the contribution of the village in supporting the country's economy. As the goal of national development is to achieve equal distribution of prosperity and social justice for all communities, national development is carried out together with all aspects of national life, both government and society. The main actors of national development are society and the government, they are obliged to direct, protect and encourage the implementation of national development through government programs as a policy to enhance national development.³ The role of the state in realizing welfare can be

seen from the activeness of the state in collecting large amounts of tax money, and leading a large army of civil servants. The state distributes billions in the form of welfare payments.⁴

If simplified, the national development function can be formulated into three main tasks, namely economic growth which refers to how to do entrepreneurship through industrialization and tax collection, community care refers to how to care for and protect citizens from various kinds of life-threatening risks such as illness, or falling into poverty, or being hit by a disaster and human development is ensuring the availability of a quality workforce that supports the engine of development.⁵

Increasing the village economy through Village Owned Enterprises is not an easy thing because various village potentials are not similar or not the same, even every village has different natural wealth and can even be categorized as not easy to advance the village economy with Village Owned Enterprises. The

¹ ID. G Palguna, *Welfare State vs Globalisasi: Gagasan Negara Kesejahteraan di Indonesia*, Ed 1, Cetak 1 (Depok: Rajawali Pers, 2019), p. 17.

² Ni'matul Huda, *Hukum Pemerintahan Desa* (Malang: Setara Press, 2015), p. 1.

³ Zulkarnain Ridlwan, "Payung Hukum Pembentukan BUMDes," *Fiat Justitia Jurnal Hukum* 7 no.3 (2013): 355-396.

⁴ Walter The Gruyter, *Dilemmas of Law in The Welfare State* (Berlin: Newyork, de gruyter, 1985), p.13.

⁵ Edi Suharto, *Membangun Masyarakat Membedayakan Rakyat* (Bandung: Replika Aditama, Cetakan keenam, 2017), p. 5.

purpose of Village Owned Enterprises is not only as an improvement or advancement of the village economy but also as a social function.

Establishment of a Village-Owned Enterprise for the village community is as a business entity that is expected to be able to accommodate the needs of the village community in the context of the village community welfare. Community welfare comes from the word prosperous which means safe, peaceful, successful and safe, or can be interpreted as a word or expression that refers to a good condition or a condition where the people involved are in a healthy, peaceful and prosperous state.⁶ Village Owned Enterprises in running its business is not only to get money or material benefits, but also must be able to have a social function for the purpose of gaining mutual benefits, so that it can be enjoyed by all village communities. The development of the Village Owned Enterprises unit is expected to improve village finance and economy by prioritizing village potential in the business sector.

The function of the Village Owned Enterprises is to have an economic function and a social function. It arranges the activities of developing and managing the Village Owned Enterprises as the village businesses that must provide profit margins for the village as well as for the village community. While, the social function that can be carried out by the Village Owned Enterprises is indirectly by providing financial transfers for the village treasury through the addition of Village Original Income, which is then used for village development activities and direct social functions to offer guidance and business assistance accomplish by the village community. Besides that, it could also manage public goods / 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. Economically and socially, the village is in a strategic position because of the large numbers and the potential to develop rapidly, but if it is not empowered, it will cause great poverty and become a burden for the whole nation, while if it is properly empowered, it will become self-reliant which can improve the village economy.⁷

Economic improvement must, indeed, start from the smallest government, namely the village, because the village government is a government that is directly related to the village community, so President JOKOWI's idea by saying that building from the periphery is very appropriate, because the State of China has done this by established TVE'S (Township and Village Enterprises) in 1984 which was a sign of change and a major engine driving China's rapid economic growth.⁸

In connection with the objectives of the Village Owned Enterprises that make the village community prosperous, it will show its connectivity to Al-Ghazālī's thoughts regarding socio-economics. Because the Village Owned Enterprises are in addition to seek profit, the implementation of business activities must be provided for social interests so that the socio-economic becomes the most important characteristic in the Village Owned Enterprises. Al-Ghazālī's Socio-Economic Thought is rooted in a concept that Al-Ghazālī called the "Islamic social welfare function" which later became his big concept, the concept of usability or social welfare or utility (common good), which is a concept that includes all human activities and makes a

⁶ Amirus Shodiq, "Konsep Kesejahteraan Dalam Islam," *Equilibrium: Jurnal Ekonomi Syariah Pascasarjana IAIN Kudus* 3, no. 2 (2015): 380-405.

⁷ Bambang Ismawan, *Membangun Indonesia Dari Desa Melalui Keuangan Mikro* (Jakarta: Gema PKM Indonesia, 2012), p. 9.

⁸ Cheng Jin, *An Economic Analysis of The Rise and Decline of Township and Village Enterprises* (Guangdong, China: Palgrave Macmillan, 2017), p. 69

close relationship between individuals and society. Al-Ghazālī has come up with a concept of social welfare that is difficult to break down and that contemporary economists have longed for.⁹

According to Al-Ghazālī, the welfare (usability) of a society depends on the search and maintenance of five basic goals, namely religion (*ad-dīn*), life or soul (*nafs*), family or descent (*nāsl*), property or wealth (*mal*) and intellect, or sense (*aql*). Al-Ghazālī defines the economic aspect of his social welfare function in the framework of an individual hierarchy and social utility which means need (*daruriāt*), pleasure or comfort (*hajāt*), and luxury (*tahsināt*).

Al-Ghazālī views economic development as the part of the social obligations (*fārd al-kifāyah*) that have been determined by God, if this is not fulfilled, then the life of the world will collapse and humanity will perish. That economic activity must be carried out efficiently, because it is part of fulfilling one's security duties. There are three reasons why a person has to carry out economic activities: first, to fulfill the needs; second, for the welfare of the family; third, to help others in need.

Based on the description above, it is interesting for the author to describe the objectives of the Village-Owned Enterprises in the perspective of the concept of social welfare according to Al-Ghazālī. It is because the first village-owned business is a business entity that aims at community welfare which has the same concepts and characteristics as Islamic economic thought. Al-Ghazālī, the second welfare function adopted by the Village Owned Enterprises with the concept of Al-Ghazālī Thought, is related to efforts to fulfill welfare in realizing the ideals of the Indonesian nation as stated in the fourth

paragraph of the Constitution of the Republic of Indonesia.

According to its background description, the problems in this study can be formulated. The first is the relationship between the objectives of the Village-Owned Enterprise and the concept of social welfare thought raised by Al-Ghazālī, which is the same goal for usability or social welfare for the community.

Research on the role of Islamic economics in village-owned enterprises is not the first to be carried out, it has been studied by other researchers as written by Sliyeg¹⁰ analyzes the concept of Islamic economics in Village-Owned Enterprises, in the Indramayu region of West Java. The emphasis of this research is on the community protection in the view of Islamic economics which is measured materially and non-materially in order to improve social welfare through the empowerment of BUM Des. In the view of Islam, humans are supposed to be prosperous if it has fulfilled primary needs (*al-darūrīyyah*), secondary needs (*al-hājīyyah*) and complementary needs (*al-tahsīniyyah*).

Another study that discusses the relationship between Village-Owned Enterprises and the concept of Islamic economics is Dauri and Andreas¹¹. In their research, they discuss the development of Village Owned Enterprises (BUM Des) through Islamic organizations. The results of the study indicate that Islamic economics can be implemented in BUM Des in accordance with the laws and regulations. Apart from its strengths and opportunities, this concept also

⁹ Adimarwan Azwar Karim, *Sejarah Pemikiran Ekonomi Islam* (Jakarta: Raja Grafindo Persada, 2008), p. 318.

¹⁰ Sufyan Sliyeg, "Badan Usaha Milik Desa (BUM Desa): Tinjauan Ekonomi Islam Dan Perannya Dalam Meningkatkan Kesejahteraan Masyarakat Desa Di Kabupaten Indramayu," *Jurnal Inklusif: Jurnal Pengkajian Penelitian Ekonomi dan Hukum Islam* 4, no 2 (2019): 99-103.

¹¹ Duari & Ricco Andreas, "Badan Usaha Milik Desa Sebagai Pemberdayaan Ekonomi (Syariah) Melalui Organisasi Berbasis Keagamaan (Islam)," *Jurnal Hukum Legalita* 1, no. 1 (2019): 1-21.

has drawbacks and threats. To realize BUM Des based on an Islamic economy, it requires an active role and joint commitment from the village government, the community, *Fatayat NU*, *Muslimat*, and other Islamic organizations that will develop an Islamic economy, to support the needs of *al-darūrīyyah* (primary), *al-hājīyyah* (secondary), *al-tahsīniyyah* (complementary) in the village.

Bambang¹² also analyzed the concept of Islamic economics in the business of Village-Owned Enterprises, the emphasis in his research is Al-Ghazālī's approach in reflecting Islamic social welfare functions that are in line with the objective of establishing a Village-Owned Enterprise, in which the Village-Owned Enterprise has socio-economic characteristics in its management not only focused on profits but also on the benefit or people's interests; the welfare of the village community. The main focus of Al-Ghazālī's view in the economy is that a person must fulfill all his or her needs in carrying out the obligation to worship Allah and the government must pay attention to the people's needs.

Research Method

This research is a literature review study. Literature review or literature research is a research that examines, reviews or critically analyzes knowledge, ideas, concepts or findings contained in an academic-oriented literature. The focus of this literature review is to find various similarities from the basic principles of Islamic economics in Al-Ghazālī's view with the aim of establishing a Village Owned Enterprise in which ideas, principles, arguments, theories, or laws are utilized to examine and analyze as an effort to answer the problem formulation in this research. The analytical method in this research with literature review

¹² Bambang, "Implementasi Badan Usaha Milik Desa Berbasis Ekonomi Islam: Suatu Kajian Elementer," *Jurnal Istiqoduna* 3, no 2 (2017).

is a descriptive analysis, where the interpretation of ideas or information/data is done by trying to equalize the perception of Islamic economic views in Al-Ghazālī's thinking about the Islamic Social Welfare Function towards the objectives of the Village-Owned Enterprises.

Result and Discussion

1. Al-Ghazālī's Islamic Economic Thought

Al-Ghazālī whose full name is Imām Abū Hāmid Al-Ghazālī Muhammad bin Muhammad bin Muhammad Ath-Thusī, has the title Zainuddin (religious decoration), born in Thus, Khurasan In 450 H, his father was a weaver of wool in the Thus area.¹³ Since childhood, Al-Ghazālī studied *fiqh* then came to *Naisabur's Kopta* and deepened *Imāmul Haramain's* lessons, after that he left *Naisabur* and attended *Al-Wazīr Nizhāmul Malik's* assembly, Al-Ghazālī came to him and he gave him an honorable position because of his high degree of knowledge and opportunities. That is what Al-Ghazālī used to perform *munazharah* with famous scholars so that his name was sticking out and famous.¹⁴

Imām Al-Ghazālī was one of the many Islamic thinkers who had a variety of knowledge and broad insights and mastered various disciplines of contemporary science at that time. Al-Ghazālī is one of the few rare figures who has many works and contributions to science. Al-Ghazālī was also known as a social science expert who was observant of social conditions so that he became the axis of science in his day. Al-Ghazālī is an expert in proposals, jurisprudence, in the science of *ka-*

¹³ Imam Al Ghazali, *Hujjah al Islami wa Mujaddid Al-Mi'ah Al-khamisah*, (Beirut: Dar al-qalam, 1993) translated by Mukrima Azzhara, (Jakarta: penerbitzaman, 2019), p. 1.

¹⁴ Al-Imam Abu Hamid Al-Ghazali, *Ringkasan Ihya Ulumuddin*, cetakan keempat, diterjemahkan oleh: Bahrun Abu Bakar LC (Bandung: Sinar Baru Algensindo, 2016), p. 3

lam, *Imām* and *ahlisunnah* warrior. Al-Ghazālī is also a productive scholar whose scientific material is obtained not necessarily accepted but it is tested and researched, therefore his critical thinking is often born from his studies and productivity, or his works are often called reform works.¹⁵

The Islamic economic system is an economic system based on Islamic teachings and values, the source of all of these values is the Al-Qūr'an, *As-Sunnah*, *Ijmā* and *qiyās*. The values of this Islamic economic system are the integral part of all comprehensive Islamic teachings and have been declared by God as perfect teachings (QS. Al-Māidah verse 3).¹⁶ An Islamic economic system based on Islamic values will of course be different from a capitalist economic system based on the teachings of capitalism. It is also different from a socialist economic system based on the teachings of socialism. However, in some ways, the Islamic economic system is a compromise between the two systems, yet in many ways the Islamic economic system is also very different from the two systems. The Islamic economic system has the good qualities of capitalism and socialism but apart from its vices.

The basic nature of Islamic economics is as a *Rabbāni* and Human Economy. It is called as a *Rabbāni* economy because it is full of divine directives and values. And it has the basic nature of Human Economy because this economic system is implemented and demonstrated for human prosperity. The source of the Islamic economics characteristics is Islam itself which includes three main principles; the three of them fundamentally and cooperatively regulates the economy in Islam, namely the principles of faith, morals and principles of law. The ultimate goal of Islamic economics is to achieve happiness in the world and the hereafter in accordance with the objectives of Is-

lamic law, for example realizing true prosperity for mankind. Islamic economics is not only oriented towards the physical development of individual material, but also pays attention to other elements such as a prosperous and a happy life. Human behavior reflects a person's faith that will lead to the manifestation of usability (welfare) to achieve happiness.

Realizing essential welfare for humans is the basis as well as the main goal of Islamic law (usability), in other words, it is also the goal of Islamic economics. According to As-Shātibī, the main purpose of Islamic law is to achieve human welfare lies in the protection of the five benefits; faith (*ad-dīn*), knowledge, life (*an-nafs*), property (*al-māl*) and the continuity of descendants (*an-nasl*). This five usability are basically an indispensable means for the continuation of a good and honorable life. They are the five foundations mandated by the sharia that are needed by individuals and social life. The most noble of worship is the realization of welfare, because the function of social welfare, according to Al-Ghazālī, focuses on aspects of economic problems and there are three hierarchies in that stage, including social utility; *al-darūrīyah*, *al-hājīyah*, *al-tahsīniyyah*.¹⁷

Protection in these five aspects can be classified into the benefit of the world with two categories, the first benefit of *dharuriyah* and the second benefit of *ghairu dharuriyah*. This classification encourages the fulfillment of these five protections, so that happiness will be realized through the contentment of two calcifications and maintaining the five protections, by guarding islamic faith, safeguarding knowledge, preserving life, safeguarding property and protecting offspring.¹⁸ Al-Ghazālī's economic thought was based on the Sufism approach, because at that time people were rich,

¹⁵ Al-Ghazali, p.16-17.

¹⁶ Mustafa edwin Nasution, *Pengenalan Eksklusif Ekonomi Islam* (Jakarta: Prenada Media Group, 2006), p. 11.

¹⁷ Yadi Janwari, *Pemikiran Ekonomi Islam Dari Masa Rasullah Hingga Masa Kontemporer* (Bandung: Pt. Remaja Rosdakarya, Cetakan pertama, 2016), p. 187.

¹⁸ Ahmad Al-Mursi Husain Jauhar, *Maqashid Syariah* (Jakarta: Sinar Grafika, cetakan kelima, 2018), p. xv.

powerful, and full of prestige, so it was difficult to accept *fiqh* and philosophical approaches. The pattern of economic thought is outlined in the book of *Ihyā' Ulūm ad-dīn, al-Mustafā, Mīzān, Al-'Amal, and al-Tibr al-Masbūk fī Nasīhat al-Mulūk*.¹⁹ In this regard, al-Ghazali focuses his attention on individual behavior that he discusses according to the perspective of the *Qur'an, Sunnah, fatwas* of companions and *tabi'in* as well as the advice of the leading Sufis of the past.²⁰ Al-Ghazālī's socio-economic thinking is rooted in a concept he calls a "social welfare function" with the concept of *maslahat*; or social welfare; or utility (common good), a concept that includes all human activities and makes a close relationship between individuals and society. Al-Ghazālī found a concept of social welfare function that is difficult to break down and has been missed by the contemporary economists, Al-Ghazālī identified all problems in the form of *masalih* (utility, benefit) and *mafasid* (disutility, damage) in improving social welfare. Realizing benefits, especially the world and the hereafter, is manifested in five protections, by maintaining the five points; religion, soul, mind, descent and property, it will give happiness both to the society and to the individuals.²¹

Al-Ghazālī's socio-economic thinking is rooted in a *concept* he calls a "social welfare function" with the concept of usability or social welfare or utility (common good), a concept that includes all human activities and makes a close relationship between individuals and society. Al-Ghazālī found a concept of social welfare function that is difficult to break down and has been missed by contemporary economists, Al-Ghazālī identified all problems

in the form of usability (utility, benefit) and damage (*mafūsl, disutilita*) in increasing social welfare.²²

According to Al-Ghazālī, welfare can be seen from the condition of society through the search and maintenance of five basic goals, including religion, life or soul, family or descent, property or wealth, and intellectuality or reason which emphasizes that everything must be done in accordance with the demands of revelation and objectives. The key of human life is to achieve the goodness of this world and the hereafter. According to Al-Ghazālī, there are three reasons why someone should carry out economic activities, first, to fulfill the needs; second, for the welfare of the family; and third, to help others who need it. While, economics defines welfare as the meaning of satisfaction or (utility) or the adequacy of consumption and it has a function as a way of identifying and achieving something as socially efficient and optimal allocation of all resources.²³ Satisfaction or utility is in line with the theory put forward by Jeremy Bentham, he believes that the goal of law is to achieve happiness with actions to achieve happiness itself.²⁴

"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

¹⁹ Lilik Rahmawati, "Konsep Ekonomi AL-Ghazali," *Maliyah: Jurnal Hukum Bisnis Islam* 2, no. 1 (2012): 329-345.

²⁰ Sirajuddin, "Konsep Pemikiran Ekonomi AL-Ghazali," *Laa Maisyir: Jurnal Ekonomi Islam* 3, no. 1 (2016): 46-60.

²¹ Fakhry Zamzam dan Havis Aravik, *Perekonomian Islam Sejarah dan Pemikiran*, First Ed, First Printed (Jakarta: Prenada Media, 2019), p. 153-154.

²² Moh. Muafi Bin Thohir, "Pemikiran Imam Al-Ghazali Tentang Ekonomi Islam dalam Kitab Ihyā' Ulumuddin," *IQTISHODUNA: Jurnal Ekonomi Islam* 5, no. 2, (2016):76-93.

²³ Azhari Akmal Tarigan, Chuzaimah Batubara, Mohamad Ridwan, *Ekonomi Dalam Arus Perkembangan Pemikiran Islam*, First Printed (Medan: Fakultas Ekonomi dan Bisnis Islam, 2015), p. 3.

²⁴ Jeremy Bentham, *Utilitarianism* (London: Progressive Publishing Company, 1890), p. 6.

of every action whatsoever, and therefore not only of every action of a private individual, but of every measure of government."

A general perspective on Al-Ghazālī's socio-economic insights can be identified by several specific economic concepts and principles which were later re-expressed by contemporary Muslim and non-Muslim scientists, where the main discussion lies in voluntary exchange and market evolution, production activity, bartering and evolution, money and the role of the state and public finance. The role and significance of voluntary trading activities and the emergence of a market is based on the power of supply and demand to determine prices and profits. Al-Ghazālī's view, the market must function based on the ethics and morals of the actors, specifically, he warned against taking profits by hoarding food and other basic necessities. Based on the foregoing with this concept, it is hoped that all people will be prosperous or social welfare can manifest itself if it is applied in the economic system.

Consistent with Al-Ghazālī, the state must be responsible for creating proper conditions for increasing prosperity and economic development.²⁵ State and religion are the pillars that cannot be separated from an orderly society. Religion is the foundation, and the leader who represents the state is its propagator and protector: if one of these pillars is weak, society will collapse. Al-Ghazālī said that the leader or government must be able to do justice to the whole society, because one day, the leader's major action is more favored by Allah than worshipping for seventy years. This depiction shows that the duty as a government or leader is very heavy, because as the first justice, these actions are confidential to the society, it will make people happy or achieve satisfaction,

while the injustice will make them miserable or unhappy.²⁶

The state has a goal to prosper people through economic improvement, so the generated policies will lead to economic improvement in a country that prioritizes welfare, it will also directly make policies related to the economy from below, or people who are in direct contact can be seen in China, even in the era of President Joko Widodo doing this, with the famous *nawacita* slogan of building from the periphery. This study discusses the legal implications of the meaning of village-owned enterprises that are characterized by villages with describing various business entities both in China and the economic institutions of traditional village communities in Indonesia.

Economic improvement must indeed start from the smallest element in government; the village, because it is a government that is directly related to the village community, so President JOKOWI's *nawacita* by saying that building from the periphery is very appropriate because the State of China has also done this. China changed its CBE company name to TVE's company in 1984. This is a signal that TVE's company has become one of the main engines driving China's rapid economic growth, worthy of the CCP's attention for reasons other than ideology.²⁷

2. Village Owned Enterprises

BUM Des was born as a new approach in an effort to improve the village economy based on the needs and potential of the vil-

²⁵ Moh. Faizal, "Studi Pemikiran Imam Al-Ghazali Tentang Ekonomi Islam," *Islamic Banking* 1, no. 1 (2015): 49-57.

²⁶ Imam Abu Hamid Muhammad bin Muhammad bin Muhammad al-Ghazali, *Al Tibr al Masbuk fi Nasihat Al-muluk*, diterjemahkan oleh Abdul Rosyad Shiddiq (Jakarta: Pt. Qap Media Kreativa, cetakan 1, 2020), p. 25 dan 64.

²⁷ Cheng Jin, *An Economic Analysis of The Rise and Decline of Township and Village Enterprises* (China: Palgrave Macmillan, 2017), p. 69.

lage.²⁸ BUM Des are economic activities in the village that function as social and commercial institutions. The Village Owned Enterprises as a social institution focuses on the interests of the community through its contribution to provide social services and the needs of the village community. The Village Owned Enterprises as a commercial institution aims to seek profit by 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 applicable laws and regulations in accordance with the agreement established in the village community. Thus, the form of a Village Owned Enterprise can vary in every village in Indonesia. The various forms are in harmony with the characteristics of the location, potential, and resources of each village.

According to Law Number 6 of 2014 concerning Villages, the purpose of establishing the Village Owned Enterprises is to increase the village's original income. Each village government can establish a Village Owned Enterprises. The Village Owned Enterprises was launched according to community initiatives concerning to the potential that could be developed using local resources and market governance. The establishment of the Village Owned Enterprises is not an instructional package from the government, provincial government, or district government, but a mandate for the Village Law to be implemented immediately in the village government to directly establish a Village Owned Enterprises Business.

The task and role of government are to disseminate and raise awareness to village communities through the provincial and / or district governments about the importance of Vil-

lage Owned Enterprises for improving community welfare. Through the village government, the community is motivated, formulated to be aware of, and prepared to build their lives.

The government facilitates education, training and other fulfillments that can assist the establishment of the Village Owned Enterprises. Operationalization is left to the village community. The village communities need to be prepared in order to accept new ideas about economic institutions that have social and commercial functions.

According to Law Number 6 of 2014, concerning villages, village development aims to improve the quality of human life and reduce poverty by providing fulfillment of basic needs, building facilities and infrastructure, developing the potential of local economic, utilizing natural resources and the environment with a sustainable manner promoting togetherness, kinship, mutual cooperation in order to achieve the mainstreaming of peace and social justice.

The Village Owned Enterprises that has been established is very helpful for the community's economy as evidenced by the existence of the best Village Owned Enterprises, one of them is the Village Owned Enterprises in Ponggok village, in improving the economy of the Ponggok village community, the village officials and the Village Owned Enterprises managers work together to build the village's potential by managing tourist objects. As the largest natural resource in that village, with the existence of tourism management, it will increase the income of the community, especially around tourist objects, they could sell food, drinks or souvenirs to visitors and the Village Owned Enterprises can recruit people as workers in these tourist objects.

The economic development approach performed by Ponggok Village is one the methods in the real sector that can be implemented as evidenced by the very large turnover of Vil-

²⁸ Amelia Sri Kesuma Dewi, "Peranan Badan Usaha Milik Desa (BUMDes) Sebagai Upaya dalam meningkatkan Pendapatan Asli Desa (Pades) Serta Menumbuhkan Perekonomian Desa," *Journal of Ruml and Development* 5, no. 1 (2014): 1-14.

lage Owned Enterprises. As a result, it can advance the village economy and can also carry other programs, such as one house with one scholar at a cost that is very large. The Village Owned Enterprises could also build a marketing strategy for community products through technology to make it easier for people to access their needs. The increase in the real sector and the financial sector is able to improve the welfare of the village community through the very high salaries of village officials, for example, building an Integrated Cash Management Solution for Village Owned Enterprises Partnership with State Bank of Indonesia (Bank BNI). Also, the approach could be implemented by regulating profit sharing where a portion of the profit percentage from the Village Owned Enterprises in Ponggok village is allocated for the benefit of the village community.²⁹

3. *The Purpose of Village Owned Enterprises in the Concept of Al-Ghazālī Social Welfare*

The purpose of the Village Owned Enterprises in the concept of social welfare is a business entity established in the framework of the people's prosperity in accordance with the principles of Islamic economics. The characteristics of the Islamic economy are Islam itself which includes three main principles, 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, and it is in line with the objectives of Islamic law; realizing true welfare for humans. Islamic economics is not only oriented towards the physical development of individual material, but also pays attention to other elements such as a prosperous and a happy life. Essential welfare for humans is the basis as well as the main goal of Islamic law, which is basically as an

indispensable implementation for the continuation of a good and respectful life.³⁰

The Village Owned Enterprises and the view of Welfare according to Al-Ghazālī are related to the main objective of the Village Owned Enterprises, which is to improve the economy of the community, where the Village Owned Enterprises is expected to be a pillar of the village community's economy to fulfill five basic goals; religion, life or existence, family or descendants, property or wealth, and intellectual or resourceful. Someone is required to carry out economic activities, first to fulfill the needs; second, 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 apart from public services is also an effort that meets the needs of the village community.

The embodiment of social welfare in Al-Ghazālī's view is relevant to the objectives of Village-Owned Enterprises. The essential principle of social welfare is duty of the government to people in various ways, both in the economic and other fields. It cannot be denied that the economy is one of the foundations for improvement in social welfare of the community because with fulfilled economic needs, the happiness of the community will be achieved.

Al-Ghazālī's opinion believes that the state is responsible for creating decent conditions for increasing prosperity and economic development. The state is the most important institution not only for carrying out economic activities, but also for fulfilling social obligations, as it has been implemented through the policy of legislation on villages in Article 87 which regulates the establishment of Village Owned Enterprises. The purpose of the Village Owned Enterprises is in line with the concept of social welfare, where the concept of social welfare of Al-Ghazālī is a concept that prioritizes the

²⁹ Pemerintah Desa Ponggok, *Pengelolaan dan Perencanaan Usaha BUMDES Tirta Mandiri* (Klaten: Pemerintah Desa Ponggok Kecamatan Polan Harjo Kabupaten Klaten, 2015), p. 51.

³⁰ Pusat Kajian dan Pembangunan Ekonomi Islam, *Ekonomi Islam* (Jakarta: Rajawali pers: 2011), p. 54.

purpose of a business entity as the benefit of the community, and it does not simply transform it into finance, but also to the social interests of the community. The purpose of BUM Des is also in agreement with the concept of social welfare itself, where the concept of social welfare of Al-Ghazālī is a concept that prioritizes the purpose of a business entity for the benefit of the community and it does not simply transform it into finance, but also to the social interests of the community. The people's welfare is the duty of the government which is stated in the Constitution of the Republic of Indonesia.

Conclusion

The objectives of the Village Owned Enterprises are goals that are in line with the principles of Islamic economics, namely prioritizing human prosperity as an effort to achieve human welfare through socio-economic oriented business entities. Al-Ghazālī's view of the Islamic social welfare function is a form of state implementation of the economic establishment of rural communities in building economic activities through the objectives of Village-Owned Enterprises (BUM Des) to fulfill the welfare of rural communities.

Alignment of the concept of Al-Ghazālī's welfare with the objectives of Village-Owned Enterprises is the manifestation of the government or the authorities in realizing prosperity through economic improvement which is one of the main foundations for increasing welfare. BUM Des aims to prosper the community by doing business in the economic sector which is aimed to accomplish the needs of the community, because by fulfilling community needs and improving the economy, real welfare in society will be attained. The achievement of social welfare is a source of fulfillment of sharia which has an impact on the realization of the five foundations in life, so that happiness will manifest in life.

The results of this study are recommended for village officials, the Village Owned Enterprises managers and policy makers to stick to the goal of establishing a BUM Des; for the welfare of the village community and the Village Owned Enterprises, it is expected to provide not only economic function, but also social goals.

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