



## The Role of Village-Owned Enterprises for the Welfare of the Community of Aek Banir Village, Panyabungan District

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### ABSTRACT

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The income of "Serba Indah" Village-Owned Enterprises still does not have much effect on the income of "Serba Indah" Village-Owned Enterprises because the proceeds from the sale of ant sugar are still used to add to the completeness of existing goods. Utilizing Village-Owned Enterprises "Serba Indah" is one of the efforts to improve the community's economy. Village-Owned Enterprises should impact change and welfare in the community's economy. This study aims to determine the role of Village-Owned Enterprises toward the welfare of the community in Aek Banir Village, Panyabungan District, and the role of Village Owned Enterprises in the welfare of the community from the perspective of sharia economic law. This research was conducted using a descriptive qualitative approach, where this research was conducted in Aek Banir Village, Panyabungan District. The Village Owned Enterprise "Serba Indah" helps the welfare of palm sugar craftsmen who are in the field of making palm sugar. Through the Village-Owned Enterprises "Serba Indah," it is easier for them to market their products. Some people do not know the role of Village Owned Enterprises. The lack of public knowledge proves that the community's welfare is not evenly distributed.

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### 1. Introduction

Poverty is the inability to meet basic human needs, namely clothing, food, and shelter, complete lack of money and goods to ensure a decent living, underdevelopment, low education, limited access to health, and inability to participate in society. Even poverty can cause a person to darken his eyes so that he does various negative things to make ends meet, such as prostitution, theft, fraud, suicide, and many other things as a result of poverty that shackles him. Portraits of poverty are characterized by backwardness, adversity, and powerlessness (Khomsan, 2015). From a wider perspective, the analysis is linked to the discussion about social exclusion, a phenomenon often understood as accumulated welfare problems, i.e., a situation in which a single individual is suffering from several different welfare problems at the same time (Gallie et al., 2003) & (Hills et al., 2002). The institutional arrangements in weak-state contexts imply that people rely heavily upon community and family relationships to meet their security needs, making informal welfare security arrangements often the dominant form of welfare (Roumpakis & Sumarto, 2020),(Midgley et al., 2019), (Surender & Walker, 2013).

Islamic economics is a multidimensional/interdisciplinary, comprehensive, and mutually integrated science, including Islamic knowledge sourced from the Qur'an and Sunnah and rational science. Islamic economics aims for human welfare (Mardani, 2017). Village development aims to improve the welfare of rural communities, the quality of human life, and poverty alleviation (Tenggoro, 2019). One of them is by establishing a Village-Owned Enterprise whose entire capital comes from village wealth. Village-Owned Enterprises are one of the policy strategies to develop Indonesia from the periphery through the development of collective village economic enterprises. The regulation of Village-Owned Enterprises is regulated in article 213 paragraph (1) of Law no. 32 of 2004, that villages can establish Village-Owned Enterprises under the needs



and potential of the village. In addition, it is also regulated in Government Regulation 72 of 2005 concerning Villages, and finally in the Minister of Home Affairs Regulation 39 of 2010 concerning Village-Owned Enterprises. Village-Owned Enterprises were established on the initiative of the community based on the potential that can be developed using local resources, and there is market demand.

Aek Banir Village is one of the villages in Panyabungan District, Mandailing Natal Regency. This village already has a Village-Owned Enterprise named "Serba Indah." This Village-Owned Enterprise aims to increase the village's original income and alleviate community poverty. This Village-Owned Enterprise runs a type of business to increase village cash or income, namely the manufacture of ant sugar. Palm sugar manufacturing has received an injection of funds, namely in 2019 amounting to IDR 3,750,000, - in 2020, receiving additional capital of IDR 3,750,000. The income of the "Serba Indah" Village-Owned Enterprises from this business unit is still not very influential on the income of the "Serba Indah" Village-Owned Enterprises because the proceeds from the sale of ant sugar are still used to add to the completeness of existing goods.

## 2. Method

This research is field research (field research), which is carried out systematically by collecting data in the field (Mardalis, 2008). This research is descriptive and qualitative. Qualitative data sources, namely research that describes and reports an object of research by comparing theory with conditions in the field, whether there are gaps or maybe similarities between theory and reality, then analyzed based on research objectives (Surachmad, 2007).

The data sources used in this study are primary and secondary. Primary data sources are sourced directly from research respondents and relevant parties (Sarawati, 2010). The primary data in this study were obtained from the first source, either from individuals or individuals, such as interviews with the management of the "Serba Indah" Village Owned Enterprise. Secondary data sources are sourced from documentation and other references. Secondary data in this study were obtained from the literature study. First, the identification of books and literature related to the scope of the research material was carried out.

Triangulation techniques are used to check the validity of the data in this study, which prioritize the process's effectiveness and the desired results. Triangulation is done by testing whether the process and the desired method results have been running well. The example ensures that the interview notes with the informants and the observation diaries have been collected daily. Cross-tested the material of the diaries to ensure that there was no conflicting information between the interview notes and the observation notes. If it turns out that there is irrelevant information, the researcher must confirm the difference.

## 3. Result and Discussion

The Role of Village-Owned Enterprises in Welfare of the Aek Banir Village Community, Panyabungan District The existence of the Village-Owned Enterprise "Serba Indah" Aek Banir Village, Panyabungan District has not been able to play a role and provide welfare to the community. It has only been operating for three years and only has a business unit for making ant sugar. The initial capital of this palm sugar manufacturing was Rp. 3,750,000- in 2020, received an additional capital of Rp. 3,750,000. The proceeds from the sale of ant sugar are still used to add the completeness of existing items, as Mr. Tambat explained in an interview: "The Village-Owned Enterprise "Serba Indah" Aek Banir Village is still trying to develop, although it is not very significant. BUMDES in this village only has one business unit, namely the manufacture of ant sugar. With initial capital in 2019 and 2020, each received a capital injection of IDR 3,750,000. The existence of a village-owned ant sugar manufacturing business can absorb at least 3 to 4 workers. From the manufacture of ant sugar, at least there is an increase in income, even though one hundred thousand rupiahs per person per production. So it is hoped that it can improve the welfare of the community. We still use the profits from selling ant sugar to add to the completeness of existing items." All Beautiful." So that it can improve the welfare of the residents. For palm sugar craftsmen, the Village Owned Enterprise "Serba Indah" is very helpful. They make it easier to market their products. It is different when before there was a Village-Owned Enterprise, "Serba Indah," they only sold it to collectors at a relatively low price. Palm sugar produced by residents was then reprocessed by the Village-Owned Enterprise "Serba Indah" to be used as ant sugar and marketed to several mini markets in Panyabungan. As explained by Mr. Irsan as follows.



"We buy sugar from the craftsmen at a good price, so the craftsmen want to sell the sugar to this "Serba Indah" Village Owned Enterprise. Then we process the sugar back into ant sugar because by reprocessing the sugar will become more resistant". However, according to the chairman of the Village-Owned Enterprises, the demand for palm sugar, this time has dramatically decreased. He added that it is hoped that improvements will be made in the future by adding other business units and increasing capital because the use of Village-Owned Enterprises is one of the efforts to improve the community's economy. Community involvement in managing Village-Owned Enterprises brings the impact of change and welfare in the community's economy.

The Village-Owned Enterprises' role is still felt uneven for the people of Aek Banir Village, Panyabungan District. It is proven that there are still people who do not know the role of Village-Owned Enterprises. As explained by one of the people of Aek Banir Village, Panyabungan District, he stated that: "The problem with BUMDES in this village is that already know, but if there are any business units, I do not know, I only know that in BUMDES they produce ant sugar." This lack of public knowledge about BUMDES proves that the role of the "Serba Indah" Village Owned Enterprise has not been felt by all the people in Aek Banir Village.

### **3.1 The Role of Village-Owned Enterprises on Community Welfare According to the Perspective of Sharia Economic Law**

The Village-Owned Enterprises is one of the efforts to improve the welfare of the community, where community involvement in managing the "Serba Indah" Village-Owned Enterprises should positively impact the community's economy. Running a business must, of course, follow Sharia economic principles because Sharia economic principles are the main principles that build the structure or framework of the Sharia economy. Economic principles serve as basic guidelines for individuals in economic behavior. Economic activities carried out by humans are already regulated. In addition, economic activities must have ethics. This ethics will guide us so that everything we do will not harm people and bring welfare to the business and the people around us. The basic principles of Islamic ethics and its business practice are:

#### **a. The principle of justice**

The principle of justice is highly emphasized in the Islamic economy to all human beings, carrying out daily activities unrelated to other people or the surrounding community. The principle of justice means not discriminating against others regarding status, wealth, and social conditions. Practices in its business are: There is equal treatment, Equal compensation rights, and There is no harmed party.

In this case, the Village Owned Enterprise "Serba Indah" has complied with the Sharia economic principle, namely the principle of justice. The Village Owned Enterprise "Serba Indah" provides equal treatment between one community and another. For example, every community can join or participate in the sugar palm business unit in accordance with the provisions set by the Village-Owned Enterprise "Serba Indah."

#### **b. Equilibrium (Balance)**

Balance is an ethical principle that must be established in business activities. The business practice, there is harmony between business affairs and the hereafter, such as freedom of worship and balance between business and the surrounding environment. In this case, the Village-Owned Enterprise "Serba Indah" has fulfilled the second principle. Namely balance, one of which is that the people of Aek Banir Village have freedom and harmony between business affairs and afterlife affairs, such as freedom of worship. Nothing prevents others from practicing their worship as long as there are no elements of blasphemy against other religions and a balance between business and the surrounding environment.

#### **c. Responsibility (Responsibility)**

Is responsible for every action. The applications in the business are: Wages must be appropriate, and Wages must be fixed on time. Based on the Sharia economic principle, the Village Owned Enterprise "Serba Indah," in this case, follows the third principle: responsibility. In practice, the Village Owned Enterprise "Serba Indah" provides timely wages to the management of the Village Owned Enterprise "Serba Indah," which is paid once a month with an amount or nominal that has been determined and agreed upon by the Village Owned Enterprise.

Based on the Regulation of the Regent of Madina Number 7 of 2016 concerning the Implementation of Village-Owned Enterprises, Madina Regency explains that the management of Village-Owned Enterprises whose capital is partly or wholly village assets are separated. Not belonging to groups or individuals and have Articles of Association and Bylaws. However, the management of village-owned enterprises is not following existing laws and regulations. It is due to the understanding and skills of village managers and government officials in managing the business through village-owned enterprises that have not been running well. The role

of Village-Owned Enterprises in the community has also not been carried out very well. It causes limited resources, especially for people who are experts in implementing the planned programs.

#### 4. Conclusion

After the author describes the discussion about the role of Village-Owned Enterprises for the benefit of the people of Aek Banir Village, Panyabungan District, the authors draw the following conclusions: The Village-Owned Enterprise "Serba Indah" helps benefit palm sugar craftsmen who are in the field of making palm sugar. Through the Village-Owned Enterprise "Serba Indah," they become easier to market their products. It is different when before there was a Village-Owned Enterprise, "Serba Indah," they only sold it to collectors at a relatively low price. However, the role of the "Serba Indah" Village Owned Enterprise is still not said to be maximal, so the benefit of the community is not evenly distributed, and there are still gaps between the people of Aek Banir Village. The role of Village-Owned Enterprises for the benefit of the community according to the perspective of Sharia economic law, namely the principle of justice, provides equal treatment between one community and another. The second principle is balance. The people of Aek Banir Village have freedom and harmony between business affairs and the affairs of the hereafter, such as freedom of worship and balance between business and the surrounding environment. The third principle is responsibility. The Village-Owned Enterprise "Serba Indah" provides timely wages to the management of the "Serba Indah" Village-Owned Enterprise, which is paid according to the nominal set and agreed upon by the Village-Owned Enterprise.

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