

Research Article

Implementation of Financial Management of Village-Owned Enterprises According to the Perspective of Fiqh Muamalah: A Case Study in Karangdoro Village

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ABSTRACT

The purpose of this research is to understand how the application of the fiqh muamalah perspective is implemented in the management of the Village-Owned Enterprises (BUMDes) Mitra Usaha in Karangdoro Village, Tegalsari District, Banyuwangi Regency, East Java. The method used is a qualitative descriptive approach, with data sources including observation, interviews, and documentation. The results of the study indicate that financial management is considered to be good. BUMDes with good performance will have high competitiveness, and achieving this requires quality human resources. This is realized through three businesses operating in the trade sector, namely an agricultural kiosk, a convenience store, and office supplies. Among these, the agricultural kiosk has shown significant progress and has generated a considerable profit. The presence of BUMDes serves as an alternative financing option for the village community to implement interest-free debt financing.

Keywords: Islamic Law; Economics and Business; Financial Management; Enterprises; Fiqh Muamalah

1. INTRODUCTION

In the current era, village development is the center of development in a region through the distribution of village funds. The allocation of village funds is a form of the government's efforts to accelerate development, so that villages can improve themselves to increase village income or commonly called village original income (PADes) (Erlina & Sirojuzilam, 2020). In villages, there are two main sources of funding that are often used for village development and management, namely Village Funds (DD) and Village Fund Allocation (ADD). DD is the budget given by the central government to villages. The funds are sourced from the Provincial Revenue and Allocation Budget (APBN) and are intended to strengthen village autonomy. Meanwhile, ADD is a fund allocated by the local government (province or district) for villages. The source comes from the APBD (Regional Revenue and Expenditure Budget). Efforts to develop village income can be done by developing business units that are in one container, namely Village Owned Enterprises or commonly called BUMDes. BUMDes is a village business institution whose management is carried out by the community and the Village Government to improve the village economy (Aliah et al., 2022).

BUMDes is a Village-Owned Enterprise owned by each village in Banyuwangi Regency. One of them is the Mitra Abadi bumdes located in Karangdoro Village, Tegalsari District, Banyuwangi Regency. The management of Bumdesa Mitra Abadi Karangdoro Village in this period contains resources that have potential and perform well, considering that previously it has been tested in terms of serving the Karangdoro Village Government, Tegalsari District, Banyuwangi Regency. The Karangdoro village-owned business entity was established as a strategic effort to drive the local economic potential in improving the community's economy. Since its establishment, BUMDes Mitra Abadi in Karangdoro village has played an active role in managing various economic activities involving the community. The establishment of BUMDes can provide benefits to the surrounding community and increase the village's original income (PADes).

BUMDes Mitra Abadi itself is one of the sources to increase village income and was established by the village government which will later be managed by the village government and owned by the village. Abadi's partner BUMDes has all or most of the capital of the village. In 2024, Bumdes will have an initial capital obtained by BUMDes Mitra Abadi from the APBDes of IDR 42,000,000 and capital from BUMDes itself of IDR 65,000,000. From the capital above, BUMDes Mitra Abadi realizes 3 business units engaged in the trading sector, namely the management of agricultural kiosks, convenience stores and ATK.

However, even though various programs have been running, for a business that is progressing, namely Agricultural Kiosks, in this trade the manager sells subsidized fertilizer goods where he collaborates with distributors to meet the needs of fertilizer merchandise. Considering that farmers' needs for subsidized fertilizers are very high in each planting period. On the other hand, the existence of Village Department Stores and ATK located within the Karangdoro Village Government Office, in addition to facilitating coordination and supervision, certainly provides opportunities for business running for people who need services at the Village Office.

By developing these three business units, BUMDes can meet the basic needs of the community while increasing village income. In addition, transparent and sharia-principle-oriented management will help maintain public trust in BUMDes. BUMDes are eternal partners in supporting the empowerment of village communities in managing assets and economic resources must ensure that all transactions carried out are in accordance with sharia principles, such as avoiding riba, gharar (uncertainty), and maysir (gambling). This will maintain the integrity of the business and the trust of the community. By maintaining business integrity, BUMDes or other companies can build a good reputation, increase public trust, and create positive long-term relationships with all stakeholders.

Based on the background, the formulation of the problem in this research arises, namely how to manage finances in BUMDes Mitra Abadi with financial management guidelines for BUMDes. Second, whether the financial management of BUMDes Mitra Abadi is in accordance with Fiqh Muamalah. The establishment of BUMDes is also a manifestation of efforts to manage the village economy productively. Management for productive purposes is expected to bring a better economic life to the community. In the village law, BUMDes can be established according to the needs and potential of the village. What is meant by village potential is related to village resources that have not been optimized. In Q.S. Al Araf: 10:

مَكَّنَّاكُمْ فِي الْأَرْضِ وَجَعَلْنَا لَكُمْ فِيهَا مَعَايِشَ قَلِيلًا مَّا تَشْكُرُونَ ﴿١٠﴾

"*Verily, We have placed you on earth and We have provided you with sustenance there. (However,) you are very little grateful.*". (Qur'an translated by NU Online, p.: 394 Year: 2020)

Based on the above research, the researcher is interested in researching related to "the implementation of financial management of village-owned enterprises according to the perspective of fiqh muamalah".

2. RESEARCH METHOD

This type of research uses a qualitative descriptive approach. This research focuses on the financial management of BUMDes Mitra Abadi in Karangdoro Village. The researcher collects data, namely by observing the research site, conducting interview sessions, and documentation. The interview is conducted with a structured free interview technique where the researcher compiles a framework or outline of the subject matter, the interviewer is free to ask the respondent anything, but it must be noted that the question is related to the desired data. The types of data used are primary data and secondary data. Primary data is obtained from interviews and surveys from direct BUMDes employees. Meanwhile, secondary data is data obtained by researchers from the source of the semester responsibility report. The documentation referred to in this study revolves around the BUMDes Mitra Abadi document, data on fertilizer sales, data on convenience stores and ATK. The data sources come from the Head of BUMDes, the Treasurer of BUMDes, BUMDes Managers, and the community who use fertilizers. This research method is expected to provide a comprehensive picture of the financial management of BUMDes in Karangdoro Village and its contribution to the welfare of the Karangdoro Village community.

3. RESULTS AND DISCUSSION

The government's efforts to develop village income can be carried out by developing business units in one container, namely Village-Owned Enterprises or commonly called BUMDes. BUMDes is a village business institution whose management is carried out by the community and the Village Government to improve the village economy (Aliah et al., 2022). Mitra Abadi Village-Owned Enterprises (BUMDes) is a business entity owned by the Karangdoro village government. An institution certainly has a manager or administrator, in the research conducted by a researcher in September 2024 to the chairman or director of BUMDes. The presence of BUMDes is an alternative financing option for village communities to get cheap and non-burdensome funds. BUMDes Mitra Abadi was established on September 27, 2022 with village regulation number 4 of 2018. The initial capital obtained by BUMDes Mitra Abadi from the APBDes amounted to IDR 42,000,000 and the capital from the BUMDes itself amounted to IDR 65,000,000.00. then operated with agricultural kiosks, department stores, and ATK. There is a management structure for BUMDes perpetual partners. The management structure of BUMDes consists of, advisors, chief supervisors, supervisory secretaries, members, directors, Financial Administration Managers, Trade Unit Guards. In the initial stage of observation, the researcher can find out that currently BUMDes Mitra Abadi is in the

BUMDes development stage, according to the chairman of BUMDes in an interview on October 2. "For now, BUMDes Mitra Abadi is classified as a developing BUMDes that cannot be said to be BUMDes Maju" This is shown in the joint business unit which still has 3 businesses engaged in the trade unit sector, namely, Agricultural Kiosks, Village Department Stores and ATK.

The government's role in supporting the financial management of BUMDes in the trade unit sector is to facilitate the provision of capital in the form of funds disbursed from the APBDes. In the early stages of financial management, BUMDes partners perennial make plans that are compiled into the Articles of Association and Bylaws. The preparation of this AD/ART is the first step to carry out activities in BUMDes, as for financial management, namely about capital and program plans. And the program that is carried out Based on this, BUMDes Mitra Abadi has applied the principles of fiqh muamalah principles. Such as the principle of mubah, the principle of consensuality, the principle of justice, the principle of mutual benefit, the principle of helping people, and the principle of writing. The capital report obtained by BUMDes is a fund from the village sourced from the APBDes. This is also why people prefer alternative financing for BUMDes, namely the interest-free debt system. The Statement of Financial Accounting Standards (PSAK) that regulates the management of Islamic finance in Indonesia is the Statement of Financial Accounting Standards (PSAK). PSAK No. 101 regulates accounting standards and reporting of sharia financial statements, including the structure and content of sharia financial statements. The Sharia SAK is structured with Sharia principles in mind, such as the prohibition of usury, the prohibition of excessive speculation, and the prohibition of gambling. The goal is to increase transparency and compliance with Sharia principles in Islamic finance practices in Indonesia. The following is a table of capital distribution of 3 trade sectors prepared by BUMDes Mitra Abadi.

Table 1. Capital distribution of 3 business units in 2024

Yes	Units of business	Capital
1	Farm Kiosk	IDR 57,000,000
2	Convenience stores and ATK	IDR 50,000,000

Source: Interview from Bumdes 2024

Table 2. Number of sales and users in 2024

Sales quantity	January – September	IDR207,590,000,00
Number of beneficiaries	Siampat, Agung Pumpkin, Prosperous and Jelita	849 farmers

Source: Interview from Bumdes 2024

Table 3. Monthly Sales Revenue

Yes	Moon	Income
1	January	IDR 2,316,000.00
2	February	IDR 1,879,000.00
3	March	Rp.1.033.500.00
4	April	Rp.2.188.700.00
5	May	Rp.860.300,00
6	June	Rp.209,800,00
7	July	Rp.441.200,00
8	August	Rp.1.578.500.00

Source: Interview from Bumdes 2024

Based on the capital **Table 1**, during the course of the BUMDes running in 2024, it will get capital from the village of Rp.107,000,000.00. It can be seen that the capital provided by the village is channeled to 3 trade sectors. for businesses that have progressed and have made a profit, namely Agricultural Kiosks, therefore the largest capital is also distributed to agricultural kiosks. In this trade, the manager sells subsidized fertilizer goods in collaboration with distributors to meet the needs of fertilizer merchandise. Considering that farmers' needs for subsidized fertilizers are very high in each planting period. Indirectly, agricultural stalls play a role in supporting the welfare of farmers as a whole. Fertilizer subsidies are given to people who own agricultural land, thereby minimizing the costs incurred. One of the indicators is the result of sales

numbers from 2024 sales data and the number of beneficiaries or buyers in 2024. This can be seen in the **Table 1**.

On the other hand, the existence of Village Department Stores and ATK in the Karangdoro Village Government Office, of course, in addition to facilitating coordination and supervision, also provides opportunities for business running for people who need services at the Village Office. It is proven that the total revenue of convenience stores and ATK in January – August 2024 is IDR 27,423,001.00. We can see the data **Table 3**. In the second stage of financial management, there is an implementation stage. At the stage of financial implementation, it is guided by the planning that was previously made. The financial planning that has been designed is then applied according to the needs of BUMDes. Currently, the needs that are met in BUMDes Mitra Abadi are the fulfillment of joint business units when goods run out.

Implementation of Financial Management of Village-Owned Enterprises (BUMDes) in Karangdoro Village

Based on the results of an interview with the director of Bumdes, Mr. Joni Kurniawan, *"that the Management of Bumdesa Mitra Abadi Karangdoro Village in managing the finances of the Bumdes has enough potential and performs well. This can be seen from the various products sold including: agricultural kiosks, ATK shops, department stores. From some of these products, it can increase the revenue in the number of sales generated by BUMDes, although little by little, the greater the possibility of profits that will be generated considering that previously it has been tested in terms of increased sales of agricultural stalls. As for the technical responsibility, the responsibility is the head of the bumdes to the village head. And in its reporting, every fertilizer subsidy is supervised by the supervision section. Therefore, it is hoped that they can continue to improve and learn in running the entire work system that is good, tenacious and honest in financial management."*

Freddy Rangkuti, stated that sales are achievements that are quantitatively stated in terms of physical or volume or unit of a product. Sales are something that indicates the rise and fall of sales and can be expressed in the form of units, kilos, tons or liters. Sales volume is the total amount generated from the sale of goods. The greater the number of sales a company generates, the more likely a profit the company will generate. Therefore, sales are one of the important things that must be evaluated to avoid losses. So profitable sales should be the main goal of the company and not for the sake of the sales volume itself. The following is a description of achievements in each business sector in 2024:

Table 4. Total net profit in each sector

Yes	Business Sector	Net Profit
1.	Farm Kiosk	IDR 15,555,000.00
2.	Convenience stores and ATK	IDR 11,675,800.00

Source: Interview From Bumdes 2024

It can be seen from the **Table 4**, that the financial statements that are running rapidly are in the agriculture, department store and ATK sectors. The results of the recap of the amount of net profit entered by BUMDes in the agricultural kiosk business sector from January to September 2024. while the attached data of the financial statements of the Department Store and ATK became 1 report, starting from January - August 2024. The data above is the amount of net profit that enters BUMDes Mitra Abadi.

In accordance with government regulations and the Decree of the Minister of Agriculture of the Republic of Indonesia number 09 of 2021 concerning the allocation and highest retail price of subsidized fertilizers in the agricultural sector for the 2021 fiscal year. The Highest Retail Price (HET) of Subsidized Fertilizers for the Agricultural Sector has been determined by the government in the Regulation of the Minister of Agriculture Number 47/Permentan/SR.310/12/2017 In 2023 to 2024, Sugeng Hariyadi, S. Pd, as the supervisory secretary, *"businesses that have progressed and have generated profits are Agricultural Kiosks, in this trade the manager sells subsidized fertilizer goods where he collaborates with distributors to meet the needs of fertilizer merchandise. Considering that farmers' needs for subsidized fertilizers are very high in each planting period, Bumdesa is trying to be present to meet the basic needs of farmers in Karangdoro Village. You can see the table of fertilizer sales reports with the highest net profit:*

Table 5. fertilizer sales report August 2024

Yes	Description	Sales quantity	Cost of goods	Selling price	Loss/ profit
1	Subsidized Urea Fertilizer	10 Tons	21.750.000	24.000.000	2.250.000
2	Subsidized Phoska Fertilizer	9 Tons	20.025.000	22.500.000	2.475.000
Total			41.775.000	46.500.000	4.725.000

Source: Interview from Bumdes 2024

Based on the **Table 5**, the fertilizer sales report for August is closed with the following recapitulation:

1) Fertilizer sales results	IDR 46,500,000
2) Fertilizer procurement capital	IDR 41,775,000
3) Fertilizer operational capital	IDR. 220.000
NET PROFIT	IDR 4,505,000

Based on the Table 5, namely subsidized fertilizer sales data every 1 month, and fertilizer sales data with the most profit falls in August 2024. with details of the number of sales, namely 10 tons of urea fertilizer, and 9 tons of phoska fertilizer. With the cost of goods and selling prices that have been determined by the government. The application of the interest-free debt system, or known as *riba-free* or zero interest, is an approach in financial transactions that aims to avoid the application of interest in debt-receivables transactions. This loan is given with the aim of helping people in need without any interest charge, so that customers only need to return the principal amount of the borrowed debt. Overall, the implementation of the zero-interest debt system aims to reduce economic inequality caused by high interest rates and create a more equitable economy, although its implementation requires a careful framework and a deep understanding of fair financial principles and Respecting the Rights of Borrowers and Lenders, Islam teaches that both parties in a debt-receivables transaction should be treated fairly. No one party should take unreasonable advantage of the other party's needs. Therefore, interest-free loans ensure that each party's rights are respected and that no party is harmed.

4. CONCLUSIONS

Based on the results of the research that has been carried out, it can be concluded that the Mitra Abadi Village-Owned Enterprises (BUMDes) in Karangdoro Village have shown good implementation in financial management and the development of their business units. Since its establishment on September 27, 2022, this BUMDes has grown although it is still in its early stages, with three business units engaged in the trade sector, namely Agricultural Kiosks, Village Department Stores, and ATK. Capital obtained from the APBDes and BUMDes internal funds of Rp. 107,000,000 by 2024 has been effectively allocated to support the sustainability and development of this business, with the Agricultural Kiosk obtaining most of the capital due to its significant contribution to the village economy, especially with the sale of subsidized fertilizers to farmers. In running a business, BUMDes Mitra Abadi applies the principles of *fiqh muamalah*, such as justice, help-help, and mutual benefit, as well as implementing an interest-free financing system (*riba-free*) in accordance with Islamic financial principles. The implementation of this system is expected to help village communities get access to financing that is fair and unburdened. Overall, BUMDes Mitra Abadi has succeeded in creating a positive impact on the economy of the Karangdoro village community. However, there is a need for continuous efforts in capacity building and business management so that these BUMDes can further develop towards the status of advanced and competitive BUMDes.

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