



## Sharia Economic Perspective on The Improvement of Community Economy Through Joint Business Groups

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### ABSTRACT

Indonesia is a country with the 4th largest population in the world. If the population size is large, if it is not followed by an increase in the quality of the population, it will certainly have an impact on poverty. Talking about the problem of poverty in Indonesia has decreased since 1976. There are two objectives of this study, the first is to determine the effect of economic growth on reducing poverty in Indonesia. And the second objective is to determine the effect of financial sector growth on poverty reduction in Indonesia. This study uses the VAR method with estimated data from 2000 to 2012. This reduction in poverty can occur as a result of economic growth and growth in the financial sector, which have increased every year. The results of this study indicate that economic growth has a negative and significant effect on poverty. The research also shows that the growth of the financial sector has an insignificant effect on poverty reduction.

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## INTRODUCTION

Human resources are essential to the growth of the Indonesian economy. The function of human resources may be viewed as an asset for intelligent individuals; yet, these human resources require management and development in order to be effective for the primary objective of enhancing a community's economy.<sup>1</sup> Sri Mulyani Indrawati, Minister of Finance, stated that the quality of human resources in the field of Islamic economics and finance must be enhanced, particularly via education. According to Sri Mulyani, there are presently 40,000 human resources in Indonesia who are competent in the subject of Islamic economics and are employed annually in the sector. However, 80 to 90 % resources in the Islamic banking business originate from conventional economics, not Islamic economics.<sup>3</sup> In this context, efforts to enhance the quality of human resources for sharia

economic projects must continue to expose and assess their deficiencies so that human resources (HR) in this sector can remain competitive, particularly in the middle of the rise of digital technology. One of the economic parts is micro-economic business, which is managed by small company groupings, particularly for the less fortunate, via individual, household/family, or group enterprises. The function of microeconomic firms is crucial to the national economy.<sup>4</sup> People's economy also refers to the democratic nature of the Indonesian economic system, where the production process is carried out by all members of the community and the results are distributed to all members of the community fairly and equitably.<sup>5</sup>

## RESEARCH METHOD

According to Sugiyono (2013), the research technique is essentially a scientific method for obtaining data with the purpose and application of gathering information or data and performing investigations on the received data. The research method gives an overview of the study design, which includes, among other things: required procedures and stages, research duration, data sources, and the methods by which data is collected, processed, and analyzed.

According to Bungin (2010), the purpose of explanatory research is to explain a generalization of the sample to the population or to explain the link, difference, or effect of a variable on other variables. This study therefore employs samples and hypotheses. In explanatory research, the researcher attempts to explain why a phenomena happens and what its effects are, as opposed to merely describing its existence. In other words, the researcher seeks to explicate the connection between two or more variables. According to Purwanto (2008), the research methodology is the total method or activity employed by researchers in doing research, from issue formulation to generating findings. The method of research employed is quantitative research. This sort of quantitative research is based on the positivist ideology and is employed to investigate a specific population or sample. The purpose of quantitative and statistical data analysis is to test the established hypothesis, which is collected through research tools. According to Sugiyono (2014), quantitative research is predicated on the following premises:

- a. That the reality that is the target of research is single-dimensional, fragmental, and tends to be fixed so that it can be predicted.
- b. Variables can be identified and measured with objective and standard tools.

The results of this study are to find the effect of the joint business group variable (X1) and the role of the companion (X2) simultaneously and partially on the community economic variable (Y). So that later it can be known the influence of each of these variables. After giving the results of the influence of these variables will be reviewed from the law based on sharia economics.

### 1. Data Collection Technique

#### a. Questionnaire Distribution

The predefined questionnaire was then delivered to each responder; the questionnaire inquired about impact on the local economy and the function of the companion. The distribution of questionnaires at the research location facilitated data collection.

#### b. Interview

The researcher conducted interviews with each potential respondent in order to assess whether or not the respondent possessed predefined qualities.

## 2. Data Analysis Techniques

### a. Validity test

To go to the next phase of data analysis, the data must pass tests of validity and dependability, which are the primary prerequisites (Sugiyono, 2014). Validity of a research instrument is determined by its ability to measure what is intended by displaying real data.<sup>7</sup>

### b. Reliability Test

Reliability test is useful to find out whether the instrument used can be used more than once with consistent results. A good reliability coefficient

#### a. Normality test

According to Nazaruddin and Basuki (2015), the Normality Test is to test whether the regression model, the dependent variable and the independent variable are both normally distributed or not. This study uses the Kolmogorov Smirnov Test. If the test results of the probability sig > 0.05 then the data is normally distributed (Ghozali 2005).

#### b. Linearity Test

This test is used to see the accuracy of the use of the model specifications used, namely to find out which functions are used in an empirical study whether it is better to use linear, quadratic, or cubic. This linearity test aims to get the calculated F value which is carried out with the help of the SPSS version 23 application for windows.

#### c. Uji Multekolinieritas

Menurut Nazaruddin dan Basuki (2015), Uji multikolinieritas untuk menguji apakah model regresi ditemukan korelasi antar variabel bebas (independen) dengan melihat nilai tolerance serta nilai VIF. Dalam pengujian multikolinieritas ini, jika  $VIF < 10$  dan  $tolerance > 0,1$  artinya tidak terdapat multikolinieritas (Ghozali 2005)

#### d. Heteroscedasticity Test

According to Nazaruddin and Basuki (2015) Heteroscedasticity Test is to test the regression model whether there is an inequality of variance from one observation residual to another observation. Heteroscedasticity test used the Glejser test with a significance level of = 5%. If the result is greater than t-significance, then there is no heteroscedasticity.

#### e. Multiple Linear Regression Analysis

According to Sugiyono (2014) multiple regression analysis is used to predict how the condition of the dependent variable will be if two or more independent variables are used as predictor factors to be manipulated. According to Sugiyono (2017) the multiple linear regression equation can be formulated as follows:

$$(Y = a + b_1X_1 + b_2X_2 + b_3X_3 + \varepsilon)$$

3+ε)

## DISCUSSION

### 1. Understanding Sharia Economics

According to Deliarnov, that the economy is the first, there are those who interpret the economy as a "way" of doing something, as in the term "economical" or "economic calculation" whose connotation is efficiency. Second, there are those who interpret economics as an "activity" that is usually shown to get something they want. Third, there are those who see the economy as an "institution" as in the terms market economy or command economy.<sup>8</sup>

Economics is a science that studies human activities related to the production, distribution and consumption of goods and services. It can be concluded that the economy is the ways in which the community uses limited resources to meet the unlimited needs of the community. The definition of Islamic Economics according to some experts is as follows:

- a. According to M.A. Manan, Sharia Economics is a social science that studies people's economic problems inspired by Islamic values.<sup>9</sup>
- b. According to Prof. Dr. Zainuddin Ali, the notion of Sharia Economics is a collection of legal norms sourced from the Qur'an and hadith that regulate the economy of Muslims.<sup>10</sup>
- c. According to Dr. Mardani, the definition of sharia economics is an activity or business carried out by individuals or groups or business entities that are legal entities and not legal entities in order to meet commercial and non-commercial needs according to sharia principles.<sup>11</sup>

From the preceding definitions, it can be stated that the concept of sharia economics refers to an economic system based on Islamic values (Al-Quran and Hadith) that serve as guidance for addressing the survival needs of every human being.

According to Bina Syifa, the Qur'an does not include a great deal of discussion since it merely outlines fundamental ideas. From these fundamental principles, a suitable and non-deviant system was created. Based on the correct motives, the Qur'an and Sunnah describe extensively how Muslims should behave as producers, consumers, and capital owners, but only briefly address the issue of the economic system.

As previously said, Islamic economics must be capable of providing the greatest chance for all business players. Consequently, Islamic economics refers to it as well. Islamic economics also highlights the following four characteristics:

1. Unity
2. Equilibrium
3. Free Will
4. Responsibility

According to Haryanti Roebiyanto, the Joint Business Group is a group assisted by the Ministry of Social Affairs of the Republic of Indonesia consisting of socially assisted families to carry out productive economic business activities in the context of business independence and to improve their level of social welfare. In the manual and technique it is explained is a forum or place for the association of group members belonging to the poor community which is formed, grows and

develops on the basis of its own initiative. ' . Interact with each other and live in regional units with the aim of improving harmonious social relations, meeting the needs of members, solving social problems encountered nature and become a forum for joint business development.<sup>12</sup> Then new 'strategies' and programs can be formulated to help them.<sup>13</sup> Poverty is a condition in which an individual or family has trouble fulfilling their fundamental requirements, and their environment does not afford opportunity to enhance their well-being or escape poverty.<sup>14</sup> Social assistance is aid provided in the form of money, commodities, or services to an individual, family, group, or community that is poor, disadvantaged, and/or susceptible to social hazards. Joint Business Group, commonly referred to as KUBE, is a group of low- income families that established, grew, and developed via their initiative to enhance family income through productive economic endeavors.<sup>15</sup>

According to the Indonesian Ministry of Social Affairs, the indicators used to determine the success of KUBE are as follows:<sup>16</sup>

1. Increasing the income level of poor families.
2. Increasing the independence of the socio-economic business of poor families
3. Increased accessibility of poor families to basic social services and public service facilities.
4. Increased awareness and social responsibility of the community and the business world in reducing poverty, increasing social resilience of the community in preventing poverty problems.<sup>17</sup>

According to the Directorate of Social Assistance, mentoring is the process of mentors assisting clients in recognizing needs and resolving difficulties, as well as fostering the development of initiative in the decision-making process, in order to achieve independence. The effectiveness of community empowerment projects will be determined by mentoring, in accordance with the philosophy of assisting others. In this situation, he was assigned the role of companion, not problem solution.<sup>18</sup>

According to Sumodiningrat, mentoring is an activity that is believed to be able to encourage optimal empowerment of the poor. The need for assistance is motivated by the existence of a gap in understanding between the parties providing assistance and the target recipients of assistance. Mentoring as an empowerment strategy can be done through:<sup>19</sup>

- a. Awareness raising and skills training  
Increased public awareness may be attained through basic education, vaccination, and sanitation socialization, while skill-related difficulties can be addressed through participatory methods.
- b. Mobilization of sources of capital

It is a strategy of combining individual resources via regular savings and voluntary contributions in order to build social capital. This concept is predicated on the notion that everyone possesses resources that

According to Rahardjo, the assistance carried out for the purpose of helping the community includes several aspects, namely as follows:<sup>20</sup>

- a. Providing opportunities (enabling) or facilitation is a function related to providing motivation and opportunities for the community, providing strength (empowering) which is related to education and training to strengthen community capacity (capacity building). positive and directive based on their knowledge and experience as well as exchanging ideas with the knowledge and experience of the community they support.
- b. Protecting is an interaction between facilitators and external institutions on behalf of and for the benefit of the assisted communities. Seeking sources, defending, using the media, improving public relations, and building networks are the tasks of protection.
- c. Supporting refers to the practical application of skills that can support positive change in society. Facilitators are required not only to be change managers who organize groups, but also to be able to carry out technical tasks in accordance with various basic skills, such as conducting social analysis, managing group dynamics, establishing relationships, negotiating, communicating, and finding and managing sources of funds.
- d. Learning, is a process of interaction of trainees with educators and learning resources in a learning environment, learning is a process of learning activities that involve changes in cognitive, affective, and psychomotor aspects as a form of individual personal and social adjustment, so that individual learning is expected to be able to adapt to the environment. and their learning needs are met and bring about optimal change.

## 2. Community Economy

The economy has the meaning of the basic words, namely "Oikos" which means household and "Nomos" which means rules, so the economy implies the rules that apply to meet the needs of life in a household. So, economics means the study of the principles of production, distribution and use of goods and wealth (such as finance, industry and trade). Based on this understanding, it can be concluded that an increase in the economy is an improvement in conditions from a weak economy to a better economy or progressing from before.<sup>21</sup>

The community economy is a collection of human groupings that have already established the social order, rules, and practices of their surroundings. The objective of this economic development is to increase the level through productive autonomous enterprises that pay close attention to management.<sup>22</sup>

According to Zulkarnaen, the people's economy is an economic system that must be adhered to in line with the state's concept, which entails two aspects: fairness and economic democracy, and support for the people. There are two ways to comprehend the people's economy: first, the approach to the economic activities of small-scale economic players known as the people's economy.<sup>23</sup> People's economic empowerment is intended to empower small business economic players based on this method. Participatory development describes a democratic economic system approach or democratic development system. On the basis of this second method, economic empowerment is meant to

implement democratic development ideals. This implies that the people's economy is an economic system that engages all levels of society in the growth process, with all layers serving as the driving force of progress without exception. This second strategy is commonly known as a people's economy.<sup>24</sup>

In general, economists have not mentioned a complete principle concerning the people's economy. However, as stated in the 1945 Constitution, especially Article 33, are:<sup>25</sup>

- a. The principle of kinship, that the economy is structured as a joint effort based on the principle of kinship. This principle is a reference for all business entities, both BUMN, BUMS and BUMD.
- b. The principle of justice, the implementation of a people's economy must be able to realize justice in society. This system is expected to provide equal opportunities to all children of the nation, be it consumers, entrepreneurs, or as workers.
- c. The principle of income distribution, the community as consumers and economic actors must feel income distribution.
- d. The principle of balance between individual interests and the interests of society. Economic activities must be able to create a synergy between individual interests and the interests of the community.
- e. The principle of cooperation or networking, in this principle economic actors must help each other and work together, by working together of course various small business activities will become strong and large.

give rise to new forms and creations in the economic field. As long as the form of creation and effort does not conflict with the general rules contained in the Qur'an and As-Sunnah, it can be justified. Changes in the form of the implementation of economic activities are more due to *mu'amalah* issues, according to the *fiqh* experts, the economy includes issues of *ta'aqquliyat* (which can be understood by humans) or *ma'qulat al-ma'na* (which can be entered into by logic).

The point is that economic problems are very concerned about the nature contained in an economic activity and the targets to be addressed. Taqiyuddin Al-Nabani said that the purpose of *syara'* in establishing law is in the context of realizing human benefit by ensuring the fulfillment of basic needs (*dharuriyah*) and fulfilling secondary needs (*tahsiniyah*) (Taqiyuddin An-Nabani, 1996). If economic activities carried out by humans can create benefits for humans, then economic activities become legitimate.

And if the economic activity causes harm, then the economic activity becomes null and void. The concept of populist economy is an economic building that emphasizes efforts to prosper the small people as individuals to create people's welfare, not to build inequality first and then equity.

The concept of populist economy is an economic building that emphasizes efforts to prosper the small people as individuals to create people's welfare, not to build inequality first and then equity. As some opinions state that in Surah An-Nahl verse 71 it can be used as one of the bases for building the concept of populist economy in Islam.

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