

Business Development Model with Mudarabah Scheme in Village-Owned Business Entity (BUMDes)

Bambang Waluyo^{1*}, Nurul Hasanah², Sylvia Rozza³

^{1,2,3} Accounting Department, Islamic Banking and Finance Study Program, Politeknik Negeri Jakarta

*Corresponding Author

Abstract: Mudarabah contract is a business contract in which two parties are involved in the business, one party is the shahibul maal and the other party is the mudarib. The purpose of the research is to create a model for developing a BUMDes business with a mudarabah scheme.

Methods: This research method is a development method by describing the type of business carried out by BUMDes, which is then combined with a mudarabah scheme so that it can produce a business model with a mudarabah scheme for BUMDes.

Results: BUMDes establishes a Micro Finance Program (MFP), the main task of which is to collaborate with people who have the ability to run a business. MFP as shahibul maal and Micro-Enterprises as mudarib. MFP conducts a selection to determine which micro enterprises will cooperate. Profits/losses are shared between MFP Micro Enterprises in a fixed ratio. Losses due to force majeure are borne by MFP, losses for Micro Enterprises are limited to time and effort. Micro Enterprises will buy the capital invested by MFP during the mudarabah period so that MFP ownership decreases from time to time and Micro Enterprises will become owners of 100% of business capital.

Conclusion and suggestion: The obstacles that occur in the implementation of mudarabah in BUMDes are moral hazard, minimal experience, product marketing, and accounting that is still simple. Efforts to minimize these problems are strict selection, business assistance, marketing, finance, selecting Micro Enterprises with locations close to MFP.

Keywords: Model, BUMDes, MFP, micro-enterprises, mudarabah

I. Introduction

Village economic growth is often considered slow compared to urban economic development (Bachrein, 2010). One strategy to improve welfare in the village is to realize village entrepreneurship (Ansari, 2013). Village social capital is greater than economic capital but is the most shallow and unable to facilitate economic development (Eko, et al. 2014).

Village entrepreneurship can be accommodated in Village Owned Enterprises (BUMDes) which are developed by the government and village communities (Prabowo, 2014). BUMDes is an economic institution at the village level aimed at managing village potential and prospering the community which is managed by the village government together with the community (Budiono, 2015). The existence of BUMDes aims to bring economic and social changes to rural communities to achieve prosperity. However, the results of the study show that BUMDes does not bring significant benefits to directly improving the welfare of citizens (Anggraeni, 2016). BUMDes contributes a fairly large Village Original Income (PADes) to the village, but it has not yet had an impact on the welfare of the community. BUMDes has not been effective in contributing to community development and empowerment in villages (Prasetyo, 2016). BUMDes is a village development innovation to strengthen the economy of rural communities, but its success has not been seen well enough in many villages (Hidayah, Mulatsih, Purnamadewi, 2019).

In Islamic economics, there is a mudarabah contract, which is a business contract in which two parties are involved in the business, one party is the owner of the funds (shahibul maal) and the other party is the business manager (mudarib) (Amer, Anees, Sajjad, 2014). At the time of the Prophet Muhammad SAW, mudarabah became an option and was successful because between shahibul maal and mudarib in adjacent areas, they knew each other so that supervision by shahibul maal on the business carried out by mudarib became easier to do. BUMDes are very likely to run a mudarabah-based business, where

generally in the village community they still know each other and live in adjacent areas. Some of the characteristics of the village community are the collective way of life, having solidarity, a lively life marked by mutual cooperation (Putra, 2015). The characteristics of the villagers can be used as social capital to support the BUMDes business with the mudarabah scheme.

BUMDes can act as shahibul maal, a community capable of running a business as mudarib. This is very beneficial for entrepreneurs in rural areas who are generally unbankable (Trimulato, 2016). Another positive value in mudarabah is fair equality between capital owners and managers, as well as having a courageous responsibility in taking risks (Nurhasanah, 2010). The mudarabah scheme to help the economically weak in rural areas become productive, is expected to create prosperity as is the goal of Islamic economics. By implementing the mudarabah scheme in BUMDes, it is hoped that it will expand public access to BUMDes through the involvement of BUMDes as the owner of funds and the people who carry out the business. Through this mudarabah model, BUMDes is expected to become a business unit that can actually help the growth of entrepreneurs in the village. Through the implementation of cooperation with the mudarabah scheme, it is hoped that the role of BUMDes will run effectively in contributing to community development and empowerment.

The purpose of the research is to create a model for developing a BUMDes business with a mudarabah scheme, along with the requirements that must be met in order to grow so as to increase its role in improving the welfare of rural communities. The research method used is the development method. This research is a qualitative descriptive study, namely by describing or describing the type of business carried out by BUMDes, which is then combined with a mudarabah scheme so that it can produce a business model with a mudarabah scheme for BUMDes. Collecting data by studying literature through journals and textbooks. Data processing is carried out by descriptive analysis and then presented in the form of a model chart, along with explanations and examples.

II. Literature Review

A. The Role of BUMDes in Developing Village Potential

In UU Nomor 6 Tahun 2014, it is explained that BUMDes is a village economic institution that has an important role in realizing the welfare of the community, village, and village government. BUMDes was formed with social objectives which were not only aimed at the profit aspect but also aimed at village development. BUMDes is assessed from business feasibility based on social and economic aspects which have a positive impact on the community (Setyobakti, 2017). The key to the success of BUMDes management lies in the ability of village leaders to see opportunities and challenges, running businesses in accordance with existing regulations, and the ability to choose the right people in managing BUMDes with a social entrepreneurial spirit. Another factor that affects the sustainability of the BUMDes business is that BUMDes activities are based on activities and culture that are already running in the community. The existence of BUMDes can encourage and develop the economic potential of the village (Samsir, 2016). The type of business carried out by BUMDes is expected to be able to overcome the problems faced by the community.

The role of BUMDes is very important because it can support the economy and the lives of rural communities (Amri, 2015). The programs organized by BUMDes include savings and loans and goods credit. The objectives of these programs are to improve the economy, creativity, and business opportunities of rural communities, encourage the development of micro-enterprises, increase income and welfare of rural communities, and increase village original income.

There are still many obstacles in the management of BUMDes in several regions in Indonesia (Agunggunanto, 2016). These obstacles include the limited type of business that is run and the human resources that manage BUMDes as well as low community participation due to their low knowledge. Other research suggests that the majority of BUMDes managers are inexperienced and have educational backgrounds that are not in accordance with their work so that the work targets achieved are less than optimal (Hidayati, 2015). The role of BUMDes has not run optimally (Srirejeki, 2018). This is due to the problem of efficiency and effectiveness of BUMDes, including the lack of network and participation of the village community. However, there are several factors that encourage BUMDes to perform well, namely patriotism, spirit of BUMDes employees, skills, training, education level, experience, honesty, responsibility, sincerity, seriousness, care for the environment and society, persistence, teamwork, transparent communication, unyielding attitude in achieving performance targets, religious, work satisfaction, and visionary leadership style (Sofyani, 2019).

B. Partnership Based on the Mudarabah Scheme

One of the noble lessons of the mudarabah contract is that each party who establishes a cooperative mudarabah relationship gets benefits in the form of material, experience and others, so that in time, the owner of the capital can manage his own wealth. As a business actor, he can start a business with his expertise and the capital he has managed to collect from the profit sharing with the first investor.

Mudarabah is a form of partnership (Chapra, 2000). The principle of justice can be realized in the real world in the mudarabah contract, because both parties involved feel the benefits. If they experience a loss, they also share, the investor bears the material loss (capital), while the business actor bears the non-material loss (energy and thoughts). No one is justified in making profits without having to bear the business risks of the mudarabah contract.

In general, Islamic teachings offer basic values or general principles whose application in business is in accordance with the times and considerations of the dimensions of space and time. In Islam there are basic values of business ethics, including monotheism, caliphate, worship, tazkiyah and ihsan. From this basic value can be raised to the general principles of justice, honesty, openness (transparency), togetherness, freedom, responsibility and accountability. Justice is the dream of every individual wherever they are. Islam highly upholds the value of justice in the economic world.

With reference to the above provisions, mudarabah as part of a permissible contract, its implementation must be in accordance with Islamic economic rules. Conceptually, it is very clear that the partnership between the owners of funds is something that must be properly understood by the parties running the mudarabah business. Individuals who are involved in mudarabah business do not cause harm by dishonestly running a business to deceive other individuals.

The relationship between shahibul maal and mudarib in mudarabah is a partnership relationship (Indonesian Institute of Accountants (2016). Islamic finance is founded on the principles of partnership and cooperation, in the form of capital participation and risk sharing. The system must promote risk equity and cooperation between fund providers (investors) and users of funds (entrepreneurs). Islamic finance is based on community-oriented and entrepreneur-friendly, emphasizing productivity, expansion of production and economic services. Therefore, Islamic finance shifts its original focus on collateral or the borrower's financial capacity (current dominant practice) into the fabric of trust to the employer as well as the feasibility and usefulness of the project.

Based on the overview of the mudarabah, it can be described groove mudarabah in Figure 1.

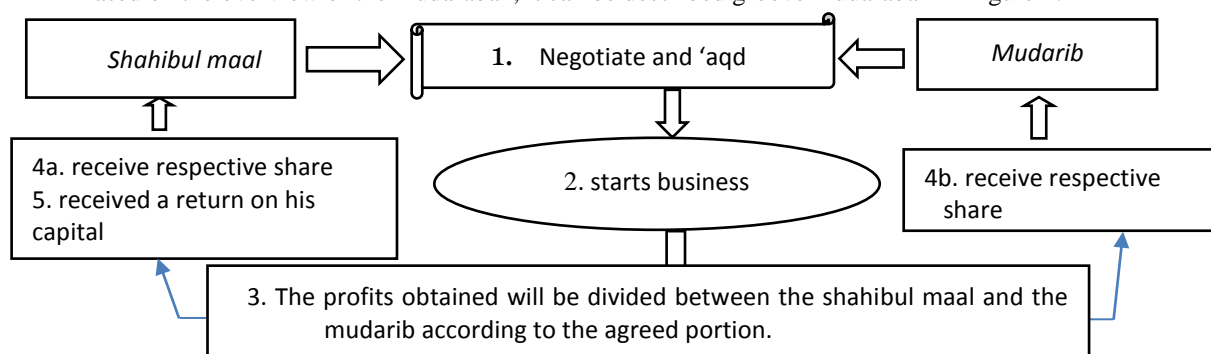


Figure 1 Mudarabah Transaction Flow

Source: Yaya, Rizal, et al (2014) in Waluyo (2018), processed

The explanation of the above flow is as follows:

- Mudarib (business manager) submits a partnership application by filling out the application form.
- Shahibul maal and mudarib negotiate, if there is an agreement then shahibul maal contributes his capital and mudarib starts managing the agreed business based on the agreement and the best of his abilities.
- The results of operations are evaluated at the time specified by agreement. The profits obtained will be divided between the shahibul maal and the mudarib according to the agreed portion. If there is a loss that is not caused by the negligence of the mudarib, the loss is borne by the Shahibul Maal. The loss caused by the negligence of the mudarib is entirely the responsibility of the mudarib.
- Shahibul maal and mudarib receive their respective share of the profit based on the agreed calculation method.

- e. Shahibul maal received a return on his capital from mudarib. If the mudarib has returned all the capital belonging to the shahibul maal, then the business becomes the property of the mudarib completely.

III. Research Method

This research method is a development method by describing the type of business carried out by BUMDes, which is then combined with a mudarabah scheme so that it can produce a business model with a mudarabah scheme for BUMDes. Collecting data by studying literature through journals and textbooks. Data processing is carried out by descriptive analysis and then presented in the form of a model chart, along with all detailed explanations.

IV. Results

A. BUMDes Business

Based on a press release from the Financial Services Authority (OJK) dated October 21, 2020 (<https://www.ojk.go.id>) OJK supports the program of the Ministry of Villages, Development of Disadvantaged Regions, and Transmigration to establish and develop together with Village Financial Institutions (LKD) which is a Micro Finance Institution (LKM) business unit of the Joint Village Owned Enterprise (BUMDESMA). This is in accordance with OJK's commitment to continue to improve and develop the village economy in order to encourage community welfare, especially in rural areas. The launching of the LKD Establishment Program for Improving Financial Literacy and Inclusion, Development of Joint Village Owned Enterprises/Village Enterprises and Development of LKM in the Context of Empowering Village, Rural, Disadvantaged Areas, and Transmigration Areas. The existence of this LKD is in line with the program of the OJK, the Ministry of Villages and local governments in realizing the goal of developing the country through rural areas. LKD is also a manifestation of OJK's participation in developing the country through villages and this is part of OJK's goal to contribute to the national economy. The establishment of the LKD is expected to be able to realize the dream of developing a large financial institution that grows and is sourced and beneficial to the village community. The existence of LKD aims to reduce poverty in rural areas and will be expanded to all villages in Indonesia.

This study will describe one of the businesses that can be carried out by BUMDes, namely businesses in the financial sector. BUMDes businesses in the financial sector can be linked to LKD even though they have different operations, where LKD operations adopt a Micro Waqf Bank scheme that does not accept public deposit funds (non deposit taking), uses a group basis, does not charge interest except for administrative fees and gets assistance from OJK. The business operations of BUMDes in the financial sector are in the form of distributing funds to village communities who have businesses. Currently, it is found that the economic needs of the community are closely related to businesses such as the banking sector, because people's needs are urgent and sudden. Not a few people are found who are trapped in loan sharks with loans that charge high interest which will be very miserable for the community. Loans that can be easily obtained online, which are currently developing, also offer the convenience of obtaining funds for urgent needs as well as for business needs. However, this is often found in the end causing problems such as high interest rates and even many times the principal loan.

BUMDes as a village-owned business institution should be able to become a bridge for village communities who have businesses and are fostered so that they can develop. Real steps that can be taken by BUMDes, for example, are to form businesses that will become a means for the community to obtain capital for businesses. If BUMDes is able to provide assistance in the form of a business similar to what banks do, it may be very helpful for the community, especially for people who have businesses. This is interesting, because financial assistance will greatly help develop a business with loans or bailouts provided by BUMDes. In this study BUMDes is assumed to be able to develop a Micro Finance Program (MFP BUMDes) which can be a form of BUMDes business, besides that it can also be a revolving fund business. MFP BUMDes is given the main task of collaborating with people who have the ability to run a business. MFP BUMDes acts as the owner of the funds (shahibul maal) and the community who owns the business (Micro Business) will act as fund managers (mudarib).

The MFP BUMDes that is run by BUMDes will provide the funds needed by the community of business actors, both individual businesses and group businesses. The business management model between MFP BUMDES and community business owners can be done by adopting the existing scheme in Islamic economics, namely the mudarabah scheme. The following section will further describe the model for distributing funds from BUMDes through MFP BUMDes to the community of business owners.

B. BUMDes Business Model – Micro Enterprises with Mudarabah Scheme

In a profit sharing pattern based on a mudarabah contract, MFP BUMDes can act as the owner of the funds (shahibul maal) who will distribute funds to the community of business owners (Micro Business). Community owners of Micro Enterprises are those who have a business that has been running and has been proven to have the ability to run a business. MFP BUMDes also helps to finance Micro Enterprises and those who want their business to grow, or new businesses managed by people who are interested in running a business. Types of community businesses that can be financed by BUMDes may include services, distribution of nine basic commodities, trade in agricultural products, and/or small and household industries. These types of businesses can certainly be developed according to the needs and potential of the village concerned. MFP BUMDes as the owner of the funds will oversee the use of the funds, as well as being able to carry out the role as a business companion.

In the process of distributing funds to Micro Enterprises, MFP BUMDes needs to conduct a strict selection to screen who is entitled to receive the distribution of funds. Micro-businesses that receive funds then act as mudarib (fund managers) and they are required to manage the funds properly to run the business.

In mudarabah, the business cooperation between the shahibul maal and the mudarib is that the shahibul maal will participate in the business by meeting 100% of the capital required by the mudarib. Even though he bears 100% of the capital, the shahibul maal cannot intervene in the affairs of running the business carried out by the mudarib. Running a business is the absolute right of the mudarib without involving the shahibul maal. Shahibul maal can only oversee the running of the business but cannot participate in the management of the mudarib business. On the other hand, if there is a business loss, as long as it can be proven that it did not occur due to intentional negligence by the mudarib, then 100% of the loss will be borne by the shahibul maal. This shows that in mudarabah, for shahibul maal there is a big risk in the form of bearing 100% of the loss. On the other hand, if the loss incurred in the business is the result of the negligence of the mudarib, the mudarib will bear 100% of the loss. If the business being carried out makes a profit, it is divided according to the ratio agreed at the beginning of the contract, for example 30:70 which means 30% profit for shahibul maal and 70% for mudarib.

To be involved in the mudarabah transaction, MFP BUMDes must fulfill the following legal obligations:

- a. Details of the parties to the contract, description of the object, nature of the business to be carried out, contract period and all other relevant details including limitations and restrictions must be clearly stated. Micro Enterprises as partners must ensure that the terms and conditions of the contract are clear, concise and unambiguous, not intentionally misleading in any way that will confuse or result in a relationship that results in disrespect for each other.
- b. MFP BUMDes must bear all financial risks as long as there is no intentional loss by Micro Enterprises, and MFP BUMDes must not require collateral to reduce this risk.
- c. The profit sharing ratio must be determined and agreed upon prior to the implementation of the mudarabah. The ratio is only a percentage of the profit. Fixed amount payments are not allowed.
- d. The right of Micro Enterprises as fund managers to have full control over business management while effective supervision is the right of MFP BUMDes.

In financing using a mudarabah contract, there is a process of resource allocation (capital) from the owner of the capital (shahibul maal) to those who need capital (mudarib). The allocation of these resources helps mudarib meet the lack of capital and can prevent the concentration of wealth, minimize inequality in society through a system of distribution of wealth, wealth, income, fair and equitable development results and optimal use of resources will occur. Optimal use of resources can occur because mudarib as business managers already have resources in the form of production factors which then become more productive with the allocation of shahibul maal funds through the distribution of mudarabah financing.

Mudarabah financing will drive the real sector because this financing is productive, that is, it is channeled for investment and working capital needs. If investment in the real sector increases, of course, it will create new job opportunities so that it can reduce unemployment while increasing people's income.

The characteristic of mudarabah which emphasizes the existence of business cooperation between the owner of the fund and the manager of the fund, which is then followed by the "must" to try to make a profit if you want to get profit sharing. Based on this, a model can be made to develop BUMDes with a profit sharing pattern based on a mudarabah contract (figure 2):

The model assumptions are as follows:

- a. Individuals who participate in BUMDes business are compliant individuals and they do not intend to commit fraud, fraud and other harmful activities.
- b. Business activities financed by the mudarabah scheme provide fixed profits per month.

- c. The division of fund distribution in BUMDes is competent and sufficiently trained in choosing the type of product and is able to implement it.

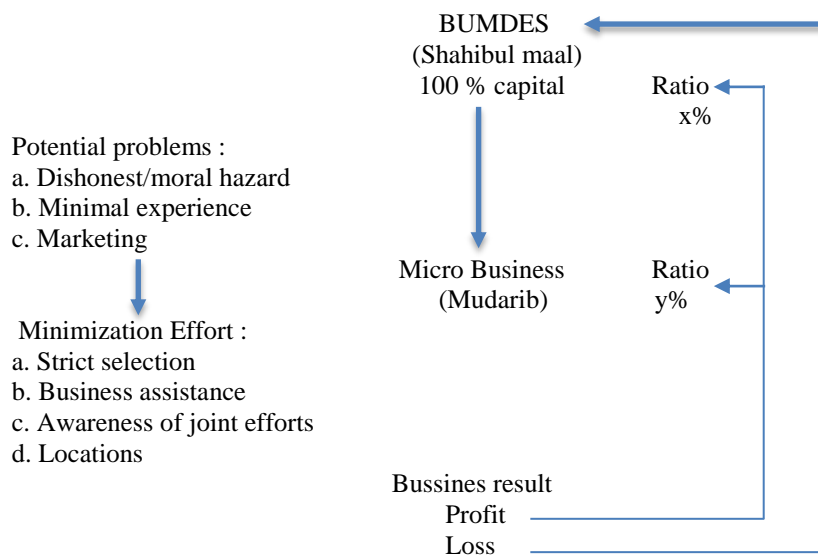


Figure 2. BUMDes Business Model with Mudarabah Scheme

Micro-enterprises will run their business without interference from MFP BUMDes. However, MFP BUMDes can provide management assistance in business management so that businesses run by Micro Enterprises can achieve the goal of generating profits. MFP BUMDes and Micro Enterprises will agree on a profit sharing ratio for profit sharing. Profits generated by Micro Enterprises will be distributed according to the agreed ratio. For example, the ratio of 30%: 70%, which means that if Micro Enterprises make a profit, then the profit is divided for BUMDes 30% and 70% for Micro Enterprises. So, the share of profit received by MFP BUMDes will become income for BUMDes, and the share of profit received by Micro Enterprises as income. In the event of a business loss, if the loss is not due to negligence by the Micro Enterprise, the loss will be 100% of the responsibility of the BUMDes MFP. This means that MFP BUMDes will bear the loss. If the loss is intentional by the Micro Business running the business, then the loss will be 100% borne by the Micro Business. MFP BUMDes as the owner of the funds will only supervise the implementation of businesses run by Micro Enterprises.

MFP BUMDes distributes funds under a mudarabah scheme to Micro Enterprises, while Micro Enterprises provide their personnel and expertise. Profit (or loss) of financing will be shared between MFP BUMDes and Micro Enterprises in a fixed ratio. Losses are assumed to be borne by MFP BUMDes, the liability of Micro Enterprises is limited to the loss of time and effort. The contract between MFP BUMDes and Micro Enterprises is a restricted mudarabah because MFP BUMDes agrees to finance certain business activities with Micro Business actors and share the relative profits in accordance with the agreed percentage.

V. Results And Analysis

BUMDes Business Model through MFP BUMDes in collaboration with Micro Enterprises using the Mudarabah Scheme, it is necessary to describe how economically the model benefits the cooperating parties. The following is an example of the implementation of the mudarabah financing model in businesses between BUMDes and Micro Enterprises.

Assume in the mudarabah between MFP BUMDes and Micro Enterprises follow the following provisions:

- a. The contribution of MFP BUMDes is RP 5.000.000,00 and Micro Enterprises as mudarib will contribute with their work.
- b. The profit-sharing ratio is 30:70, namely the MFP BUMDes share is 30% while Micro Enterprises is 70%.
- c. The term of mudarabah is one year.

MFP BUMDes cannot partner indefinitely. To complete the mudarabah successfully, the Micro Enterprise will purchase the capital invested by the BUMDes during the mudarabah period. It is assumed

that the investment is divided into 12 (number of months in a year) equal parts in one year and Micro Enterprises will buy 1 (one) share on a monthly basis. Profits will also be shared on a monthly basis. In this case the Micro Business as mudarib will buy ownership of Rp 416.667,00 monthly or 8,33% ownership of BUMDes ($1/12 \times \text{Rp } 5.000.000,00$).

Furthermore, the amount distributed by MFP BUMDes to Micro Enterprises is used to be managed to run a business. The results of Micro Enterprises are assumed to be as follows:

a. The mudarib profit is Rp 3.000.000,00 at the end of the 1st month.

Example 1:

During the first month of business implementation, MFP BUMDes is the owner of 100% of the capital so that according to the agreed ratio, MFP BUMDes will receive Rp 900.000,00 (30% of Rp 3.000.000,00) as part of the profit while the share of profit from Micro Enterprises or mudarib in the amount of Rp 2.100.000,00 (70% of Rp. 3.000.000,00). According to the agreement, Micro Enterprises will take over/purchase the invested capital of MFP BUMDes worth Rp 416.667,00/month (rounded off to Rp 416.670,00). The following is the calculation of the amount of payments by Micro Enterprises to MFP BUMDes at the end of the 1st month:

Total Monthly Payments = Share of MFP BUMDes profit + price of one share of capital

$$\text{Rp } 1.316.670,00 = \text{Rp } 900.000,00 + \text{Rp } 416.670,00$$

Example 2:

Entering the 2nd month BUMDes has sold one part of the total capital ownership. Now BUMDes owns 91,67% ($100\% - 8,33\%$) and the share of capital sold to Micro Enterprises belongs to Micro Enterprises and Micro Enterprises now have rights to the resulting profits, which is 8,33%. Assume that the Micro Business in the second month also makes a profit of Rp 3.000.000,00. The amount of profit that will be shared is equal to the remaining share of BUMDes ownership, which is 91,67% of the total profit or Rp 2.750.100,00. This amount will be divided according to the agreed ratio.

The total payments for Micro Enterprises to MFP BUMDes at the end of the 2nd month are:

Total Monthly Payment = Share of MFP BUMDes profit + price of one share of capital

$$\text{Rp } 1.241.700,00 = \text{Rp } 825.030,00 \text{ (30\% of Rp } 2.750.100,00 \text{)} + \text{Rp. } 416.670,00 \text{ (purchase price)}$$

In the 2nd month, the mudarib made a smaller payment than the one paid at the end of the first month of Rp 1.316.670,00. If it is assumed that the Micro Business in the second month earns a profit of Rp 2.000.000,00. The amount of profit that will be shared is equal to the remaining ownership share of MFP BUMDes, which is 91,67% of the total profit, which is Rp 1.833.400,00. This amount will be divided according to the agreed ratio, so that the total payment by Micro Enterprises at the end of the 2nd month is:

Total Monthly Payment = BUMDes profit share + price of one share of capital

$$\begin{aligned} \text{Rp } 966.690,00 &= \text{Rp } 550.020,00 \text{ (30\% from Rp } 1.833.400,00 \text{)} + \\ &\text{Rp } 416.670,00 \text{ (purchase price)} \end{aligned}$$

Based on the illustration, it is known that the total monthly payment will depend on profit. The payment element whose amount is fixed is the purchase price of MFP BUMDes ownership by Micro Enterprises of Rp 416.670,00 per month.

Example 3 :

In the month starting, the ownership share of MFP BUMDes has decreased. At the beginning of the 3rd month BUMDes “only” had 83.33% and the profit share would adjust accordingly. Payments made by Micro Enterprises at the end of the third month were even lower. Likewise, ownership and share of Micro Enterprises profits will increase in the following months while for MFP BUMDes since the 2nd month it will decrease from time to time. At the end of the 12th month the ownership of MFP BUMDes will be zero and the collaboration with Micro Enterprises with the mudarabah scheme is complete.

The following table 1 is a summary of the payment schedule in tabulated form to gain a better understanding.

Table 1 Distribution of Business Results Between Micro Enterprises and MFP BUMDes

Month	Beginning Ownership of MFP BUMDes	Beginning Ownership of ME	% Divided Profit	Total Profit	Portion of MFP BUMDes	Ownership Purchase Price	Total Payment
(A)	(B)	(C)	(D)	(E)	(F) =D*30%(E)	(G)	(H)
1	100%	0%	100,00%	3.000	900	416,67	1.316,67
2	91,67%	8,33%	91,67%	3.000	825,03	416,67	1.241,70
3	83,33%	16,66%	83,33%	3.000	749,97	416,67	1.166,64
4	75,01%	24,99%	75,01%	3.000	675,09	416,67	1.091,76
5	66,68%	33,32%	66,68%	3.000	600,12	416,67	1.016,79
6	58,35%	41,65%	58,35%	3.000	525,15	416,67	941,82
7	50,02%	49,98%	50,02%	3.000	450,18	416,67	866,85
8	41,69%	58,31%	41,69%	3.000	375,21	416,67	791,88
9	33,36%	66,64%	33,36%	3.000	300,24	416,67	716,91
10	25,03%	74,97%	25,03%	3.000	225,27	416,67	641,94
11	16,70%	83,30%	16,70%	3.000	150,3	416,67	566,97
12	8,37%	91,63%	8,37%	3.000	75,33	416,67	492,00
13	0%	100,00%	0,00%	3.000	0	0	0,00
Total						10	10.851,93
ME = Micro Enterprise							

Source: Illustration by the author

The following is an illustration of Micro-Enterprise revenue, for example at the end of the 1st month:

$$\text{Total Micro-Enterprise Revenue} = 70\% \times \text{Rp } 3.000.000,00 + (0\% \times \text{Rp } 3.000.000,00) \\ = \text{Rp } 2.100.000,00$$

In the month, Micro Enterprises earn Rp 2.100.000,00 (70% of the total reported profit). Then from the Rp 2.100.000,00 that he received, it was used to pay the price of one part of the capital of Rp 416.670,00 so that there was still a balance of Rp 1.683.330,00 which belonged to the Micro Enterprise. The amount received by MFP BUMDes is the price of one part of capital of Rp 416.670,00 plus its share of profit of Rp 900.000,00 for a total of Rp 1.316.670,00 (see example 1).

At the end of the 2nd month:

$$\text{Total Micro Business Revenue} = 70\% \times \text{Rp } 3.000.000,00 + (8,33\% \times \text{Rp } 3.000.000,00) \\ = \text{Rp } 2.350.000,00$$

In the 2nd month, Micro Business earns Rp 2.100.000,00 (70% of the total reported profit) and Rp 250.000,00 (8,33% x Rp 3.000.000,00) which is part of the ownership so that the total receives Rp 2.350.000,00. Then from the Rp 2.350.000,00 that he received, it was used to pay one part of the capital amounting to Rp 416.670,00 and a share of Rp 825.030,00 (total Rp 1.241.700,00 i.e. Rp 416.670,00 plus Rp 825.030,00 see example 2) so that there is still a balance of Rp 1.758.300,00 which belongs to Micro Enterprises.

Remaining receipts/balances for Micro Enterprises from month to month are getting bigger and slowly Micro Enterprises also become owners of 100% of the capital. This will certainly help Micro Enterprises develop their business in the future towards independence without dependence on capital from outside parties. For example, in the 13th month, Micro Businesses get the same profit, which is Rp 3.000.000,00, then that amount is fully the rights of Micro Enterprises. This should be a motivation for Micro Enterprises to work better in the future. On the other hand, MFP BUMDes did not suffer losses because they had received a return on their principal investment and also received a share of profits according to the agreed ratio. The following is an illustration of how progressive ownership of Micro Enterprises is during the implementation of the mudarabah business with MFP BUMDes.

Table 2 Progressive Ownership of Micro Enterprises

Month	Beginning Ownership of MFP	Beginning Ownership of ME	% Divided Profit	Total Profit	Profit Sharing for MFP	Profit Sharing for ME	ME Portion of Ownership	Ownership Purchase Price	Total ME Revenue	ME Payments to	Receipt Balance for ME
A	B	C	D	E	F	G	H	I	J	K	L
					$=D*30\%*E$	$=D*70\%*E$	$=C*E$		$=G+H$	$=F+I$	$=E-K$
1	100,00%	0,00%	100,00%	3.000,00	900,00	2.100,00	-	416,67	2.100,00	1.316,67	1.683,33
2	91,67%	8,33%	91,67%	3.000,00	825,03	1.925,07	249,90	416,67	2.174,97	1.241,70	1.758,30
3	83,34%	16,66%	83,34%	3.000,00	750,06	1.750,14	499,80	416,67	2.249,94	1.166,73	1.833,27
4	75,01%	24,99%	75,01%	3.000,00	675,09	1.575,21	749,70	416,67	2.324,91	1.091,76	1.908,24
5	66,68%	33,32%	66,68%	3.000,00	600,12	1.400,28	999,60	416,67	2.399,88	1.016,79	1.983,21
6	58,35%	41,65%	58,35%	3.000,00	525,15	1.225,35	1.249,50	416,67	2.474,85	941,82	2.058,18
7	50,02%	49,98%	50,02%	3.000,00	450,18	1.050,42	1.499,40	416,67	2.549,82	866,85	2.133,15
8	41,69%	58,31%	41,69%	3.000,00	375,21	875,49	1.749,30	416,67	2.624,79	791,88	2.208,12
9	33,36%	66,64%	33,36%	3.000,00	300,24	700,56	1.999,20	416,67	2.699,76	716,91	2.283,09
10	25,03%	74,97%	25,03%	3.000,00	225,27	525,63	2.249,10	416,67	2.774,73	641,94	2.358,06
11	16,70%	83,30%	16,70%	3.000,00	150,30	350,70	2.499,00	416,67	2.849,70	566,97	2.433,03
12	8,37%	91,63%	8,37%	3.000,00	75,33	175,77	2.748,90	416,67	2.924,67	492,00	2.508,00
13	0,00%	100,00%	0,00%	3.000,00	-	-	3.000,00	-	3.000,00	-	-

ME = Micro Enterprise

Source: Illustration by the author

Constraints in BUMDes MFP Mudarabah - Micro Enterprises.

Business financing based on the mudarabah scheme between BUMDes MFP and Micro Enterprises, there are inherent risks in the form of potential problems faced such as:

1. Dishonest/moral hazard

Moral Hazards can occur at the time of submitting an application for cooperation in business management, fund management and at the time of payment of business results. This is due to loose selection and low supervision. Moral hazard that arises from Micro Enterprises can be detected through the installment pattern, the character of the Micro Business owner, and the level of production. Hidden actions, misjudgments, subjectivity to potential Micro Business partners, can also result in moral hazard for the BUMDes MFP managers.

Factors that need to be considered in business activities are efforts to default on cooperation agreements. This can be caused because, for example, some Micro Enterprises stop managing their business on the grounds that they already have their own main job so that the business results are less than optimal. It is necessary to be careful from the outset lest the cooperating business is just a side job for Micro Enterprises. Communication and socialization are needed to increase awareness, a sense of responsibility for the joint business being carried out. Moreover, if the capital provided to Micro Enterprises is sufficient to start the business for the progress of the village economy.

2. Minimal experience

Experience in managing the business of Micro Business actors may be very little or in the form of a business that is just starting. Therefore, there is a need for micro-enterprises that can cooperate are those who have carried out a business, for example a minimum of two years. This is to convince MFP BUMDes that the Micro Business actors are people who are consistent in running their business, and have experience in production and marketing.

3. Marketing

It is possible that Micro Enterprises are able to carry out production but have difficulty in selling their products. Sales of business results in Micro Enterprises can be an obstacle. Consistency in maintaining product quality as well as experiencing problems in selling their products. This can happen because of the tendency of Micro Business actors to focus more on the production process without being balanced by marketing and promotion. It should be noted that when the production is available, there is confusion about how to sell it quickly. Simple promotional steps, namely word of mouth or simply displaying their products in shops, are something that is usually done by Micro Enterprises.

4. Recording is still simple.

In terms of recording business results, Micro Enterprises have problems in how to report their business results. Generally, Micro Enterprises do not recognize the bookkeeping of business results because HR does not understand how to carry out the recording and reporting of business results. It is hoped that in the future BUMDes can choose Micro Enterprises that are truly credible, experienced and responsible so that the capital used so that the capital provided by BUMDes is not in vain.

Efforts that can be made to minimize problems are:

1. Strict Selection

Selection of Micro Businesses who are entitled to the opportunity to cooperate with mudarabah contracts is to conduct elections that are free from the interests of the BUMDes MFP management. Only Micro Enterprises that before collaborating with MFP BUMDes had run a business, for example at least 1 year. This will be one of the elements that can show the ability of Micro Enterprises to survive in the competition and run a business. Because in a village environment, people generally know each other, but in terms of business feasibility, cooperation in business with one another must prioritize a professional attitude starting from the selection process.

2. Business, marketing, financial assistance

MFP BUMDes can provide business assistance during the mudarabah implementation process. Business assistance can be carried out while carrying out monitoring of businesses run by Micro Enterprises. Off site monitoring can be done every month considering that MFP BUMDes and Micro Enterprises are also still in the same village location so that it can be arranged so that monitoring does not require a lot of money.

Conducting business and marketing assistance on an ongoing basis is a step that can be taken so that Micro Enterprises can survive and develop their business. Assistance and marketing and promotion training are an integral part of building Micro-enterprises. These steps must be consistently carried out so that Micro Enterprises can advance to class and be able to run their business in the long term. MFP BUMDes can also provide training to Micro Enterprises related to business operations, for example on making simple financial reports.

3. Choosing Micro Enterprises with Nearby Locations.

MFP BUMDes and Micro Enterprises that work together are in the same village environment so this is an opportunity to be able to provide guidance and at the same time supervise business. They also still know each other so that this can be a factor that causes reluctance to commit fraud. Mutual cooperation as village residents is still high so they are expected to actually help each other in cooperation that is mutually beneficial to both parties. The proximity of the location can also be an effort to make it easier to monitor income, for example by monitoring.

VI. Conclusion

The following conclusions can be drawn from the research that has been done:

1. One of the businesses that can be carried out by BUMDes is a business in the financial sector. BUMDes formed the Micro Finance Program (MFP BUMDES) which was given the main task of collaborating with the community who have the ability to run a business. BUMDes will act as fund owners (shahibul maal) and community business owners (Micro Business) will act as fund managers (mudarib). In the process of channeling funds to Micro Enterprises, MFP BUMDes needs to make a selection to determine which Micro Enterprises will cooperate.
2. The assumptions of the business development model with the mudarabah scheme between MFP BUMDes and Micro Enterprises are as follows:
 - a) Individuals who participate in the BUMDes business are obedient individuals and they do not intend to commit fraud, fraud and other harmful activities.
 - b) Business activities financed by the mudarabah scheme provide fixed profits per month.
 - c) The division of funds in BUMDes is competent and sufficiently trained in choosing the type of product and able to carry it out.
3. Obstacles that may occur in the implementation of mudarabah in BUMDes are dishonesty/moral hazard, minimal experience, product marketing, recording/accounting that is still simple. Efforts to minimize these problems include conducting strict selection, business assistance, marketing, finance, choosing Micro Enterprises with locations close to MFP BUMDes.

VII. Limitation

This study only describes the use of the mudarabah scheme in the mudarib condition that it is considered to be profitable continuously during the period of the mudarabah contract with the shahibul maal. It is still very possible for mudarib to suffer losses so that the conditions are not as in the example of this study, even though the model used is the same as that in this study. The type of business run by the mudarib will also be able to affect the achievements of what is in this model, so that the results expected by the shahibul maal can vary in different types of businesses. This model still needs to be socialized to parties who will use the mudarabah contract in business.

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