

## **MICRO ENTERPRISE (MSME) DEVELOPMENT STRATEGY IN ISLAMIC ECONOMIC PERSPECTIVE TO IMPROVE THE WELFARE OF STREET VENDORS (CASE STUDY OF STREET VENDORS IN MERLUNG VILLAGE, MERLUNG DISTRICT, TANJUNG JABUNG BARAT REGENCY)**

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### **ABSTRACT**

UMKM make a sizeable contribution to the country's economic development. In Indonesia, one type of business that is developing in society is UMKM, which is a business activity engaged in various specific business fields. Because of its rapid development and its contribution to the welfare of society. In Merlung District, UMKM play an important role in reducing unemployment because the existence of UMKM can open up great job opportunities thereby increasing the welfare of the people. One of the UMKM that is often run by the community is Livelihood Activities which are small and medium enterprises that are used to make a living, for example, such as street vendors.

**Keywords:** UMKM, Islamic Economics, Welfare.

### **INTRODUCTION**

One of the strategies carried out by the government in supporting economic development is to empower and grow Micro, Small and Medium Enterprises (MSMEs) as the basis for people's economic development. History has shown that MSMEs in Indonesia continue to exist and develop despite the economic crisis (Hamid, E. S., & Susilo, Y. 2011). Micro, Small and Medium Enterprises (MSMEs) are one of the sectors of economic activity that is very important in the development and growth of the economy in Indonesia. Micro,

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Small and Medium Enterprises (MSMEs) are a strategic national economic sector and concern the lives of many people. Deep UU No. 20 Year 2008 regarding MSMEs, there is an article that discusses the role of MSMEs which is that MSMEs are expected to create jobs, income equality, economic growth, and alleviation of people from poverty.

For a Muslim, work is an earnest effort by directing all his assets and remembrance to actualize or show, the meaning of himself as a servant of Allah who subdues the world, and places himself as part of society. Entrepreneurship in order to build the economy is an obligation, Prof. Dr. H. Idri In his book quotes the statement of Syawqi Ahmad Dunya states that working in order to develop the economy is a sacred obligation (fardh muqaddas) of a religious nature. Work and entrepreneurship are highly recommended in Islam so that humans can be independent in meeting all their life needs and helping others economically through alms, infak, and zakat. People who work and then get the fruits of their labor will avoid begging traits and attitudes that are basically degrading to themselves.

One of the jobs recommended by Rasulullah SAW is trading, as we know the Prophet began trading from a young age, in trading the Prophet was known for the highest value of trust, honesty value, and self-respect. In this era, this business is commonly called entrepreneurship. In the world of Islamic economics UMKM has become part of entrepreneurship which is more aimed at trading activities, by carrying out activities aimed at maintaining his life and worshipping to Allah to achieve social welfare. In addition to recommendations from Rasulullah SAW, Because trading is one of the most famous businesses in Islamic teachings, Allah Almighty has warned of good rules according to sharia that must be followed in trading activities so that the real purpose of trading activities can be achieved, namely the welfare of the world and the Hereafter not only material gains. Like the word Allah SWT in the Qur'an Surah An-Nisaa follows:

يَا أَيُّهَا الَّذِينَ آمَنُوا لَا تَأْكُلُوا أَمْوَالَكُمْ بَيْنَكُمْ بِالْبَاطِلِ إِلَّا أَنْ تَكُونَ تِجَارَةً عَنْ تَرَاضٍ مِنْكُمْ وَلَا تَقْتُلُوا أَنْفُسَكُمْ إِنَّ اللَّهَ كَانَ بِكُمْ رَحِيمًا

Meaning: O men of faith, do not eat one another's property in a vanity way, except in a way of consensual business among you. and slay yourselves not, Verily Allah is Most Merciful to you. (Q.S 4 : 29).

### **Characteristics of MSMEs Islamic Economic Perspective**

There are several characteristics of Micro Enterprises according to the Islamic Economic Perspective, which are at the core of every business activity and are based on Islamic economic law. As for these characteristics (Abdul Kadir Riyadi, Ika Yunia Fauzia. 2014), in the perspective of Islamic Economics, it can be explained that Micro, Small and Medium Enterprises are divine (divine, Iqtishadun'aqdiyyan) in which they will be held accountable for creed which he believes, Character ta,abudi with morals (thabi'un ta abbudiyun), (murtabithun bil-akhlak), Islam never predicts the possibility of separation between morals and economics, al-munnah is based on the fact that the Qur'an and Al-Hadith are both used

as sources of economic basis, (al-maudhlu'iyah), Islam teaches its people to act and act objectively in carrying out economic activities.

Reality (al-wa-qiyah) and economic forecasting, Wealth in essence belongs to Allah SWT in this principle contained the meaning that one's ownership of wealth (al-amwal) is not absolute, Have the ability to manage wealth (tarshid istikhdam al-mal). Because the existing system is in accordance with the real conditions of society.

Islamic economics encourages the growth of small businesses in society which in turn can boost their income. The wealth is essentially property Allah SWT. In this principle is contained the meaning that one's ownership of wealth (al-amwal) is not absolute. Have the ability to manage wealth.

### **Trade Position in Islam**

In the Islamic view, traders are aspects of life that are grouped into muamalah problems, which are problems related to horizontal relationships in human life. Nonetheless, this sector has a special emphasis in Islamic economics as it is directly related to the real sector. The Islamic economic system does prioritize the real sector compared to the monetary sector and buying and selling transactions ensure the linkage of the two sectors in question (Arifin, Zainal. 2010).

Economists have widely recognized that trade is a very important activity because of the various necessities of human life, while most of the production of these necessities is carried out specifically. Strictly speaking, trade has occurred since ancient times since humans lived in society. Therefore, business has been defined by Islamic scholars as fardhu kifayah where there should be a part of the community members who need to run it. Recommended trading actions (Nazaruddin, 2013:114):

#### **1. Nurturing Fraternal Needs**

In this case, trade should be conducted in harmony, bargaining, there is ease, mutual reassurance and fulfillment of each other's promises, conditions affirmed by Allah dan Rasul-Nya.

#### **2. Be honest and Amanah Islam repeatedly recommends that traders must be honest and trustworthy in carrying out trading activities, including in terms of size, weight, scales, declaring defects of goods if any and so on.**

#### **3. Thinking and laughing at Allah Remembrance means to remember Allah and seek to approach yourself to-Nya. In doing so, a Muslim trader can direct his actions to always carry out the order and abandon the prohibition Allah, especially in trading activities that have many temptations and trials.**

### **Understanding Street Vendors**

Street vendor (PKL) is a term to refer to trade vendors who carry out commercial activities on the area owned by the road (DMJ) intended for pedestrians, there is an opinion that proposes the term street vendor for traders who use carts, this term is often interpreted so because the number of merchant legs is five, five are two feet of traders plus three legs of

carts which actually have three wheels or two wheels and one wooden leg (<http://id.wikipedia.org/wiki/>).

## **RESEARCH METHODS**

This type of research is qualitative analysis research. The research was conducted by a process of systematically tracking and organizing interview transcripts, field notes, and other materials collected to increase understanding of these materials so that their findings can be interpreted to others. Data analysis involves working with data, organizing data, sorting into specific units, synthesizing data, tracking patterns, finding things that are important and learned, and determining what to put forward to others. So that the work of data analysis in qualitative research moves from writing rough descriptions to research products. In other words, in qualitative research based on the time period, the data is analyzed at the time of data collection and after completion of data collection (Zuriah, N. 2006)

## **RESULTS AND DISCUSSION**

### **1. Business Development carried out by Street Vendors in Merlung Village**

Business development in Merlung Village is one of the strategies in achieving the goal of improving the welfare of business actors, as well as to realize an independent community in carrying out its business activities, able to build and maintain businesses that have been established and can be a contribution of income to meet the needs of daily life. Business development strategy is an important component in regional economic development, because the attractiveness, creativity, or durability of business activities, is the best way to create a healthy regional economy (Subandi, 2011). Development UMKM especially street vendors in Merlung Village take various steps so that the business run according to plan, while the steps taken by street vendors in Merlung Village in developing their business are:

#### **a) Have good intentions**

Intention is considered as one of the steps that must be considered by street vendors to start their business, if good intentions will produce good things, and if they have bad intentions then bad things will be obtained.

#### **b) Running a halal business in Islam**

The halalness of a business is very important and must be really maintained for business actors both in the form of food, mimuman, objects and so on. For example, such as foods containing pork, intoxicating drinks and so on.

#### **c) Prioritizing sportsmanship**

When we start a business, in Islamic law sportsmanship is important, it must not be done in a way that harms or damages the interests of others. A Muslim in running a business must compete fairly so that the business owned in Ridhai by Allah SWT.

#### **d) Keeping the environment clean**

In running a business, of course, it is no less important to maintain the cleanliness of the environment where you trade, it becomes one of the assessments that will be carried out by consumers, in Islam cleanliness is part of faith.

The Business Development Strategy carried out by Street Vendors in Merlung Village in an Islamic Economic Perspective must certainly be based on the values set by Allah dan juga Rasul-Nya. The form of business run by street vendors in Merlung Village is in accordance with the rules Allah SWT By running a business not by deceiving customers, not coercive and also open between buyers and sellers, as in developing their business must be based on faith in Allah SWT, shun all His prohibitions and keep His commandments. Doing business solely to obtain the blessings of life in this world and in the Hereafter.

As Rasulullah SAW is a reliable and successful businessman, where he runs his business on the basis of honesty and justice, never violates God's rules and is transparent in running his business. Of course that is an example for mankind when running a business.

From the results of research that the author has done that development strategy UMKM Street vendors in Merlung Village have met the criteria that have been recommended by Islam. Where in developing their business the street vendors in Merlung Village produce ingredients that do not contain haram substances, prioritize the cleanliness of the business environment, and do not do things that are prohibited in Islam such as usury, maysir, gharar and tadbis in developing their business.

From the results of interviews that the author has conducted, street vendors in the Merlung Village area have implemented Islamic principles, where in trading they also prioritize others, there is no fraud in selling their products and are able to provide the best service to their customers. The most prominent strategies applied by street vendors in Merlung Village are:

- a. Make product variations to make them more attractive.
- b. The points of sale are neatly arranged.
- c. Provide the best service by applying greetings and greetings with customers.
- d. Provide affordable prices for all people.

## **2. Improving the Welfare of Street Vendors**

In Islam, the welfare of society is not only measured through materialism, or commonly referred to as a society that has abundant wealth, in Islamic teachings the welfare of the community is also included in the maqasid shari'ah, which is to have goals that are in accordance with sharia guidance such as the protection of religious sanctity, the protection of reason, honor and the fulfillment of economic rights. Street vendors in Merlung Village are very serious in running and developing their business, so that they can continue to improve the economic level, for street vendors the level of welfare is not only

seen in material form, but peace of mind, feeling comfortable with the surrounding environment is also a form of welfare.

A noble life and prosperity in the world and hereafter, can be realized if the needs of human life are met in a balanced manner that has an impact on *maslahah*, namely all forms of conditions, both material and non-material, that can improve the position of humans as the noblest beings (Karim, A. W. 2014). In the context of welfare according to the Islamic view includes in three things such as the following (Fauzia, I. Y. 2011):

**a. Dharuriyat**

Dharuriyat is the establishment of religious and world benefits, meaning that when the dharuriyat is lost, the benefit of the world and even the hereafter will also disappear. And what will emerge is precisely the destruction and destruction of life. Dharuriyat is a basic need or referred to as a Primary need that must always exist in human life. Where dharuriyat is divided into five points, namely religion, soul, reason, descent and property. If these five points cannot be fulfilled properly, it will bring damage to human life both in this world and in the hereafter.

At the time the author made observations, street vendors in Merlung Village were already included in the criteria for meeting the needs of dharuriyat, where the traders already had a place to live (house) and the needs for life had also been fulfilled such as clothes and so on. As the results of the author's interview with street vendors, he said that "as long as selling as a street vendor has met the needs of life, secondary needs can be purchased for other needs such as cellphones, motorbikes etc".

**b. Hajiyat**

The things needed to realize ease and eliminate difficulties that can cause danger and threat, that is, if something that should exist becomes non-existent, Hajjat is also defined as a condition where if something that should exist becomes non-existent. Hajiyat is also defined as a condition where if a need can be fulfilled it will be able to add value to human life. When the author conducted an interview with a street vendor, he said that "the needs I have are sufficient and additional needs such as mobile phones are also there, I work as a street vendor to additionally meet other living needs such as savings for school children".

**c. Tahsiniyat**

Tahsiniyat is practicing good habits and avoiding bad ones according to what common sense already knows. Tahsiniyat can also be known as tertiary needs, or synonymous with needs that are close to luxury. At the time the author conducted the interview, street vendors in Merlung Village were not looking for luxury alone, they worked to meet their daily needs so that their lives continued and the most important thing for them was a place to live, where with a place to live they could live comfortably and were able to start businesses starting from small businesses.

## CONCLUSION

From the presentation of the results that the author has done, the author draws the following conclusions:

In developing a small business, street vendors in Merlung Village are in accordance with Islamic teachings, where in carrying out trading activities, traders prioritize the values contained in the Qur'an and Hadith, that all forms of trading activities from the processing of products that want to be traded to the marketing process are in accordance with Islamic religious principles. The ways of developing businesses run by street vendors in Merlung Village are:

1. Intention is considered one of the steps that must be considered by street vendors to start their business, if good intentions will produce good things, and if they have bad intentions then bad things will be obtained.
2. Running a halal business In Islam, the halalness of a business is very important and must be really maintained for business actors both in the form of food, mimuman, objects and so on. For example, such as foods containing pork, intoxicating drinks and so on.
  - a. Prioritizing sportsmanship in running a business must be done fairly and must not be done in a way that harms or damages the interests of others. A Muslim in running a business must be competent in a healthy manner so that the business owned will be ridhai by Allah SWT.
  - b. Maintaining the cleanliness of the environment In running a business, of course, it is no less important to maintain the cleanliness of the environment where trade, it becomes one of the assessments that will be carried out by consumers, in Islam cleanliness is part of faith. The most prominent strategies applied by street vendors in Merlung Village are:
    - 1) Make product variations to make them more attractive.
    - 2) The points of sale are neatly arranged.
    - 3) Provide the best service by applying greetings and greetings with customers.
    - 4) Provide prices that are affordable to all circles.

Then street vendors in terms of capital prefer borrowed capital from the family to make the return process easier. All types of products sold do not contain elements of gharar, maysir, riba and tadlis. In doing services also prioritize customer satisfaction. In Islam, this kind of trading activity is recommended in order to create a harmonious and prosperous life.

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