# ANALYSIS OF THE AGROINDUSTRY IN INCREASING WELFARE OF THE ISLAMIC HOUSEHOLD ON KSU NIRA SATRIA, PERNASIDI VILLAGE, CILONGOK SUB-DISTRICT, BANYUMAS REGENCY



# **UNDERGRADUATE THESIS**

Presented to Faculty of Islamic Economics and Business, State Institute of Islamic Studies (IAIN) Purwokerto as a Partial Fulfillment of the Requirements for Bachelor's Degree in Economics Study (S.E.)



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#### ANALYSIS OF THE AGROINDUSTRY IN INCREASING WELFARE OF THE ISLAMIC HOUSEHOLD ON KSU NIRA SATRIA, PERNASIDI VILLAGE, CILONGOK SUB-DISTRICT, BANYUMAS REGENCY

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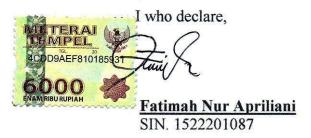
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Declare that this undergraduate thesis script is entirely my own research outcome, except in some of part which are quoted by some of sources.



Purwokerto, January 29th, 2020



#### **OFFICIAL MEMORANDUM OF SUPERVISOR**

To the Honorable

Dean of Faculty of Islamic Economic and Business State Institute of Islamic Studies (IAIN) Purwokerto At Purwokerto

#### Assalamualaikum Warahmatullah Wabarakatuh

After doing guided, interpretation, direction and corrected the writing of this undergraduate thesis by Fatimah Nur Apriliani, Student Number 1522201087, entitled:

#### Analysis of the Agroindustry in Increasing Welfare of the Islamic Household on KSU Nira Satria, Pernasidi Village, Cilongok Sub-District, Banyumas Regency

I argued that this undergraduate thesis has been able to submit to the Dean of Faculty of Islamic Economic and Business of IAIN Purwokerto to be examined as partial fulfillment of the requirements for Bachelor's Degree in Economics Study (S.E).

Wassalamualaikum Warahmatullah Wabarakatuh

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#### Analysis of the Agroindustry in Increasing Welfare of the Islamic Household on KSU Nira Satria, Pernasidi Village, Cilongok Sub-District, Banyumas Regency

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#### ABSTRACT

The development of rural industries has a fundamental goal in improving the welfare of the surrounding community. Cilongok sub-district as the centers of the sugar industry in Central Java makes coconut organic crystal sugar as its superior product. The success of KSU Nira Satria in exporting products abroad has made cooperatives the most important factors of coconut farmers. Information gaps regarding products and prices among farmers can already be overcome by cooperatives, so that coconut farmers begin to improve product quality and innovation.

This study is field research trough descriptive-qualitative approach, the author does in-depth study in order to know how KSU Nira Satria increase household welfare and the government's role in supporting rural industrial development in KSU Nira Satria. This research was conducted in Cilongok Sub-district with 59 samples were selected based on a simple random samplingof total members of KSU Nira Satria. While data collection techniques are observation, interview, and documentation.

The result of analysis of government's rule in supporting the development of rural industries in agroindustry sector is not optimal yet. Evidenced by the lack of usefulness felt by the community, especially coconut sugar farmers as the main actors. This is due to the lack of coordination between the local government with the management of the cooperative or the coconut sugar farmers as program implementers (beneficiaries).

In terms of Islamic welfare, based on 5 principles of *maqashid syariah*, it shows that 100% of households of coconut sugar farmers in KSU Nira Satria, Cilongok sub-district reach high welfare, namely: *First*, faith (*al-din*) shown through religious life like they are carrying out religious activities, construction of religious facilities is good and socio-religious relations between coconut farmers still awake. *Second*, soul (*al-nafs*) is shown in the needs of the community, such as: facilities are good and permanent home, access to transportation facilities and ease of doing sport. *Third*, reason (*al-'aql*) is shown by the availability of good quality education and affordable prices, so people can provide primary education needs to their children. *Fourth*, posterity (*al-nasl*) is indicated by the existence of guaranteed family

health, they are also aware to register in the BPJS Employment and ease in obtaining health services with the availability of polyclinics close to the village. *Five*, wealth (*al-mal*) with an increase in income because the price of coconut organic crystal sugar is more expensive than others, making the level of public consumption also increased.

# Keywords: Islamic Household Welfare, Public Policy, Cooperative, Agroindustry.



### TRANSLITERATION GUIDELINE

Transliteration of Arabic words used in this undergraduate thesis refers to the Decision Letter of the Minister of Religion and The Minister of Education and Culture of Indonesia No. 158/ 1987 and No. 0543b/U/1987.

Arabic Alphabets	Name	Latin Alphabet	Name
١	Alif	No Symbol	No Symbol
ب ب	Ba'	В	Те
ت	ta'	Т	Те
ث	Śa	Ś	es (with a dot on the letter)
5	Jim	J	Je
5	<u></u> ḥa	ķ	ha (with a dot under letter)
خ ح	kha'	Kh	ka and ha
د	Dal	D	De
ذ	Źal	Ź	zet (with a dot on the letter)
ر	ra′	R	Er
j	Zai	Z	Zet
س ا	Sin	S	Es
ش	Syin	Sy	es dan ye
ص	Şad	Ş	es (with a dot under latter)
ض	d'ad	d'	de (with a dot under latter)
ط	Ţa	Ţ	te (with a dot under latter)
ظ	Ża	Ż	zet (with a dot on the latter)
٤	'ain	۲	Coma returned on the character
.و	Gain	G	Ge
ف	Fa'	F	Ef
ق	Qaf	Q	Qi

#### 1. Consonant

٤	Kaf	K	Ка
L	Lam	L	'el
م	Mim	М	'em
ن	Nun	Ν	'en
و	Wawu	W	We
ھ	На	Н	На
ç	Hamzah	•	Apostrof
ي	ya'	Y	Ye

#### 2. Double Consonant Because of *Syaddah*

متعددة	Become	muta'addidah
عدة	Become	ʻiddah

### 3. Ta'marbuțah in The End of Sentence

حنيف	Become	Hikmah
جزية	Become	Jizyah

(This role does not use in the Arabic that was absorbed into Bahasa such as *zakat, shalat*, and others, expect desired by the original pronouncing)

a. If followed by *sanadang* word "*al*" and the second sentence is separate, it wrote by h.

كرامة الأولياء	Become	Karamah al-auliya'
----------------	--------	--------------------

b. If *ta'marbutoh* with *harakat*, *fathah* or *kasrah* or *dammah* become, it wrote

by below:

زكاة الفطر	Become	Zakat al-fitr

# 4. Short Vocal

õ	Fatĥah	Become	А
Ò	Kasrah	Become	Ι
்	D'ammah	Become	U

### 5. Long Vocal

1.	Fathah + alif	Become	А
	جاهلية	Become	Jahiliyah
2.	Fathah + ya'	Become	А
	تنسي	Become	Tansa
3.	Kasrah + ya' mati	Become	Ι
	کریم	Become	Karim
4.	Dammah + waw <mark>u</mark> mati	Become	U
	فروض	Become	Furud

# 6. Doubel Vocal

1.	Fathah + ya' mati	Become	Ai
	بينكم	Become	Bainakum
2.	Fathah + wawu mati	Become	Au
	قول	Become	Qaul

# 7. Vocalwhich is double in one sentence it separate with the postrof

أانتم	Become	a'antum
أعدت	Become	u'iddat
لئن شكرتم	Become	la'in syakartum

- a. Sandangof Alif + Lam
  - 1. If followed by Qomariyyah alphabets

القرآن	Become	al-Qur'an
القياس	Become	al-Qiyas

2. If followed by *Syamsiayyah* alphabets, it must be written with *syamsiayyah* alphabets that following, and with *l* (*el*) word.

السماء	Become	as-Sama'	
الشمس	Become	asy-Syams	

### 8. The Writing of Words in a Sentence

a. It wrote by the sound and the pronouncing

ذوى الفروض	Become	zawi al-furud
أهل السنة	Become	ahl as-Sunnah

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This undergraduate thesis entitled "Analysis of the Agroindustry in the Islamic Household Welfare Increasing on KSU Nira Satria, Pernasidi Village, Cilongok Sub-District, Banyumas Regency" is presented to fulfill one of the requirements in accomplishing Bachelor's Degree in Sharia Economics Study Program, Faculty of Islamic Economics and Business, State Institute of Islamic Studies (IAIN) Purwokerto. Hereby, the author can finish this undergraduate thesis because of all those who supported it from the beginning to the end. So, I would like to thanks of the special appreciation to:

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The author knows that this graduating paper still has a limitation on several aspects. Then, critiques and suggestions are hoped for the perfection of this graduating paper. The author hopes this graduating paper can give a significant contribution in academic matters.

Purwokerto, January 29th, 2020 The Author,

Fatimah Nur Apriliani SIN. 1522201087

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#### LIST OF ABBREVIATIONS

- BPS : Badan Pusat Statistik (Central Statistics Agency)
- CUC : Control Union Certification
- ICS : Internal Control System
- IPHP : *Industri Pengolahan Hasil Pertanian* (The Agricultural Product Processing Industry)
- KSU : Koperasi Serba Usaha (business cooperatives)
- MERT : *Managemen Ekonomi Rumah Tangga* (Household Economic Management)
- RAT : Rapat Akhir Tahun (Year-end Meeting)
- RIPN : *Rencana Jangka Panjang Nasional* (National Development Master Plan)
- RPJMD: *Rencana Program Jangka Menengah Daerah* (Local Development Master Plan)
- SMEs : Small, Micro, and Medium Enterprises
- SHU : Sisa Hasil Usaha

# IAIN PURWOKERTO

# CHAPTER I INTRODUCTION

#### A. Background of the Problem

In any government policy deals with national development, the goals are certainly to be public welfare. Development was planned for the long term, medium term, and short term. Every development program has to follow the national purpose of collective prosperity.<sup>1</sup> The development of the regional economy is an integral part of the national economic development, which directly refers to the Law No. 32 of 2004, on the local region that has been giving the area of authority to organize and manage local areas of our own and resources available to increased the public welfare.<sup>2</sup>

Nurul Huda said the public policy itself is macroeconomics to realize the welfare of society (*falah*), improving people's welfare includes the protection of faith (*dien*), soul (*nafs*), reason (*aql'*), descent (*nasl*), and wealth (*maal*).<sup>3</sup> This fifth protection guarantees social interests where the government has a stake and responsibility in providing, maintaining and operating the public utilities.

In implementing its policies (especially in the economic sector), the government must be able to understand its role well. In the perspective of Islamic economics, Ataul Huq Pramanik said there are three roles of the state or government in the economy, namely: 1) Ideological Role, 2) Development Role, 3) Welfare Role.<sup>4</sup>

Today, development is often associated with the industrial process. Industrial development is an activity that improves public welfare, that of achieving a better quality of life. Industrial development served a

<sup>&</sup>lt;sup>1</sup> Gunawan Sumodiningrat dan Ari Wulandari, *Membangun Indonesia dari Desa*, (Yogyakarta: Media Pressindo, 2016),p. 73.

<sup>&</sup>lt;sup>2</sup>www.dpr.go.id, accessed on January 24<sup>th</sup>, 2019 at08.35 p.m

<sup>&</sup>lt;sup>3</sup> Nurul Huda, dkk, *Keuangan Publik Islami Pendekatan Teoritis dan Sejarah*, (Jakarta: Kencana Prenada Media Group, 2012), p.1.

<sup>&</sup>lt;sup>4</sup> Irfan Sauqi Beik dan Laily Dwi A, *Ekonomi Pembangunan Syariah edisi revisi*, (Jakarta; PT Raja Grafindo Persada, 2016), Pp. 108-109.

fundamental purpose in improving the welfare of communities around it.<sup>5</sup> According to Law Number 3 of 2014 about Industrialization. The industry is an economic activity that processes processing raw materials, half-baked goods, and/or goods becoming higher-value commodities for use, including industrial engineering and smelting activities.<sup>6</sup>

Rural industrialization is often associated with agroindustry because agroindustry is one of the rural industrialization strategies. Growth and industrialization development in rural areas is very rapid. This is driven by a bountiful resource in villages, by the lack of good agricultural land, and by the competition of investors for business or industry in rural areas, as well as low labor wages in rural areas. Under agricultural development frameworks, agroindustry is a major impetus for the development of agriculture, and even in the future agriculture positions should be a mainstay of national development. So that agroindustry's role will grow. In other words, in the effort to id the resilient agricultural sector, leading and efficient so that being able to the leading sector in national development. It must be sustained through the development of agroindustry.<sup>7</sup>

Based on Law No. 3 of 2014 on the Industrialization that industry is one of the economic pillars and providing a considerable role to the government to encourage the progress of the national industry systematically. In order to strengthen and confirm the role of government in the building of the construction of the national project by the National Development Master Plan of 2015-2035 (*RIPN 2015-2035*) will have implemented by the national industrial policies.<sup>8</sup>

<sup>&</sup>lt;sup>5</sup> Dwi Rahayu, Dampak Keberadaan Agroindustri terhadap Kesejahteraan Masyarakat Sekitar di Desa Sukamanah, Megamendung, Kabupaten Bogor, *Skripsi*, Institut Pertanian Bogor, 2014, p. 1

<sup>&</sup>lt;sup>6</sup> Information available of duplicated on UU Nomor 3 Tahun 2014 about Perindustrian, see more on www.kemenperin.go.id

<sup>&</sup>lt;sup>7</sup> Bagus Udayana, "Peran Agroindustri dalam Pembangunan Pertanian", *Journal Singhadwala*, ed. 44, Februari 2011, p. 3.

<sup>&</sup>lt;sup>8</sup> Information available of duplicated on PP No. 14 of 2015 about the National Development Plan Master of 2015-2035.

On the other waysides, after the break between the Department of Manpower, Cooperatives and SME and Department of Industry and Commerce (especially in Banyumas Regency). Then based on strategic plan of the ministry of cooperatives and SME, that their policy direction refers to national policies in the areas of MSME and Cooperatives in 2015-2019, as follows: increasing productivity, feasibility and added value of Cooperatives and MSME so that they are able to grow to a larger scale (grade up) and competitive.

The policy direction will be implemented through five strategies as outlined in the RPJMN of 2015-2019, namely (i) improving the quality of human resources; (ii) increasing access to finance and expanding financing schemes; (iii) increasing product added value and marketing reach; (iv) strengthening business institutions; and (v) ease, certainty, and business protection.<sup>9</sup>

In the good governance paradigm, the local government has an important role in building the area. Thus, regional autonomy is new hope for national governments and societies to continue to build and develop the potential to achieve public welfare through a policy issued. That plays a role in economic development and the empowerment of local communities.

In Indonesia, small and medium micro-businesses are still the mainstay, including in the Banyumas region. The results of SE2016, the number of non-agricultural SME workers was 387,332 people (86.53 percent). The number of businesses in Banyumas in 2006 was 187,543 businesses, 99.35 percent of which were MSEs. The results of Listing SE2016, the number of businesses in Banyumas increased to 216,560 businesses. UMK in Banyumas Regency 214,329 businesses (98.97 percent). The number of MSEs increased by 27,999 businesses for over 10 years. Or on average per year, there is an increase of almost 3,000 small micro-businesses in Banyumas.<sup>10</sup>

<sup>&</sup>lt;sup>9</sup> Information available of duplicated on PP No. 14 of 2015 about the NationalDevelopment Plan Master of 2015-2035.

<sup>&</sup>lt;sup>10</sup> Sensus Ekonomi 2016; *Analisis Hasil Listing Potensi Ekonomi Kab. Banyumas*, accessed on 23 Nopember 2018, at 20.30 p.m



Image 1: Number of Enterprises Results of the Economic Census, in Banyumas District

There is a high increase in the SMEs sector, then whether the policies taken by the government have been adjusted to current conditions. There are of support the local government should be greater for the micro, small and medium economic locus. The role of the Micro, Small and Medium Enterprises (SMEs) sector in Indonesia is large, especially in the face of the onslaught of the monetary crisis or in efforts to post-monetary crisis economic recovery. In addition, the empowerment of the SMEs sector is very strategic to move the economy of the lower classes of society into a majority society, efforts to reduce unemployment or absorb labor and promote community independence.<sup>11</sup>

Tabl	le 1	1
1 a01		1

No.	District Number of Establishment (Units)		Number of Workers Engaged (person)	
1	Lumbir	2150 units	1172	
2	Cilongok	2147 units	1589	
3	Somagede	1104 units	1509	
4	Karang Lewas	1026 units	1312	
5	Kedungbanteng	999 units	1535	
6	Sokaraja	935 units	1140	
7	Tambak	837 units	877	
8	Pekuncen	600 units	1010	
9	Sumpiuh	545 units	815	
10	Wangon	485 units	856	
	Total of all District	13.306 units	15.616 workers	

Number of SME on Agroindustry Manufacturing Sector in Banyumas Regency Per District

Data collected by Disnakerkop UMKM Kabupaten Banyumas, 2016

Sumber : BPS, Sensus Ekonomi

<sup>&</sup>lt;sup>11</sup> Ayusia Sabhita Kusuma, "Jalan Terjal Menuju ASEAN Economic Community: Kebijakan Pemerintah Kabupaten Banyumas di Sektor UMKM", *Jurnal INSIGNIA*, Vol. 3, No.2 November 2016, p. 15.

In 2016, SMEs in the field of agroindustry sector in Banyumas has reached in 13.306 units and 15.616 workers. This figure is quite significant if it is quantified by district scope. However, in its development, different levels of the number of business units in every district. The districts have quite of the business units such as in Cilongok, Lumbir, Somagede, and Kedungbanteng which exceeds more than 1,000 business units with quite a lot of labor absorption. Whereas in districts such as Purwokerto Barat, Purwokerto Timur, Purwokerto Selatan, and Purwokerto Utara, there are fewer SME developments in the agro-industry sector no more than 20 business units and smaller labor absorption. Thus, there are many contrast conditions of SME on agroindustry in every district in Banyumas between one district and another. The contrast condition of development of SME on agroindustry in Banyumas regency has become the need to be explored.<sup>12</sup>

The basis for the selection of agro-industrial titles is that most of Cilongok areas are industrial rural. There are sixteen different business, that are:

Business	Number of Business Establishment (Units)		Number of Establishment (Units)	
Tempe Kedelai	142	Pupuk	5	
Tahu Kedelai	311	Kerupuk Aci	4	
Gula Kelapa	6.604	Olahan Kayu	40	
Ceriping Ubi Kayu	40	Perbengkelan	52	
Mebel Kayu	152	Konveksi	18	
Kerajinan Bambu	130	Amdk	2	
Amdk	18	Keramik	1	
Makanan Tradisional	61	Karoseri	3	
Total		16 businesses	7.583	

Table 1.2. Total Business of Agroindustry sector in Cilongok<sup>13</sup>

The data is explain about coconut sugar sector still dominant, even there have 6.604 units, while the others are just bellowed 300 hundred. The author

<sup>&</sup>lt;sup>12</sup> Agung NF, Analysis of Development of Small, Micro, and Medium Enterprises (Smes) on Agroindustry in Banyumas Regency, (Purwokerto: Undergraduating thesis IAIN Purwokerto, 2018), p. 8. <sup>13</sup> Data collected by Disperindag Kabupaten Banyumas, 2019

chooses to take the industry of coconut sugar as object research, with the subject is society village that became sugar farmer to research how many levels welfare.

Table1.3.

Years	Prosperous Family (%)				(%)	
	Totai	Pra	1	2	3	3+
2011	470.153	23,78	19,52	27,48	22,15	7,07
2012	471.968	23,66	19,74	27,3	22,49	7,08
2013	474.150	23,35	19,6	26,64	23,22	7,19
2014	484.416	22,56	19,77	29,08	22,36	6,23
2015	515.422	20,89	17,95	33,98	20,92	6,26
2016	516.560	20,68	<mark>18,</mark> 43	33,58	20,95	6,35
2017	488.906	21,84	19,47	29,82	22,15	6,71

Total of Number The Household Based on Prosperous Level Banyumas Regency of 2011-2017

Data collected by Central Statistics Agency, 2015-2017

The total number of families in Banyumas of 2011-2016 had increased continuously. However, in 2017 there was a decline of around 488.906 thousand people. Then the data were classified into 5 levels of prosperous families, namely pre prosperous, prosperous 1, prosperous 2, prosperous 3 and prosperous 3+.<sup>14</sup> The percentage of these classifications has fluctuated and increased especially in prosperous families 1 - 3. Whereas pre-prosperous families tended to decline of 2011-2016 and again experienced an increase in 2017. The 3+ prosperous families tended to experience the increase, as of 2011-2013 held at 7.19%, then declined of 2014 to 6.23% and then rose again until 2017 to 6.71%.

<sup>&</sup>lt;sup>14</sup> Central Statistics Agency Banyumas in Number of 2015-2017, www.bps.banyumas.id

Years	Total	The Prosperous Family					
		Pra	1	2	3	3+	
2013	35,437	29,17	17,74	26	22,37	4,99	
2014	35,632	28,88	17,75	25,56	21,02	5,8	
2015	36.627	28,9	15,93	28,37	20,81	5,98	
2016	36.661	26,72	16,43	29,02	21,85	5,98	
2017	34.915	28,06	28,06	25,47	22,95	6,28	

Table1.4. Total of Number The Prosperous Family in Cilongok Sub-district of 2013-2017<sup>15</sup>

Based on data 2017 BPS, the largest number of families in Banyumas Regency in the Cilongok sub-district, which is around 36 families. From the total number of families in Cilongok, the average is the classification of preprosperous families of around 28.06% and prosperous families 2, namely 25, 47%. Whereas for prosperous families 1 amounted to 17.25%, prosperous families 3 were 22.95 and prosperous families 3+ were 6.28%. In fact, the welfare conditions in Cilongok are in fifth place from 27 sub-districts in Banyumas.

Cilongok sub-district is one of the largest sub-districts with 20 villages and the amount of existing agro-industry data there are 2147 units with a total workforce of 1589 workers. Besides that, Cilongok sub-district is a center coconut sugar in Banyumas regency. As mentioned above the total of the sugar farmer overall be found, 6.604 people.<sup>16</sup>

However, the author only focuses on the coconut farmers who are members of the KSU Nira Satria because it is the only cooperative in Cilongok which is engaged in the business of coconut sugar. In addition, cooperative members come from 3 Sub-district (Ajibarang, Cilongok, Karanglewas) and various villages in Cilongok (already representing samples for research in the District of Cilongok). While the other reason, the cooperative is very important for the coconut farmers in Cilongok. The

<sup>&</sup>lt;sup>15</sup> Central Statistics Agency Banyumas in Number of 2013-2017, www.bps.banyumas.id

<sup>&</sup>lt;sup>16</sup> Information obtained from Dinas Perindustrian dan Perdagangan (*Department of Industry and Commerce*) Banyumas Regency, at 28 Mei 2019.

cooperative has brought changes to the coconut farmers, starting from adding the value of production which originally only produced ordinary printed coconut sugar into crystal sugar or also called (coconut crystal sugar) *gula semut* which has a higher selling value, so that the KSU Nira Satria can export abroad. In addition, the increase in welfare is also felt by the coconut farmers because with the production of crystal sugar that is exported abroad, the coconut farmer's income increases can also set aside a little of their income to be stored in cooperatives.<sup>17</sup>

Population area Cilongok dominated by the Islamic religion in BPS data, there are 128.007 people while others under 100 people.<sup>18</sup> This is the reason the author chooses to make society Muslim as the subject research. So the author can see how conditions welfare them. In the other side, they are too including in the actor rural industry.

The agroindustry sector which is a rural industry in Cilongok. It is becoming one of the exciting to study. Because the sugar industry in Cilongok has become highly valued products in the Central Java Province, especially since KSU Nira Satria was able to export their own products to various countries. We also need to know how the government gives support to rural industrial development to national through policy issues.

These policies need to be scrutinized, so it can be seen how government support affects public welfare. The various policy available surely need researching, so could be known that policy is an influence level public welfare increasing. In this case, the researcher recommends to more focus in review policies that have issued by local government Banyumas regency and policy those who have implemented into agroindustry sector, that following like in manifest into RPJMD then breakdown to implementation of the strategic plan by Department of Manpower, Cooperatives and Small and Medium Enterprises Banyumas Regency.

<sup>&</sup>lt;sup>17</sup> The results of the interview with Mr. Teguh as the Head of the Banyumas Regency Cooperative Division on the date 25 September 2019 at 10.29 a.m.

<sup>&</sup>lt;sup>18</sup> Information obtained from Cilongok Sub-district in Number of 2018, on the date 20 Juli 2019, at 22.00 p.m. related to the number of followers of Religion in Cilongok Sub-district, 2017.

The text above can describe some problems, then the author's interest in conducting research under the title "Analysis of the Agroindustry in Increasing Welfare of the Islamic Household on KSU Nira Satria, Pernasidi Village, Cilongok Sub-District, Banyumas Regency".

#### **B.** Operational Definition

There are some key terms to clarify the meaning:

1. Agroindustry

Agroindustry comes from two words of agriculture and industry which means an industry uses agricultural products as its main raw material or industry produces a product that is used as a means or input in agricultural business. The definition of agro-industry can be described as an industrial activity that utilizes agricultural products as raw materials, designs, and provides equipment and services for these activities, thus agro-industry includes agricultural processing industries, industries that produce agricultural equipment and machinery, agricultural input industries (fertilizers, pesticides, herbicides, and others) and the agricultural service industry.<sup>19</sup>

When viewed of the agribusiness system, agro-industry is a part (sub-system) of agribusiness processes and transforms agricultural products (food, wood, and fiber) into semi-finished goods directly can be consumed and goods or materials produced by industrial products used in production processes such as tractors, fertilizers, pesticides, agricultural machinery, and others. From the above constraints, agro-industry is a broad sub-sector covering the upstream industryagriculture to downstream industries. The upstream industry is an industry that produces agricultural equipment and machinery as well as production facilities industries used in the process of agricultural cultivation, while the downstream industry is an industry that processes agricultural

<sup>&</sup>lt;sup>19</sup>Bagus Udayana, "Peran Agroindustri dalam Pembangunan Pertanian", *Journal Singhadwala*, ed. 44, Februari 2011, p. 3.

products into raw materials or goods that are ready for consumption or post-harvest and processing of agricultural products.<sup>20</sup>

Based on the description above, it can be concluded that agroindustry is an industrial activity that processes raw materials of agricultural products that produce semi-finished goods or finished goods which are useful for direct consumption and also as a necessity for agricultural production processes. The existence of industries in rural areas is determined by licensing and location determination. Three components of agro-industry are raw material procurement, processing, and marketing.

- 2. The Islamic Household welfare
  - a. Welfare

Walter Friedlander'ssaid thatsocial welfare is an organized system of social services and institutions, designed to help individuals and groups attain satisfying standards of life and health.<sup>21</sup> The term welfare is often interpreted as a standard of living for the people who can be measured economically from the income per capita. In general, welfare is often interpreted as a condition of prosperity (first conception), which is a state of fulfillment of all forms of necessities of life, especially those of a fundamental nature such as food, clothing, housing, education, and health care.

Well-being referred to here is family welfare, namely, the family formed based on a legitimate marriage, is able to fulfill the needs of a spiritual and material life that is proper, devoted to God Almighty, has a harmonious, harmonious and balanced relationship between family members and society and the environment.

b. The Islamic Household

Muslim households are the foundation of the Islamic community. Husein Syahatah is defined as that the Muslim

<sup>&</sup>lt;sup>20</sup> Udayana, *Peran*,....,p. 3.

<sup>&</sup>lt;sup>21</sup> Isbandi Rukminto Adi, *Psikologi, Pekerjaan Sosial Dan Ilmu Kesejahteraan Sosial, Dasar-Dasar Pemikiran* (Jakarta : PT Raja Grafindo Persada, 1994), p. 4.

households are a group of individuals consisting of parents and children who live together in an Islamic environment and be tied by the norms of Muslim families who always base on various cases his life in the Shari'a. The aim of the Islamic household is to create a life that is full of security, peace, compassion, and grace, hoping for the pleasure of Allah in the world and afterlife.<sup>22</sup>

#### 3. Cooperatives

The term *cooperative* is derived from the words (co: together, operation: business) which are a language that means working together with others to achieve certain goals. According to Law Number 25 of 1992 concerning Cooperatives, it is stated that cooperatives are business entities consisting of individuals or cooperative legal entities by basing their activities based on cooperative principles as well as people's economic movements based on.<sup>23</sup>

Cooperative is a collection of people aiming to meet economic needs through businesses run by members as owners and at the same time users of cooperative services. Cooperatives are companies that are oriented towards achieving the independence of service users (useroriented firm) rather than a collection of capital like other business entities that are oriented towards investors (investor-oriented firm). Although capital is an important element in running a business, capital is not the only way to achieve cooperative goals. If cooperatives use methods like other business entities, cooperatives will face a neverending struggle to achieve their goals. Because after all, what becomes the main capital of cooperatives is the willingness of its members to develop business units through cooperative institutions.<sup>24</sup>

<sup>&</sup>lt;sup>22</sup> Husein Syahatah, Ekonomi Rumah Tangga Muslim, (Jakarta: Gema Insani, 2004), pp. 38-39.

<sup>&</sup>lt;sup>23</sup> Burhanuddin, Koperasi Syariah dan Pengaturannya di Indonesia, (Malang: UIN-Maliki Press,2013), p.1. <sup>24</sup> Burhanuddin, *Koperasi Syariah* ..., p.4.

#### C. Problem Statements

Judging from the background of the problem, then the author sets up a formula that will be described:

- 1. How KSU Nira Satria Pernasidi Village increase household welfare by agro-industry sector in Islamic perspective?
- 2. How the government's role in supporting rural industrial development in KSU Nira Satria Pernasidi Village?

#### D. Objectives and Significance of Research

#### 1. Objectives Research

The objectives of this study are :

- a. To understand the opportunities that exist in agroindustry sectors in rural industrial development.
- b. To understand the role of local governments in supporting rural industrial development.
- c. To finding the condition of the islamic household welfare of agroindustry on KSU Nira Satria.

#### 2. The significance of Research

These are the signs of this Study :

- a. Research is expected to expand the insights and knowledge and empirical evidence of the policy of the Banyumas government towards agro-industry actors in improving welfare in the Cilongok sub-district.
- b. Both for the writer and for those who needed a reference as they were doing further research.
- c. This research is expected to be a reference for the Banyumas government to make policies that favor the people to expand more.

#### E. Literature Review

The review of the library is a study of theories found in the library that supports the research being done, both the writing and the material are used. The discussion of public policy and household welfare has been already found by the authors. Hence, it becomes one of the author of this time doing research that has to do with the problem that was later presented by some of the theory that supports, among other things:

1. The Theory Framework

In Islamic economics, Umer Chapra also issued an opinion the success of a branch of science and policy is the extent to which contribute directly or indirectly to the realization of human well-being, clearly, this is the purpose of *Maqashid al-syari'ah*.<sup>25</sup>

Nurul Huda said public policy itself is macroeconomics to realize the welfare of society (*falah*), improving people's welfare includes the protection of faith (*dien*), soul (*nafs*), reason (*aqal*), descent (*nasl*), and wealth (*maal*).<sup>26</sup> This fifth protection guarantees social interests where the government has a stake and responsibility in providing, maintaining and operating the public utilities.

Meanwhile, referring to the Islamic conception, state and religion have a synergistic relationship it is apparent from the opinion of Al-Ghazali. Al-Ghazali saidreligion is the foundation oftemporary power (country). The guardian of the foundation so that between religion and religion are has mutually reinforcing relationships. On the one hand, religion is the foundation for the state to do for its people in achieving prosperity and on the other hand, the state becomes a tool for religion so that it is spread and carried out correctly.<sup>27</sup>

2. Preview Research

The first previous research was conducted by Roikhatun Aflaha (2015) titled Peran Pemerintah Dalam Meningkatkan Kesejahteraan Masyarakat di Kec. Bumiayu Kab. Brebes Melalui Pasar Tradisional

<sup>&</sup>lt;sup>25</sup> Pusparini, "Konsep Kesejahteraan..., p. 47.

<sup>&</sup>lt;sup>26</sup> Nurul Huda, dkk., *Keuangan Publik Islami Pendekatan Teoritis dan Sejarah*, (Jakarta: Kencana Prenada Media Group, 2012), p.1.

<sup>&</sup>lt;sup>27</sup> Rijal Assidiq, "Peran Negara Untuk Mewujudkan Kesejahteraan Dalam Kerangka Maqashidus Syariah", *Al-Urban: Journal Ekonomi Syariah & Filantropi Islam*, Vol. 1, No. 2, Desember 2017, http://journal.uhamka.ac.id/index.php/al-urban, p. 162.

*Prespektif Ekonomi Islam* (the Role of the Government in Improving Community Welfare in the Bumiayu Sub-district, Brebes Regency Through Traditional Markets Islamic Economic Perspective). The results of his research show that:

Traditional market Bumiayu has a role in improving people's welfare. To improve the welfare of the community in Bumiayu Sub-district, the role of the Regional Government, especially the Office of Industry and Trade, Brebes Regency is very necessary. The LG has carried out its function as a form of responsibility towards its community in accordance with the principles of Islamic Economics. This role is carried out by carrying out its functions in fulfilling social security, social balance, and government intervention in the form of policies that have been made and applied in the field to encourage the development of community welfare in Bumiayu District. In its intervention in the form of supervision, regulation, and implementation of economic activities which are carried out when there is a distortion in the market system.<sup>28</sup>

The next previous research was done by Rijal Assidiq Mulyana (2017) entitled *Peran Negara Untuk Mewujudkan Kesejahteraan Dalam Kerangka Maqashidus Syariah* (Role of the State to Realize Welfare In the Maqashidus Syariah Framework). The journal compiled by Rijal concluded that:

The concept of well-being in Islam especially rooted in Al Ghazali's idea of *maqashid sharia* is the most comprehensive concept of well-being. Because it not only includes elements of human material needs but also moral and spiritual. It is different from the welfare concept which is predicted by the western concept which only focuses on the material aspects and ignores the moral and spiritual aspects. Al Ghazali says someone's prosperity if it can provide protection for their religion (*din*), self (*nafs*), reason, lineage (*nasl*), property (*maal*). This means that the dimensions of *Maqashid Sharia are* not only of the present (worldly) dimension but also of the future (*ukhrawi*). The state in its role to realize the welfare of its people (*maqashid syariah*), is derived into 3 institutional roles. Namely: the role of worship, the role of politics

<sup>&</sup>lt;sup>28</sup> Roikhatun Aflaha, Peran Pemerintah Dalam Meningkatkan Kesejahteraan Masyarakat di Kec. Bumiayu Kab. Brebes Melalui Pasar Tradisional Prespektif Ekonomi Islam, (Purwokerto: Undergraduate Thesis, IAIN Purwokerto 2015.

and the role of the economy. the three roles must go hand in hand to ensure the realization of the *Islamic maqashid*.<sup>29</sup>

The next previous research was done by Krismiyati and Putri Wulandari (2012) entitled *Kajian Pengaruh Kebijakan Desentralisasi Pada Peningkatan Kesejahteraan Masyarakat (Studi Kasus: Kabupaten/Kota di Provinsi Jawa Barat* (Study of the Effect of Decentralization Policy on Increasing Community Welfare (Case Study: Districts / Cities in West Java Province). According to their research, concluded that:

In the economic field, the decentralization variable has not shown influence directly, in terms of the variables of fiscal decentralization. decentralization of functional and decentralized personnel, this is evident from the absence of the coefficients of the variables of decentralization that significantly affect economic variable region represented by the variable the GDP per capita. In the infrastructure, only variable decentralization of personnel, however, the effect is shown by the variable decentralization of personnel is negative, meaning that if there is an increase in the ratio of regional civil servants to central PNS by one unit, there will be a decrease in the length ratio good quality roads are equal to the coefficient value.<sup>30</sup>

Ayusia Sabhita Kusuma (2016) on her research entitled Jalan Terjal Menuju ASEAN Economic Community: Kebijakan Pemerintah Daerah Kabupaten Banyumas di Sektor UMKM (Jalan Terjal Towards ASEAN Economic Community: Policy of Banyumas District Government in MSME Sector) said that:

> Banyumas Regency's potential is quite large and can be increased, especially in the SMEs sector because Banyumas Regency's entrepreneurial spirit is sufficiently high. However, the good potential in the SMEs sector still has fundamental problems, including the still weak access of SMEs, especially those that are still small to financing for increased business capital, not to

<sup>&</sup>lt;sup>29</sup> Rijal Assidiq, "Peran Negara Untuk Mewujudkan Kesejahteraan Dalam Kerangka Maqashidus Syariah", *Al-Urban: Journal Ekonomi Syariah & Filantropi Islam*, Vol. 1, No. 2, Desember 2017, http://journal.uhamka.ac.id/index.php/al-urban.

<sup>&</sup>lt;sup>30</sup> Krismiyati Tasrin dan Putri Wulandari, "Kajian Pengaruh Kebijakan Desentralisasi Pada Peningkatan Kesejahteraan Masyarakat (Studi Kasus: Kabupaten/Kota Di Provinsi Jawa Barat)" *Jurnal Borneo Administrator*, Volume 8, No. 2, 2012.

mention the problems in the distribution or marketing sector because it is quite remote, and the quality of Human Resources which is still not good in terms of education level and expertise level. Local governments, in this case, Disperindagkop do not support the continuity of small SMEs that actually have great potential.

#### Table 1.5.

**The Previous Research** 

		~	- 100	
No	Researcher and Research Title	Similarities	Differences	Writer's
				Position
1.	Roikhatun Aflaha (2015), Peran		This study	This study
	Pemerintah Dalam	The role of	focuses on the	focus is
	Meningkatkan Kesejahteraan	government in	traditional	supporting of
	Masyarakat di Kec. Bumiayu	the increasing	market sector	local
	Kab. Brebes Melalui Pasar	pu <mark>blic</mark> welfare	in the city of	government
	Tradisional Prespektif Ekonomi		Bumiayu.	policies and
	Islam			sector
				agroindustry
2.	Rijal Assidiq Mulyana (2017), 🖊	The role of	This study	This study
	Peran Negara Untuk	government in	focuses	focus is local
	Mewujudkan Kesejahteraan 🦯	the increasing	on concept	government
	Dalam Kerangka Maqashid <mark>us</mark>	public welfare	maqashid	policies and
	Syariah		syariah	field research
3.	Krismiyati and Putri W <mark>ula</mark> ndari	The increasing	This study	This study
	(2012), Kajian Pengar <mark>u</mark> h	public welfare	focuses of	focus is local
	Kebijakan Desentralisasi Pada		decentralized	government
	Peningkatan Kesejahteraan		policy	policies
	Masyarakat (Studi Kasus:			
	Kabupaten/Kota di Provinsi			
	Jawa Barat			
4.	Dwi Rahayu (2014), Dampak	The impact of	This study	This study
	Keberadaan Agroindustri	agroindustry on	focuses on	focus is
	Terhadap Kesejahteraan	the increasing	discussing the	supporting
	Masyarakat Sekitar Industri Di	public welfare	impact of	local
	Desa Sukamanah,		agroindustry	government
	Megamendung, Kabupaten			policies
	Bogor			
5	Ayusia Sabhita Kusuma (2016),	The local	This study	This study
	Jalan Terjal Menuju ASEAN	government	focus is SMEs	focus is
	Economic	policies in		cooperative of
	Community:Kebijakan	Banyumas		agroindustry
	Pemerintah Daerah Kabupaten	Regency		sector
	Banyumas di Sektor UMKM			

The writer concludes that what the writer will do, has never been studied and although there are studies concerning the problems of local government policies on the welfare of the household. There is nothing the same as the research that will be carried out, then the distinguishing aspect of this research lies in the object and subject of the study being studied. This study focuses on "Analysis of the Agroindustry in Increasing Welfare of the Muslim Household on KSU Nira Satria, Pernasidi Village, Cilongok Sub-District, Banyumas Regency".

#### F. Outline of the Undergraduate Thesis

At this overall of the writing of this undergraduate thesis, the author divides into three sections: First part, Content and Past part.

The first part of this undergraduate thesis contains an introduction consisting of cover page, statement of supervisor, statement of originality, abstract, preface, transliteration guideline, and contents.

The contents section consists of five chapters discuss as follow:

The description of chapter I is an introduction consists of the background of the problem, operational definition, problem statement, purpose of research, benefits of research, literature review and systematic discussion.

*Chapter II* is the theoretical framework contains the theories related to the local government policies on agro-industry and household welfare increasing.

*Chapter III* is the research methodology including types and research approaches, location, and time of the study, subject and objects of research, data sources, data collection techniques, data analysis technique, and validity test technique.

*Chapter IV* is the result of writing on the general image of the object research and discussion with the invention in the field is then communicated with theory. Which is then analyzed and thus obtained valid data result of the research on agroindustry in Cilongok.

*Chapter V* is the closure, which contains conclusions and suggestion of the research has been carried out as well as the end of the discussion.

Then in the last part is a bibliography, appendixes and curriculum vitae.



# CHAPTER V CLOSURE

#### A. Conclusion

The results of research that have been carried out on the Analysis of the Agroindustry in Increasing Welfare of the Muslim Household on KSU Nira Satria, Pernasidi Village, Cilongok Sub-district, Banyumas Regency, the following conclusions are obtained:

Policies as the supporting system of agroindustry have been issued by the Central Government to the regions, which in this case are carried out by the Ministry of Cooperatives, the Banyumas Regency Government and the Department of Cooperatives and SMEs along with other related agencies are indeed aimed at empowering and prospering the community. Even this is in accordance with the vision of KSU Nira Satria who also wants to prosper the surrounding community, especially coconut sugar farmers who were previously shackled by irresponsible collectors. So the participation of local governments, especially the Department of Cooperatives and SMEs of Banyumas Regency is still very much needed. The Banyumas Government must always do this to carry out its function as a form of responsibility to the community in accordance with the principles of Islamic Economics.

However, implementing these programs is still not optimal. Evidenced by the lack of usefulness felt by the community, especially coconut sugar farmers as the main actors in this matter. This is due to the lack of coordination between the local government as the provider of assistance with the management of the cooperative or the coconut sugar farmers as program implementers.

In terms of Islamic welfare, based on 5 principles of *maqashid syariah*, it shows that 100% of households of coconut sugar farmers in KSU Nira Satria, Cilongok sub-district reach high welfare, namely: *First*, faith (*al-din*) shown through religious life like they still are carrying out religious activities, construction of religious facilities is good and socio-religious relations between coconut farmers still awake. *Second*, soul (*al-nafs*) is shown in the

needs of the community, such as: facilities are good and permanent home, access to transportation facilities and ease of doing sport. *Third*, reason (*al-'aql*) is shown by the availability of good quality education and affordable prices, so people can provide primary education needs to their children. *Fourth*, posterity (*al-nasl*) is indicated by the existence of guaranteed family health, they are also aware to register in the BPJS Employment and ease in obtaining health services with the availability of polyclinics close to the village. *Five*, wealth (*al-mal*) with an increase in income because the price of ant sugar is more expensive than printed sugar, making the level of public consumption also increased.

#### **B.** Suggestions

Some of the suggestions given in this study are as follows:

- 1. For the Local Government
  - a. Local governments, especially the Department of Cooperatives and SMEs, should always coordinate with various parties, especially field actors so that the programs to be made are more in line with what is needed.
  - b. Coordination between existing agencies also needs to be done so that the program to be implemented is more in line with their fields. Such as the forestry service or agriculture specifically developing agricultural products. Then continued by the industry and trade department specifically for product marketing programs and others.
  - c. Give attention from upstream to downstream, especially in providing solutions for sugar farmers related to regeneration.
- 2. For KSU Nira Satria
  - a. The cooperative must follow up on the criticism and suggestions of the coconut sugar farmers without exception so that those members feel cared for and feel prioritized by the cooperative. Moreover, while cooperatives are from members, they should also make members as subjects to advance cooperatives.

- b. Cooperatives must provide knowledge about cooperatives that is related to Principal Deposits, Mandatory Deposits, and Voluntary Deposits in order to increase members' knowledge and loyalty to the Cooperative.
- c. Cooperatives should further enhance innovations related to programs for coconut farmers, for example, provide socialization or training in the production of ant sugar with a variety of flavors, processing sugar ants as a delicious and nutritious food, or other skills for coconutfarmers and coconutfarmer's wives so that they have skills so that they can help the family economy.
- d. Pay more attention to the welfare of ICS, because the role of ICS is very vital in dealing directly in the field with coconut sugar farmers.
- 3. For KSU Members Nira Satria
  - a. Coconut sugar farmers must pay more attention to the quality of ant sugar products that will be sold so that they can be purchased at a high price.
  - b. Coconut sugar farmers must always be consistent in producing ant sugar organically.
  - c. Coconut sugar farmers should start learning to make product innovations in order to increase the selling value of ant sugar.
  - d. Coconut sugar farmers should begin to set aside their income in the
    form of emergency savings so that they can be used for sudden needs.
- 4. For Further Research

In further research, it can be done to finding how government intervention in the coconut sugar industry, especially in terms of marketing or the sugar market itself. In addition, researchers can also identify how the impact caused by the presence of the coconut sugar industry. Specifically, more focus on the development of sugar products with various flavors.

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