

Aligning Village Enterprise Governance with Maqasid al-Shariah: An Appraisal of BUMG Management for Social Welfare in Aceh Besar, Indonesia

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Abstract

Village-Owned Enterprises (BUMG) are a strategic instrument for promoting village economic self-reliance by optimizing local potential and empowering communities. This study aims to analyze the BUMG management system and examine it from the perspective of Islamic economic law in the village of Lampanah Baro, Indrapuri Sub-district, Aceh Besar Regency. This study employs a qualitative, normative-empirical approach, drawing on a literature review and analysis of BUMG management practices. The findings indicate that the presence of BUMG in Gampong Lampanah Baro has made a positive contribution to improving community welfare, particularly through job creation, increased income, and the development of businesses based on local potential. However, various challenges remain in its implementation, including limited human resource capacity, sub-optimal business management systems, and low levels of transparency and accountability in financial management. Furthermore, the application of Islamic economic principles has not yet been fully optimized, particularly in the use of business contracts, which remain largely conventional, and in the absence of a structured Islamic oversight system. From the perspective of Islamic economic law, these conditions indicate a gap between normative concepts and empirical practice, particularly with respect to the principles of justice (*al-'adl*), trustworthiness (*amanah*), and public interest (*maslahah*). Therefore, there is a need to strengthen the sharia-based governance of BUMG through capacity building for managers, the application of appropriate sharia contracts, and the establishment of a sharia oversight mechanism to achieve sustainable community welfare.

Keywords: BUMG, Islamic Economics, Governance, Welfare, Gampong

Introduction

Village-based economic development is a fundamental strategy for improving the welfare of communities in a sustainable manner. In the Indonesian context, villages are not merely viewed as objects of development, but also as subjects possessing significant potential to manage economic resources independently.¹ This is reinforced by the introduction of decentralisation policies through Law No. 6 of 2014 on Villages, which grants villages broad authority to manage local potential in order to improve community welfare.² One of the instruments developed within this framework is the Village-Owned Enterprise (BUMDes), known in Aceh as the Gampong-Owned Enterprise (BUMG).

BUMG plays a strategic role as a village economic institution tasked with managing local potential, increasing the village's own revenue, and creating employment opportunities for the community. The existence of BUMG is expected to serve as a driving force for the community's economy by developing productive enterprises that meet local needs and leverage local potential. A number of studies indicate that BUMDes/BUMG can make a significant contribution to improving community welfare, particularly by increasing income and reducing unemployment rates.³

However, in practice, the management of BUMG still faces various challenges, including limited human resource capacity, weak management systems, low financial transparency and accountability, and a lack of innovation in business development.⁴ This situation indicates that BUMG has not yet been able to function optimally as an instrument for community economic empowerment.⁵

¹ T. Sultan Mulia Nurrahman and Fikriah, "ANALISIS USAHA MIKRO KECIL DAN MENENGAH (UMKM) SEKTOR PERDAGANGAN DI KOTA BANDA ACEH," *Jurnal Ilmiah Mahasiswa (JIM)* 2, no. 2 (2017).

² Hanif Azhar et al., "Pengembangan Mobile Apps Untuk Crowdfunding Yayasan Griya Sodaqo Indonesia," *Transformasi: Jurnal Pengabdian Masyarakat* 19, no. 1 (2023), <https://doi.org/10.20414/transformasi.v19i1.6666>.

³ Safitri, I. (2021). The governance of Village-Owned Enterprises (BUMDes) in boosting the village economy. *Journal of Village Development*, 5(2), 45-56

⁴ Rijal. (2023). Management of Village-Owned Enterprises (BUMG) in improving community welfare. *Journal of Economics*, 8(1), 12-25.

⁵ Rahmad Kurniawan, Nur Asnawi, and Chairul Fahmi, "Juridical-Philosophical Review of the Position of Sharia Compliance in Islamic Banking in Indonesia," *Jurnal Ilmu Hukum Tambun Bungai* 9, no. 2 (December 31, 2024): 531-45, <https://doi.org/10.61394/JIHTB.V9I2.497>.

On the other hand, Aceh, as a region that implements Islamic Sharia law, has distinct characteristics in its management of economic activities. Every economic activity in Aceh, including the management of BUMGs, should be based on the principles of Islamic economic law. These principles include justice (*al-'adl*), public interest (*maslahah*), transparency (*amanah*), and the prohibition of usury (*riba*), uncertainty (*gharar*), and gambling (*maysir*).⁶ This is in line with the words of Allah SWT in the Qur'an: "O you who have believed! Do not consume one another's wealth unjustly..." (QS. An-Nisa: 29).

This verse emphasizes that all economic activities must be conducted fairly, transparently, and without causing harm to others. Furthermore, a hadith explains that the Prophet Muhammad (peace be upon him) prohibited practices involving uncertainty (*gharar*) and deception in economic transactions. Consequently, the management of BUMG is not only required to generate economic profit but must also align with Sharia values.⁷

In practice, some BUMG management has still not fully implemented Sharia economic principles, particularly in the use of business contracts and financing systems that remain largely conventional. Some savings-and-loan units, for example, still use interest-based systems that may contain elements of usury. Furthermore, the absence of a structured Sharia oversight system also poses a challenge in ensuring that economic practices align with Sharia principles. In this regard, the contractual guidelines established by the National Sharia Council of the Indonesian Ulema Council should serve as a reference for conducting economic activities at the village level.

Lampanah Baro Village, Indrapuri Sub-district, Aceh Besar Regency, is one of the villages that has a Village-Owned Enterprise (BUMG) as a means of community economic empowerment. The presence of the BUMG in this village has contributed to increased community economic activity. However, based on initial observations, the management of the BUMG in Lampanah Baro Village still faces various challenges, both from a managerial perspective and in terms of the application of Sharia principles.

Based on the above, there is a gap between the ideal concept of sharia-based BUMG management and the practices observed in the field. Therefore, this research is important for analysing the BUMG management system and reviewing it from the perspective of Sharia economic law. It is thus hoped that

⁶ Ascarya. (2022). *Islamic Economics in Indonesia*. Jakarta: Bank Indonesia

⁷ Jarmanisa et al., "ANALYSIS OF RISK COVERAGE AGREEMENT BETWEEN PT. J&T AND AN INSURANCE COMPANY FOR DELIVERY OF CONSUMER GOODS IN THE CONTEXT OF KAFALAH CONTRACT," *JURISTA: Jurnal Hukum Dan Keadilan* 5, no. 2 (October 1, 2021): 126-46, <https://doi.org/10.1234/JURISTA.V5I2.11>.

this research can contribute to the development of a BUMG management model that is not only economically effective but also in accordance with Sharia principles, with a view to achieving sustainable community welfare.

Research Method

This study employs a qualitative approach with a normative-empirical research design.⁸ Data was obtained through a literature review of academic journals, reference books, and regulations pertaining to BUMG and Islamic economics. Furthermore, this study employs a phenomenological analysis of BUMG management practices in Aceh, drawing on prior research findings.⁹ Data analysis was conducted using a descriptive-analytical technique by comparing empirical practices with normative principles in Sharia economic law.

Results and Discussion

A. The BUMG Management System in Aceh Besar District

Based on the research findings, the BUMG management system in Aceh Besar district generally comprises a director, a treasurer, and business unit managers. This system formally complies with the applicable regulations governing BUMDes/BUMG management. However, in practice, several weaknesses in the management system were still identified. Firstly, from a managerial perspective, BUMG's management remains rudimentary and lacks a well-organized administrative system. Financial record-keeping is still carried out manually and does not utilize a standard accounting system. These risks lead to inaccuracies in financial data and complicate the process of evaluating business performance.¹⁰

Secondly, from a transparency perspective, BUMG financial reports have not yet been fully disclosed to the public. This indicates that the principle of accountability is not yet functioning optimally. This situation aligns with

⁸ Lexy J. Moleong, *Qualitative Research Methodology*, Bandung: Remaja Rosdakarya, 2019, p. 6.

⁹ Muhammad Siddiq Armia, *PENENTUAN METODE & PENDEKATAN PENELITIAN HUKUM*, ed. Chairul Fahmi (Banda Aceh: Lembaga Kajian Konstitusi Indonesia, 2022).

¹⁰ Rozatul Fadilla Azza, Chairul Fahmi, and Riza Afrian Mustaqim, "LEGAL PROTECTION FOR LOCAL PRODUCTS IN ASEAN MARKET LIBERALISM: A Legal Analysis and Fiqh Muamalah Perspective," *Al-Mudharabah: Jurnal Ekonomi Dan Keuangan Syariah* 7, no. 1 (January 28, 2026): 128-51, <https://doi.org/10.22373/AL-MUDHARABAH.V7I1.9675>.

previous research findings indicating that low transparency is one of the main obstacles to the management of BUMDes/ BUMG.¹¹

Thirdly, regarding community participation, public involvement in the management and oversight of BUMG remains relatively low. The community tends to act as service users rather than as supervisors or co-owners of the village enterprise. This indicates that BUMG's function as a participatory economic institution has not yet been fully realized. Thus, it can be concluded that the BUMG management system in Gampong Lampanah Baro still requires improvement, particularly in management, transparency, and community participation.¹²

B. Analysis of Islamic Economic Law Regarding the Management of BUMG

1. The Principle of Justice (*Al-'Adl*)

From the perspective of Islamic economic law, the principle of justice demands an equitable distribution of benefits that does not disadvantage any particular party. Based on the research findings, the distribution of BUMG profits in Gampong Lampanah Baro has not yet been felt equally by the entire community.¹³

Some members of the community still do not have equal access to services or benefits from the BUMG, particularly regarding access to financing. This situation indicates that the principle of justice has not yet been fully realised in the management of the BUMG. This indicates that more inclusive policies are needed so that the entire community can benefit from the existence of BUMGs.

2. The Principles of Trust and Transparency

The principle of trust in Islamic economics emphasizes the importance of honesty and openness in the management of assets. The Qur'an (QS. An-

¹¹ Rahmawati, N. (2023). Transparency in the financial management of Village-Owned Enterprises (BUMDes). *Journal Public Accounting*, 9(1), 55-67.

¹² Muthia Sakti and Dwi Aryanti Ramadhani, "Halal Certification of Micro and Small Enterprises' Food Products for Consumer Protection," *Amsir Law Journal* 5, no. 1 (2023), <https://doi.org/10.36746/alj.v5i1.296>.

¹³ Saifullah Ali, Zalva Amalia, and Yusriaina Yusuf, "THE APPLICATION OF MURABAHAH CONTRACTS IN THE INSTALMENT SERVICES OF DHUAFA PARTNER COOPERATIVES IN INDONESIA," *JURISTA: Jurnal Hukum Dan Keadilan* 7, no. 2 (November 17, 2023): 119-43, <https://doi.org/10.1234/JURISTA.V7I2.70>.

Nisa: 29) explicitly prohibits the unlawful acquisition of wealth, which implies the importance of transparency in financial management.¹⁴

In practice, the management of the BUMG in Gampong Lampanah Baro remains partially transparent. Financial reports have not been routinely published to the public, so public trust in BUMG management remains limited. However, BUMG practices indicate that financial reports are not yet fully transparent. This contradicts Sharia principles, which demand public accountability.¹⁵

3. The Prohibition of *Riba* in Business Practices

One of the key principles of Islamic economic law is the prohibition of usury. In BUMG's operations, particularly within its savings and loan business units, mechanisms resembling an interest-based system are still evident.

This indicates a discrepancy with Sharia principles, which prohibit usury. Ideally, the financing system employed should be based on Sharia contracts such as *mudharabah* or *musyarakah*, in accordance with the guidelines of the National Sharia Council of the Indonesian Ulema Council.¹⁶ Consequently, a transformation of the financing system is necessary to ensure compliance with the principles of Islamic economics.

B. Implementation of Sharia Contracts in BUMGs in Aceh

The implementation of Sharia contracts in the management of BUMGs remains suboptimal. This is due to a lack of understanding among managers of Sharia economics, as well as a lack of guidance from competent parties.¹⁷ The contracts used in business activities lack clarity from a Sharia perspective, thereby potentially giving rise to uncertainty (*gharar*). This situation highlights a gap between the normative concepts of Sharia economics and actual practice on the ground.

The operations of Village-Owned Enterprises (BUMG) in Aceh are conducted with the obligation to use Sharia contracts, as mandated by Qanun No. 11 of 2008 and Qanun No. 11 of 2018 on Sharia Financial Institutions. The

¹⁴ Edward Aspinall, "A NATION IN FRAGMENTS: Patronage and Neoliberalism in Contemporary Indonesia," *Critical Asian Studies* 45, no. 1 (March 2013): 27-54, <https://doi.org/10.1080/14672715.2013.758820>.

¹⁵ Ascarya. (2022). *Islamic Economics in Indonesia*. Jakarta: Bank Indonesia.

¹⁶ Fatwa of the National Sharia Council of the Indonesian Ulema Council on Sharia contracts.

¹⁷ Fauzan and M.Faiz Nashrullah, "Analisis Kesiapan Pelaku Usaha Rumah Potong Unggas Di Kecamatan Tanah Merah Kabupaten Bangkalan Terhadap Sertifikasi Halal," *Journal of Islamic Economic and Law* 1 (2024).

concept requires that every financing product and every sale and purchase transaction be based on Islamic principles and avoid usury. To accommodate the diverse needs of the community whilst maintaining Sharia compliance, BUMG uses various types of contracts, which can be classified into several main categories.¹⁸

1. Sale and Purchase Contract (*Al-Bai'*)

This contract focuses on the transfer of ownership of goods through a transparent and fair mechanism. One form of the sale and purchase contract is the *Murabahah* contract (Sale and Purchase with a Profit Margin).¹⁹ This contract is one of the most commonly used by BUMG in Aceh. In this contract, BUMG acts as the seller, disclosing the cost price of the goods to the buyer (the public) and adding an agreed-upon profit margin. An example of its application is in agricultural business financing, where BUMG purchases fertilizer or seeds, then resells them to farmers at a mutually agreed price. To ensure the practice complies with Sharia law, this contract is often combined with *wakalah* (delegation of authority), whereby BUMG authorizes farmers to purchase goods on its behalf.²⁰

2. Partnership Agreement (*Al-Syirkah*)

This category reflects the spirit of mutual cooperation in managing a business based on the principle of profit-sharing or sharing of profits and losses. There are two forms of partnership agreement. First, the *Mudharabah* (Profit-Sharing) agreement. This agreement is a partnership between the capital provider (*Shahibul Mal*), in this case, the BUMG, and the business manager (*Mudharib*), namely the community. Profits are shared according to a ratio agreed upon at the outset, whilst financial losses are borne entirely by the capital provider, provided they are not caused by the manager's negligence.

¹⁸ Chairul Fahmi, "The Impact of Regulation on Islamic Financial Institutions Toward the Monopolistic Practices in the Banking Industrial in Aceh, Indonesia," *Jurnal Ilmiah Peuradeun* 11, no. 2 (May 30, 2023): 667-86, <https://doi.org/10.26811/PEURADEUN.V11I2.923>.

¹⁹ Abbas Arfan et al., "The Implementation of Maqashid Sharia: Heterogeneity of Scholars' Fatwas Towards Islamic Banking Contracts," *Legality: Jurnal Ilmiah Hukum* 32, no. 1 (2024), <https://doi.org/10.22219/ljih.v32i1.32170>.

²⁰ Nurhadi Nurhadi, "Contradictive Istinbath Akad Murabahah Law Bil of Sharia Financing Time," *Li Falah: Jurnal Studi Ekonomi Dan Bisnis Islam* 4, no. 2 (2020), <https://doi.org/10.31332/lifalah.v4i2.1518>.

In Aceh, this practice is traditionally known as “mawah” and is in accordance with Sharia principles.²¹

Secondly, the *Musyarakah* (Business Partnership) contract. Unlike *mudharabah*, in *musyarakah* all parties contribute capital and are entitled to a share of the profits in proportion to their respective capital contributions. Losses are also borne jointly on a proportional basis. This contract is highly suitable for joint business development between BUMG and farmers’ groups or cooperatives.²²

3. The Lease and Services Agreement (*Al-Ijarah*)

This contract focuses on the utilization of services or the benefits of an item without transferring ownership of the item itself. In practice, BUMG can provide various rental services, such as the hire of sound systems, traditional attire, or party equipment.²³ The *ijarah* contract can also be applied to the hiring of services, for example, garden management services or transport services, in return for a clear and agreed fee (*ujrah*).²⁴

4. Social Loan Contract (*Al-Qardh*)

This contract reflects the values of humanity and mutual aid (*ta’awun*) in Islam. *Qardh* (Charitable Loan) is an interest-free loan contract intended purely to help others.²⁵ The borrower is only obliged to repay the loan in the same amount at the agreed time. This practice is found in BUMGs that disburse business capital loans to MSME operators without charging any fees, as a form of social concern for household economies. Although some BUMGs

²¹ Kautsar Riza Salman, “The Determinants of Profit-Loss Sharing Financing of Islamic Banks in Indonesia,” *Muqtasid: Jurnal Ekonomi Dan Perbankan Syariah* 13, no. 2 (2023), <https://doi.org/10.18326/muqtasid.v13i2.95-111>.

²² Iqbal Maulana El, Masyhuri Masyhuri, and Indah Yuliana, “The Effect of Mudharabah and Musyarakah Financing on Profitability of Islamic Banks in Indonesia,” *Indonesian Interdisciplinary Journal of Sharia Economics (IJSE)* 5, no. 1 (2022), <https://doi.org/10.31538/ijse.v5i1.1969>.

²³ Faris Alshubiri and Mawih Kareem Al Ani, “Financing and Returns of Shari’ah-Compliant Contracts and Sustainable Investing in the Islamic Banking of Oman,” *Economic Change and Restructuring* 56, no. 4 (2023), <https://doi.org/10.1007/s10644-023-09522-8>.

²⁴ Uswatun Hasanah, Rahmat Hidayat, and Muhammad Zali, “Penerapan Akad Ijarah Pada Pembiayaan Multi Jasa Dalam Perspektif Hukum Islam,” *Journal of Science and Social Research* 6, no. 2 (2023).

²⁵ Rahmatul Huda, “KONSEP KEPEMILIKAN EMAS MELALUI PRODUK ARISAN EMAS DI PEGADAIAN SYARIAH (ANALISIS HUKUM EKONOMI SYARIAH),” *AL IQTISHADIAH JURNAL EKONOMI SYARIAH DAN HUKUM EKONOMI SYARIAH* 4, no. 2 (2019), <https://doi.org/10.31602/iqt.v4i2.1999>.

use conventional models, others have implemented a pure *qardh* contract or combined it with other contracts, such as *murabahah*.²⁶

In addition to the four main contracts mentioned above, there are supplementary contracts such as *Wakalah* (delegation of authority), which is often paired with *murabahah*, as well as *Kafalah* (guarantee), *Rahn* (pawn), and *Wadi'ah* (deposit), which support BUMGs' operations.²⁷

With these various types of Sharia contracts, BUMG in Aceh possesses a rich and flexible framework. This framework not only provides a clear legal basis for every transaction but also ensures that every economic activity undertaken brings blessings and prosperity to the community in a fair and sustainable manner.

C. The Role of BUMG in Improving the Welfare of the People of Aceh

BUMG plays a strategic role in improving community welfare by creating jobs and generating income. This is in line with the concept of *maslahah* in Islamic economics, which emphasizes benefits for the wider community.²⁸ However, the effectiveness of this role remains limited due to governance challenges and the sub-optimal application of Sharia principles. These findings indicate that strengthening Sharia-based governance is an urgent necessity.²⁹

Aceh, as the only province in Indonesia that formally implements Islamic Sharia law, possesses a unique character in the development of community-based economies, one of which is through the Village-Owned Enterprise (BUMG). A BUMG is a village economic institution where all or the majority of the capital is owned by the village through active community participation, with the aim of managing local assets, services, and economic potential based on Sharia principles. The primary legal basis for BUMGs in Aceh is set out in Qanun No. 13 of 2014 on Village-Owned Enterprises, which

²⁶ Saifullah Ali, Zalva Amalia, and Yusriaina Yusuf, "THE APPLICATION OF MURABAHAH CONTRACTS IN THE INSTALMENT SERVICES OF DHUFAFA PARTNER COOPERATIVES IN INDONESIA," *JURISTA: Jurnal Hukum Dan Keadilan* 7, no. 2 (November 17, 2023): 119–43, <https://doi.org/10.1234/JURISTA.V7I2.70>.

²⁷ Supriadi Supriadi and Ismawati Ismawati, "Implementasi Prinsip-Prinsip Perbankan Syariah Untuk Mempertahankan Loyalitas Nasabah," *JURNAL HUKUM EKONOMI SYARIAH*, 2020, <https://doi.org/10.30595/jhes.v0i0.7002>.

²⁸ Qardhawi, Y. (1997). *The Role of Values and Morals in the Islamic Economy*. Jakarta: Rabbani Press.

²⁹ Della Febby Ameliana and Lina Kushidayati, "Tinjauan Hukum Islam Terhadap Pengalihan Objek Akad Ijarah Dalam Menjahit Pakaian (Studi Kasus Di Desa Mrisen Kecamatan Wonosalam Kabupaten Demak)," *JIMSIA: Jurnal Ilmu Syariah* 2, no. 1 (2023).

provides guidelines for their establishment, management, development, and supervision. By mid-2025, 247 BUMGs in Aceh Besar alone had been granted legal status, an achievement that demonstrates the spirit of economic self-reliance at the village level.³⁰

In their operations, BUMGs apply various Sharia contracts tailored to the community's business needs, including *mudharabah* (profit-sharing partnership between capital providers and managers), *musyarakah* (business partnership with shared capital), *murabahah* (sale and purchase specifying the cost price and profit), *qardh* (interest-free charitable loans), and *ijarah* (leasing of services or the use of goods). All these contracts are formalized in written agreements to ensure legal certainty and fairness. A case study in Gampong Blang Rheue, North Aceh, demonstrates that the Malem Muda Community-Owned Enterprise (BUMG) manages a broiler chicken farming business using the *syirkah 'ain* or *musyarakah* contract, which has proven capable of improving the community's economic standard of living, creating employment opportunities, and meeting residents' primary, secondary, and tertiary needs in accordance with the *maqashid* of Sharia. This success reflects the value of mutual assistance among fellow Muslims, which lies at the heart of the Islamic economy.³¹

Another case occurred in Gampong Ie Beudoh, Nagan Raya, where in 2022, Baitul Mal Aceh channeled business capital assistance of Rp100 million to the local BUMG. Through the use of Sharia-compliant contracts, the BUMG generated up to Rp12 million per month in profit and produced around 500 boxes of products per day. This initiative not only provides free access to clean water for the local community but also employs 22 local residents. This success serves as tangible proof that the productive management of zakat, *infak*, and *sedekah* funds through BUMGs can foster economic self-reliance and reduce unemployment rates. In Aceh Besar Regency, the total assets of BUMGs amount to Rp63.7 billion, allocated, among other things, for sharia-based savings and loan activities for women's groups. A total of 15 BUMGs in the region are also ready to supply raw materials for the Free Nutritious Meals (MBG) program, including rice, bread, and green vegetables, which not only improve the community's nutritional intake but also provide a direct economic impact for business operators at the village level. Meanwhile, the

³⁰ Mohammad ridwan Ridwan, "Aturan Hukum Lembaga Keuangan Mikro Syariah (Bmt Dan Koperasi Syariah) Beserta Akad Akadnya," *At-Tasyri': Jurnal Hukum Dan Ekonomi Syariah* 3, no. 2 (2023), <https://doi.org/10.55380/tasyri.v3i2.401>.

³¹ Arfan et al., "The Implementation of Maqashid Sharia: Heterogeneity of Scholars' Fatwas Towards Islamic Banking Contracts."

Sejahtera Mandiri BUMG in Gampong Lhung Asan, South-West Aceh, has full legal standing and manages a party equipment hire service as well as the distribution of subsidized fertilizer to farmers; it also has the potential to secure additional capital to open an official 3-kilogram LPG agency, which will further expand the benefits for the community.³²

From these various cases, the role of BUMGs in improving community welfare from an Islamic economic perspective encompasses four main aspects: first, increasing community income through fair access to capital; second, the creation of new jobs in the trade, services, and agricultural sectors; third, economic empowerment based on local potential such as poultry farming, plantations, fisheries, and tourism; fourth, equitable access to basic services such as clean water, nutritious food, and Sharia-compliant financial services for vulnerable groups. From an Islamic perspective, welfare is not measured solely by material aspects, but also by the balanced fulfilment of basic (*al-dharuriyyah*), secondary (*al-hajjiyyah*), and supplementary (*al-tahsinniyyah*) needs, and BUMG in Aceh has demonstrated progress in meeting these indicators.³³

Nevertheless, the implementation of BUMGs in Aceh still faces several challenges. A study of the Meukuta Alam BUMG in Gampong Kuta Alam, Banda Aceh, revealed obstacles such as a lack of human resource competence, an apathetic attitude among the community who view BUMGs as belonging solely to the village apparatus, and a lack of funding. There are still BUMGs that are effectively 'dormant' and require serious revitalization. Moving forward, there is a need to strengthen the legal framework for legal entities, enhance the capacity of management staff, provide ongoing support from local government and academics, and diversify business units based on local potential. The energy sector also presents new opportunities, as the draft Aceh Oil and Gas Regulation allows BUMGs to manage oil fields – a breakthrough that could significantly strengthen the village economy. With consistent strengthening, the implementation of Sharia contracts within BUMGs in Aceh can serve as a model for developing Sharia-based economies at the village

³² Hanifa Assofia, "Analisis Kinerja Keuangan Bank Aceh Setelah Konversi Periode 2016-2018 Berdasarkan Peraturan Otoritas Jasa Keuangan Nomor 8/POJK.03/2014," *AT-TAWASSUTH: Jurnal Ekonomi Islam* 4, no. 1 (2021), <https://doi.org/10.30829/ajei.v4i1.4086>.

³³ Mutia Arjayanda, Muhammad Arifin, and Chairul Fahmi, "URGENSI IMPLEMENTASI EKONOMI HIJAU PADA PERTAMBANGAN EMAS DI KECAMATAN SAWANG DALAM PERSPEKTIF MAQASHID AL-SYARI'AH," *Integrative Perspectives of Social and Science Journal* 2, no. 03 Agustus (August 13, 2025): 6156–68, <https://ipssj.com/index.php/ojs/article/view/774>.

level across Indonesia, whilst realizing equitable community welfare in accordance with Islamic values.

The BUMG's presence in Gampong Lampanah Baro has had a positive impact on community welfare. This is evident in increased economic activity, job creation, and rising incomes among some members of the community involved in BUMG's business activities.

However, these impacts remain limited and uneven. This is due to various challenges in managing the BUMG, such as limited capital, low managerial capacity, and the sub-optimal application of Sharia principles.³⁴ From a Sharia economic perspective, welfare is measured not solely by material aspects but also by spiritual and social dimensions. Therefore, the management of BUMG should not be solely profit-oriented but should also focus on the overall public good (*maslahah*). These findings indicate that although BUMGs have contributed to community welfare, efforts to improve management quality are still required to ensure that the benefits generated are more optimal and sustainable.

Conclusion

Based on the research findings and discussion regarding the Islamic economic law review of the management system of the Village-Owned Enterprise (BUMG) in Lampanah Baro Village, Indrapuri Sub-district, Aceh Besar Regency, it can be concluded that, in general, the existence of BUMG has made a positive contribution to improving community welfare. This is demonstrated through increased economic activity, job creation, and the growth of community income sources based on local potential. Thus, BUMG plays a strategic role as an instrument for village economic empowerment.

However, from a management perspective, the BUMG in Gampong Lampanah Baro still faces various constraints that hinder the optimisation of its performance. These constraints include limited human resource capacity, an immature management system, and low levels of transparency and accountability in financial management. Furthermore, the level of community participation in the supervision and management of the BUMG remains relatively low, meaning that the function of social control has not yet been effectively implemented.

³⁴ Nadhirah Nordin et al., "Developing Business Model Based on Islamic Classical Economic Thoughts," *Academic Journal of Interdisciplinary Studies* 11, no. 4 (2022), <https://doi.org/10.36941/ajis-2022-0105>.

From the perspective of Islamic economic law, the management of BUMG has not yet fully reflected key principles, such as justice (al-'adl), trustworthiness (transparency), and public interest (maslahah). This is evident from the uneven distribution of economic benefits, a lack of transparency in financial management, and the continued existence of business practices that do not fully utilise Sharia contracts and potentially contain elements of usury (riba) or uncertainty (gharar).

These findings indicate a gap between the ideal concept of Islamic economics and the actual management practices of BUMGs. Therefore, a comprehensive transformation of BUMG management based on Islamic principles is required through capacity building for managers, the application of business contracts in accordance with Islamic principles, and the establishment of a structured Islamic oversight system. With these improvements, it is hoped that BUMGs will not only be able to enhance the economic well-being of the community but also realise equitable and sustainable well-being in accordance with the values of Sharia economic law.

Therefore, a transformation of BUMG governance based on Sharia is required through enhancing human resource capacity, implementing appropriate contracts, and establishing a Sharia oversight system to ensure that BUMG can contribute optimally to community welfare.

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