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OPTIMIZING SHARIA ECONOMICS PRINCIPLES IN STATE LAW FOR ENHANCED VILLAGE GOVERNANCE: A CASE STUDY OF ALUH-ALUH VILLAGE, BANJAR REGENCY

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Abstract

This study aims to explore how optimizing the application of Sharia-based State Law can enhance the quality of village governance, focusing on Aluh-Aluh Village in Banjar Regency. Applying Sharia-based State Law is expected to improve the mechanisms and processes of village governance and integrate Sharia principles into resource management and public services. The research employs a qualitative approach, with data collected through interviews with village officials, observation of activities, and document studies. The findings indicate that the application of Sharia economic principles, such as justice (*'adl*), transparency (*shafafiyah*), and social responsibility (*mas'uliyah*), not only enhances transparency and accountability within village governance but also strengthens community participation in decision-making and resource management. Integrating these principles offers solutions to challenges such as unequal resource distribution, low transparency, and weak accountability. The implications of this research suggest that implementing Sharia-based State Law can promote more responsible financial management practices, increase community involvement, and support sustainable development. The integration of Sharia economic principles into village governance provides a model for other villages with similar conditions and can enhance community engagement and public service quality. The study recommends long-term planning and adherence to Sharia principles to improve transparency, accountability, and prosperity at the village level.

Keywords: Sharia Economics, Village governance, State Law, Ethical administration, Social welfare

A. INTRODUCTION

The application of Sharia Economics-based State Law in village governance is becoming increasingly relevant in the context of efforts to

improve the quality of village governance¹. The village is the smallest unit of government that has a strategic role in national development. As the spearhead of government, villages

¹ B Adhinata, IK Darma, and NW Sirimiati, "Good Village Governance in Financial Management to Create Independent Village: Study of Pecatu Village Government,"

Soshum: Jurnal Sosial Dan ..., no. Query date: 2024-09-04 15:34:26 (2020), <https://ojs.pnb.ac.id/index.php/SOSHUM/article/view/2015>.

function not only as public service providers but also as drivers of the local economy². In this case, the application of Sharia Economic principles can provide a more equitable, ethical, and sustainable framework for managing resources and improving the welfare of village communities. Therefore, optimizing the application of State Law integrated with the values of Sharia Economics is crucial to ensure effective village management by the principles of justice and benefit.

The application of Sharia-based constitutional law in the context of improving the quality of village governance can be understood as an integration of Islamic legal principles into the administrative and financial management of village governments. This approach aims to enhance governance by aligning it with ethical and moral standards derived from Sharia. Interestingly, while Siregar & Muslihah does not explicitly discuss Sharia-based governance, it does highlight the implementation of good governance principles in the Bantul Regency, which could potentially be harmonized with Sharia principles to further improve governance quality.³ Kuanova et al., 2023 suggest that Islamic finance principles can promote

economic development and social welfare, which could be relevant to village governance by fostering a more ethical and community-oriented approach.⁴ Moreover, the Islamic corporate governance model discussed in Bhatti, emphasizing transparency and ethical conduct, could be adapted to the village governance context to enhance accountability and ethical administration.⁵ The integration of Sharia-based constitutional law into village governance could potentially improve governance quality by ensuring that administrative and financial practices adhere to ethical and moral standards. This could be achieved by drawing on the principles of good governance,⁶ As observed in Bantul Regency and by applying the Islamic corporate governance model to village governance structures.⁷ Additionally, the principles of Islamic social finance could be leveraged to address social issues and promote economic development at the village level. Therefore, the application of Sharia-based constitutional law in village governance holds promise for enhancing the quality of governance through ethical, transparent, and community-focused practices.⁸

² IM Sara, AAK Jayawarsa, and KAK Saputra, "Rural Assets Administration and Establishment of Village-Owned Enterprises for the Enhancement of Rural Economy," *Jurnal Bina Praja*, no. Query date: 2024-09-04 15:34:26 (2021), <http://jurnal.kemendagri.go.id/index.php/jbp/article/view/893>.

³ H. O. Siregar and S. Muslihah, "Implementation of Good Governance Principles in Village Government Context in Bantul Regency, Yogyakarta," *Jurnal Perspektif Pembiayaan Dan Pembangunan Daerah* 6, no. 4 (2019): 503–14, <https://doi.org/10.22437/ppd.v6i4.6256>.

⁴ L. Kuanova, N. Shirazi, and R. Doszhan, "Islamic Social Finance Efficiency and Eco-System: Islamic Finance in Action," *Economic Series of the Bulletin of the L.N.*

Gumilyov ENU 4 (2023): 249–64, <https://doi.org/10.32523/2789-4320-2023-4-249-264>.

⁵ M. Bhatti and M. I. Bhatti, "Toward Understanding Islamic Corporate Governance Issues in Islamic Finance," *Asian Politics & Policy* 2, no. 1 (2010): 25–38, <https://doi.org/10.1111/j.1943-0787.2009.01165.x>.

⁶ Siregar and Muslihah, "Implementation of Good Governance Principles in Village Government Context in Bantul Regency, Yogyakarta."

⁷ Bhatti and Bhatti, "Toward Understanding Islamic Corporate Governance Issues in Islamic Finance."

⁸ Kuanova, Shirazi, and Doszhan, "Islamic Social Finance Efficiency and Eco-System: Islamic Finance in Action."

One of the main reasons for optimizing the application of Sharia Economics-based Constitutional Law is to address the challenges faced by village governments, such as unequal distribution of resources, low transparency, and weak accountability. The principles of Sharia Economics, such as justice (*'adl*), transparency (*shafafiyah*), and social responsibility (*mas'uliyah*), offer relevant solutions to address these issues. By adopting a Sharia Economic framework, villages can manage their resources more wisely, avoid corrupt practices, and ensure that economic benefits are distributed equitably among the community. This can increase public trust in village governance and encourage community participation in the development process.

In addition, optimizing the application of Sharia Economics-based State Law is also important in order to promote social and economic inclusion at the village level. Sharia Economics encourages the participation of all members of society without discrimination, paying attention to the interests of vulnerable groups, such as women, children, and the poor. In the village context, this means creating programs that support community-based economic empowerment and ensuring that village policies reflect the principles of equality and inclusion. Thus, the application of Sharia Economics-based Constitutional Law can help create a

conducive environment for all citizens to actively contribute to village development.

The application of Sharia-based Constitutional Law in village governance can encourage more responsible financial management practices. Sharia principles prohibit practices such as *riba* (interest) and encourage investment in productive sectors that have social benefits.⁹ This is particularly relevant for village governments that often face budget constraints and the need to maximize the use of available funds. By adopting a sharia approach to village financial management, village governments can ensure that village funds are used efficiently, transparently, and by the principles of the benefit of the people.

The optimal application of Sharia Economics-based State Law can enhance village governance by fostering community participation and ensuring that development aligns with ethical and sustainable principles. According to Mutiara, the implementation of Law No. 6 of 2014 and the Village Fund in 2015 has already encouraged community involvement in development processes, although there is a need for long-term planning to ensure prosperity.¹⁰ This suggests that incorporating Sharia economic principles, which emphasize justice, ethics, and sustainability, could further improve governance quality.¹¹

Interestingly, while Herry et al., highlight the importance of Total

⁹ Rudi Arahman and Siti Lamusiah, "Transaksi Yang Mengandung Unsur Riba, Maysir, Dan Gharar Dalam Kajian Tindak Tutur," *Jurnal Ilmiah Telaah* 5, no. 2 (2020): 28–35.

¹⁰ N. Mutiara, D. Mursinto, and Z. Maliki, "Community Participation in Village Development from Islamic Economic Perspectives," *Journal of Innovation in Business and Economics* 3, no. 01 (2019): 23, <https://doi.org/10.22219/jibe.v3i01.7350>.

¹¹ I Ilyas et al., "The Accommodation of Customary Law to Islamic Law: Distribution

of Inheritance in Aceh from a Pluralism Perspectives," *Samarah: Jurnal Hukum ...*, no. Query date: 2024-04-08 11:35:48 (2023), <https://jurnal.ar-raniry.ac.id/index.php/samarah/article/view/15650>; A Hafid et al., "The Application of Khiyar Principles to E-Commerce Transaction: The Islamic Economy Perspective," *Samarah: Jurnal ...*, no. Query date: 2024-04-08 11:35:48 (2024), <https://jurnal.ar-raniry.ac.id/index.php/samarah/article/view/20890>.

Quality Management and Sharia Governance in Islamic finance institutions, suggesting a focus on customer satisfaction and adherence to Sharia principles, this approach could be adapted to village governance, enhancing transparency and accountability.¹²

Moreover, Lita & Utama, 2014 indicate that Sharia-compliant instruments in capital markets support environmentally friendly business activities, which could be mirrored in village governance to promote sustainable development. In summary, the integration of Sharia Economics-based State Law into village governance can improve the quality of governance by promoting active community participation, ethical practices, and sustainable development.¹³

This integration should include long-term planning and adherence to Sharia principles, which can lead to increased transparency, accountability, and environmental stewardship, ultimately contributing to the prosperity and well-being of village communities.

The optimal application of Sharia Economics-based Constitutional Law can improve the quality of village governance by applying principles that support transparent, accountable, and social justice-oriented governance. One of the key principles in Sharia Economics is justice, which ensures that all policies and resource management are conducted in a fair and non-discriminatory manner. In the context of village governance, this means that decision-making, allocation of village funds, and management of development

programs should be done in a fair and inclusive manner, ensuring that all villagers benefit proportionally. The implementation of this principle can reduce social and economic inequality in the village and improve the overall welfare of the community.

In addition, the application of Sharia-based Constitutional Law also promotes transparency and accountability in village governance. Sharia principles emphasize the importance of transparency in financial management and reporting to the community. By implementing an open and accessible reporting system, the community can more easily monitor the use of village funds and be involved in the oversight process. This not only prevents corruption and misuse of funds but also builds public trust in the village government. High accountability will encourage village governments to work more efficiently and be responsive to community needs.

Optimizing the application of Sharia Economics-based Constitutional Law in village governance is a strategic step to improve the quality of governance at the local level. This application is not only in line with the religious values embraced by the majority of communities in many villages, including in Aluh-aluh Village, and Kabupaten Banjar but also offers a holistic approach to address the various challenges facing village governance today. As such, it is expected to create a better, more transparent, and fairer village administration for all villagers.

¹² E. Herry et al., "Total Quality Management Development and Sharia Governance Efforts in Sharia Micro Financial Institutions to Improve Market Share," *IJIEEB: International Journal of Integrated Education, Engineering and Business* 2, no. 1 (2019): 27–35, <https://doi.org/10.29138/ijieeb.v2i1.809>.

¹³ H. Lita and Z. Utama, "Law Review of Islamic Capital Market Role to Support Sustainable Economic Development," *Tazkia Islamic Finance and Business Review* 8, no. 2 (2014), <https://doi.org/10.30993/tifbr.v8i2.69>.

B. RESEARCH METHODS

Research Objectives

This research aims to explore and identify optimal ways of applying Sharia Economics-based Constitutional Law to improve village governance, with a particular focus on Aluh-aluh Village, Banjar Regency.¹⁴ In this context, the research seeks to explore how the principles of Sharia Law can be integrated with the values of Sharia Economics to create a more just, transparent, and sustainable village governance system. It also seeks to understand the dynamics of implementing these principles at the local level, as well as identify factors that support or hinder their successful implementation.¹⁵

One of the main objectives of this research is to develop a model of village governance that is not only administratively efficient but also aligned with the underlying sharia principles of social justice and community welfare. This research hopes to make a significant theoretical contribution by enriching the literature on Constitutional Law and Sharia Economics in the context of village governance. Furthermore, the results of this research are expected to provide insights for policymakers and other stakeholders on how to practically apply sharia principles in village governance.

In terms of practical benefits, this research is expected to provide guidance for village governments in managing resources and performing their governance functions better. By adopting a Sharia Economics-based Constitutional Law approach, villages can improve the efficiency of village

budget management, ensure a fairer distribution of development benefits, and encourage wider community participation.¹⁶ This approach can also assist villages in creating a conducive environment for sustainable local economic growth while maintaining ethical and moral values by sharia principles.

Finally, this research also aims to create a framework that can be applied in other villages with similar conditions. As such, this research does not only focus on Aluh-aluh Village but also seeks to provide broader benefits for the development of village governance across Indonesia. Effective implementation of the principles of Sharia Law and Economics is expected to serve as a model for other villages to improve the quality of their governance, which in turn will contribute to more equitable and sustainable development across the country.

Research Approach

This research uses a qualitative approach to explore the application of Sharia Economics-based Constitutional Law in improving the quality of village governance in Aluh-Aluh Besar Sub-district, Banjar Regency. The qualitative approach was chosen because it is able to deeply explore the social dynamics, perceptions, and experiences of village stakeholders regarding the application of legal and sharia principles in governance. Through this approach, the research was able to capture nuances and complexities that cannot be measured solely with quantitative data, such as the interaction between sharia values and

¹⁴ Anwar Hafidzi, *Metode Penelitian Hukum Normatif Dan Empiris: Teori Dan Praktik* (Pamekasan: Alifba Media, 2024), https://scholar.google.com/citations?view_op=view_citation&hl=id&user=ikbMoCQAAAJ&sortby=pubdate&citation_for_view=ikbMoCQAAAAJ:VLnqNzywnoUC.

¹⁵ A Hafidzi, "Metode Penelitian Hukum Keluarga," *Serang Baru: Laksita* 2019 1, no. Query date: 2024-03-16 09:19:09 (2019): 150–150.

¹⁶ M. Ied Al Munir, "Tinjauan Terhadap Metode Empirisme Dan Rationalisme," *Jurnal Filsafat* 38, no. 3 (n.d.): 234–45.

daily governance practices in local villages.¹⁷

The selection of a qualitative approach was also based on the research objective to gain a comprehensive understanding of how the application of Sharia Economics-based State Law can improve village governance. In this context, a qualitative approach allows researchers to examine in depth the factors that influence the success or obstacles in the application of these principles. This approach is also suitable for exploring the perspectives of village officials and communities directly involved in the governance process, thus providing richer and more experiential insights.

The research was conducted in Kecamatan Aluh-Aluh Besar, Kabupaten Banjar, which consists of 19 villages with various demographic and economic characteristics. Some of the villages included in the research location are Sungai Musang Village with a population of 1,149 people, Aluh-Aluh Besar Village with a population of 3,412 people, and Pemurus Village with a population of 2,854 people. This sub-district was chosen because it has a diversity of villages with unique challenges and potential, which can provide a broader picture of the application of Sharia Law and Economics at the village level. Monographic data for the Aluh-Aluh Sub-district in 2019 shows that the total population in this sub-district reached 29,259 people with 8,617 households, with an average of three members per family.

From the monographic data of the Aluh-Aluh Sub-district in 2019, the number of people of productive age (15-

64 years) in this sub-district reached 21,207 people. Of this number, 2,801 people are not working or not working, 5,244 people are taking care of the household, 3,148 people are students, and 692 people are civil servants, military, police, or retirees. In addition, 220 people work as private or honorary employees, 1,617 people are self-employed, and most of them, namely 7,485 people, work in the agriculture, plantation, and fisheries sectors, or as farm laborers, fishing laborers, and livestock laborers. This data shows the importance of the agricultural sector in this sub-district, and how the application of Sharia Economics-based State Law can significantly affect the sustainability and welfare of village communities.¹⁸

Data Collection

The data in this study were collected through various sources to ensure accuracy and richness of information. First, interviews were conducted with five village officials in Aluh-Aluh Besar Village to gain an in-depth understanding of the implementation of Sharia Economics-based administrative law in village management. The interviews aimed to explore experiences, views, and challenges faced in applying these principles. Secondly, observation of community service activities carried out with the Faculty of Sharia was conducted to see firsthand the practices of applying Sharia values in daily life in the village. Third, the study of relevant documents, including village regulations, village financial reports, and other policy documents, was analyzed to understand how the principles of Sharia Law and Economics are formally implemented.

¹⁷ John W. Creswell and J. David Creswell, *Research Design: Qualitative, Quantitative, and Mixed Methods Approaches* (SAGE Publications, 2017); Albi Anggito Setiawan Johan, *Metodologi penelitian kualitatif* (CV Jejak (Jejak Publisher), 2018).

¹⁸ "Kecamatan Aluh-Aluh Dalam Angka 2022 - Badan Pusat Statistik Kabupaten Banjar," accessed September 4, 2024, <https://banjarkab.bps.go.id/id/publication/2022/09/26/5675e2643263b92f3aae24dd/kecamatan-aluh-aluh-dalam-angka-2022.html>.

Data Analysis

Data analysis was conducted using the thematic analysis method, where data collected from interviews, observations, and document studies were categorized into themes relevant to the research focus. The analysis process began with the transcription of interview and observation data, followed by coding to identify the main themes that emerged. Subsequently, these themes were compared and integrated to build a coherent narrative of how the application of Sharia-based Constitutional Law affects village governance. In this process, the researcher also triangulated the data to ensure the validity and reliability of the findings, by comparing information from various data sources.

The data that has been analyzed is then processed to obtain conclusions that are relevant to the research objectives. Conclusions were drawn based on a thorough understanding of the relationship between the implementation of Sharia-based Sharia Law and the improvement of the quality of village governance. The analysis also includes the identification of supporting and inhibiting factors in the implementation of these principles, as well as practical recommendations for villages and policymakers. With this approach, the research is expected to make a significant contribution to the development of a more effective and ethical model of village governance, in accordance with the principles of Sharia Law and Economics.

C. RESULTS AND DISCUSSION

Enhancing Village Governance Quality through Sharia Economics-Based Administrative Law

The main findings of this study indicate that the application of Sharia Economics-based administrative law in Aluh-aluh Besar Village can improve the quality of village governance in several significant ways. First, the principles of justice and transparency at the core of Sharia Economics have encouraged the village government to be more open in the management of village budgets and resources. This is reflected in increased community participation in village meetings and development planning, which was previously less well facilitated. This approach has also helped to create a more equitable resource distribution system, with the allocation of village funds being more equitable and in line with community needs.

This study also found that the application of Sharia principles in village governance has strengthened the community's trust in the village government. This trust is gained because the community feels more involved in decision-making, and there is a commitment from the village government to carry out its duties by Islamic values, such as *Amanah* (trust) and *maslahah* (public good)¹⁹. A concrete example found is the increase in community compliance in paying zakat and other voluntary contributions, which are then allocated to programs that support social welfare, such as

¹⁹ A Hafidzi and M Hanafiah, "Praktik Thrifting Di Tinjau Dari Hukum Ekonomi Syariah (Studi Kasus Di Kota Banjarbaru)," *Indonesian Journal of Islamic Jurisprudence, Economic and Legal Theory 1* (4 ...), no. Query date: 2024-03-16 09:19:09

(2023), https://scholar.google.com/citations?view_op=view_citation&hl=en&user=ikbMoCQAAAAJ&pagesize=100&citation_for_view=ikbMoCQAAAAJ:WqliGbK-hY8C.

assistance for poor families and local economic empowerment programs.²⁰

Furthermore, this research revealed that the implementation of Sharia-based Constitutional Law in Aluh-aluh Besar Village is not free from challenges. Some of the obstacles identified include limited human resources who understand Sharia principles in depth and resistance to change among village officials who are accustomed to conventional management systems. However, continuous training and mentoring from external parties, such as academics and sharia economic practitioners, have helped overcome some of these obstacles. With assistance, village officials are better able to apply sharia principles in administration and public services.²¹

This finding directly answers the research question of how the optimal application of Sharia Economics-based State Law can improve the quality of village governance. In this context, optimization is done by integrating Sharia values in every aspect of village management, from planning to implementing village programs. Principles such as justice, transparency, and benefit are proven to be able to overcome some of the governance problems that previously existed, such as the lack of community participation and injustice in the distribution of village resources.

Overall, this research shows that the application of Sharia Economics-based State Law in Aluh-aluh Besar Village has a significant positive impact on village governance. The results of this study support the argument that sharia principles are not only relevant in the context of personal worship but can also be effectively applied in the context of governance and public resource management. The practical implication of these findings is the importance of developing the capacity of village officials and the community to understand and apply Sharia principles so that village governance can run better and in line with Islamic values.

Constitutional Law Theory and Islamic Economics

The findings from the various papers suggest that Islamic economics operates within a distinct ethical and moral framework derived from Sharia law, which has implications for constitutional law theory. Constitutional law theory often deals with the allocation of powers, the protection of rights, and the design of governance structures within a state. When considering Islamic economics, constitutional law theory must accommodate the principles of Sharia, which guide economic behavior and financial practices.²² Interestingly, while Islamic economics is grounded in religious principles, it also interacts with contemporary financial systems and

²⁰ H Hamzah, "Zakah Empowerment Optimization Through Baitul Ikhtiar Cooperation as an Effort in Poverty Alleviation in Bogor Regency," *AHKAM: Jurnal Ilmu Syariah*, no. Query date: 2024-04-12 15:44:59 (2018), <http://journal.uinjkt.ac.id/index.php/ahkam/article/view/7495>; H Bafadhal, "Zakat on Legal Entities: Towards Concept Perfection and Its Regulations in Indonesia," *Al-Risalah*, no. Query date: 2024-04-14 14:12:41 (2021), <https://ojp.e-journal.lp2m.uinjambi.ac.id/index.php/al-risalah/article/view/734>.

²¹ Irwan Abdullah, "The Muslim Businessmen of Jatinom: Religious Reform and Economic Modernization in a Javanese Town" (Amsterdam, University of Amsterdam, 1994).

²² VL Gaol, *Analisis Hukum Konten Youtube Sebagai Jaminan Pinjaman Bank Berdasarkan Undang-Undang Nomor 24 Tahun 2019 Dan Peraturan Pemerintah Nomor 24 Tahun ...*, Query date: 2024-03-15 21:09:02 (repository.uki.ac.id, 2023), <http://repository.uki.ac.id/id/eprint/11584>; Tiran, "Islamic Economics: Principles and Applications in Contemporary Finance."

democratic principles, as seen in the Indonesian context.²³

This interaction raises questions about the compatibility and integration of Islamic economic principles with existing legal frameworks and the broader implications for constitutional law theory. Moreover, the emphasis on ethical finance and the alignment with Sustainable Development Goals (SDGs) suggests a convergence of Islamic economic principles with global ethical standards, which may influence constitutional law considerations.²⁴

The integration of Sharia principles into financial systems challenges traditional constitutional law theory to adapt and evolve. This adaptation may require legal reforms to ensure that Islamic economic principles are harmoniously incorporated into national legal frameworks, providing legal certainty and aligning with global ethical standards.²⁵

In the context of Sharia Economics, this finding is in line with the basic principles that emphasize the equitable distribution of wealth and the utilization of resources for public benefit. Sharia Economic theory promotes the concept of social justice

and welfare, which is reflected in the practice of managing village resources more equitably and focusing on social programs that benefit the community. Principles such as zakat, infaq, and sadaqah, as well as the prohibition against usury, have helped direct resources to areas that support community welfare and reduce economic inequality.

Factors that Influence Success or Failure

The successful implementation of the principles of Sharia-based Constitutional Law is influenced by several key factors. One of these is the level of understanding and commitment of village officials to sharia principles. When village officials have a good knowledge of these principles and are committed to applying them in practice, implementation goes more smoothly. Training and mentoring conducted by external parties, such as academics and sharia practitioners, play an important role in improving the capacity of village officials.

However, there are also factors that can hinder the implementation of these principles. One of the main challenges is resistance to change from

²³ M. Riza Hafizi and Z. Rahman, "Normative Review of Economic Democracy in the Indonesian Sharia Banking Legal Framework," *Jurnal Ilmu Hukum Tambun Bungai* 9, no. 1 (2024): 407–25, <https://doi.org/10.61394/jihtb.v9i1.379>; H Ahyani and M Slamet, "Rahmatan Lil'Alamin in Economic Development Era 4.0 Perspective Philosophy and Theory Islamic Economic Law," no. Query date: 2024-04-12 15:50:16 (2021), [\[Philosophy-and-Theory-Islamic-Economic-Law-Process-at-IAIN-Madura-Jurnal-Al-Ihkam-Jurnal-Hukum-dan-Pranata-Sosial-09-April-2021.pdf\]\(https://www.researchgate.net/profile/Hisam-Ahyani-2/publication/350768019_Rahmatan_Lil'_Alamin_in_Economic_Development_Era_40_Perspective_Philosophy_and_Theory_Islamic_Economic_Law-Process_at_IAIN_Madura_Jurnal_Al-Ihkam_Jurnal_Hukum_dan_Pranata_Sosial_09_April_2021/links/60707727299bf1c911be240d/Rahmatan-Lil-Alamin-in-Economic-Development-Era-40-Perspective-Philosophy-and-Theory-Islamic-Economic-Law-Process-at-IAIN-Madura-Jurnal-Al-Ihkam-Jurnal-Hukum-dan-Pranata-Sosial-09-April-2021.pdf\).](https://www.researchgate.net/profile/Hisam-Ahyani-2/publication/350768019_Rahmatan_Lil'_Alamin_in_Economic_Development_Era_40_Perspective_Philosophy_and_Theory_Islamic_Economic_Law-Process_at_IAIN_Madura_Jurnal_Al-Ihkam_Jurnal_Hukum_dan_Pranata_Sosial_09_April_2021/links/60707727299bf1c911be240d/Rahmatan-Lil-Alamin-in-Economic-Development-Era-40-Perspective-</p>
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²⁴ E Handayani et al., "Increasing the Performance of Village Services with Good Governance and Participation," *World Development* ..., no. Query date: 2024-09-04 15:34:26 (2023), <https://www.sciencedirect.com/science/article/pii/S2772655X23000472>.

²⁵ Eka Hidayati and M. H. Dr. Mariani, "Sharia Insurance Dispute Resolution in Indonesia," *Indonesian Journal of Islamic Jurisprudence, Economic and Legal Theory* 1, no. 3 (October 14, 2023): 237–47; A. Alam et al., "A Sharia Economic Collaboration Model and Its Positive Impact on Developing of Poor Villages: A Study in Indonesia," *Public and Municipal Finance* 11, no. 1 (2022): 101–12, [https://doi.org/10.21511/pmf.11\(1\).2022.09](https://doi.org/10.21511/pmf.11(1).2022.09).

village officials who have been accustomed to the conventional system. In addition, limited human resources with an in-depth understanding of sharia principles are also an obstacle. The inability to integrate sharia values with existing administrative practices can lead to suboptimal implementation and reduce its effectiveness.

Another factor is the local social and economic context. For example, villages with weaker economic backgrounds may have difficulties in fully implementing sharia principles due to limited funds and resources. Therefore, it is important to consider the local context and make the necessary adjustments to ensure that the application of these principles suits the needs and conditions of the local community.

Overall, the findings suggest that the implementation of Sharia-based Civil Law can be successful if it is supported by a strong understanding of Sharia principles, high commitment from village officials, and appropriate customization to local conditions. Success in this implementation also depends on the ability to overcome existing challenges and capitalize on available opportunities to improve overall village governance.

Comparison with Other Studies or Literature

The findings of this study are in line with several other studies and

literature in the field of Sharia Constitutional Law and Economics that show that the application of Sharia principles can improve the quality of governance. The literature on Sharia Constitutional Law and Economics suggests that the application of Sharia principles can enhance governance quality. For instance, Islamic constitutional law principles such as justice, equality, democratic consultation, and human rights are posited to contribute to a dynamic, humanistic, and substantial governance system.²⁶

Similarly, in the economic domain, the implementation of Sharia principles in Islamic banking, such as transparency, accountability, responsibility, professionalism, and fairness, is argued to foster a healthy, transparent, and efficient business environment.²⁷ Contradictions or challenges to this assertion are also noted in the literature. For example, the practice of Islamic economics in Islamic banking in Indonesia is reported to deviate from Islamic law principles, indicating a gap between theoretical principles and practical implementation.²⁸ Additionally, the effectiveness of Sharia Corporate Governance (SCG) in Islamic banks is questioned, with research showing that SCG implementation has not been maximized, leading to low customer confidence.²⁹

²⁶ K Khasanah, "Relasi Dialektis International Human Right and Islamic Law (Perspektif Fathi Osman Dan Mashood A. Baderin)," *Al-Manahij: Jurnal Kajian Hukum Islam*, no. Query date: 2024-04-12 15:42:17 (2016), <https://ejournal.uinsaizu.ac.id/index.php/alm-anahij/article/view/914>; JA Aziz, "Islamic Banking in Global Economic Context (Critical Studies of Operational System and Performance of Islamic Banking)," *AL-IHKAM: Jurnal Hukum & Pranata Sosial*, no. Query date: 2024-04-12 15:50:16 (2017), <https://ejournal.iainmadura.ac.id/alihkam/article/view/1301>.

²⁷ R. J. Moertiono, M. Syahbudi, and S. Siregar, "Implementation of Good Governance Business Sharia (GGBS) in Islamic Banking in Indonesia," *At-Tijarah: Jurnal Ilmu Manajemen Dan Bisnis Islam* 7, no. 2 (2021): 158–76, <https://doi.org/10.24952/tijarah.v7i2.3355>.

²⁸ J. Alif et al., "Sharia Bank Practice in Indonesia: Theory and Practice," *Journal of Scientific Research, Education, and Technology* 1, no. 2 (2022): 175–87, <https://doi.org/10.58526/jsret.v1i2.28>.

²⁹ E. N. Rusady, G. Razati, and S. A. Utami, "Sharia Corporate Governance and Reputation Effects on Customer Trust in

In summary, while the literature indicates that the application of Sharia principles has the potential to improve governance quality, there are challenges in standardizing practices and ensuring full compliance with these principles. The effectiveness of Sharia-based governance systems is contingent upon their proper implementation and integration with global financial systems,³⁰ As well as the development of innovative financial instruments and international collaboration. The literature underscores the need for Sharia governance systems to be dynamic and adaptable to contemporary economic realities.

The Impact of Sharia Economics-Based State Law Implementation on the Quality of Village Governance

In summary, the findings indicate that Islamic economics is not only a theoretical construct but also a practical framework that influences and is influenced by constitutional law theory. The integration of Sharia principles into financial systems challenges traditional constitutional law theory to adapt and evolve. This adaptation may require legal reforms to ensure that Islamic economic principles are harmoniously incorporated into national legal frameworks, providing legal certainty and aligning with global ethical standards.³¹

The implementation of Sharia economics-based state law appears to have a positive impact on the quality of village governance. Alam et al., 2022 illustrate that the application of a Sharia economic model in Gerdu Village, Indonesia, led to increased employment, income, and tourism, indicating an improvement in community welfare and economic development. This suggests that Sharia economics can be an effective framework for village governance and development.³² Similarly, Edward Elgar, 2022 identifies challenges in the legal and governance regime of Nigeria's Islamic finance industry, implying that the quality of governance can be influenced by the adequacy of Sharia-compliant legal frameworks.³³

Contradictorily, Rini, 2019 indicates that the implementation of Islamic Corporate Governance in Indonesian Islamic banking is not fully realized, particularly in Sharia compliance, which could imply potential limitations in the governance quality within the Islamic financial sector.³⁴

Moreover, Grassa & Gazdar, 2014 suggest that the flexibility of legal systems in adopting Sharia law influences the development of Islamic finance, which could extend to the quality of governance in jurisdictions with Sharia-based laws.³⁵ In summary, the adoption of Sharia economics-based state law has the potential to enhance

Islamic Bank (Survey on BJB Syariah KCP Cimahi)," *Review of Islamic Economics and Finance* 2, no. 2 (2019): 17–28, <https://doi.org/10.17509/rief.v2i1.21829>.

³⁰ S. Zahro, H. Haerunnisa, and R. Aprilia, "Literature Review on Islamic Monetary Policy: Theory, Implementation and Impact," *International Journal of Economics and Management Sciences* 11, no. 1 (2024).

³¹ Hidayati and Dr. Mariani, "Sharia Insurance Dispute Resolution in Indonesia."

³² Alam et al., "A Sharia Economic Collaboration Model and Its Positive Impact on Developing of Poor Villages: A Study in Indonesia."

³³ "Weak and Missing Links of Islamic Finance in Nigeria: A Legal Appraisal," in *Edward Elgar*, 2022, 68–100, <https://doi.org/10.4337/9781802209907.00015>.

³⁴ N. Rini, "The Implementation of Islamic Corporate Governance (ICG) on Sharia Banking in Indonesia," *TIJAB (The International Journal of Applied Business)* 2, no. 1 (2019): 29, <https://doi.org/10.20473/tijab.v2.i1.2018.29-38>.

³⁵ R. Grassa and K. Gazdar, "Law and Islamic Finance: How Legal Origins Affect Islamic Finance Development?," *Borsa Istanbul*

village governance by fostering economic development and community welfare, as evidenced in Gerdu Village.³⁶

However, the quality of governance is also contingent on the robustness and compliance of the legal frameworks with Sharia principles, as seen in the challenges faced by Nigeria's Islamic finance industry and the incomplete implementation of Islamic Corporate Governance in Indonesia. The flexibility of legal systems in integrating Sharia law also plays a role in the effectiveness of such governance models.

The implementation of Sharia-based Constitutional Law has a significant impact on the quality of village governance in several ways. First, the application of sharia principles such as justice and transparency increases the accountability of village governments. With a more transparent system of budget management and greater community participation in development planning, communities feel more involved and have a say in decisions that affect their lives. This not only increases community trust in the village government but also encourages their active involvement in the decision-making process and resource management.

Secondly, the principles of Sharia Economics that prioritize equitable wealth distribution and public good help to create a more inclusive local economic system. The implementation of zakat, infaq, and sadaqah as part of village social programs improves the welfare of the community, especially disadvantaged groups. These programs support poverty alleviation efforts and local economic empowerment, which in turn contribute to more sustainable

social and economic development at the village level.

Third, although there are some challenges such as resistance to change and limited understanding of sharia principles, this study shows that the positive impacts of implementing these principles are dominant. With adequate support and effective training for village officials, these challenges can be overcome. The application of sharia principles in village governance provides a strong framework for achieving more equitable and sustainable development goals.

Overall, the implementation of Sharia-based administrative law proved effective in improving the quality of village governance by improving transparency, fairness, and community participation. The findings support the argument that the integration of sharia principles in local governance can bring significant benefits to the community, although it requires careful handling of existing challenges.

D. CONCLUSION

The main conclusion of this study is that the implementation of Sharia-based Civil Law in Aluh-aluh Besar Village has a significant positive impact on the quality of village governance. The application of sharia principles, such as justice, transparency, and beneficence, has increased the accountability of the village government and improved community participation in resource planning and management. Communities feel more involved and have greater trust in the village government, while a fairer distribution of resources supports social and economic welfare.

To optimize the implementation of Sharia-based administrative law in

Review 14, no. 3 (2014): 158–66, <https://doi.org/10.1016/j.bir.2014.05.001>.

³⁶ Alam et al., “A Sharia Economic Collaboration Model and Its Positive Impact

on Developing of Poor Villages: A Study in Indonesia.”

Aluh-aluh Village, there is a need to increase the capacity of village officials through ongoing training and support from external parties. Adjustments to local conditions and specific challenges should also be considered, including providing adequate resources and guidance to deal with resistance to change and limited knowledge of Sharia principles.

The practical impact of applying the results of this study to other villages with similar conditions is that the principles of Sharia-based Constitutional Law can be adapted to improve village governance in general. Other villages facing similar challenges

in terms of transparency, community participation, and resource distribution can use these findings as a reference to apply Sharia principles in their village management.

The application of Sharia Economic Law can be further integrated into village governance by adopting proven effective management models, as well as by strengthening support from education and training institutions. In addition, collaboration between village governments, academics, and communities needs to be enhanced to ensure that the application of Sharia principles is not only effective but also sustainable in the long term.

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