






# “A sharia economic collaboration model and its positive impact on developing of poor villages: A study in Indonesia”

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# A SHARIA ECONOMIC COLLABORATION MODEL AND ITS POSITIVE IMPACT ON DEVELOPING OF POOR VILLAGES: A STUDY IN INDONESIA

## Abstract

The economic development of villages has a substantial impact on community welfare. It can become the backbone of the national economy. However, significant obstacles in village development are lack of human resources (HR), high poverty rates, poor common welfare, justice, and prosperity values. In 2022, in Indonesia there are 9584 under-developed villages. Some of the causes of the weak economic condition of a village are economic potential was not optimized, and excessive government interference stifled creativity and independence. This study seeks to explore the extent of the positive impact of the sharia economic implementation model in developing the village's economy and the model's potential as an alternative solution to building the economy of poor villages. This paper used descriptive qualitative methods, observations, and interviews with community leaders, community representatives, and the regency office. The results show that the economic development strategies carried out by Gerdu Village had three stages, namely (1) education and cooperation, (2) implementation and management, and (3) evaluation and planning. In addition, the internal driving factor behind the success of the village's development lies in the activeness of village leaders in implementing sharia economics. As for cooperation with external parties, National Zakat Institution, related local department government, and other institutions around the village have also actively assisted in its development. Positive impacts on the community include increased employment opportunities, income, tourist visits, and tourism and language village programs. This study is expected to be one of the references to explain the Islamic economy's role in advancing the poor village's economy.

## Keywords

sharia economics, collaboration, impact, development, poor villages, village development, village leader, local government, Indonesia

## JEL Classification

P25, Q56, R11

## INTRODUCTION

One-third of Indonesia's population lives in rural areas (Thamrin et al., 2018). However, the high growth rate of the urban population exceeding that of rural areas is followed by the rising number of disadvantaged villages (Rosyadi, 2017). Badruzaman (2019) argued that a rural environment with a Muslim majority could evolve evolutionarily in discourse and practice. A village's economic potential also relies on its natural resources' potential to run businesses so that the economy of a poor village can be developed (Kartika, 2013). A village's resources and economic development can be enhanced with a collective approach, collaborative work, mutual help, and mutual support (Sibarani, 2018). Moreover, economic development that uses sharia economic concepts can improve disadvantaged villages and uplift the community's spirituality and morality (Aprianto, 2016). Educational steps and direct application of these



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concepts are needed to develop the rural economy to reduce poverty, advance villages, and promote village independence (Sabiti & Effendi, 2017).

Several studies have conducted research relating to economic development from an Islamic perspective (Ahmad & Syamsuri, 2019; Almizan, 2016; Fitria, 2016; Hidayah, 2018; Sabiti & Effendi, 2017), but none of these studies described in detail any implementation and collaboration model of sharia economics and its positive impact on the development of poor villages. Four years prior to this study, Gerdu Village had been a poor village in terms of economy, finance, and infrastructure before it applied sharia economic concepts in various economic activities. Therefore, this study focuses on exploring the sharia economic collaboration model and its positive impact in developing the disadvantaged village of Gerdu, Karangpandan, Karanganyar, Indonesia, as well as the results of this application in building the economy of the Gerdu Village community and creating equitable welfare and prosperity. This model is expected to offer an alternative solution for local governments to ameliorate other disadvantaged villages in Indonesia.

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## 1. LITERATURE REVIEW

Fitria (2016) researched economic development based on an understanding of sharia that fundamentally refers to the Quran and Hadith with an emphasis on the success of development, accompanied by knowledge of classical and modern development concepts as well as the experience of countries whose development efforts have succeeded. The economic concepts in Islam always refer to sharia as the law of the religion. Every human act, including economic and development policies as well as economic activities of the community, must be bound by sharia law. Almizan (2016) explained that economic development from an Islamic perspective is a realization of material progress supporting spiritual maturity to produce quality work, distributive justice, economic stability, and caring for nature. Islamic economics is the paradigm of balance between the interests of individuals, society, nature, and their Creator.

According to Khan (2019), Islamic economics is normative teaching from sharia principles in the Quran and Sunnah. Therefore, the successful development of an Islamic economy will lead to a positive social impact in that it will advance and prosper the economy of a nation. Moreover, its positive effect will extend to the relationship between man, nature, and their Creator.

Findings by Anwar and Hamid (2019) demonstrated that Muslim entrepreneurs who apply sharia economic concepts in their enterprises could reduce the poverty rate of their nation. Poverty

reduction because of work and doing business collectively emphasize mutual community empowerment to lower current unemployment rates. This sharia economic implementation would result in common welfare and prosperity as well as fairness in the community, as reflected in the Quran (Adh-Dhariyat 51:19) that it is the right of the poor to receive help from the haves, including business owners. Sabiti and Effendi (2017) stressed that sharia microfinance for the poor decreases current poverty rates, as seen from micro-businesses after financing. Sharia microfinance is a financing concept based on the sharia economy, which applies the teachings of mutual help between the rich and the poor (Alam et al., 2021). Such financing will boost the community's economy and create equitable prosperity and justice.

Hidayah (2018) found that village economic development to alleviate poverty through an Islamic economic perspective has positively impacted the economic and social life in Tambak Lusun Village, Yogyakarta, Indonesia. The village's economic development outcomes include milkfish farms, batik, culinary businesses, and a more creative and innovative village community. Ahmad and Syamsuri (2019) studied Khurshid Ahmad's views on the effectiveness of human resource development in Islamic economic development. Islamic economic development is characterized by increasing human resources (HR) productivity in managing the natural resources (NR) around them. It is well known that the NR with the most significant potential in Indonesia lies in

rural environments, implying that HR can utilize NR properly to meet the economic needs of their society. As a result, human welfare and *falah* (salvation) will be attained in worldly life and the hereafter. In theory, Islamic finance should have a significant and positive association with environmental quality compared to conventional financing (Abduh et al., 2022).

Jayanti and Ghozali (2018) show that many countries with Muslim minorities, such as Germany, the Philippines, Singapore, and Russia, have successfully applied sharia economics in their economic development sector. For example, since 2007, Russia has used Islamic economic concepts in the field of economic education and even practiced them directly, namely by establishing economic relations with Middle East countries. This implementation has positively influenced people's economic value and individual well-being (Akhtyamova et al., 2015). Besides Russia, Jayanti and Ghozali (2018) also revealed that the German state had enlightened its people to rotate their money in the real sector and not rely on a *ribawi* (usurious) system or speculation.

Mensi et al. (2020) found that the application of sharia economics influences the economic development of a state. This study was conducted in 19 Muslim countries that apply Islamic banking, which positively affected each country's GDP per capita. When a country's GDP per capita increases, the country's welfare and prosperity will also improve. Islamic banking and finance may alleviate the coronavirus impact and become an alternative financial system (Alam et al., 2022a; Alhammadi, 2022). Islamic microfinance institutions must increase knowledge of sharia economics services by involving community and religious leaders (Purwanto et al., 2022). One of the forms is the collaborative model of implementing sharia economic entrepreneurship with the cooperation of the local government and the community.

Dissimilar to previous research, this paper focuses on a sharia economic implementation model and its positive impact on the development of poor villages in Indonesia. This study may offer an alternative solution to local governments in lessening the lagging of villages in Indonesia to boost the national economy and the welfare of its people.

## 2. METHODOLOGY

Following Urrieta and Hatt (2019), this study used a qualitative method that utilizes techniques and procedures to yield detailed data and answer questions. Qualitative research is descriptive in that the data are obtained and collected in words (descriptions) and images of the situation in the field, thus not emphasizing numbers but existing outcomes (Nurdin & Hartati, 2019).

In gathering the data, the study employed a phenomenological research approach. As Helaluddin (2019) expressed, this approach focuses on individual experiences and interpretations of phenomena that occur in a community. Phenomenology is also construed as finding psychological meanings that inform symptoms through investigations and examples of concepts experienced by participants. These examples are analyzed to gain case study outcomes that can then be compared with those of other relevant case studies in the hope of improving economic development studies in the future.

The data were collected through in-depth interviews and documentation. Suryani and Hendryadi (2016) describe an in-depth interview as a technique of gathering data by thoroughly interviewing an informant or data source. In contrast, documentation is collecting, selecting, processing, and storing information. Documents are muted evidence in texts and images recorded without the researchers' intervention (Cropley, 2021).

In the initial stage, the National Amil Zakat Agency (BAZNAS)'s office was contacted to gather information about Gerdu Village. In the second stage, with a permit from the university, in-depth interviews were conducted with Gerdu Village's public figures as crucial informants and recorded the interviews using digital audio. Finally, in the third stage, online interviews were held through WhatsApp with informants related to the type of sharia economic model applied in Gerdu Village to gain data on the positive impact of the application of sharia economics felt directly by those informants. Unfortunately, online interviews were done due to time constraints and the COVID-19 pandemic. Table 1 lists the key informants.

**Table 1.** List of key informants

No.	Initials	Gender	Occupation	Village
1	SYB ( <i>Pesantren</i> leader)	Male	Preacher and Concept Mover	Gerdu
2	JND	Male	Chairman of Youth Organization	Gerdu
3	TRA	Female	Secretary of Youth Organization	Panel
4	NRK	Female	Treasurer of Youth Organization	Panel

Note: SYB is the prime mover of the sharia economic implementation model concept in Gerdu Village, while JND, TRA, and NRKH are seconders of the concept.

**Table 2.** List of informants related to the implementation model

No.	Initials	Gender	Occupation	Village
1	HRY	Male	Entrepreneur and Farmer	Pakel
2	NHT	Male	Private Employee and Farmer	Gerdu
3	RZ	Male	Stock Farmer	Gerdu
4	ANG	Male	Private Employee and Stock Farmer	Panel
5	MHS	Male	Private Employee (Tourist Village Guide)	Panel
6	ENH	Female	Private Employee (Tourist Village Staff)	Gerdu
7	LB	Female	Local Restaurant Manager	Gerdu
8	DN	Male	Local Restaurant Staff	Gerdu
9	TR	Female	Language Village Teacher	Gerdu
10	PRA	Female	Private Employee (Language Village Cadre)	Gerdu
11	AP	Male	Private Employee	Gerdu
12	FN	Male	Laborer	Gerdu

The four key informants provided data regarding the benefits and positive impact of the concept and model of sharia economic implementation used by Gerdu Village for the key informants and the twelve informants (Table 2).

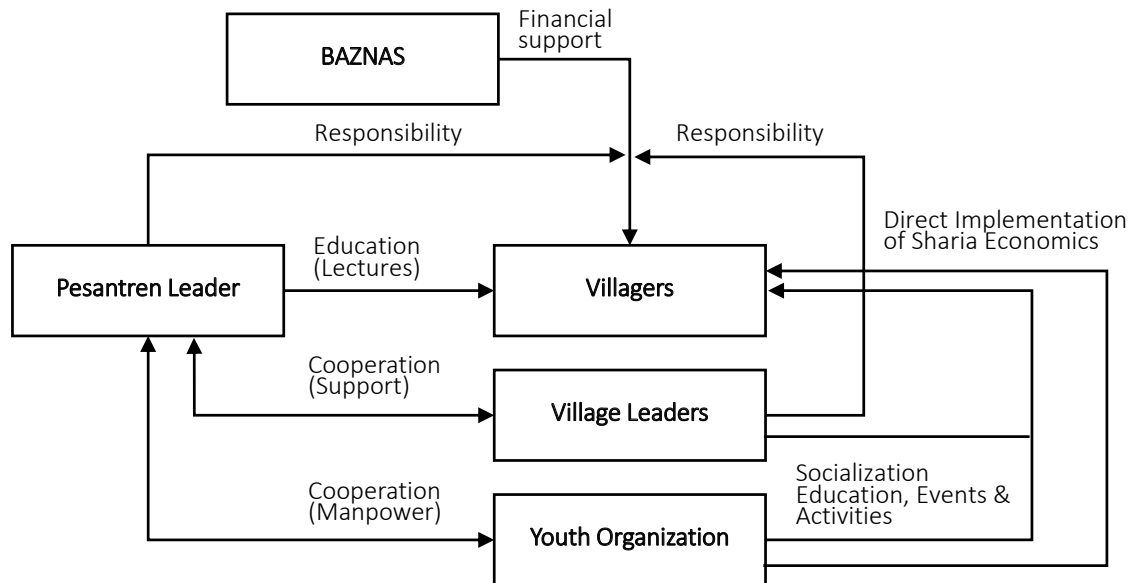
The twelve informants greatly assisted in building relationships and trust in data collection, in line with Pangestu (2016). The data were taken from the personal experiences of the informants with the sharia economic implementation model of Gerdu Village. Paradowska (2019) states that the experience and understanding of informants are essential elements in qualitative research with a phenomenological approach, providing data that can be analyzed. This research is expected to be one of the references to explain the Islamic economy's role in an advanced study analyzing the data with a data explication method that comprises several steps, including synthesizing the explications of the concepts (Bayır & Lomas, 2016; Rijali, 2018). Then, this study designed a method of interactive data analysis, which according to Nasir et al. (2021), described all subjects and objects of the study that are actively correlated and influence the data presented, thereby expediting conclusion drawing.

### 3. RESULTS

After undergoing several stages, the paper obtained the data needed to analyze the impact of the implementation of sharia economics in Gerdu Village, Karanganyar, which is divided into three stages. In the first stage, several efforts were made by all parties (Figure 1).

This stage stemmed from the concern of *pesantren* (Islamic boarding school) and village leaders, namely SYB (male preacher), JND (male, youth organization chairman), TRA (female, Youth Organization secretary), and NRK (female, youth organization treasurer), for the development of Gerdu Village. SYB stated that the village had previously stagnated in its economic development, especially in agricultural production. The villagers, in general, used to know Islam only limited to *aqidah* (creed) without applying it in their economic activities. Then, the socialization process of village development with sharia economic concepts took place for two years from 2017. The socialization was delivered by SYB as a *pesantren* leader in the form of *da'wah* (summons) and teachings to the people of Gerdu about the concepts of Islamic economics, including *musharakah* (partnership), *shirkah* (contract of partnership), *ijarah*





**Figure 1.** The cooperative relationship of all parties in developing Gerdu Village

(hiring/leasing), and *riba* prohibition. However, the socialization was restricted to lectures and conveyed in theory only, so the villagers have yet to apply the concepts successfully.

The following year, SYB invited the local youth organization to collaborate and help perform Islamic economic practices in the village since the village's youth organization has a mass and active ethos in activities. In addition, some members of the village's youth organization were undertaking or had completed higher education or pesantren education and therefore were highly aware of the progressive results of the program if implemented. JND revealed that, in concept, this collaboration did involve not only the pesantren leader and youth organization but also the heads of *dukuh* (hamlets), neighborhood associations (RT), and resident associations (RW) in Gerdu who endorsed and worked together to assist in implementing the plans.

Cooperation was also carried out with an agency outside the village, the National Amil Zakat Agency (BAZNAS) Karanganyar. Zakat is a sharia financial instrument to alleviate poverty (Alam et al., 2022b). BAZNAS Karanganyar ran the "Desa Barokah" (Blessed Village) program, in which villages in the Karanganyar region received aid through funds for their development. One of the recipients was Gerdu Village, as disclosed by NRK as treasurer of Gerdu Village's youth organization.

The pesantren and village leaders were responsible for the cooperation between BAZNAS and Gerdu Village.

Aside from the established collaborations, preparations for implementation were also done by inviting the village population through events and education about joint creative enterprises. Thus, villagers were more interested in collective or communal events. In addition, training was organized for villagers to develop human resources throughout the village. Among those pieces of training was sending youth organization cadres for comparative studies to Malang (restaurant business), Selo Merbabu (animal husbandry), and Jember (agriculture). Results from the comparative studies were then taught to villagers.

The implementation process (execution and management) undertaken by Gerdu Village had several sectors of the program (Table 3).

The first approach to practicing the program was by the agricultural sector since Gerdu Village had been dominated by livelihoods in the agricultural sector and had the largest farmer population in Karangpandan District. However, many drylands were found abandoned. So HRY (male entrepreneur) invested his land, then ANG (male, stock farmer), RZ (male, stock farmer), NHT (male farmer), and other farmers innovated by making ponds for catfish farms and water reservoirs for

**Table 3.** Implementation of sharia economics in Gerdu Village

No.	Sector	Management	Concept of Sharia Economics
1	Agriculture and Animal Husbandry	<ol style="list-style-type: none"> <li>1. Converting drylands into trial farms.</li> <li>2. Constructing sites for stock farming and water reservoirs for rice fields in the dry season.</li> <li>3. Reviving drylands with rice fields using the new water reservoirs.</li> <li>4. Farming the new rice fields without pesticides.</li> </ol>	<ul style="list-style-type: none"> <li>• Musharakah contract (SYB, male, preacher);</li> <li>• Investment in shares (land, money) with sharia concepts (JND, male, chairman of the Youth Organization);</li> <li>• Profit sharing according to a ratio (TRA, female, secretary of the youth organization).</li> </ul>
2	Tourist Village and Local Restaurant	<ol style="list-style-type: none"> <li>1. Constructing a <i>saung</i> restaurant and family recreation facilities.</li> <li>2. Building gardens at the village square and residents' homes/</li> </ol>	<ul style="list-style-type: none"> <li>• Musharakah contract;</li> <li>• Ujrah (service fee), investment in shares, and profit sharing (SYB, male, preacher).</li> </ul>
3	Language Village	<ol style="list-style-type: none"> <li>1. Arabic and English course programs.</li> <li>2. Educators from the pesantren.</li> <li>3. Facilities and infrastructure with the help of the villagers.</li> </ol>	<ul style="list-style-type: none"> <li>• Ujrah;</li> <li>• Investment in shares (NRK, female, treasurer of the youth organization).</li> </ul>

rice fields in the event of drought. These ponds were constructed mutually or collectively by the farmers and stock farmers in Gerdu. The ponds were then used to turn the drylands into new rice fields with high economic potential and value. Ownership of the new lands was established by *ujrah musharakah* between landowners, managers, and workers participating in this program. This program was implemented by building ponds and farming the new lands without pesticides. The goal is to promote organic produce, harvest faster, and nourish pesticide-free lands. The yields were divided based on each person's ratio and performance capital.

The location of Gerdu Village, which is dominated by rice fields and hilly terrains, prompted the idea of building a *saung* restaurant and family recreation area in part of Pakel Hamlet. This idea became the starting point of establishing Gerdu as a tourist village. The construction was collectively carried out by MHS (male, private employee), ENH (female, private employee), LB (female, local restaurant manager), DN (male, local restaurant staff), and other Gerdu villagers. According to data from the interview with SYB, the deal for the *saung* restaurant and tourist village was carried out by *shirkah* and fair profit sharing under constant monitoring by the residents. Additionally, villagers could invest in shares in the form of capital for running the tourist village and local restaurant businesses, then share profits according to their ratio and initial agreement.

The language village was founded with the aid and collaboration of the pesantren, focusing on Arabic as its core course program. The teachers came

from the Isy Karima Islamic Boarding School, while villagers provided facilities and infrastructure such as buildings and supporting tools. This program was executed with profit sharing among the parties concerned. The study obtained data on the positive impact of sharia economics in developing Gerdu Village directly from informants who have experienced the impact (Table 4).

SYB (male preacher) stated that within a year and a half, the sharia economic implementation had generated positive changes in the locals' economy (Table 2). First, the new trial lands yielded faster and better quality harvests after the experiment had been done twice. RZ (male, stock farmer) conceded, "*Tadinya tidak memiliki pekerjaan serta memiliki pendapatan yang minim, sekarang sudah memiliki pendapatan yang bisa dikatakan cukup bahkan lebih baik dari sebelumnya [I had no job and had minimal income, now [I] have income that can be said to be enough, even better than before].*" Second, realizing a tourist village with an Islamic nuance brought about a major transformation and new culture for Gerdu Village. Third, the tourist village has become an economic resource for villagers owing to the many tourists visiting Gerdu, as expressed by ENH (female tourist village staff). Third, the language village has provided economic income to the residents, one of whom is PRA, who was studying at Isy Karima and could channel her energy and knowledge and even earn a living. Fourth, the language village teaches about languages to the children of Gerdu Village and newcomers and comparative study participants from outside Gerdu. Fourth, the local restaurant has had a substantial impact on decreasing unemployment, as many young people have dropped

**Table 4.** The positive impact of sharia economic implementation in Gerdu Village

No.	Program	Positive impact (economic, social, cultural, and religious)
1	Agriculture	<ul style="list-style-type: none"> <li>• Successful conversion of drylands into green rice fields, producing abundant grains and accelerating harvest (JND, male, youth organization chairman);</li> <li>• Increased ability of residents and visitors to cultivate and increased income of Gerdu villagers (HRY, male, entrepreneur, and farmer);</li> <li>• Knowledge of new methods in agriculture, namely musharakah, ujah, and share investment that boost economic income (NHT, male, private employee, and farmer).</li> </ul>
2	Animal husbandry	<ul style="list-style-type: none"> <li>• Gaining new knowledge in catfish farming and being able to produce good quality livestock (RZ, male, stock farmer);</li> <li>• Added income to barely sufficient earnings (ANG, male, stock farmer).</li> </ul>
3	Tourist village	<ul style="list-style-type: none"> <li>• Raising the economic income of Gerdu villagers by involving home catering, tour guides, and event organizers (MHS, male, private employee);</li> <li>• Comparative studies that may serve as examples for the development of other villages (AP, male, private employee);</li> <li>• Locals become closer to each other and gain more significant insights into the religion of Islam (ENH, female, private employees, and tourist village staff).</li> </ul>
4	Language village	<ul style="list-style-type: none"> <li>• Improved foreign language skills (English and Arabic), supporting one of Gerdu Village's current tourist programs, namely Arabic and English learning (TR, female, teacher);</li> <li>• Shaping cadres who can speak foreign languages (English and Arabic) well and then teaching their knowledge to the other villagers and visitors of the tourist village (PRA, female, private employee).</li> </ul>
5	Local restaurant	<ul style="list-style-type: none"> <li>• Reduced unemployment rate and increased economic income of the residents (DN, male, Resto Sawah staff);</li> <li>• Training the business skills and creativity of the locals in selling such local food from Solo and other regions that is much liked by visiting tourists (LB, female, Resto Sawah Manager);</li> <li>• A field of investment for villagers who possess more money and land that can be utilized by the employees and manager of the restaurant and thus directly augment the income of the residents (FN, male, laborer);</li> <li>• A link in the distribution chain of vegetable and catfish farmers who supply raw materials for the restaurant (AP, male, private employee).</li> </ul>

out of school were invited to join as workers for the restaurant through pre-employment training, including DN, who has become the restaurant's cook.

After the program ran for 3.5 years, JND (male, chair of youth organization) and TRA (female, secretary of youth organization) brought up the need for evaluation of the programs that were and had been ongoing. For assistance and supervision by internal parties (the youth organization, residents, and heads of the village) and external ones, such as Islamic social institutions and the Islamic boarding school that took part in developing the village. The evaluation process was carried out through mutual coordination between the relevant parties (Table 5).

One of the planned programs was to find a *Baitul-Mal wat-Tamwil* (financial cooperative, BMT) in

Gerdu Village to facilitate the efforts of the residents, particularly in farming. Furthermore, this plan aimed to provide direct educational practices and facilities for locals to avoid *riba* in *muamalat* (transactions). It was also planned to have successfully tested agricultural methods to be gradually followed by other farmers. Furthermore, the tourist village sector would build new tourist facilities such as restaurants and accommodations. In contrast, it planned to add other language programs, such as English, in the language village sector.

## 4. DISCUSSION

A sharia economic collaboration model is one solution to reduce villages' backwardness significantly. Since 2015, the Indonesian government has dispensed village funds of IDR 127.68 trillion, yet there remained 13,232 poor villages in

**Table 5.** Evaluation and planning of the sharia economic implementation

Evaluation	Planning
Conducted under the assistance and supervision of both internal and external parties	To develop a <i>Baitul-Mal wat-Tamwil</i> (financial cooperative, BMT) and invite farmers who have not applied successful agricultural trial methods (SWB, male, preacher)
	To build new tourist facilities (TRA, female, youth organization secretary)
	To add other language programs (PRA, female, private employee)
	To renovate the restaurant every two years (LB, female, local restaurant manager)



Indonesia in 2018. This condition was due to the government's excessive intervention in the village community, depriving the community of creativity and independence. This situation might also occur because the government had not optimally used the countryside's massive human and natural resources (Thamrin et al., 2018). Therefore, the government must conduct regional financial management with the public interest in mind (Triyono et al., 2019).

Results of the implementation model uncovered that it took only three and a half years for Gerdu Village to diminish its backwardness. Even though the Central Bureau of Statistics (2018) stated that economic changes are distinctly visible only after at least five years, signifying that the model's application merely needed one and a half years less than usual to improve the economy. This fact compellingly offers a promising alternative solution for local governments in developing other disadvantaged villages in Indonesia.

Nevertheless, the practical application of sharia economic concepts in Gerdu Village had several supporting factors that enabled its realization. Firstly, the village is geographically adjacent to a pesantren, an educational institution that plays a fundamental role in alleviating poverty. The role is to develop individual competencies, enhance productivity, and advance the capabilities of community members in general. The more people with skills in education, the higher the overall standard of living in society (Kholis, 2014). This skill upgrading program has been proved by the villagers of Gerdu in that the sharia economic model was first implemented with education on the concepts of sharia economics for two years. Afterward, it took one and a half years to apply these concepts to ameliorate Gerdu's economy and social, cultural, and religious conditions.

The implementation of sharia economics with an educational institution approach has also been employed by Russia, as mentioned by Akhtyamova et al. (2015). Since 2007, Russia has introduced Islamic economics education at the Tatar State Humanitarian and Pedagogical University, with tutors and lecturers from the Middle East. After graduation, students are immediately employed in governmental institutions or engaged in human

resource exchanges with the Middle East. The role and assistance of the government are needed to link the Indonesian sharia economic workforce to countries in need, such as the Philippines, Singapore, Germany, and others whose sharia economic and human resources are still minimal (Jayanti & Ghozali, 2018). However, besides focusing on international relations, the government, specifically at local levels, needs to promote job opportunities, whether in a city or rural governmental institutions, for unemployed graduates of sharia economics, in the hope of disadvantaged villages fast becoming independent villages with a sharia economic implementation approach (Huda, 2018).

The second factor is the activeness, ethos, and initiative of the village's youth organization members, who kept striving to improve the villagers' standard of living. The youth organization plays an influential intervening role in community empowerment, which is essential in building the village's economy (Widodo, 2017). Lastly, the third factor is the collaboration and collective culture of all parties that led to mutual support in developing the village. As a result, even using Islamic teachings concepts, the development could be carried out well due to a sense of shared interests and the common good (Kolopaking et al., 2019).

Empowerment of village communities as a solution for the development of poor villages has also been studied by Hidayah (2018), where the approach used was the concept of mutual assistance among the villagers of Tambakbulusan, Demak, Indonesia. The difference is that this implementation model does not use the concepts and teachings of sharia economics, such as musharakah and ijarah, as applied by Gerdu Village. Other villages' development program only focuses more on the development of village infrastructure, micro-businesses of the Family Welfare Movement (PKK), and coastal fish farms. Meanwhile, Gerdu's sharia economic implementation model centers more on agriculture, animal husbandry, a tourist village, a local restaurant, and a language village to develop villagers' economy, society, culture, and religiousness.

The sharia economic model implemented by Gerdu Village augmented the creative and in-

novative force of the residents, thus accelerating the transformation of Gerdu from being disadvantaged to becoming independent. This finding should teach local governments not to interfere too much with disadvantaged village dwellers in spinning the wheels of their economy, as it may inhibit their creativity and innovation and thus prevent them from developing rapidly (Zulkarnaen, 2016). After the implementation of sharia economics was intensified, the village of Gerdu, which was previously classified as lagging behind others, is now independent. Furthermore, the Statistic data from the government points out that Gerdu Village has been the largest producer of small industries among the 835 businesses in Karangpandan District. This data suggested that the sharia economic implementation model has successfully brought a highly significant positive impact on the economic development of Gerdu Village's community and has become an example for the economic development of several neighboring villages.

The positive effects of farming are immediately felt by Gerdu villagers, including the effective conversion of drylands into green rice fields, abundant grain production, and faster harvesting processes. It is well known that most people in villages and cities in Indonesia greatly rely on agricultural products (Zulkarnaen, 2016). If this model is promoted correctly, it will undoubtedly be the backbone of the Indonesian economy (Bank Indonesia and Indonesian Banking Development Institute, 2015). The positive effects were also felt by unemployed locals and economically disadvantaged private employees who have secured jobs as farmers and employees of the local restaurant. A model such as Gerdu Village promotes supplementary income to people's livelihoods, thus reducing

unemployment and poverty and increasing the community's per capita income. Per capita income is an indicator often used as a benchmark for overall economic performance, although it does not describe the welfare of society as a whole (Murohman et al., 2016).

The subsequent positive impact of the model on the tourist and language village is that people are becoming more creative and innovative in exploiting natural resources. This concept also attracts many tourists from outside the village to learn while playing and provides a field of income for the village community (A'inun et al., 2015). The positive influence of village development via sharia economic concepts and approach differs from that of village development based only on economy and mutual assistance. Hidayah (2018) examined the positive effects of the development of Tambakbulusan Village, Demak, Indonesia, through a village fund program.

The positive influence lies in the improving infrastructure and the curbed unemployment and poverty rates of the village, though not all targets could be attained. Nonetheless, such a positive impact does not leave any impression on the religious aspect of the locals but only on their economic and social sides. Conversely, the application of sharia economics in building a poor village affects economic and social life. It also betters the religious and cultural sides, as has been felt by the twelve informants from Gerdu Village. Disadvantaged village development by empowerment and a mutual help approach along with religious values has considerably influenced Gerdu Village's progress. This phenomenon ought to give a picture and solution for Indonesian local governments to reduce the backwardness of villages in Indonesia.

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## CONCLUSION

This study aims to reveal how the collaboration model forms the application of the Islamic economy and its positive impact on underdeveloped rural communities. The sharia economic collaboration model utilized by Gerdu Village has three stages: cooperation and socialization, implementation process, and evaluation and planning. The collaboration model involves many parties, including local governments, Islamic boarding schools, and national zakat agencies. The pesantren play a vital role in educating the application of sharia in their economic activities and encouraging the creation of tourist and language villages. The role is no less important than the youth community and community leaders. Positive impacts such as opening up new jobs, increasing incomes, and visiting tourists from the collaborative

model program for implementing the Islamic economy are the keys to successful poverty alleviation. This model lifted the poor village sooner than usual in only three and a half years. This model offers an alternative picture and solution for local governments in alleviating poor villages in Indonesia and may serve as an example for other regions whose villages still lag but have a solid Islamic religious and cultural base. It is advised to conduct further research that uncovers the phenomena of sharia economic implementations in the community since sharia economics is no longer restricted to the scope of financial institutions and banks.

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