

THE IMPLEMENTATION OF
COMMUNITY ECONOMIC
DEVELOPMENT PROGRAM
THROUGH PROCUREMENT OF
SNACK PRODUCTION
MACHINERY AT THE JABON
BAITUSSALAM FOUNDATION
IN SIDOARJO BASED ON

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**THE IMPLEMENTATION OF COMMUNITY ECONOMIC
DEVELOPMENT PROGRAM THROUGH PROCUREMENT OF
SNACK PRODUCTION MACHINERY AT THE JABON
BAIUSSALAM FOUNDATION IN SIDOARJO BASED ON SHARIA
MARKETING MIX.**

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Abstract

In order to develop, the assistance is needed by small and medium-sized enterprises (SMEs) existed in the community. The active role from universities is needed to the community economic development program such as community service program. The community economic development program at the Jabon Sidoarjo Foundation can be carried out through the procurement of snack mix production tools based on marketing mix sharia. The purpose of this study was to determine the implementation of the community economic development program through the procurement of snack production machinery based on marketing mix sharia conducted at the Baitussalam foundation. The research method used is descriptive qualitative by using observation data collection techniques, interviews and documentation of historical data tracing at the Baitussalam Foundation Jabon Sidoarjo. The results of this research showed that the implementation of the community economic development program at the Baitussalam Foundation Jabon Sidoarjo carried out through three activities. The first, the purchasing of 9 units of snack production machinery. The second, giving the training on snacks production and bookkeeping. The last, in the aspect of marketing by giving e-market training. The implementation of the community economic development program through the procurement of snack production machinery based on marketing mix sharia in the Baitussalam Foundation Jabon Sidoarjo has not been optimum. The implementation of the *sharia* marketing mix on the product has shown *halal*, the price was reasonable, there was no attempt of getting more profits from the products. In addition, the sales promotion was done honestly despite the fact that it was still done traditionally through door to door. Place of distribution was on the target market without cutting off distribution channels. The placement of personnel (human resources) was not optimal therefore the assistance was needed in implementing the right man on the right place. The process or mechanism starting from offering products to the effective and efficient handling of customer complaints from Sharia needed to be developed and improved. Physical Evidence was intangible, could not be measured clearly, and was still based on a testimonial

of the customers. Based on those facts, the assistance was needed to understand the changes in the work system that matched for the current situations of the market.

Keywords: sharia marketing mix, community's economy, snacks.

Background

The right to transact in business needs an active protection from the state and concrete actions in the form of active participation of community. ¹⁵ Small and Medium Enterprises (SMEs) is one form of the right to do business. SMEs in the community need an assistance in order to develop. (Pula & Berisha, 2015)

Community economic development programs require active roles of universities. There are three types of activities that must be carried out by universities, namely *tri dharma* (three community services) of colleges. Tri Dharma consists of educational and teaching; research and community service activities. For Muhammadiyah universities in Indonesia, there is still one additional form of activity which is the practice of al-Islam and Muhammadiyahism (AIK). Therefore for Muhammadiyah Higher Education the form of its activities is four *dharma*.

The form of active role of academicians in universities is community service. The role of universities in the community is a form of *tri dharma* or four *dharma* in the community and the implementation of al-Islam and Muhammadiyahism existed on the third and fourth *dharma*.

The community economics development program in the Baitussalam foundation Jabon Sidoarjo is one form of community services and the implementation AIK. The program is implemented through the procurement of snack mix production machinery based on sharia marketing mix.

Based on the fact mentioned above, the issue on how to the implement the community economics development program through the procurement of snack mix production machinery based on sharia marketing mix at the Baitussalam Jabon Sidoarjo.

Research methods

This qualitative research uses descriptive analysis research method.(Maxwell & Reybold, 2015). The place of research is at the Baitussalam Foundation Jabon Sidoarjo. This research took place from March 2019 until August 2019. The process of data analysis began by examining all available data from various sources such as interviews, observations which was written in field notes, personal documents, photos, pictures and so on. While the techniques in analyzing the data are four; data collection, data preparation, data tabulation, data application and finally the conclusion.

Results and Discussion

a. The foundation of Baitussalam at Jabon Sidoarjo

The foundation of Baitussalam at Jabon Sidoarjo (hereinafter referred to as a Partner) was established on February 14, 2016 based on the Decree of the Minister of Law and Human Rights of the Republic of Indonesia Number AHU-0008486.AH.01.04.Tahun 2016. It is located at Jl. A Yani No 46 Trompoasri Jabon-Sidoarjo, is engaged in the socio-religious sector in the form of TPQ-Madin Baitussalam. To finance its TPQ-Madin operations, they run a snack production business inherited by their families since the 1980s.

b. Sharia Marketing Mix

Marketing mix is a set of marketing tools that companies use to continuously achieve their marketing objectives in the target market.(Baker, 2016). Sharia implementation can be applied in marketing mix variables, namely product, price, place, and promotion. The basis of the implementation of sharia marketing mix is the basic concept of the principles of jurisprudence namely "*Al-ashlu fil-muamalah al-ibahah illa ayyadulla dalihun 'ala tahrimiha*" which means that basically all forms of muamalah are permissible unless there is an argument which forbids it. In determining the marketing mix must be based on the principles of fairness and honesty. There are *halal* and *haram* rules, so there must be caution in carrying out the strategy.(Tieman, 2011). Sharia Marketing Mix is divided into products, prices, promotions, place / distribution, people, processes and physical evidence.(Asih & Asih, 2015).

1. Product is anything ¹ that can be offered to the market to meet wants and needs. The terms of product in sharia view are the products offered which have the clarity of goods, size, composition, not damaged / expired and using good materials; halal and promotions and advertisements do not lie.(AHMED, 2015)
2. ¹⁴ Price is the amount of money charged for a product or service. More broadly, price is the total value exchanged by consumers to benefit from ownership of a product or service. Price is used to mean quality before consumers get the buying experience. Price is the only element in the marketing mix that generates income while other elements only produce costs. In determining prices should not use methods that harm other business people, not excessive, adjusted for the conditions of goods sold, and proscribe any *najasy* (false demand).(Rao & Wang, 2017). It is not allowed for the reason that the seller asks others to praise the goods or bid for high prices so that other people are interested in buying.
3. ⁴ Promotion is a means used by companies in an effort to inform, persuade and remind consumers directly or indirectly about the products and brands they sell. The aim is to inform potential consumers of the latest situation about the existence of a product or service, to invite consumers to change their behavior in a product or purchase trial, to develop a good attitude towards the product, brand or company and to remind consumers about the superiority of the product. In conventional marketing, promotion does not directly interfere with religious values that govern every process in promotion in accordance with Islamic religious rules.(AHMED, 2015)
4. ¹⁴ Place / distribution is the various activities carried out by the company to make its products easily obtainable and available to target consumers. Distribution includes types of links, agencies, storage, location and transportation. A Muslim businessman will not commit acts of injustice against other competitors, bribes to smooth out the market channel, and machievellian actions. The purpose of the distribution function is to speed up the arrival of goods in the hands of consumers or the market at the right time. Distribution policies must meet at least three criteria. First, the accuracy and speed of time arrived in the hands of consumers. Second, security that is protected from damage. The last is the means of competition in providing speed and accuracy in

meeting the needs of consumers. Therefore, Islam forbids monopoly rent-seeking because stockpiling (*ikhtikar*) will cause the distribution channel to stop, resulting in scarcity so that the price of the goods will increase.(Zakaria & Malek, 2014).

5. People or personnel as Human Resources (HR). Placing HR in a place that suits their capacity (the right man on the right place), does require a pretty good HR management strategy because if the strategy is implemented incorrectly, it will have fatal consequences to the level of customer satisfaction in the long run.(Kasonde & Steele, 2017).
6. Process or mechanism starting from offering products to the process of handling customer complaints effectively and efficiently needs to be developed and improved in order to yield good results.(Lee, Wang, & Trappey, 2015)
7. Physical Evidence that is in-tangible or cannot be measured with certainty as in a product in the form of goods.(Gombolay et al., 2018) It is more towards the taste or some kind of testimonial from customers who have made use of the products.(Havlik et al., 2014)

c. The community economic development program in the Baitussalam Foundation at Jabon Sidoarjo

The community economic development program in the Baitussalam Foundation at Jabon Sidoarjo is carried out based on the three existing problems such as production, management and marketing. The issue of production is the unavailability of adequate means of production and the lack of skills in making modern snacks. Management issues is the lack of knowledge and skills in bookkeeping administration; do not yet have the knowledge and skills of internet use and the lack of knowledge and skills in the online marketing. The problem of human resources at this time includes lack of knowledge of the needs of the modern market type of snacks that could attract consumers; creativity has not been maximally made a new kind of snack.

The program has been carried out based on production, management and marketing issues. The solution given to the production problem is the purchase of production machinery and noodle making training. The purchase of snack production equipment consists of a bread making machine, a noodle making machine, a seasoning mixer, a frying pan, a drain frame, a cormorant and a stove is worth Rp. 27,737,000 (twenty-seven million seven hundred thirty-seven thousand rupiah).

The solution provided for management problems is to include employees to participate in noodle making course at Majapahit Tourism Academy and provide bookkeeping training. The solution given to the administrative personnel of the foundation relates to the marketing problems is by involving them in e-market training.

After purchasing new machinery the production then doubled. This increase in production has not been matched by an increase in the quality of the partner's management and marketing systems. In the management aspect, partners are reluctant to develop new types of snacks for the reasons of inadequate market share. In addition, the change to simple bookkeeping management system was also still reluctantly did. The existence of the presumption that fortune is regulated by God became the reason that bookkeeping was not important.

The lack of providing alternative partner solutions in the management sector also has an effect on the absence of changes in the marketing system. Door to door marketing is still being carried out seasonally according to weather conditions that compete with the fruit market. Neither does the habit of weather differences determine whether or not the selling results. When the weather is hot, then the sale has decreased only once a week. This is different from cold or rainy weather, so the sales increase to twice the production in one week. Therefore, it was needed to satisfy the partner with marketing alternatives that involves networking through islamic teaching or *kifayah*.

d. The implementation of the community economic development program in Baitussalam foundation Jabon Sidoarjo based on the sharia marketing mix

The implementation of the community economic development program in Baitussalam foundation Jabon Sidoarjo based on the sharia marketing mix could be seen from seven things such as products, prices, promotions, places / distribution, people, processes and physical evidence. The product implementation could be seen in the quality of the goods or snacks sold which were excellent and did not contain hidden defects.

This is in accordance with QS Al Muthaffifiin 1-3, which says *"Great accidents for people who cheat, (i.e) people who when they receive a dose from others they ask to be fulfilled, and if they measure or weigh for others, they reduce "*. QS An-Nahl: 116 states *"And do not say against what your tongues say is a lie" This is permitted and this is forbidden ", to invent lies against God. Surely those who invent lies against Allah are not lucky. "* QS Al-Mu'minuun: 51 says *"Eat by you good food (halal) and do good deeds". "If the item is damaged, say it is damaged, do not hide it. If it's cheap, don't say it's expensive. If this item is bad, say bad, don't say good".* (HR. Tirmidzi).

The pricing based on the sharia marketing mix looks at determining a reasonable price, not too expensive and in accordance with market purchasing power. This is in accordance with the hadith which states *"Why don't you put the wetness on the foodstuff, so people know the situation. Whoever cheats, then he is not included in our group "* (HR. Muslim).

The foundation has never made a false request or false demand or najasy. ¹ Rasulullah SAW also prohibited the subject of najasy (false demand). *Najasy* transactions are forbidden because the seller asks other people to praise the goods or offer a high price so that other people are interested in buying. In fact, the bidder himself does ¹ not intend to actually buy the item. He just wants to cheat other people who really want to buy. Previously, this person had entered into an agreement with the seller to buy at a high price so that there were real buyers at a high price also with the intention to be deceived. The result is of course a false request or false demand.

The implementation of promotional aspect based on the sharia marketing mix seemed to be honest in providing product information. It must be in accordance with sharia compliance which reflects truth, fairness and honesty to the community. All information related to products must be disclosed transparently and openly so that there is no potential element of fraud and cheating in conducting promotions. Promotions that are not in accordance with quality or competence, for example promotions that display imaginations that are too high for consumers are included in the practice of deception and lies.

This is in accordance with the hadith of the Prophet who says *"Traders who are honest and trustworthy will be with the prophets, the truly sincere people and the martyrs (HR. Tarmidzi and Ibn Majah)". "Allah will give His mercy to everyone who behaves well when selling, buying, and making a statement (HR. Bukhari)". "False oaths destroy merchandise and eliminate the blessing of work (HR. Bukhari and Muslim)". "Woe to merchant who likes to say: 'yes, by Allah' or 'no, by Allah'. Woe to the worker who is putting off work until tomorrow or the day after tomorrow (HR. Anas r.a) "*

The implementation of the place / distribution aspect based on the sharia marketing mix could be seen from the absence of cutting the distribution channel with the intention that prices rise. Precisely in this case the active role of universities in providing knowledge and skills in determining marketing strategies for those who had relatively small capital.

The implementation of people based on the sharia marketing mix could be seen in the placement of human resources that was not yet optimal since the business is still relatively small. The implementation of the process aspect based on sharia marketing mix seemed that the marketing process was still relatively traditional, relying only on door to door marketing. The implementation of physical evidence aspect based on the sharia marketing mix, looks at testimonials from customers who made the products that were still in a simple pattern.

From the above description, it can be seen that the implementation of the community economic development program through the procurement of snack mix production tools based on sharia marketing mix in the Baitussalam foundation Jabon Sidoarjo had not been optimum yet. The implementation of the sharia marketing mix on the product has shown *halal*. The price given was reasonable and there was not an attempt to seek excess profits. Promotion was done honestly, although it was still traditional through door to door. (Birbeck & Kalichi, 2004). Place / distribution according to the target market without cutting off

distribution channels. Placement of human resources was not optimal. It still needed the assistance in implementing the right man on the right place. The process or mechanism, starting from offering products to the effective and efficient handling of customers sharia marketign complaints needed to be developed and improved. Physical evidence was intangible, could not be measured clearly. It was still in the form of testimonies from the customers. The recommendation proposed is that the assistance is needed to understand the change in the work system that adjusts to current conditions.

Conclusion

The implementation of the community economic development program through the procurement of a sharia marketing mix-based through snack production machinery at the Baitussalam foundation Jabon Sidoarjo has not been optimum yet. The purchase of new production machinery has not meet with the awareness to change to the management and marketing system.

Recommendation

A personal approach is needed so that the partners eager to improve their management and marketing systems.

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