



## Businessman household economic resilience with maqashid sharia approach in pandemic Covid-19

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### ABSTRACT

This study wants to examine the economic resilience of business households with the *maqashid sharia* approach during the covid-19 pandemic. This research uses the mix-method method. Quantitative methods are used to analyze financial planning on household resilience with the *maqashid sharia* approach. The qualitative method used to determine the business resilience strategy is interviewing. The results showed that all independent variables affected the household business's economic resilience with the *maqashid sharia* approach. The results also show that the expenditure is smaller than the income received by making a priority scale. There are other sources of income to cover needs. Most of the respondents did not receive assistance from the government, while those who received government assistance were used to meet their needs. There is no business assistance to survive the pandemic, and respondents also want to avoid taking out loans to develop their businesses. Most of the respondents use *maqashid sharia* (priority scale) to survive.

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Penelitian ini ingin mengkaji ketahanan ekonomi rumah tangga bisnis dengan pendekatan *maqashid syariah* di masa pandemi covid-19. Penelitian ini menggunakan metode *mix-method*. Metode kuantitatif digunakan untuk menganalisis perencanaan keuangan terhadap ketahanan rumah tangga dengan pendekatan *maqashid syariah*. Metode kualitatif yang digunakan untuk menentukan strategi ketahanan bisnis adalah wawancara.. Hasil penelitian menunjukkan bahwa semua variabel bebas berpengaruh terhadap ketahanan ekonomi bisnis rumah tangga dengan pendekatan *maqashid syariah*. Hasil penelitian juga menunjukkan bahwa pengeluaran lebih kecil dari pendapatan yang diterima dengan membuat skala prioritas. Terdapat sumber pendapatan lain untuk menutupi kebutuhan. Sebagian besar responden tidak menerima bantuan dari pemerintah, sedangkan yang mendapatkan bantuan pemerintah digunakan untuk memenuhi kebutuhan. Tidak ada bantuan bisnis untuk bertahan dari pandemi dan responden juga tidak mau mengambil pinjaman untuk mengembangkan usaha. Sebagian besar responden menggunakan *maqashid syariah* (skala prioritas) untuk bertahan hidup.

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1. Introduction

COVID-19 has spread worldwide, becoming a pandemic for almost all countries. This condition also has an impact on the global economy (Bai et al., 2021). Government control in controlling the spread of this virus is forcing people to stay in front of their homes (Saputra & Ali, 2022). Restrictions on community activities have caused many people to lose their jobs. In addition, the pandemic also disrupts economic activity on a micro and macro basis. Households are one of the largest objects affected by the uncertain economic conditions during this pandemic (Widiastuti & Utami, 2021).

Table 1. Percentage of Poor People

Years	Month	Urban	Rural
2020	March	10.09	12.80
2020	September	10.57	13.20
2021	March	10.58	13.07
2021	September	10.16	12.44

Source: Statistic of Jawa Tengah Province

The worsening economic conditions during the pandemic increased poverty in Central Java Province. This can be seen in Table 1, where in March 2020 and one year later, there was an increase in poverty in urban communities by 0.49%, while in the rural sector, it was 0.27%. Then poverty began to decline in September 2021.

The pandemic has put multiple pressures on MSMEs. whereas SMEs play an important role in the economy of a country (Razumovskaia et al., 2020). Low consumer demand, decreased profitability and solvency and increased operating expenses. Supply is also low due to strict government restrictions (Athia et al., 2021). The Indonesian government also carries out various policies that also affect SMEs in Indonesia. Some of these policies include implementing health protocols and lockdowns (Prijadi et al., 2022). This policy affects the supply and demand of various kinds of goods in Indonesia.

From GRDP in Central Java, it declined sharply from the first quarter of 2020 to the second quarter of the same year. Central Java's GRDP in this business sector began to move positively in the second quarter of 2021.

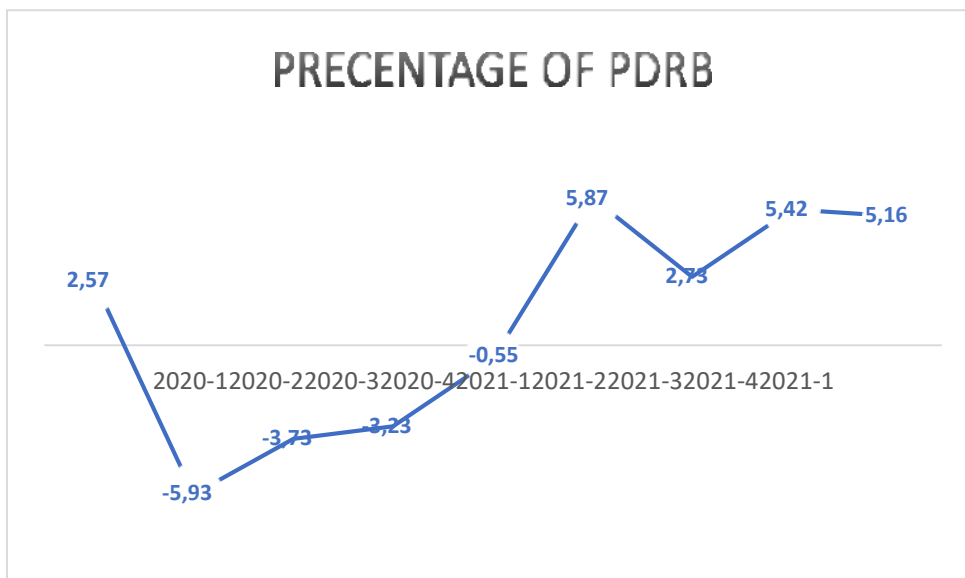


Figure 1. Percentage of PDRB in Central Java

Resilience is a key organizational capability for continuously in the shocking (Beech et al., 2020). Holling in Beech et al. (2020) explain that “Originally, the concept of resilience emerged in ecological literature and has evolved in the business context through the development of a heuristic model grounded in complex systems and seen as an adaptive cycle; growing, accumulating wealth, collapsing and rapidly reorganizing.” Business resilience is the ability to survive, maintain and keep growing in the ambulance to prepare for the challenge (Sarif, 2015).

The development of household economic businesses due to the impact of the COVID-19 pandemic is quite alarming, along with the enactment of the PPKM policy (determination of restrictions on community activities) issued by the government. These restrictions have resulted in the community being unable to carry out activities as usual, so the wheels of the economy have come to a halt. Although many household economic businesses have been affected, not a few have been able to survive amid the COVID-19 pandemic. For Muslims, realizing welfare for individuals and families is a must. One measure of this welfare is assessed by the ability of the community to meet its needs.

A good economy is one of the keys to creating community welfare. Therefore, there needs to be clarity of goals to be achieved. In the world of economics, it is certainly familiar with the term *maqashid sharia*. *Maqashid sharia* is determined based on the principle of benefit to be achieved. This benefit is in the form of welfare for mankind in this world and the hereafter (Linda et al., 2022).

According to Harniati (2020), *Maqashid sharia* is an important aspect of *ushul fiqh*. *Maqashid* is important in formulating the smallest economic sector, households (Srisusilawati, Hardianti, Erlianti, Pitsyahara, & Nuraeni, 2022). The approach used in this research refers to the *maqashid sharia* from Al-Syatibi's thinking because Al- Syatibi puts more effort into determining *maslahat* as the most important element of legal objectives sourced from the Qur'an and Hadith. The benefit can be realized if the five basic elements of religion, soul, offspring, mind, and property can be realized and maintained. In realizing and maintaining these five basic elements, al-Syatibi divides into three levels of *sharia* objectives, namely *maqashid al-daruriyat* (primary), *maqashid al-hajiyat* (secondary), and *maqashid al-tahsiniyat* (tertiary) (Jahar et al., 2021). Primary needs (*dharuriyat*) are protecting religion, the soul, the mind, and the offspring and property (Umi Atia Hanik, 2020).

*Dharuriyat* is the highest level of *maqashid*. Usually better known as primary needs. This *maqashid* must be implemented immediately so that no problems arise in the future. This *maqashid* includes five elements: *hifz ad-din*, *hifz an-nafs*, *hifz al- 'aql*, *hifz an-nasl*, and *hifz al-mal* (Sidqi et al., 2021). If the implementation of *maqashid sharia* is not good, it will cause an imbalance in the world and impact regret in the hereafter. The realization of a safe and peaceful life both in the world and in the hereafter can be started by maintaining the implementation of the five *maqashid* components, namely the maintenance of religion, soul, mind, offspring, and property.

*Hajiyat* is related to secondary human needs. These needs provide convenience for humans and alleviate and ease the constraints experienced by humans. However, this secondary need is not like the *dharuriyat* need. If it is not implemented, then nothing will be threatened. It will only cause a little distress because one of the functions of this *Hajiyat* is to alleviate and complement the needs of *dharuriyat*. Islam emphasizes eliminating difficulties with *rukshah* or relief (Satria Effendi, 2005).

The need for *tahsiniyat* itself is a need that will not threaten other needs, both *dharuriyat* and *hajiyat*, if it is not implemented. This need is a *maqashid* whose function is to complement and

complete the five elements of *maqashid* described above. An example of this *maqashid* is when speaking, it should be with a smooth and polite speech, or when doing a job, should pay attention to the values and ethics that exist in work. Thus the implementation of the main *maqashid* will be perfect if completed by this (Linda et al., 2022).

This study wants to analyze the resilience of economic business actors in the pandemic era using the *maqashid sharia* approach. This study uses financial planning proxied by financial planning with variables of accumulation, maintenance, and distribution of wealth. Relevant research is conducted by (Hawik et al., 2020) which explains that financial planning significantly affects financial resilience.

## 2. Research Method

This research uses a type of mixed method. This research combines quantitative and qualitative methods. Quantitative methods are used to determine the effect of financial planning on economic resilience with a *maqashid sharia* approach. The variables used are wealth accumulation, wealth maintenance, and wealth distribution on household economic resilience based on *maqashid sharia*. The qualitative method is used to find out how business people can survive during the pandemic.

Questionnaires and interviews with respondents were carried out for primary data collection. The respondents are Muslim entrepreneurs in Indonesia. The questionnaire assessment used a Likert scale (1 = strongly disagree, 5 = strongly agree). This study analyzes data using multiple regression techniques processed using SPSS 19. Figure 2.1 is an overview of this research:

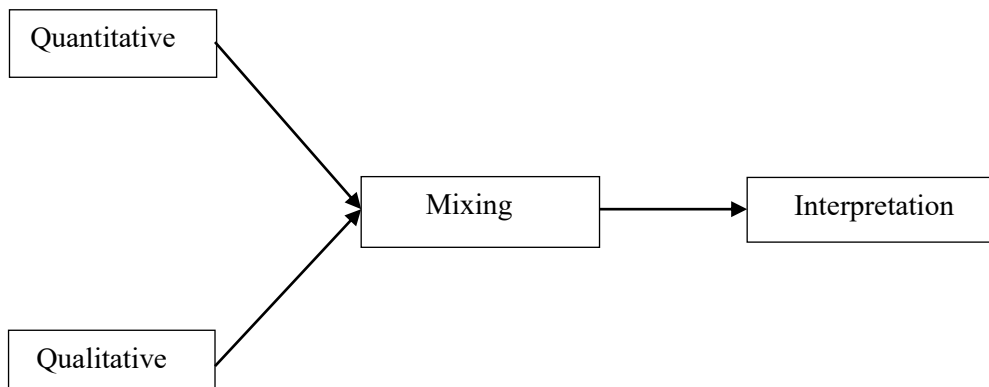


Figure 2. Research Framework.

The regression model in the study is as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

Note :

- Y : Wealth Accumulation,
- $\alpha$  : Constanta
- $X_1$  : Wealth Maintenance w
- $X_2$  : Wealth Preservation
- $X_3$  : Wealth distribution
- $\beta_1$ -  $\beta_3$  : Coefficient
- $\varepsilon$  : Standard of Error

## 3. Result and Discussion

### Validity

A validity test is needed to test whether the questionnaire questions are valid or otherwise. If the data produces a number on R count that is less than 0.05, then the data is invalid. On the other hand,

if the value is more than 0.05, then the data is called valid as an indicator. The results are as follows:

Table 2. Validity Test

Variable	Question	R test	R table	Description
Wealth Accumulation (x1)	Question 1	0,399**	0,288	valid
	Question 2	0,343*	0,288	valid
	Question 3	0,314*	0,288	valid
Wealth Preservation (x2)	Question 1	0,542**	0,288	valid
	Question 2	0,415**	0,288	valid
	Question 3	0,517**	0,288	valid
Wealth Distribution (x3)	Question 1	0,596**	0,288	valid
	Question 2	0,607**	0,288	valid
	Question 3	0,760**	0,288	valid
Resilience with maqashid sharia approach (Y)	Question 1	0,896**	0,288	valid
	Question 2	0,893**	0,288	valid
	Question 3	0,898**	0,288	valid
	Question 4	0,886**	0,288	valid
	Question 5	0,889**	0,288	valid
	Question 6	0,890**	0,288	valid
	Question 7	0,879**	0,288	valid
	Question 8	0,655**	0,288	valid
	Question 9	0,790**	0,288	valid

### Realibility

The reliability test is intended to test whether the questions in each statement item in the questionnaire are reliable. The questionnaire can be reliable if it is consistent in each test. The assumption is that the questionnaire is reliable if the value of Cronbach's Alpha is more than 0.6. The results are shown in Table 3 below:

Table 3. Reliability Test

Variables	Cronbach's Alpha	Description
Wealth Accumulation (x1)	0,332	Reliable
Wealth Preservation (x2)	0,620	Reliable
Wealth Distribution (x3)	0,763	Reliable
Resilience with maqashid sharia approach (Y)	0,949	Reliable

### R Test

The R test presented in Table 4 shows that the value of the R square is 0.575. This showed that the independent variable affecting resilience with the *maqashid shariah* approach is 57.5%, while the rest are other influential variables outside the research model conducted.

Table 4. R Test

Variables	R Square	Adjusted R- Square
Resilience with maqashid sharia approach (Y)	0,575	0,546

**T Test**

The T-test determines the partial effect of wealth accumulation, preservation, and distribution variables on the economic resilience of businessmen with the *maqashid sharia* approach. The results in Table 5 show that wealth preservation and distribution positively affect the economic resilience of business actors with the *maqashid sharia* approach.

Table 5. T-Test

variables	Unstandardized Coefficient (B)	Unstandardized Coefficient (Std. Error)	t- value	p-value
Wealth Accumulation (x1)	0,778	0,425	1,857	0,07
Wealth Preservation (x2)	0,894	0,457	1,957	0,05
Wealth Distribution (x3)	1,058	0,348	3,043	0,004

Based on the results of quantitative analysis, it is known that the wealth accumulation variable does not affect household economic resilience using the *maqashid sharia* approach. This is because many business actors did not prepare financial planning during the COVID-19 pandemic. In addition, in terms of innovation, household business actors have not been able to develop their business models by utilizing technology such as e-commerce and social media platforms. This is in line with research conducted by (Nasution & Pristiyo, 2019). Although capital is one of the important elements in starting a business, it includes the main factors of production. It is an important element in developing a business, affecting economic resilience. However, in this study, wealth accumulation did not significantly influence economic resilience.

Meanwhile, the variables of wealth preservation and wealth distribution strongly affect household economic resilience using the *maqashid sharia* approach. These results are reinforced by research conducted by Hawik et al. (2020), which states that financial planning significantly influences economic resilience. The results of this study are also supported by the results of interviews that entrepreneurs try to manage finances by making a priority scale. They must organize finances to meet their daily needs.

Furthermore, based on the results of qualitative research, researchers used interviews with 48 business households. In the first question, most respondents stated that the expenses used for household needs were smaller than the income they received during the pandemic. They received during the pandemic. This happened because many of them were able to manage their finances by prioritizing their needs and cutting unnecessary expenses. While some respondents answered that they used savings or emergency funds, they used them to meet the needs that had been prepared. The majority of emergency funds are in the form of bank savings. This means that the respondents in this study have prepared liquid emergency funds for planning future needs.

In the second question, respondents were asked to state whether family members support the family's source of income. In this question, almost all respondents stated that other family members worked to support the family's source of income, meaning that the business was not the main source of household income. Only a small number of respondents stated that the business they run is the only source of household income.

In the third question, respondents were asked whether they received assistance from the government because their businesses were affected by COVID-19. In this question, most respondents did not receive any assistance from the government for their business development during the COVID-19 pandemic. In this question, most respondents did not receive any assistance from the government for their business development during the COVID-19 pandemic. Although the government has provided a lot of business capital assistance, BLT UMKM (Direct Cash Assistance

for Micro, Small, and Medium Enterprises), and others. However, many entrepreneurs have not received direct assistance from the government. This makes business actors try as much as possible to run their businesses even with very small profits.

In the fourth question, business owners who received assistance from the government were asked whether the assistance received could be used to develop their business and increase their opinions. Many of the respondents stated that the assistance they received from the government was not enough to develop their businesses, even to fulfill their daily needs. Business actors sometimes continue to run their businesses even though they have to go against the government's rules to survive in the midst of the COVID-19 pandemic.

The next question relates to the assistance provided by the government to businesses during the COVID-19 pandemic. Most respondents stated that they continued to run their businesses even though they had to go against the government's rules to survive the COVID-19 pandemic. Most respondents stated that they did not receive business assistance from the government during the COVID-19 pandemic. While some other respondents stated that they did not receive business assistance from the government during the COVID-19 pandemic. While some other respondents stated that they received business assistance from the government, the assistance process could have run better and impacted the business's continuity.

In the last question, respondents were asked about capital loan assistance from financial institutions such as banks. Most respondents did not get or did not try to get financing from financial institutions. Most respondents stated they did not want to take excessive risks when obtaining financing from financial institutions. Especially during the COVID-19 pandemic, many people are saving their expenses which can affect the purchasing level in the community. Respondents prefer to manage their finances as best as possible to meet their needs. The pattern of financial management applied is under the principles of *maqashid sharia*, using a priority scale (primary, secondary, and tertiary).

Managing finances can make the heart calmer to focus more on worship and prevent doing things prohibited by religion. This is under the purpose of *maqashid sharia*, which is to protect religion. Good financial management can prioritize buying and processing healthy, *halal*, and *toyyib* food as part of the *maqashid sharia* objective of protecting the soul. Good financial management can also enable members to pursue a good education as part of the *maqashid sharia* objective of protecting the mind. Financial arrangements also avoid *tabdzir*; *isyraf* can prioritize investment in the future and the hereafter, such as *zakat*, *infaq*, and *sadaqah*. This is part of the *maqashid sharia* objective of protecting offspring and property. The strategy to achieve *maqashid sharia* approach is to make decisions for primary (*dharuriyah*), secondary (*hajjiyat*), and tertiary (*tahsiniyat*) because government assistance does not cover the needs and cannot significantly develop the business.

#### 4. Conclusions

According to the result and discussion above, household businesses can be resilient by managing finance and applying the *maqashid sharia* to make decisions and make priority scale. This result also gives readers good input that they have to manage finances to survive the pandemic. It also provides good recommendations for the government to assist businessmen optimally. So they can survive the pandemic and develop their business.

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