

## Research Article

## Potentials, Constraints and Sharia-Based Financing Models on Cassava Agroindustry BUMDes in Jember District - Indonesia

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**SUMMARY:** Through integrating the Village Ministry program that encourages the village government to establish a Village Owned Enterprise (BUMDes) and the New Regent Program of Jember Regency that is one village one product and by utilizing the large productivity of cassava farming and the feasibility of previous research on cassava farmers, so those motivate writer (1) to find out the opportunities and obstacles faced by BUMDes in the field of cassava agro-industry, (2) to determine the appropriate sharia-based financing model for BUMDes (Badan Usaha Milik Desa) in the field of cassava agro-industry.

This type of research used a survey research and exploratory qualitative research to be carried out in every village in the district Arjasa, Temurejo and Sumberbaru Jember Indonesia since three of these districts are the highest cassava producer in Jember district (Department of Agriculture, 2016). Primary and secondary data will be analyzed using Miles and Huberman method and triangulation technique. Research in BUMDes in 24 villages in three districts Arjasa, Sumberbaru and Tempurejo found that (a) although the 24 villages have farms of cassava, but Karangbayat is the only village that has high potential for establishing cassava agro-industry BUMDes; (b) constraints experienced by management in managing BUMDes that are ;less skilled human resources, marketing, production techniques, venture capital / finance and administration; (c) sharia financing model for cassava BUMDes agroindustry there are 3 forms; (I) BUMDes financing model sourced from the village fund by shared-profit (*mudharabah*) and (ii) BUMDes funding models sourced from *salam* (iii) BUMDes financing model through giving raw cassava is done by *mudharabah mustarakah* and *murabahah*

**Key words** BUMDes, Cassava Agroindustry, Syariah Financing

### INTRODUCTION

#### Background

One of effort to achieve village self-reliance and village governance should be encouraged by developing the potential of rural communities, utilizing the resources and optimizing the results so that these efforts should culminate and rely on the welfare of rural communities, and village prosperity is the development of agro-industry sector through the establishment of a Village Owned Enterprise (BUMDes) that has impacts on (a) reducing urbanization rates, (b) opening of new employment opportunities in the village, (c) land use that is not yet optimal, (d) improving the welfare of farmers' communities (f) Village Government income increasing.

Jember Regency has a cassava productivity level of 204.36 Ku / Ha. Cassava production in Jember is dominated by several sub-districts, namely Sumberbaru, Sukowono and Tempurejo Sub-districts (Dinas Koperasi, 2016). Besides being used as a main food substitute for rice, cassava is also developed for home industries such as *tape*, *suwar suwir*, chips, tapioca flour for *prol tape*. Roziq et al (2015) concluded that business

feasibility analysis of cassava based business such as cassava chips business, cassava tape business and cassava flour business for cassava farmers meet the feasibility and very profitable to run.

By integrating the Village Ministry program that encourages the village government to establish a Village Owned Enterprise (BUMDes) and the New Regent Program of Jember Regency that is one village one product and by utilizing the large productivity of cassava farming and the feasibility of previous research on cassava farmers, motivated the writers (1) to find out how the potentials and constraints faced by BUMDes in the field of cassava agro-industry, (2) to determine the appropriate sharia-based financing model for the Village Owned Enterprise (BUMDes) ) in the field of cassava agro-industry.

### THEORETICAL FRAMEWORK

#### Agro-industry

Observed from various aspects, such as the potential of resources, the direction of the national development policy, the domestic and international market potential of agro-industry products, and the world competition map, Indonesia has the prospect to develop agro-industry system. Agro-industry development will increase demand for agricultural products then increase production, farming prices and farmers' income. The development of the agricultural sector will increase the demand of the upstream agro-industry sector, the marketing sector and the supporting sectors (finance, insurance, consulting and education). Thus the development of the agro-industry sector has high a multiplier effect. The main reason why agro-industry is important to become the locomotive of future national economic growth are: (1) transforming comparative advantage into a compatibility advantage; (2) has a large added value and market share; (3) have a great link both upstream and downstream; (4) has a local raw material base; (5) transforming the agriculture structure to the industry with agro-industry as its driving force

#### **Village-owned enterprise**

By PERMENDES No. 4 Year 2015 about Establishment, Management, and Dissolution of Village Owned Enterprises. A Village Owned Enterprise, hereinafter called BUM Desa, is a business entity that is wholly or substantially owned by the Village through direct participation derived from village wealth separated to manage assets, services and other businesses for the greatest welfare of the village community. Establishment of BUM Desa aims: (a) improving the village economy; (b) optimize village assets to be useful for village welfare; (c) increase community efforts in managing the economic potential of the Village; (d) develop an inter-village business plan and / or with a third party; (e) creating market opportunities and networks; (f) opening employment; (g) improving the welfare of society, growth and even distribution of the village economy; and (g) increase the income of the village community and the village income.

#### **RESEARCH ROADMAP**

Researchers have conducted several studies in the past that are closely related to current research (2017) among others; (a) Sebastiana et al (2013) undertook a study of the social capital approach of the borrower group for optimization at the community self-help microfinance institution. Sebastiana et al (2013) study on the poverty reduction model and escalation of economic growth in the Besuki Residency. Roziq (2013) conducted a study on the greeting model of cassava farmers and small cassava business in Jember district. Research Sebastiana et al (2014) about the coordination and survey of core industry competency development activities in the region of Jember Regency. Roziq et al (2015 and 2016) study on feasibility study and business implementation of cassava raw material, financing model and marketing strategy for cassava farmers in Jember Regency. The next research plan is year (2018), the researcher will conduct research with the aim of determining raw cassava business plan of village-owned enterprise in the field of agroindustry in Jember Regency and

in year 2019, researcher will conduct research research to implement feasibility and raw cassava business plan village in the field of agroindustry in Jember Regency.

#### **RESEARCH METHOD**

This type of research that will be used is a survey research and exploratory qualitative research to be carried out in every village in the district Arjasa, Tempurejo and Sumberbaru Jember Indonesia since three of these districts the highest cassava producer in Jember district (Department of Agriculture, 2016). The type of data used in this study primary and secondary data. Primary data in the form of perceptions / opinions of respondents to potentials and constraints. While secondary data in the form of data of development of cassava farmers, cassava production data with cost, sales volume data and cassava farm income, production data of cassava business with cost, sales volume data and cassava business income. Data collection methods used in this study, namely (a) documentation; (b) interview; (c) Focus Group Discussion. The unit analyzed in this research is village business enterprise in village located in Arjasa, Tempurejo and Sumberbaru in Jember Regency area.

The data collected will be analyzed descriptively-qualitative exploratory. Qualitative descriptive-exploratory approach is used to describe and explain the potential, constraints and financing of Sharia-Owned Enterprises in the field of raw cassava agro-industries. Afterwards, focus group discussion approach was conducted. The process was highly participative by involving the management of BUMDes, cassava farmers and village administration. In this FGD, information sharing process, clarification on document review and interview happened. So that the increased knowledge of FGD participants on business opportunities can increase. FGD can be conducted by internal parties who have more discussion and exploration will be more open. And can also be done by external parties with excess valuation will be more objective. Methods of data analysis using Miles and Huberman approach include; (1) data collection, (2) data reduction, (3) display data, (d) conclusion drawing / verification

#### **FINDINGS AND DISCUSSION**

##### **Potential of BUMDes of Cassava Agroindustry Establishment**

Jember Regency consisting of 31 districts has a productivity level of 204.36 Ku / Ha. Cassava production in Jember is dominated by several subdistricts of Sumberbaru, Tempurejo and Arjasa districts. Besides being used as a main food substitute for rice, cassava or cassava is also developed for home industries such as *tape*, *suwar suwir*, chips, tapioca flour to *prol tape*. Based on data of Agriculture Department of Jember Regency in 2017 about cassava harvest area in 2011 until 2015 in 31 sub districts of Jember district shows that in the year of 2011 the cassava agricultural harvest area of 2,943 ha then decreased to 2,741 ha and fell to 2,427 ha. However, in 2014 the area of harvested land increased again to 2,923 and then decreased again in 2015 to the widest area of 2,168

during the last 5 years between the year 2011 s / d 2015. The largest cassava cultivation area consistently controlled by Sumberbaru, Tempurejo and Arjasa . The area of cropland for cassava farming from year to year is experiencing unstable changes. This is due to the transfer of cassava agricultural land to other agriculture such as rice, corn and some other agricultural products.

Based on data of Agriculture Department of Jember Regency 2017 about the amount of cassava production in 31 districts in Jember regency that in 2011 cassava production in Jember regency as much 496.895 quintal then in the year of 2012 decreased production to 477,999 quintals continue to fall again in year 2013 become 415.600. However, in the next year that is the year 2014 cassava production increased to 597,330 but in 2015 fell again to 431,280. The main cause of the decline in cassava production due to the decline in the area of cassava harvest area. Cassava production in Jember district is consistently dominated by Sumberbaru, Tempurejo and Arjasa districts. .

Based on data of Agriculture Department of Jember Regency 2017 about the amount of cassava farm productivity in 31 districts in Jember Regency showed that cassava farming productivity in Jember district up and down which in 2011 amounted to 169 ha / kw then in 2012 rose to 174.39 ha / kw but decreased in year 2013 of 171.24 ha / kw rose again in 2014 by 204.36 ha / kw and by the end of 2015 productivity decreased to 198,93 ha / kw. The declining productivity of cassava farming is caused by the declining quality and quantity of cassava yields.

Based on a survey of cassava harvested area, cassava production and cassava productivity are known that Sumberbaru, Tempurejo and Arjasa sub districts have larger cassava farming areas than other sub-districts. Similarly, the number of cassava production and more productivity in Sumberbaru sub district, Tempurejo and Arjasa. This three districts have the potential to be established a village-owned enterprise (BUMDes) in the field of raw cassava agro-industry. Therefore, the researcher focuses on the research and chooses villages in these three districts to be analyzed in order to determine the villages proper for the establishment of village-owned enterprises (BUMDes) in the field of raw cassava agro-industry.

Cassava farming and cassava production spread in all 31 sub-districts. Jember Regency has various Cassava processed industries such as cassava chips, cassava tape. Areas that have the potential to set up village-owned enterprises (BUMDes) are Sumberbaru, Tempurejo and Arjasa sub-districts because they have large cassava cropland crops compared to other areas, besides cassava production and cassava productivity are higher compared to other districts. Types of businesses run on BUMDes are generally savings and loans, trades and services. While in the field of production, agriculture, plantation and farming are done by several BUMDes. Eventhough this kind of business can be a place in developing cassava industry in the village (BUMDes). Although in general the type of

business that is often used is savings and loans, trade and services that have been run BUMDes already exist, but some alternative ways to manage the BUMDes in the field of cassava agro-industry in the form of business such as (a) savings and loan or financing / cassava; (b) savings and loans or financing / granting credit to raw cassava entrepreneurs; (c) trade, where the Village Owned Enterprise (BUMDes) buys cassava from farmers and sells it to other parties; (c) trade, where a Village Owned Enterprise (BUMDes) buys a product of an from raw cassava entrepreneur sells it to another party; (e) own production of cassava farming and selling it to other parties and (f) processed cassava, *tape*, flour, and others.

Based on survey results, interviews and observations the researchers concluded that Karangbayat Village Sumberbaru sub district has the potential to establish BUMDes agroindustry cassava. Based on interviews with the manager of BUMDes of Karangbayat, Ibu Nurlaily known that the area of cassava farming land in Karangbayat village for the last three years is 10 ha with the amount of cassava production about 180 tons. Total number of cassava production sales amounting to Rp 180,000,000. The raw cassava businesses produced by residents in Karangbayat village are (a) chips; (b) *tape* and (c) cassava. Total sales turnover of cassava based products produced by residents in the village of Karangbayat is 9 tons / year with a gross turnover of Rp. 4,000,000 up to 6,000,000 jt / month.

Recently, BUMdes business are savings and loans. During his business flow, this BUMDes has not made a profit. Constraints faced in managing the Village Owned Enterprises (BUMDes), especially the less skilled workers and venture capital. Cassava farming problems faced by residents in the village of Karangbayat is the lack of market absorption of cassava production in the village, fluctuating prices, low prices. While raw cassava business problems is the quality of raw materials are not fixed, marketing techniques that still need coaching, the minimum capital used.

According to Nurlaily, the potential of cassava farming in Tempurejo village area is very good, although the absorption of the market is less than the maximum, resulting in a decrease in the selling price of cassava. If cassava farming is developed then it will have a significant impact on people's income if the market absorption is in accordance with cassava production of the village. According to Nurlaily, potential raw cassava business in the village area Karangbayat is very good because the industry consumption needs about 14 tons / year but the villager of Karangbayat who have cassava business products need assistance to be home industry so that will generate interesting business profits.

Based on survey results, interviews and observations, the researcher concludes that Tempurejo Village, Tempurejo sub-district has the potential to establish BUMDes agroindustry of cassava. Based on interviews with the manager of BUMDes 45, Muhammad Yusuf found that the area of cassava farmland in Karangbayat village is 12 ha with the amount of cassava production about 120 tons. Total number of cassava

production sales amounting to Rp 180,000,000. The cassava businesses produced by residents in Tempurejo village are (a) chips; (b) fried cassava and (c) *jemblem*.

BUMDES business has been in the field of savings and loans and trade. During his business experience, this BUMDes has not made a profit. Constraints faced in managing the Village Owned Enterprises (BUMDes) especially the less skilled workers. The problems of cassava farming faced by the people in Tempurejo village are capital and marketing. While raw cassava business problems is processing technology, capital and marketing.

According to Mr. Muhammad Yusuf, the potential of cassava farming in Rempurejo village area is promising and has a fairly large market share. If cassava farming is developed then it will have a significant impact on people's income if the market absorption is in accordance with cassava production of the village. According to Muhammad Yusuf, the reason to establish BUMDes agroindustry of cassava is to utilize productive land and increase income of BUMDes, farmers and entrepreneurs of cassava products.

Based on survey results, interviews and observations the researchers concluded that Kamal village, Kamal district has the potential to establish BUMDes agroindustry cassava. Based on the interview with the manager of BUMDes, Mr. Shohib is known that the area of cassava farming in Kamal village for the last three years is 4 ha with the production of cassava about 24 tons. Total amount of cassava production sales amounted to Rp 31,200,000. The raw cassava businesses produced by residents in Karangbayat village are (a) chips; (b) *tape* and (c) *cenil*.

BUMDES business has been in the field of savings and loans and trade. During his business experience, this BUMDes has not made a profit. Constraints faced in managing the Village Owned Enterprises (BUMDes), especially the less skilled workers and venture capital. The problem of cassava farming faced by residents in Kamal village is the weather, if rarely rain will affect cassava production. While raw cassava business problems is marketing and access to credit.

According to Pak Shohib, cassava farming potential in some areas of Kamal village is very good. If cassava farming is developed then it will have a significant impact on people's income if the market absorption is in accordance with cassava production of the village. According to Mr. Shohib the business potential of cassava raw material in the Kamal village area is very good and will be developed into an independent business unit.

#### **Management Constraints in BUMDes Cassava Agro-industry**

Based on survey results in Andong Rejo village, Tempurejo subdistrict is known that this village has BUMDes Andong Rejo led by Mr. Riyadi. BUMdes business is in the field of savings and loans and trade. During his business trip, this BUMDes has not made a profit. Constraints faced in

managing Village Owned Enterprises (BUMDes), especially the availability of skilled manpower (HR), marketing and administration. Based on an interview with Bapak Riyadi, the chairman of BUMDes Andong Rejo is in Andong Rejo village, Tempurejo subdistrict, it is known that cassava farming problems faced by villagers in Andong Rejo village have difficulty in marketing and the least production of processed and labor (HR) industries is low.

Based on survey results in Curahnongko village, Tempurejo subdistrict is known that this village has owned BUMDes Curahnongko led by Mr. Pendi. BUMdes business is in the field of savings and loan business. During his business trip, this BUMDes has not made a profit. Constraints faced in managing the Village Owned Enterprises (BUMDes), especially the less skilled workers. The problem of cassava farming faced by the people in Curahnongko village is cheap price, not focused on cassava, narrow land, old harvest. While raw cassava business problems is the narrowness of market share.

Based on survey results in Curahtakir village, Tempurejo subdistrict is known that this village has owned BUMDes Curahtakir led by Mukayah Mother. BUMdes business plan is in the field of savings and loans and trade. During his business trip, this BUMDes has not made a profit. Constraints encountered in managing Village Owned Enterprises (BUMDes), especially less skilled labor, administration and production techniques. The problem of cassava farming faced by the people in Curahtakir village is that the demand is less because; pests, limited land and marketing difficulties. While raw cassava business problems is capital, limited raw materials, can not meet market orders.

Curahtakir is less interested because; pests, limited land and marketing difficulties. While raw cassava business problems is capital, limited raw materials, can not meet market orders.

Based on survey results in Pondokrejo village, Tempurejo subdistrict is known that this village already has BUMDes Amanah led by Pak Suyitno. The business of BUMdes is in the field of savings and loans. During the course of his business, BUMDes has not gained any profit even congestion. Constraints faced in managing Village Owned Enterprises (BUMDes), especially production techniques. The problem of cassava farming faced by the people in Pondokrejo village is the old harvest period and the land is reduced due to the planting of *sengon* wood. While raw cassava business problems is a limited raw material.

Based on survey results in Sanenrejo Village, Tempurejo subdistrict is known that this village has owned BUMDes Sanenrejo led by Ponirin Usaha BUMdes is in the field of savings and loans. During his business trip, this BUMDes has not made a profit. Constraints faced in managing the Village Owned Enterprises (BUMDes), especially the less skilled workers. The problems of cassava farming faced by the people in Sanenrejo village are narrow, less desirable and more focused on banana production. While raw cassava business

problems is the narrowness of market share.

Based on survey results in Sidodadi village, Tempurejo subdistrict is known that this village has owned BUMDes Sidodadi led by Mr. Wakhidi BUMDes Enterprises in the field of savings and loans. During his business trip, this BUMDes has not made a profit. Constraints faced in managing the Village Owned Enterprises (BUMDes), especially the less skilled workers. Cassava farming problems faced by people in the village Sidodadi is less land and cheap cassava prices. While raw cassava business problems is not provide feasibility.

Based on survey results in Tempurejo Village, Tempurejo subdistrict is known that this village has owned BUMDes 45 led by Mr. Muhammad Yusuf. The business of BUMDes is in the field of savings and loans and trade. During his business trip, this BUMDes has not made a profit. Constraints faced in managing the Village Owned Enterprises (BUMDes), especially the less skilled workers. The problems of cassava farming faced by the people in Tempurejo village are capital and marketing. While raw cassava business problems is processing technology, capital and marketing.

Based on survey results in Wonoasri Village, Tempurejo subdistrict is known that this village has owned BUMDes Dana Asri Sejahtera led by Wakhidi BUMDes Enterprises in the field of savings and loans. During the business trip, BUMDes is experiencing an increase in business. Constraints faced in managing the Village Owned Enterprises (BUMDes), especially business capital. The problem of cassava farming faced by the people in Wonoasri village is a narrow field. While raw cassava business problems is the lack of market share.

Based on survey results in Arjasa village, Arjasa subdistrict is known that this village has owned Arjasa BUMDes led by Mrs. Deasy Rhizki N. Enterprises BUMDes in the field of savings and loans During the course of his business, BUMDes has not been profitable. Constraints faced in managing the Village Owned Enterprises (BUMDes), especially human resources, skilled labor, marketing, production techniques and venture capital. The problem of cassava farming faced by the people in Arjasa village is the lack of market absorption and low prices. While raw cassava business problems is the narrow market share of marketing and access.

Based on survey results of Biting Village, Arjasa subdistrict is known that this village has BUMDes Biting led by Mr. Badowi Usaha BUMDes is in the field of savings and loans. During his business experience, this BUMDes has not made a profit. Constraints faced in managing the Village Owned Enterprises (BUMDes), especially the less skilled workers and venture capital. The problems of cassava farming faced by villagers in Biting village are cheap selling price, not focused on cassava, narrow land, old harvest. While raw cassava business problems is the narrowness of market share.

Based on survey results in Candijati Village, Arjasa subdistrict, it is known that this village has owned BUMDes

Vandofi led by Bu Sukarsih. This BUMDes business is in the production of party tools and catering. During his business experience, this BUMDes has not made a profit. Constraints faced in managing the Village Owned Enterprises (BUMDes), especially the administration and venture capital. The problems of cassava farming faced by the villagers in Candijati village are low selling price, not focused on cassava, narrow land, old harvest. While raw cassava business problems is the narrowness of market share.

Based on survey results in Darsono Village, Arjasa subdistrict is known that this village has owned BUMDes Darsono led by Mr. Madrus. The business of BUMDes is in the field of savings and loans and trade. During his business trip, this BUMDes has not made a profit. Constraints faced in managing the Village Owned Enterprises (BUMDes), especially the less skilled workers. Cassava farming problems faced by residents in Darsono village is the weather, rainfall affects cassava production. While raw cassava business problems is less extensive marketing area.

Based on survey results in Kamal Village, Arjasa subdistrict is known that this village has owned BUMDes Kamal led by Mr. Shohib. The business of BUMDes is in the field of savings and loans. During his business flow, this BUMDes has not made a profit. Constraints faced in managing the Village Owned Enterprises (BUMDes) especially less skilled human resources. Cassava farming problems faced by residents in Kamal village weather, if rarely rain will have an effect on reducing cassava production. While raw cassava business problems is marketing and financing access.

Based on survey results in Kemuninglor Village, Arjasa subdistrict is known that this village already has BUMDes Kemuninglor led by Budi Haryanto. The business of BUMDes is in the field of saving and loan. During his business experience, this BUMDes has not made a profit. Constraints faced in managing the Village Owned Enterprises (BUMDes), especially the less skilled workers. The problem of cassava farming faced by the people in Kemuninglor village is the lack of market absorption and low prices. While raw cassava business problems marketing and access to credit.

Based on the survey results in Desa Gelang, Sumberbaru sub district is known that this village has owned BUMDes Maju Bersama led by Muhammad Sukardi. The business of BUMDes is in the field of PAM water production. During his business trip, BUMDes has already made a profit. Constraints faced in managing the Village Owned Enterprises (BUMDes), especially the less skilled workers, business capital and administration. Cassava farming problems faced by residents in the village Bracelet is the weather and wild boar. While raw cassava business problems is sales and transportation.

Based on survey results in Jambe Sari Village, Sumberbaru subdistrict is known that this village has owned BUMDes Jambe Sari led by Mr. Agus Andrianto BUMDes Enterprises is in the field of savings and loans. During the course of his business, BUMDes has not yet benefited. The obstacles faced

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Based on survey results in Jamintoro village, Sumberbaru subdistrict is known that this village has owned BUMDes Sumber Makmur led by Mr. Abdul Syukur Enterprises BUMdes is in the field of savings and loans and trade. During his business trip, this BUMDes earns little profit. Constraints faced in managing the Village Owned Enterprises (BUMDes), especially the less skilled workers. The cassava farming problem faced by the people in Jamintoro village is the price of cassava. While raw cassava business problems is a difficult way of marketing. and credit access. .

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Based on survey results in Jatiroto Village, Sumberbaru subdistrict is known that this village has owned BUMDes Jatiroto led by Pak Matjuri. Business BUMDes is in the field of savings and loans During the course of his business, BUMDes has already benefited and increased. Constraints faced in managing the Village Owned Enterprises (BUMDes), especially the less skilled workers and venture capital. The problem of cassava farming faced by the people in Jatiroto village is cassava pest. While raw cassava business problems is the lack of equipment used in production.

Based on the survey results in Kaliglagah Village, Sumberbaru sub-district is known that this village has owned Kaliglagah BUMDes led by Mr. Ansori. The business of BUMDes is in the field of savings and loans. During his business trip, this BUMDes has not made a profit. Constraints faced in managing the Village Owned Enterprises (BUMDes) especially less skilled human resources. The problem of cassava farming faced by residents in Kaliglagah village is irrigation (only planted in rainy season). While raw cassava business problems is the capital and marketing.

Based on survey results in Karangbayat Village, Sumberbaru subdistrict is known that this village has owned BUMDes Karangbayat led by Mrs. Nurlaily. The business of BUMDes is in the field of savings and loans. During his business trip, this BUMDes has not made a profit. Constraints faced in managing the Village Owned Enterprises (BUMDes), especially the less skilled workers. Cassava farming problems faced by residents in the village of Karangbayat is the lack of market absorption of cassava production in the village, fluctuating prices, low prices. While raw cassava business problems is the quality of raw materials are not fixed, marketing techniques that still need coaching, the minimum

capital used.

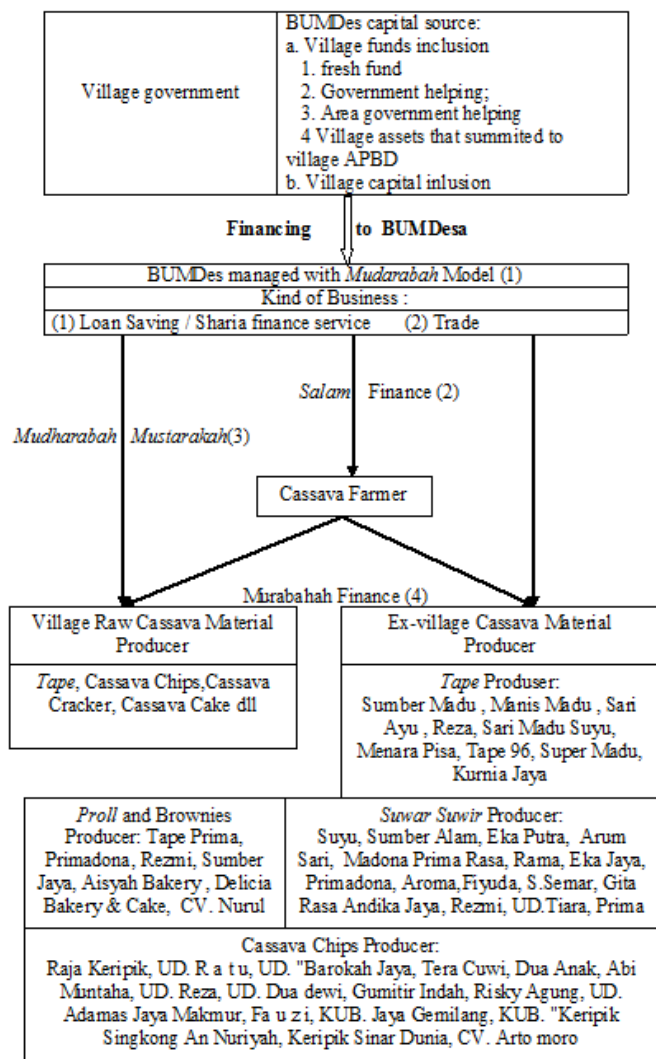
Based on survey results in Pringgowirawan village, Sumberbaru subdistrict is known that this village has owned BUMDes Albarokah led by Haliq Syaifullah. The business of BUMDes is in the field of savings and loans. During the journey of his business, BUMDes has obtained good fortune and increased from year to year. Constraints faced in managing the Village Owned Enterprises (BUMDes), especially the less skilled workers and marketing. The problems of cassava farming faced by residents in Pringgowirawan village are price fluctuation, lack of market absorption, lack of cassava industry and low price. While raw cassava business problems is the quality of cassava that is not settled.

Based on survey results in Rowotengah Village, Sumberbaru sub-district is known that this village has owned BUMDes Usaha Kita led by Edi Dwi Cahyono. The business of BUMDes is in the field of savings and loans. During his business trip, BUMDes has already benefited but the numbers are still small. Constraints faced in managing the Village Owned Enterprises (BUMDes), especially the less skilled workers and venture capital. The problems of cassava farming faced by the people in Rowotengah village are the lack of market absorption of cassava production in the village, fluctuating prices, low prices. While raw cassava business problems is the capital and lack of ability in processing.

Based on the results Sumberagung Sumberbaru survey found that this village has owned BUMDes Agung Makmur led by Edi Dwi Cahyono. The business of BUMDes is in the field of savings and loans. During his business trip, BUMDes has already benefited but the numbers are still small. Constraints faced in managing the Village Owned Enterprises (BUMDes), especially the less skilled workers and venture capital. The problems of cassava farming faced by the people in Rowotengah village are the lack of market absorption of cassava production in the village, fluctuating prices, low prices. While raw cassava business problems is the capital and lack of ability in processing.

#### **Sharia Financing Model of Village Owned Enterprise (BUMDes) in Cassava Agro-industry**

Sharia financing model can be applied to finance BUMDes cassava agroindustry with cassava farmers and cassava based business there are 3 forms; (i) the financing model of BUMDes originating from the village fund is done by *mudharabah* and (ii) the financing model undertaken by the BUMDes on the cassava farmers is done by the financing of *salam* (iii) the financing model conducted by the raw cassava business BUMDes is done with *mudharabah mustarakah* financing. The following is a scheme of sharia financing model for BUMDes, cassava farmers and producer of foods with using cassava raw materials.



**Figure 1.** Scheme Of Sharia Financing Model for BUMDes, Cassava Farmers and Producer Of Foods With Using Cassava Raw Materials.

**Conclusion**

Based on the analysis of research results and discussions that have been described previously, then the conclusion of this research is that cassava farming spread to all areas in Jember Regency with 31 districts. Likewise, processed cassava products in Jember Regency many varieties such as cassava chips, *tape*, cassava crackers, *cenyl*, *jemblem*, *suwar suwir*, brownies *tape* and others. Jember Regency has 250 villages. Among the 250 villages owned by BUMDes are 82. Jember Regency has the potential to develop cassava agroindustry through the establishment of BUMDes or BUMDes development of cassava agroindustry. Based on data from agriculture department of Jember regency (2017). There are 3 sub-districts of 31 sub-districts namely Sumberbaru Subdistrict, Tempurejo Subdistrict and Arjasa Subdistrict have wide cassava farming area, cassava production amount, and cassava farm productivity is relatively higher compared to other districts. Based on the survey results in the villages in the three sub-districts it is known that the village that has the potential to be established BUMDes cassava agroindustry or develop BUMDes in the cassava agro-industry sector is

Karangbayat village in Sumberbaru sub-district, Tempurejo Village Tempurejo Subdistrict and Kamal village, Arjasa Subdistrict, large cassava, cassava production, and cassava productivity are relatively higher compared to other villages and sub-districts. residents in the villages of Tempurejo, Kamal and Karangbayat already have cassava chips, cassava, cassava, cassava and cassava crackers as well as support and keinginan and support from their village head and BUMDes managers to develop BUMDes in cassava agro-industry.

During its relative business experience, 24 BUMDes surveyed in general have not gained profit, only a few BUMDes have benefited from savings and loans, trading, water production and catering and party utensils. The management of 24 BUMDES still faces several obstacles in running their business such as (a) lack of skilled manpower available; (b) marketing; (c) production techniques; (d) business capital and financial administration. Besides, there are obstacles if BUMDes opened the business unit of cassava agro-industry sector will also be disturbed by cassava farming problems faced by villagers in 24 BUMDes, among others (a) the difficulty of marketing; (b) the least production of processed industries; (c) unskilled labor (HR); (d) low (low) selling price; (e) not focused on cassava plants; (f) narrow land; (g) old harvest; (h) the narrowness of market share; (i) the enthusiasts (farmers) are lacking; (j) pests; (k) reduced land due to planting *sengon* wood; (l) is less desirable and more focused on banana production; (m) capital; (n) weather and rainfall; (o) wild boar attack; (p) *gambas* disease; and (q) irrigation (only planted in rainy season). Other constraints relating to cassava raw materials business issues are capital, limited raw materials, can not meet market orders, limited raw materials, narrow market share, do not provide a decent profit, processing technology, capital and marketing, lack of market share, narrow share market marketing and access, narrowness of market share, lack of breadth of marketing area, access to finance, sales and transportation, lack of equipment used in production, quality of cassava that is not settled, lack of ability in processing.

Other constraints related to business problems made from raw cassava are capital, limited raw materials, can not meet market orders, limited raw materials, narrow market share, does not provide a decent profit, processing technology, capital and marketing, lack of market share, narrow share market marketing and access, narrowness of market share, lack of breadth of marketing area, access to finance, sales and transportation, lack of equipment used in production, quality of cassava that is not settled, lack of ability in processing

The next finding shows that sharia financing model can be applied to finance BUMDes cassava agroindustry with cassava farmers and cassava based business there are 3 forms; (I) financing model to BUMDes sourced from the village fund is done by profit sharing (*mudharabah*) (ii) BUMDes finance cassava farmers with *salam* financing (iii) BUMDes finance producer of food with using cassava raw business is done with *mudharabah mustarakah and murabahah financing model*



## Suggestion

Based on the analysis of research results, discussions and conclusions that have been stated before, some suggestions for related parties and become implications for further research, among others: (a) the results of this study can be used to develop sharia financing model such as financing easternar and greetings at BUMDes, where sharia financing is often applied to sharia financial institutions; (b) Village government, especially Tempurejo Village Government Tempurejo Sub-district, Kamal Village, Arjasa Subdistrict and Karangbayat Village Sumberbaru Subdistrict can establish BUMDes agroindusrti cassava or by developing and extending the existing BUMDes business line or product line in cassava industry and applying sharia financing model such as easy-financing financing and greetings at BUMDes; (c) encouraging the establishment of Village Owned Enterprise (BUMDes) in the field of cassava based agro-industry so it will be very helpful for cassava farmers to increase cassava production and as partners of the farmers in creating value added and income of cassava farmers; and (d) for Jember regency government can help realize one village one product program and increase original village income (PAD)

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