

## **Green Economy Model in Palm Oil Industry Based on Islamic Economic Perspective (Case Study of PT. Borneo Indah Marjaya Desa Laburan, East Kalimantan)**

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### **Abstract**

*The palm oil industry contributes significantly to household welfare resulting from the palm oil business. The palm oil industry also has great potential that can cause environmental problems. Green economy is believed to be a solution to environmental problems caused by economic activities. This study aims to find out how the Green Economy Model in the Palm Oil Industry Based on the Islamic Economic Perspective of PT. Borneo Indah Marjaya about its application in accordance with the teachings of Islamic economics and has it been carried out properly. The method used is qualitative descriptive with interview, observation and documentation techniques directly at PT. Borneo Indah Marjaya. Based on the results of research that the green economy model is very important to be applied by palm oil industry companies producing CPO oil so that this economic business activity can be run sustainably and environmentally friendly. The implementation of green economy is closely related to the 7 principles of Indonesian Sustainable Palm Oil (ISPO). This research provides an understanding of the concept of green economy that in economic activities it is necessary to think about justice, welfare and income benefits both in society and companies and in accordance with the teachings of Islamic law.*

**Keywords: Green economy model, palm oil industry, PT. Borneo Indah Marjaya, Islamic economics.**

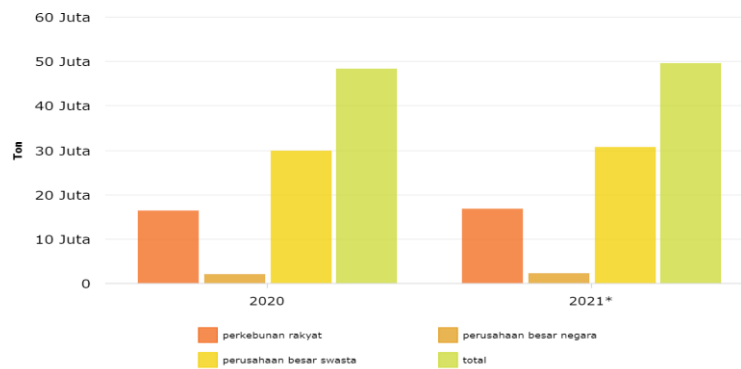
### **INTRODUCTION**

As the largest producer and consumer of the palm oil industry in the world, the palm oil industry has now become an important part of the Indonesian economy (Suwarno, 2019). Economic development is seen from economic growth and changes in economic sectors and people's lives, one that developing countries want to realize. Many economic developments in Indonesia come from the agricultural sector (Prasetyo, 2022).

The palm oil industry is an important and strategic role for the economy in addition to being a foreign exchange earner from palm oil exports for Indonesia as well as people's economic support that can absorb a lot of labor for the community (Irawan & Soesilo,

2021).

According to Plantation Statistics Data from the Ministry of Agriculture (Kementan), palm oil production in the form of *Crude Palm Oil* (CPO) is estimated to increase by 2.92% in 2021 compared to 2020 which was 48.3 million tons. Based on the company's status, the largest palm oil production came from private companies, namely 30.72 million tons in 2021. Meanwhile, those from smallholder plantations were recorded at 16.75 million tons, up 2.27%. The Ministry noted that since 1980 the development of palm oil production in the form of CPO has continued to increase. From 1980-2021, the average growth of palm oil production was 11.13% per year.



Source : Kementan – DJP, 2021

The development of the palm oil industry in Indonesia is one of the most important efforts to be considered by the government. With the development of the sustainable palm oil industry, various sustainable principles can be applied to increase the output of the palm oil industry, this can affect much of the least demand for palm oil in the future (Abdi et al., 2021).

The green economy model is very important to be applied to palm oil plantation processing companies and CPO mills, one of which is PT. Borneo Indah Marjaya, Laburan Village, East Kalimantan, which stands as a palm oil industry company that applies the concept of green economy. To find out how the company runs this green economy model, because in this application not only affects the company but also affects the community in terms of the environment and economic income.

Green economy has ideas that can eliminate the influence or negative impact of wider

economic activities. Simply put, this green economy is a strategy that describes economic efforts that do not damage the sustainability of nature or do not cause environmental damage (Khaery, 2021).

Green economy is believed to be a solution to environmental problems caused by economic activities to make life and a better, equitable, prosperous, and balanced global situation supported by society.

The principles of the concept of green economy have actually been initiated by Muslim scientists through the *Qur'an* and hadith, where these principles have been found in *maqashid al-shari'ah* and *fiqh al-bi'ah*.

Yusuf Qaradawi explained in *Ri'ayah al-Bi'ah fiy Sharia al-Islam*, that caring for the environment is the same as maintaining the five basic objectives of Islam (*maqashid al-shari'ah*). And the only economic concept that has *maqashid al-sharia* values is Islamic economics. Here it is clear that the green economy comes from a reflection of the Islamic economy. The core similarity of a green *economy* and *maqashid al-sharia* concepts that both prioritize the aspect of benefit, leads to the maintenance of five basic objectives (Iskandar et al., 2019).

## **LITERATURE REVIEW**

### **Green Economy Model Theory**

Green economy is a model of economic development approach that no longer relies on economic development by damaging natural resources and the environment excessively (Makmun, 2011).

Green Economy was formed to provide awareness of the importance of ecosystems that balance the activities of economic actors with the availability of resources. The green economy approach synergizes three basic values, namely profit, people, and planet (3P). This approach encourages economic actors not only to maximize profits, but to make positive contributions to society and actively participate in preserving the environment.

In achieving the three basic values above, sustainable management is needed, the goal is that the company can run environmentally friendly and not cause widespread negative impacts on the environment, society and economy.

### **Palm Oil Industry**

Oil palm plants are one source of vegetable oil (Nurdjannah, 2018, p. 4). Vegetable oil as a raw material consumed by the global community, palm oil is a solution to the world's increasing vegetable oil needs.

The palm oil industry is part of the solution to global food and energy poverty through its contribution to global food and energy security. The palm oil industry is the largest contributor to global oleofood which is part of global food security.

### **Environmental Protection**

Protection of the environment and natural resources is one of the religious commandments so that humans can live happily with all the grace from God. According to Law Number 4 of 1982 that the environment is the spatial unity of all objects, forces, conditions and living things, including humans and their behavior that affect the lives and welfare of humans from other living things (Sabartiyah, 2019, p. 3-4).

### **Welfare**

According to Segel and Burzy said that social welfare is the welfare condition of a society which includes health, economic conditions, happiness and quality of life of the people (Rahman, 2018).

Measurement of welfare indicators in Indonesia is often applied using GDP (Gross Domestic Product), but actually GDP is used as an indicator of achieving economic performance, not a measure of welfare.

According to Law of the Republic of Indonesia No. 11 of 2009, Social Welfare Enterprises are an effort, program, and activity aimed at realizing, fostering, maintaining, restoring and developing social welfare (Sinaga. P, 2022).

### **Islamic economics**

Islamic economics is obeying the rules relating to the way of production, distribution, and consumption, as well as other activities in order to seek ma'ishah (livelihood of individuals and groups) in accordance with Islamic teachings (*Qur'an* and *Hadits*) (Fakrurradhi, 2021). Islamic economics aims to provide harmony for life in the world. Islamic values are not only for Muslim life, but all living things on earth.

### Green Economy Based on Islamic Economic Perspective

The similarity of substance between the concept of green economy and *maqasid al-sharia* which emphasizes the aspect of benefit, refers to the maintenance of five basic goals (*al-dharruriyyat*), namely, Maintenance of religion (*hifzhu al-din*), Maintenance of the soul (*hifzhu al-nafs*), Maintenance of reason (*hifzhu al-aql*), Maintenance of offspring (*hifzhu al-nasl*), and Maintenance of property (*hifzhu al-maal*). So that it can be said that the green economy which is actually reflected in the economics of Islam (Iskandar et al, 2019, p. 89-92).

Green economy based on *fiqh al-bi'ah* (environmental fiqh) explains about the environment in Islam that can shape the human mindset including protection of the body soul (*hifdh al nafs*), Harmonizing the purpose of life in the afterlife, The need for production and consumption must be balanced, The balance of the ecosystem must be maintained, All beings are noble (*muhtaram*), dan Manusia Carry out duties as Caliph on earth to maintain and manage the universe.

### RESEARCH METHODS

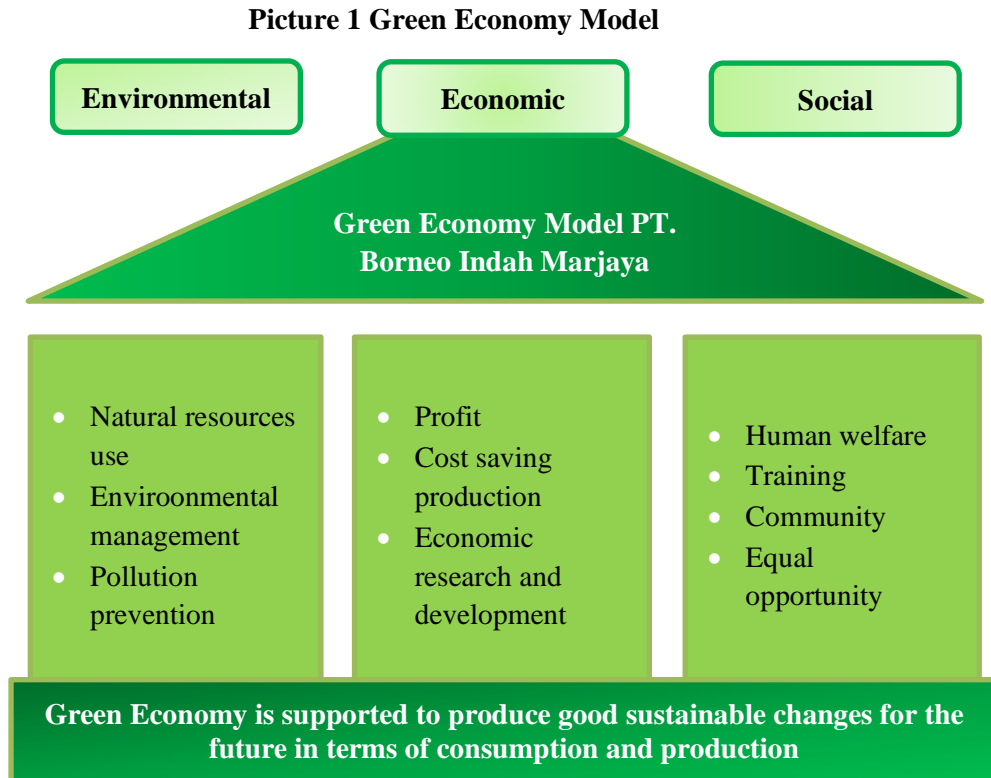
This research is a field research with descriptive qualitative. The method is used to analyze events that occur in the realm of the social environment by providing an overview through a personal perspective (information provider) that exists in the interpretation perspective environment. The data collection techniques are interview, observation, and documentation.

**Table 1**  
**Employee and Community Informer data**

Report	Position
Mr. Arif Yahya Dwi Asmara	Head of Administration
Mr. Zakariah	Corporate Social Responsibility (CSR)
Mr. Muntoha	Farmer

## RESULTS AND ANALYSIS

### Green Economy Model in Palm Oil Industry PT Borneo Indah Marjaya Village Laburan East Kalimantan



Source: Drawn by the author

The green economy model has the basic concepts of welfare, social justice, and caring for the environment. Economic activities that utilize environmental resources can be carried out according to the capabilities of the environment itself and supported by the general public (Purboseno, 2022). Green economy is an economy that is low in carbon dioxide and as a model of sustainable economic development. This green economy is an effort applied to realize sustainable economic development, care for environmental resilience and community welfare, as well as economic activities that are low or do not produce carbon dioxide emissions.

#### **Implementation of Green Economy Model in accordance with ISPO Standards**

To obtain this ISPO certification, PT. Borneo Indah Marjaya made preparations to achieve into the principles and criteria of ISPO, PT. Borneo Indah Marjaya carries out repairs in every plantation unit and palm oil mill. PT. Borneo Indah Marjaya establishes a sustainable plantation system achieved by adhering to three sustainable pillars consisting of Profit, Planet, and People .

Here are 7 principles of Indonesian Sustainable Palm Oil (ISPO) carried out by PT. Borneo Indah Marjaya (BIM) as follows (Adnan, 2021): Licensing System in plantation management, Application of technical guidelines for oil palm cultivation and processing, Environmental processing and monitoring., Responsibility towards workers, Social and community responsibility, Empowerment of community economic activities, and Sustainable business improvement.

ISPO certification is very important for palm oil industry business players, the aim is to ensure that this palm oil industry company runs in an environmentally and socially friendly way.

### **Islam's Economic Perspective is hindered by the Green Economy Model in the Palm Oil Industry PT. Borneo Indah Marjaya Laburan Village East Kalimantan.**

Green economy in the perspective of Islamic economics explained in the theory of maqasid sharia shows that environmental preservation or a sense of care for humans in managing natural resource potential well is closely related to the instructions in the *Qur'an* and *Hadith* (Suprianik et al., 2022).

In the application of the green economy concept carried out by PT BIM in accordance with the Islamic economic perspective, it can be seen from the implementation carried out by PT BIM in accordance with Islamic teachings, namely maintaining the environment around the company and community welfare from improving the economy, education, and health.

### **CONCLUSION**

In its application, the company pays attention to several aspects, namely the educational, health, and economic aspects of the community. This is done with the aim of improving social welfare and being able to carry out economic activities in an environmentally friendly manner.

Green economy model has agreed with 7 principles of certification Indonesia Sustainable Palm Oil (ISPO) supported by Corporate Social Responsibility (CSR) programs.

The green economy model run by PT. Borneo Indah Marjaya, Laburan Village, East Kalimantan, is quite in line with the Islamic economic perspective. Based on the 5 principles of *maqasid sharia* and 6 principles of *fiqh al-bi'ah*.

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