

## CHAPTER I

### INTRODUCTION

#### A. Research Background

Sustainable development is the concept of developing for the present that doesn't require compromise for future generations, emerged at a meeting of nations in Norway chaired by Norwegian prime minister Gro Harlem Brundtland in 1987.<sup>1</sup> The main principle in sustainable development is the defense of quality of life for all human beings in the present and in the future in a sustainable manner. Sustainable goals are based on three foundations, namely: focusing on human development in the social sector, economic growth, and environmental development, friendliness and biodiversity.<sup>2</sup>

Sustainable economic development is a part of national development, but failing to take into account the capacity of natural resources and the environment will result in development problems in the future. Thus, the benchmarks of successful development, which initially only put pressure on economic productivity, are now becoming increasingly complex. Human needs are increasing along with the increasingly limited natural resources that are more efficient. However, it must be observed, that development should provide welfare that is not only seen from the perspective of growth, but also from other angles that are no less important, namely environmental sustainability which affects the level of quality of life of the community.<sup>3</sup>

If MSMEs assist in economic growth that emphasizes sustainability and environmental awareness, the national economy will prosper. This can be achieved

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<sup>1</sup> Mutia Fadilla, Elly Nurmawati, And Muhammad Iqbal Fasa, "Peran Sumber Daya Alam Bagi Pembangunan Berkelanjutan Di Indonesia Dalam Perspektif Islam," *Jeksyah: Islamic Economics Journal*, Vol. 2, No. 1 (2022), P. 57.

<sup>2</sup> Miswanto And Muhammad Tasrif, "Maqashid Sharia 'S Analysis Of The Green Economy Concept In Indonesia," *Jurnal Syarikah : Jurnal Ekonomi Islam* Vol. 10, No. 1 (2024): P. 70–80.

<sup>3</sup> Fadilla, Nurmawati, and Fasa, "Peran Sumber Daya Alam Bagi Pembangunan Berkelanjutan Di Indonesia Dalam Perspektif Islam." P. 55

if every citizen takes responsibility for environmental issues with full awareness.<sup>4</sup> various environmental problems often occur, whether caused by natural events or irresponsible human actions in fulfilling their needs, which frequently lead to ecosystem imbalances and discomfort for other living beings on earth.<sup>5</sup>

Indonesia, as a country with a majority Muslim population, must build its economy based on principles that align with Islamic teachings, such as implementing the green economy system. It is highly reasonable to adopt a green economy in Indonesia based on several factors. First, Indonesia has a strong interest in sustainability since its economy still heavily relies on natural resource management. Second, by implementing a green economy, Indonesia will not only emerge as a global leader but also establish a more sustainable economy with greater efficiency in utilizing its limited natural resources. Third, the adoption of a green economy will further improve the severely damaged environment, which has long been a major obstacle for many people.<sup>6</sup>

The concept of a green economy reflects the perfection of Islamic teachings, which emphasizes the relationship between humans and god, humanity and nature. The essence of human beings as perfect beings must be able to achieve the noble values contained in the Qur'an and the sunnatullah of this conception. Human beings play an important role in ensuring sustainable development through the humanization of humanitarian issues, which is at the core of the concept of a green economy. The pursuit of sustainable development that prioritizes equality of rights and welfare over future economic opportunities and neglects opportunities for economic development is driven by greed and selfishness, the concept of a green economy is in line with Islamic beliefs.<sup>7</sup>

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<sup>4</sup> Chindy Manika Sari *et al.*, "Penerapan Green Economy Pada Umkm Di Kecamatan Gubeng Kota Surabaya" Vol. 06, No. 3 (2024), P.98.

<sup>5</sup> Amalia, *et al.*, "Pengelolaan Sumber Daya Alam Untuk Menciptakan Human Welfare (Perspektif Ekonomi Islam)," *Al-Hisab: Jurnal Ekonomi Syariah*, Vol. 1, No. 2 (2021), P.13.

<sup>6</sup> Khairul Anwar, Susminingsih Susminingsih, And Muh. Hafidz Ma'sum, "Development Of Green Economy In The Batik Industry From A Maqashid Sharia Perspective" Vol. 12, No. 2 (2023, P: 209–25.

<sup>7</sup> Muhammad Zainal Abidin *et al.*, *Green Ekonomi Syariah*, Ed. Abdullah Ahadish Shamad (Sidoarjo: Duta Sains Indonesia, 2024). P. 14.

Low-carbon growth, resource efficiency, and social inclusion are the core values of the green economy, so they have consequences for sustainable development, energy management, green economy in urban areas and green businesses. MSMEs must improve their business and environmental awareness due to the increasing environmental problems. The green economy not only focuses on pollution reduction and waste management, but also focuses on improving resource efficiency and social well-being of local communities.<sup>8</sup>

With several opinions about the economy in Indonesia, 4 frameworks can be drawn, including, a sustainable economy, a healthy and productive ecosystem, equitable and solid economic growth, and greenhouse gas emissions. The background of the emergence of the green economy is characterized by experiencing crisis conditions for the environment, the majority of which is due to fast-paced lifestyle changes and wanting convenience. Plastic materials are used to create single-use packaging as an example. Which causes problems in the form of packaging waste which of course will pollute the environment and take a long time for the earth to decompose.<sup>9</sup>

The implementation of the green economy is one of the strategic solutions to achieve sustainable development. The green economy must be applied to yourself and the Company appropriately, because it can affect environmental management while reducing the risk of environmental damage.<sup>10</sup> The idea of a green economy should uphold the sustainability of both economic, social, and environmental factors, by striving to realize a sustainable economy by maintaining the balance of nature. The production, distribution, and consumption of goods on a green

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<sup>8</sup> Agung Utama Wahyu, *et al.*, "Tinjauan Maqashid Syariah Dan Fiqh Al-Bi'ah Dalam Green Economy," *Jurnal Ekonomi Islam*, Vol. 10, No. 2, (2019), P. 246.

<sup>9</sup> Dwi Vita Lestari Soehardi, "Sustainable Development Berbasis Green Economy," *Prosiding Seminar Sosial Politik, Bisnis, Akuntansi Dan Teknik (Sobat)*, Vol. 4 (2022), P. 33.

<sup>10</sup> Kusuma Wijaya, Siska Dewi, And Anni Safitri, "Pengaruh Pengetahuan Lingkungan , Persepsi Dan Perilaku Umkm Batik Di Pekalongan Dalam Mengimplementasikan Green Economy," *Jurnal Iqtisaduna*, Vol. 8, No. 2 (2022), P. 152.

economic will improve human welfare, even in the long run, and won't have any negative effects on the environment.<sup>11</sup>

Micro, small and medium enterprises according to law number 20 of 2008 are defined as productive economic enterprises owned by individuals or business entities that are not subsidiaries or branches of large companies. Micro, small and medium enterprises are business activities that are able to expand employment opportunities and provide economic services widely to the community, and can contribute to the process of equitable distribution and increase of people's income, encourage economic growth and play a role in realizing national stability.<sup>12</sup>

An MSME is one of the main drivers of the community's economy. Indonesian batik was officially recognized by the United Nations Educational, Scientific, and Cultural Organization (UNESCO) on October 2, 2009 as a Cultural Heritage (ICH) or intangible cultural heritage at the Abu Dhabi session. Since being recognized as an intangible cultural heritage by UNESCO,<sup>13</sup> Indonesian batik is developing in a better direction, not only as a culture, but also as an identity and identity of the nation. Every day it can be seen that the old, young, and children wear batik and are no longer just clothes worn at certain ceremonies.

Batik is a form of physical culture (artifacts). Batik is a heritage culture that has high artistic value, so that batik is the identity of the Indonesian nation.<sup>14</sup> This increase in the number of batik production has an impact on the environment because of the liquid waste produced during the batik making process. Batik requires 25-50 m<sup>3</sup> of water per meter of fabric to be made. Batik production in

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<sup>11</sup> Khairul Anwar, Susminingsih Susminingsih, And Muh. Hafidz Ma'sum, "Development Of Green Economy In The Batik Industry From A Maqashid Sharia Perspective," Vol. 12, No. 2 (2023), P. 210.'

<sup>12</sup> Alifah Fidela, Aprinaldi Pratama, And Tita Nursyamsiah, "Pengembangan Usaha Mikro Kecil Dan Menengah ( Umkm ) Dengan Program Pemasaran Desa Jambu Raya Di Desa Jambu , Kabupaten Sumedang," *Jurnal Pusat Informasi Masyarakat*, Vol. 2, No. 3 (2020), P. 494.

<sup>13</sup> Nabilla Ramadhian, And Kahfi Dirga Cahya, *Alasan Batik Indonesia Diakui Unesco Sebagai Warisan Budaya Dunia*, At [17:40 Wib], <<https://Travel.Kompas.Com>> Viewed On 27 November 2024..

<sup>14</sup> Dila Tri Puspa Martono And Supatmo, "Fotografi Konseptual Batik Jogja Sebagai Media Pengenalan Budaya," *Imajinasi: Jurnal Seni*, Vol. Xvi, No. 2 (2022), P. 12.

Indonesia is around 500 million meters per year, so it requires 25 million m<sup>3</sup> of water, which is equivalent to the water needs for 2500 households.<sup>15</sup>

Indonesia has several regions that have fabrics with patterns or motifs respectively, including Bali, Cirebon, Pekalongan, Solo, and Yogyakarta. Batik creative MSMEs are one of the handicraft sub-sectors that have the potential to be developed in the Special Region of Yogyakarta.<sup>16</sup> At the 50th anniversary of the World Craft Council (WCC) on 18-23 October 2014 in Dongyang, Zhejiang Province, China, Yogyakarta was named the World Batik City. Yogyakarta meets 7 criteria of excellence to be designated as the World Batik City, namely: Historical Value, Authenticity Value, Preservation Value, Economic Value, Environmentally Friendly Value, Global Value, Sustainability Value.<sup>17</sup>

These privileges will certainly have various impacts on the city of Yogyakarta. Among them are the increase in local income, urban development, and the increase in the Human Development Index which is mainly supported by educational indicators, besides that there is also a negative impact on the environment, tourism activities also contribute to the emergence of environmental problems in the city of Yogyakarta. Solid, liquid, and gaseous waste from dense tourism activities in the city of Yogyakarta can reduce the quality of the environment.

The emergence of multiple environmental problems can be influenced by the population, as the activity of a large number of people can reduce the carrying capacity and capacity of an area. Population growth will also increase the problem of waste and water quality which is the cause of the decline in environmental quality and also the source of water pollution. The more population, the more waste will be generated, the estimated amount of waste generated in the city of Yogyakarta per

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<sup>15</sup> Bkti Palupi *et al.*, "Pemberdayaan Ukm Batik Kabupaten Jember Dalam Pengelolaan Limbah Cair Dengan Metode Green Technology," *Jurnal Dedikasi*, Vol. 1, No. 2, (2021), P. 55.

<sup>16</sup> Darto Wahidin, Armaidy Armawi, And Kodiran, "Transformasi Industri Kreatif Batik Dalam Rangka Peningkatan Ketahanan Kerajinan Kain Batik (Studi Di Dusun Giriloyo, Desa Wukirsari, Kecamatan Imogiri)," *Jurnal Ketahanan Nasional*, Vol. 25, No. 3 (2019), P. 351.

<sup>17</sup> Jogja Heritage Society, "Jogja Kota Batik Dunia ," Jogja Heritage Society, December 1, 2020, [https://jogjaheritagesociety.org/kegiatan/keunggulan/7-nilai-mahakarya-seni-tradisi-dan-kontemporer/jogja-kota-batik-dunia/#:~:Text=Jogja Sebagai Kota Batik Dunia,Tiongkok 18-23 Oktober 2014.](https://jogjaheritagesociety.org/kegiatan/keunggulan/7-nilai-mahakarya-seni-tradisi-dan-kontemporer/jogja-kota-batik-dunia/#:~:Text=Jogja%20Sebagai%20Kota%20Batik%20Dunia,Tiongkok%2018-23%20Oktober%202014.)



day in 2023 is 331,764.00 kg/day. The Kematren with the highest estimated amount of waste generation in the city of Yogyakarta in 2023 is the Umbulharjo Kematren, which is estimated to reach 57,246.40 kg/day.<sup>18</sup>

The existence of batik MSMEs in Yogyakarta is undeniable as one of the livelihoods of the community. The annual tourism village is the only jumputan batik center in Yogyakarta, pioneered in 2011 with the number of MSMEs to date including: the prosperous mother jumputan group, the Maharani jumputan studio, the Hana jumputan batik, and the dea modis.<sup>19</sup> Dea modis is the first jumputan fabric MSME to stand in a tourist village before the tourist village has a jumputan ikom and the only MSME that stands individually, the owner of this MSME is Tuliswati Sandhi who is the first pioneer in the manufacture of jumputan fabric in the annual tourist village.

Most batik MSMEs in Yogyakarta still use synthetic dyes. This causes the increasing activities of batik MSMEs in Yogyakarta to make the quality continue to deteriorate and requires special attention. The environmental impact caused by textile waste disposal, particularly the destruction of aquatic ecosystems, is now a pressing issues that necessitates innovative solutions. Textile waste produced by the production and dyeing process can contain a variety of harmful chemicals, including dyes and preservatives, which, if disposed of without proper treatment, can contaminate water sources and damage ecosystems.<sup>20</sup>

In the pre-research, Mrs. Tuliswati as the owner of the Dea Modis batik and jumputan UMKM established the batik and jumputan UMKM in order to preserve the tie-dye or jumputan fabrics that were starting to be left behind. Mrs. Tuliswati also explained that the coloring process uses natural dyes and some chemical dyes for colors that cannot be found naturally. Although Dea Modis does not fully use

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<sup>18</sup> Pemerintah Kota Yogyakarta Dinas Lingkungan Hidup Kota Yogyakarta, 2023, *Informasi Kinerja Pengelolaan Lingkungan Hidup Daerah*.

<sup>19</sup> Ika Dian Lestari And M Iqbal Akbar, "Manajemen Risiko Umkm Jumputan Di Masa Pandemi ( Studi Kasus Sanggar Jumputan Maharani Kampung Tahunan Yogyakarta )," *Deskovi : Art And Design Journal*, Vol. 5, No. 1 (2022), P. 80.

<sup>20</sup> Nugroho Mardi Wibowo, *Et Al*, "Pemberdayaan Umkm Batik Jombang Melalui Green Innovation Menuju Green Batik Industry," *Jurnal Abdimas Mandiri*, Vol .8, No. 3 (2024), P. 211.

natural dyes and more often uses synthetic dyes, they remain committed to protecting the environment by processing the liquid waste produced. For that, waste processing can be done simply through physical, chemical, or biological methods, depending on the type of waste and the capabilities of the industry.<sup>21</sup> This liquid waste processing action is in line with Law Number 32 of 2009 concerning Environmental Protection and Management, which requires industries to manage toxic and hazardous waste properly.<sup>22</sup>

The implementation of the green economy as a concept to solve these problems and provide a better, fairer, prosperous and sustainable life. In MSMEs, batik is not only about the process of making batik with natural dyes, but also pays attention to the work environment, for example, such as a comfortable, clean workspace, there is air ventilation, and the health of employees is also considered. This means that the concept of Green Economy in batik MSMEs is not just a natural dye material, but also other things that concern the world of batik MSMEs itself.

Several studies have shown that the implementation of the green economy to MSMEs has succeeded in showing positive results. For example, research conducted by Chindy,<sup>23</sup> It can be concluded that the implementation of the green economy among micro, small and medium enterprises (MSMEs) in Diidoarjo has significant potential to improve financial performance and environmental welfare. MSMEs can not only contribute to environmental sustainability, but also improve the competitiveness of their financial performance in a market that is increasingly concerned about environmental issues. And also research conducted by Rizki,<sup>24</sup> explained that the implementation of green economy principles is only focused on reprocessing solid waste to add economic value in it, so as to give rise to new

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<sup>21</sup> Yuliana, "Strategi Pengolahan Limbah Batik : Studi Pustaka," *Snikk: Seminar Nasional Industri Kerajinan Dan Batik*, Vol.1, 2021, P. 1–7.

<sup>22</sup> Vanya Karunia Mulia Putri And Nibras Nada Nailufar, "Isi Aturan Tentang Lingkungan Hidup, Uu No 32 Tahun 2009," Viewed, 17/03/2021, 14:26 WIB.

<sup>23</sup> Sari *et al.*, "Penerapan Green Economy Pada Umkm Di Kecamatan Gubeng Kota Surabaya."

<sup>24</sup> Rizki Febri Eka Pradani *et al.*, "Penerapan Konsep Green Economy Dalam Meningkatkan Pendapatan Umkm Tahu Di Dusun Tahu Kabupaten Situbondo," *Jurnal Pendidikan Ekonomi (Jupe)*, Vol. 11, No. 1 (2023), P. 19–25.

products besides tofu. On the income side, business actors have also felt the direct impact. The diversification of the products they carry out as a result of waste treatment can increase income and open up new business opportunities for the surrounding community.

Most previous research has generally discussed the implementation of the green economy in MSMEs across various regions, but none have specifically addressed the implementation of the green economy in the batik industry from an Islamic economic perspective, particularly in Yogyakarta. Additionally, discussions related to the green economy and Islamic economics remain general and have not been deeply applied to the batik industry. Therefore, this research aims to fill that gap by reviewing the implementation of the green economy in batik SMEs from an Islamic perspective.

The scope of this research is in the Yogyakarta area, including in MSMEs *deamodis batik* and *jumputan*, annual village, *umbulharjo* district, Yogyakarta City. *Dea modis* is a place of research because this MSME is famous for its unique product designs, *Dea Modis batik* and *jumputan* choose references from the surrounding environment, famous monuments in the city of Yogyakarta or unique things in the city of Yogyakarta. This MSME has also implemented various principles of sustainability in its production process. One form of implementing a green economy that is carried out is waste processing efforts to reduce negative impacts on the ecosystem. In addition, *Dea Modis* also contributes to the social aspect by providing guidance and training to the surrounding community, especially the younger generation, in order to increase awareness of sustainable production practices

This research offers novelty in two main aspects. First, it not only highlights the general implementation of the green economy in batik MSMEs but also specifically examines how the green economy concept is implemented in *Dea Modis Batik* and *Jumputan* MSMEs, which combine natural and synthetic dyes. Second, it employs an Islamic economic perspective to assess the extent to which the green economy implemented in batik MSMEs aligns with the principles of



Islamic economics. This research offers new perspectives on how the MSME sector can contribute to sustainable development while maintaining Islamic values.

Motivated by what has been explained above, the author views and focuses on the implementation of green economy which in its development to realize sustainable development is in accordance with the Islamic economic requirements for MSMEs to be fashionable batik and jumputan much deeper, therefore the title of this research is **"The Implementation of Green Economy in MSME Dea Modis Batik and Jumputan From an Islamic Economics Perspective "**

#### **B. Problem Formulation**

After reviewing the background mentioned above, this research will address the following issues:

1. How is the implementation of green economy in dea modis batik MSME?
2. How are dea modis business practices viewed from an islamic economic perspective?

#### **C. Research Objectives**

1. To understand and analyze the implementation of green economy principles in Dea Modis MSME in Yogyakarta
2. To understand and analyze the Dea modis business from an islamic economic perspective

#### **D. Research Benefits**

##### **1. Academic Benefits**

This research is expected to contribute to the academic knowledge by providing a deeper understanding and serving as a comparative reference for future studies on the implementation of green economy in batik MSMEs from an Islamic economic perspective, particularly in Dea Modis Batik and Jumputan MSME

##### **2. Practical Benefits**

This research is expected to make a tangible and relevant contribution to various stakeholders involved, both directly and indirectly, in the

implementation of green economy with an Islamic economic perspective. For MSME business owners, this research is expected to serve as a reference and guide in the practice of economic activities, encouraging better environmental management and sustainability, so that they can remain competitive in the global market. This research is expected

