

Religion and Economics: Applying Buddhist Economic Principles in Social Economy Enterprises

ABSTRACT

The relationship between religion and economics has always been interconnected. Every religion has its teachings regulating economic life, especially Buddhism. This study explores the application of Buddhist economic principles in social economy enterprises, focusing on the case of Cahaya Dhamma Phala Cooperative in Banjarnegara Regency, Central Java. Employing a qualitative approach, data collection involved observation and interviews. The research reveals a profound connection between Buddhism and economic life, particularly within cooperative activities, guided by the principles of *Utthanasampada* (full of enthusiasm), *Arakha Sampada* (guarding and maintaining), *Kalyana-mitta* (having good friends), and *Samma Jivikata* (balance). The cooperative's management and members adeptly apply these Buddhist principles, resulting in a harmonious integration of religious and economic pursuits. The study underscores the transformative impact of these principles on achieving balance and sustainability within the Cahaya Dhamma Phala Cooperative, emphasizing the intersection of religion and economics in fostering a socially responsible and prosperous enterprise.

Keywords: Buddhist Religion; Buddhist Economic Principles; Cooperative; Social economy enterprises.

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INTRODUCTION

Discussing the relationship between religion and economics is one of the most exciting studies in religious studies research (Becker, 2021). The two domains are very contradictory, where religion is in the realm of the ukhrawi while the economy is in the worldly realm. However, discussing religious issues is not always contextualized by the theological aspect, which departs from transcendental thinking that places religious doctrines/dogmas and God as the ultimate truth. However, religion also needs to be conditioned with sociological aspects, namely, seeing religion applied in real terms as part of the subsystems and institutions of the social system of society (Bhambra et al., 2021). In other words, the context of

religion in a sociological view wants to see how the teachings of religious truth and belief are carried out and manifested in the norms, values, and ethics of the behavior of its adherents in everyday life (Hermawan & Candra, 2020). The teachings about norms, values, and ethics are a form of religiosity and crystallization of the abstraction of religious teachings.

One of the relationships between religion and economics is studying Buddhism. According to Schumacher, there is economics in Buddhism because the right livelihood or livelihood is one of the eight elements of the Noble Path in Buddhism. Schumacher (1974) compared Buddhist economics, which promotes need satisfaction through minimum consumption, with conventional economics, which emphasizes expanding consumption. He suggested that local production for local needs is less likely to generate fierce resource competition than large-scale production. According to Schumacher, a Buddhist economist would emphasize tree planting (Schumacher, 1974). Since modernization and the pursuit of material wealth leads to unhappiness, there is a need for the Middle Way, i.e., the right livelihood based on more straightforward and less cruel methods.

Moreover, in Buddhism, the precepts consist of three elements: right speech, right action, and right livelihood (Maitriya, 2021). A Buddhist in his daily activities cannot be separated from economic activities to fulfill the needs of life, especially the basic needs of food, clothing, and shelter. Buddhism does not prohibit its followers from becoming wealthy. Therefore, gaining wealth is a natural thing for every individual to do to fulfill their needs. Buddhism teaches that obtaining wealth should follow the dhamma path, which means that wealth is obtained not by exploitation but through strenuous effort and skill (Toharuddin, 2016). The benchmark of a livelihood is said to be good if the livelihood carried out creates benefits for itself and others or benefits for both.

Therefore, studying Buddhism and its economics is very interesting to study in depth. However, studies on the relationship are still rare in the scientific literature, especially in Indonesia. In general, the study Alexandrin, (1993) started the study of Buddhism and its economy. Then, Williams-Oerberg, (2019) and Zsolnai, (2016) continued studying the relationship between Buddhism and economics by describing the importance of knowing Buddhist teachings on economics. Meanwhile, specifically in Indonesia, studies of Buddhism and economics are still rare, especially in scientific journals. The study from (Haudi et al., n.d.) has filled the scarcity of studies, but it is still general. In addition, studies from Hermawan & Candra, (2020) that focus on family economic management in Buddhism are still not comprehensive in describing the relationship between Buddhism and its economy.

Meanwhile, this paper describes the relationship between Buddhism and its economy, primarily directed at applying Buddhist economic principles in cooperative activities. A Cooperative itself is an economic organization that has members of people or bodies, which provides freedom of entry and exit as members according to existing regulations by cooperating in a family manner to run a business, which aims to improve the physical welfare of its members (Bretos & Marcuello, 2017). In addition, cooperative activities are everyday economic activities characteristic of Indonesian economic activities. The concept that prioritizes family economic activities makes cooperatives still practiced amid the

onslaught of the Western capitalist economic system (Bijman & Wijers, 2019). Therefore, this research seeks to fill this gap by presenting cooperative economic activities based on implementing Buddhist economic principles.

METHOD

This research used qualitative methods (Denzin & Lincoln, 2009). This method is based on the need to describe raw data. The data was collected through observation and interviews. The observations that researchers made focused on the principles of cooperative principles. The researcher observed the chairperson, deputy, and supervisor of the cooperative. Observations of the chairperson relate to cooperative education (Utahasnasampada) and the cooperative business management system (Arakhalasampada). Observations of the vice chairperson relate to good relations between members (Kalyanamitta). Observations on supervisors relate to supervision and control. The data collection process in this study is through observation techniques that are carried out to see the problems that occur at the research site so that researchers can take the theme or research title.

Meanwhile, interviews are data collection techniques through two parties having a conversation. Conversations between two parties face each other. Conversations related to questions from researchers and answers from the subjects under study. Interviews were conducted with the cooperative's chairman, deputy, and supervisor. This research was conducted in Windusari Village, Banjarnegara Regency. The subjects in this study were the chairman of the cooperative, the vice chairman and supervisor of the cooperative, and members of the cooperative. At the same time, the object of this research is the management of Cahaya Dhamma Phala Cooperative. The data analysis process in this study used the Miles and Huberman (2013) model consisting of first, data collection; second, data reduction; third, data presentation; and fourth, decision making and verification.

RESULTS AND DISCUSSION

1. Concept of Buddhist Economics

Buddhist economics considers the ethical values of economic activity and strives to understand reality and direct economic activities towards harmony with "things as they are" (Ng, 2020). This requires that one's livelihood not create suffering or harm oneself or others. The keys to Buddhist economics are simplicity, ecology, and non-violence (Brown, 2017). The goal of economic life from the perspective of Buddhist economics is to obtain maximum welfare without harming other beings. In a paper, it is said that the core value of Buddhist economics is compassion and collaboration through which well-being is achieved, leading to higher wisdom (pañña) (Prayukvong et al., 2015).

Buddhist economics suggests that pañña, or the ability to understand things in their nature, is the mode of production, while sukha is the result of the emergence of pañña. People who have pañña understand everything in its nature and understand that the higher sukha is of peace and tranquility, eventually leading to complete emancipation or freedom, known as vimuttisukha (Sivaraksa, 2011).

Contrary to the teachings of mainstream or conventional economics, a higher level of utility can be obtained by having more wealth, and hence more resources are utilized. Higher levels of sukha in Buddhist economics can only be obtained from pañña, which does not require additional consumption or resources; hence Buddhist economics can be said to be the most efficient economy in terms of resources used (Drechsler, 2019). Buddhist economics advocates sustainable development, especially in a world currently on the brink of catastrophic global warming due to inefficiency in consumption. This concept cannot be clearly understood in mainstream economics. The hardest part of Buddhist economics is instilling pañña in as many people as possible.

The Buddha taught that there are three main things to be aware of when dealing with the wealth we have (Brown & Zsolnai, 2018), namely: first, how to acquire wealth that does not bring suffering and harm to other beings; second, how to use wealth properly; and third, the mental attitude toward wealth itself. Buddha stated that the success of an endeavor depends on at least four main factors: First, Utthanasampada, which means working diligently and energetically, acquiring wealth through effort, and determination based on skill. Second is Arakha Sampada, which means carefully guarding and maintaining the success obtained, including maintaining the system used and striving to improve it further. Thirdly, Kalyanamitta, which means having good, honest, learned, noble, and helpful friends, will significantly affect our business's progress. Fourth, Samma Jivikata, which means living according to your income, is not wasteful but also not miserly. Buddhism views material as not something that we should avoid, nor is it something that we should worship. We should be neutral towards materials and use them according to our needs.

The application of Buddhist economics in the case of Indonesia can be seen in Sri Sultan Hamengku Buwono X, who has endorsed a theory of development and governance that is similar to the Sufficient Economy (SE) in Thailand and Gross National Happiness (GNH) in Bhutan in some respects, focusing on politics and administration (Wijayanti, 2018). It is named after the traditional Javanese concept of "Unification of King and People," the latter of which he detailed in his 2015 Australian honorary doctorate speech, hence the English delivery. The Unification of King and People is more specific and operationalized than the original SE or GNH texts, and as Governor, Sri Sultan also has the mandate and capacity to implement it but has so far largely escaped international scholarly attention, let alone reference to Buddhist economics.

The regulation of the wealth that we have obtained can be seen in *Sigalovada Sutta* in the Digha Nikaya as follows: first, *ekena bhoge bhujjeyya* (one part to be enjoyed); second, *dvihi kammam payojaye* (two parts to be invested back into the capital); third, *catutabca nidhapeyya* (the fourth part to be saved); and fourth, *apadasu bhavissanti* (to face a challenging future). The Buddha also elaborated on six ways of wasting wealth that Buddhists should avoid, namely: first, addiction to liquor and drugs; second, loitering at inappropriate times; third, attending night entertainments; fourth, gambling addiction; fifth, being surrounded by unkind people; and sixth, habits of idleness.

The main characteristic of Buddhist economics is that it refers to the middle way, living simply and modestly, not overdoing it, and knowing and being aware of

where happiness meets contentment. So once man fulfills the need for quality of life or happiness, he will have enough. For example, consumption following the middle way must be balanced to the extent that the amount is appropriate for achieving well-being, not fulfilling cravings (Zsolnai, 2007). This contradicts the classical economic principle that maximum consumption will bring maximum satisfaction. We should have wise consumption in moderation, which will lead to happiness.

Buddhist economics also does not harm oneself or other beings, an important principle used as a primary criterion for human actions. Buddhist economics should be in accordance and harmony with the overall causal process so that the economy runs in a way that does not harm oneself or others (Brown & Zsolnai, 2018). Although consumption and economic wealth are essential, they are not the ultimate goal but merely the basis for developing and improving the quality of human life. Buddhist economics ensures that wealth creation leads to a life where people can develop their full potential and do more good things. It is the quality of life and not wealth that is the goal. Therefore, Buddhist economics is consistent with current changes that look more at the long-term harmony of humans with the natural environment (Speece, 2019).

2. Application of Buddhist Principles at Cahaya Dhamma Phala Cooperative

Cahaya Dhamma Phala all-round cooperative with the short name KSU Cahaya Dhamma Phala, is located in Windusari Hamlet, RT 03 RW 03, Sokaraja Village, Pagentan District, Banjarnegara Regency, Central Java. This cooperative is a cooperative established by the Buddhists of Windusari Hamlet. Cahaya Dhamma Phala Cooperative was established on Tuesday, October 20, 2015. The purpose of establishing the Cahaya Dhamma Phala cooperative is to advance the welfare of members and the community, move the community's economy and participate in building the national economic order. To achieve the objectives in question, the cooperative organizes business ventures: First, the main business consisting of savings and loans; second, supporting businesses consisting of agriculture, animal husbandry, and trade; third, additional businesses consisting of fisheries, industry, and transportation. Implementing cooperative business activities can cooperate with other cooperatives and business entities.

Based on the data collected in the field, the members and management of the cooperative practice Buddhist principles in their activities to manage the cooperative. Applying Buddhist principles in cooperative activities shows the relationship between religion and economy, especially Buddhism and its economic activities. The relationship between religion and the economy is part of the response of religion, which is identical to the *ukhrawi* life, to economic activities related to worldly life.

First, the application of the *Utthanasampada* principle. *Utthanasampada* means working diligently and energetically, acquiring wealth through effort and determination based on skill. The economic principle is practiced based on a great effort to acquire wealth. Diligence means to be zealous and not lazy, to be an expert in one's field. Perseverance is a principle that will support every job to be successful. With perseverance, humans will be able to develop every job they do. A trader with perseverance will be able to become a successful entrepreneur, and a farmer with

perseverance will become a successful farmer. Any work should be done diligently to produce satisfactory results (Zsolnai, 2016).

In line with that, the management of Cahaya Dhamma Phala also applies the *Utthanasampada* principle in managing and managing their cooperatives. According to them, perseverance in carrying out work obligations is the most important thing. Therefore, the administrators of Cahaya Dhamma Phala Cooperative always feel ownership over the institution. Each member works hand in hand to carry out the distributed work. Other than that. The cooperative also emphasizes the skill aspect. All members are placed according to their expertise. A chairman is chosen based on his ability. Also, a secretary is chosen for their administrative mastery qualifications. The placement of members according to their skills is a form of implementing Buddhist economic principles in cooperative activities.

In optimizing skills and expertise, Cahaya Dhamma Phala Cooperative also organizes education and training to support the abilities of each member. For example, practical training and education in saving or using money according to needs. There is also education and training for administrators, such as training from the education office, then for members, there is guidance from the education office in Banjarnegara Regency, Central Java.

Members of Cahaya Dhamma Phala Cooperative have the view that the education and training provided by the cooperative are different from other education. Education at Cahaya Dhamma Phala Cooperative is more about practicing the Dharma. The statement follows the principles of Buddhist economics in *Anggutara Nikaya*, which is diligent and passionate in working and obtaining wealth through efforts based on skills with sincerity. Readiness to face the current economic situation, which is very tight competition, intelligence alone is not the only guarantee of success. In addition, it is necessary to have special skills or abilities that can be an essential factor towards success, in addition to hard work, training, experience, and strategy alone.

Second, the application of the *Arakha Sampada* principle. *Arakha Sampada* means carefully guarding and maintaining the success that has been obtained, including maintaining the system used and trying to improve it further. *Arakha Sampada* in Indonesian can be referred to as persistence. Perseverance means protecting and taking care of what has been obtained from hard work. Perseverance is needed so that whatever has been obtained is not lost in vain and is not wasted in vain. Humans can work to accumulate wealth, but if this human cannot protect and use what has been appropriately obtained, then this human will not have wealth. So frugality is needed to care for one's income or possessions. In the cooperative concept, prudence means the business management system.

Cahaya Dhamma Phala Cooperative has a system in business management that is used to improve the cooperative. The distribution of business results in Cahaya Dhamma Phala Cooperative is regulated in the articles of association that have been agreed upon by all members, namely 13% capital increase, 30% depositor member funds, 20% meritorious member funds, 10% management and supervisors, 7% for employees, 5% education, 5% social funds, 3% development. The cooperative's administrators admit that they are careful stewards of the wealth that has been acquired. This follows the Buddhist economic principle that maintaining success is underestimated by some people who have felt successful in

their businesses. Maintaining success here includes maintaining the system used and the results obtained and trying to improve it again.

Third, the application of the Kalyana-mitta principle. Kalyana-mitta, which means having good, honest, educated, noble, and helpful friends, will significantly affect the business's progress. In other words, the Kalyana-mitta concept is a Buddhist system of association with others that must be well maintained. Good company means having friends who behave virtuously and have positive habits. If one associate with drunkards, gamblers, prostitutes, robbers, and party-goers, one will naturally follow this unhealthy lifestyle. If humans hang out in a conducive environment, then humans will have positive habits. So the association is very influential for the sustainability of the individual human life level. Hang out with people who have positive habits. Good relationships and associations between administrators and members are well-established in cooperatives.

The relationship between the management and members is significant in the Cahaya Dhamma Phala Cooperative. With good communication between members and management, success will be created by the Cahaya Dhamma Phala Cooperative so that members and administrators always have a good relationship by making a regular meeting schedule on Wednesday nights by applying openness and honesty in cooperative activities. Good communication between members and administrators is the key to collective success. The actions taken by cooperative members in case of a problem will be resolved by discussion.

Through cooperation, each board complements and helps each other with their work. Good cooperation also leads to a balanced cooperative wheel (equilibrium). In sociology, balance is obtained through social elements that complement each other according to their functions (functionalism) (Talcott, 2013). If one social element is damaged, the others will repair each other until they return to balance. This is also the case in Cahaya Dhamma Phala Cooperative, where each management and members carry out their functions until the organizational balance is achieved.

Fourth, the application of the Samma Jivikata principle. Samma Jivikata means living following income, not wasteful but also not miserly. In simple terms, this concept is to live in complete balance. A harmonious or balanced life is a life that pays attention to the owned abilities, paying attention to their income to regulate their expenses. Living in balance means paying attention between income and expenses, and expenses should not exceed income. Humans should not be wasteful of things that are not important and unnecessary, and humans should also not be stingy about using their property to meet the needs of themselves and their families. Humans should also be able to use their wealth to do good by donating and supporting their parents. These are the things that humans need to have to gain wealth (Williams-Oerberg, 2019).

Therefore, in the process of managing the cooperative according to income. The pooled results are used following the Expenditure Budget Plan (RAB) prepared by the cooperative and following members' approval. The cooperative itself funds all activities according to the budget that has been prepared. The results obtained by the cooperative are used according to needs because there is already a percentage of each need. Using pooled results following suitable needs such as education and development. Therefore, these efforts follow Buddhist economic

principles, namely living according to income, not being wasteful, and also not being miserly. The material in Buddhism is not an enemy that must be avoided, but also not an employer that we must worship. We should be neutral towards materials and be able to use them appropriately according to our needs.

Thus, the results of this study have shown that Buddhist principles are implemented by the management and members of the Cahaya Dhamma Phala Cooperative in the management of the cooperative. The four Buddhist principles, namely *Utthanasampada*, *Arakha Sampada*, *Kalyana-mitta*, and *Samma Jivikata*, are placed by the management and members of the cooperative as a reference in running the cooperative. Through these four principles, the journey of the cooperative continues until now. Healthy management is the key. The health of the management is the result of the application of Buddhist principles in the lives of the management and members.

CONCLUSION

This research has shown that the relationship between religion and economy can be positive. Regardless of their characteristics, religion, with its ukhrawi identity, and the economy, with its worldly identity, can influence each other. The argument that religion will never fit into the modern economic journey is untrue. This study has shown that Buddhism, through Buddhist principles, has successfully responded to the development of modern economic life. Buddhist principles, namely *Utthanasampada*, *Arakha Sampada*, *Kalyana-mitta*, and *Samma Jivikata*, are embodied in cooperative economic activities in Cahaya Dhamma Phala Cooperative, Banjarnegara Regency, Central Java.

The research found that the administrators and members of Cahaya Dhamma Phala Cooperative applied Buddhist principles in their cooperative activities. These principles are, first, *Utthanasampada*, which means that each board and member applies a life full of enthusiasm, diligence and earnestness in carrying out cooperative activities according to their skills and expertise. In strengthening expertise, cooperatives are also accustomed to carrying out education and training to improve work expertise. Second, *Arakha Sampada* maintains and maintains a cooperative business management system. Cahaya Dhamma Phala Cooperative has a system in business management that is used to improve the cooperative. The distribution of business results in Cahaya Dhamma Phala Cooperative is regulated in the articles of association that all members have agreed upon. Third, *Kalyana-mitta*, which is having good, honest, clever, learned, noble, and helpful friends, will significantly influence the business's progress, as done by Cahaya Dhamma Phala Cooperative so that members and management always have a good relationship by making a routine meeting schedule on Wednesday nights by applying openness and honesty in cooperative activities. Fourth, *Samma Jivikata* is a life with complete balance. The pooled results are used following the Expenditure Budget Plan prepared by the cooperative and following members' approval.

However, this study has its limitations. The study still focuses on one cooperative as a case study located in Central Java. Future studies could capture the relationship between religion and economy, especially Buddhism and cooperative economic activities, in a broader and larger context. This will enrich the data and

strengthen the study's analysis so that the discourse on religion and the economy, especially in Indonesia, will be more prosperous.

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