

The Establishment of BMT Micro Business of Hulu-Hilir Coffee Processing at Margamulya, Pangalengan Village

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Abstract—Margamulya Village, Pangalengan Subdistrict is one of the villages that have potential of natural resources, namely coffee, known as Malabar coffee. However, there are still many coffee business actors categorized as micro with various problems faced, including the management of venture capital that can be obtained from financial institutions or Islamic philanthropic institutions such as *Zakat* Institutions. The role of financial institutions in the development of microfinance is very essential. In addition, Baitul Maal wat Tamwil (BMT) is one of the financial institutions that is suitable for the development of micro businesses. The purpose of this PKM was to provide understanding and assistance on financial management through the establishment of BMTs in the context of business development. The PKM program carried out was in the form of training and assistance programs on financial management in BMT. The result of this PKM activity was an increase in understanding of Malabar coffee micro entrepreneurs about simple BMT management, then the formation of BMT management of Margamulya Pangalengan coffee businessman, and the obtaining aid funds from BAZNAS of West Java Province Rp. 2,000,000 each for 22 business people each with a total of Rp. 44,000,000 which would be managed through BMT institutions.

Keywords: *micro business, islamic philanthropy, Baitul Maal wat Tamwil*

I. INTRODUCTION

Margamulya Village, Pangalengan Subdistrict is one of the villages that have potential of natural resources, namely coffee, known as Malabar coffee. Many people come to Pangalengan to buy coffee locally, nationally, and internationally. However, with this great potential coffee, its farmers currently only carry out farming activities without thinking about how to sell coffee at the good and the right price. For them, the most important thing was the time of their harvests is bought by someone. Coffee businessmen have not been able to develop optimally due to limited insight, knowledge, and infrastructure that they have not had yet. Therefore, there is a need for guidance both in theory through socialization and literacy, practice in improving business management skills through various training, and capital solutions and provision of infrastructure

facilities in the framework of business development through cooperation with financial institutions.

Changing times require a change in the old paradigm of society, namely from traditional farmers who only think about planting and then selling the harvest as it is usually done for generations. However, there must be an effort to develop business through professional management, following the development of the times to increase income sustainability based on sharia principles. Therefore, many coffee businesses in Pangalengan categorized as micro still face various problems, including business capital management that can be obtained from financial institutions or Islamic philanthropic institutions, one of which is *Zakat* Institution.

Philanthropic institution is a concept found in Islam aiming at for the good (*al-birr*). Looking at the conditions of different social and economic levels of society, philanthropic ideas or concepts are alternatives for a community group to reduce social inequalities between public. Al-Qur'an discuss philanthropy in the form of its commands in the concepts of *zakat*, *infaq*, *sadaqah*, and grants to create and maintain the benefit of life and human dignity, and Allah SWT creates sharia regulating the way how to properly use wealth. When referring to Al-Qur'an, there is an Islamic economic system in the implementation of *zakat*, *infaq* and *sadaqah* [1].

The presence of *zakat* as one of the Islamic philanthropic institutions is expected to be able to answer the socio-economic problems of the community through the distribution of productive funds. As an institution whose role is to distribute *zakat* funds to the public, *zakat* institutions form structures in the form of *amil zakat* and *zakat* collection and distribution programs. The rules of *zakat* related to the distribution of *zakat* funds for productive activities are contained in *Zakat* Law Number 23 Year 2011 Article 27 [2]. Which explains that *zakat* can be utilized for productive efforts in the context of handling the poor and improving the quality of the people.

II. METHOD

The methods used in the implementation of this PKM were lectures, discussions, questions and answers, and simulations [3]. Firstly, participants were given the materials, then

questions and answers, and discussion, followed by simulations for certain things that were needed. The next activity was assistance for the establishment of BMT, starting from the selection and formation of BMT management by deliberation and discussion methods. In the assistance session, each of the management's duties and the further steps in completing the establishment of BMT were explained. This assistance session was also conducted for the preparation of the BMT Statutes and Bylaws (*AD-ART/Anggaran Dasar-Anggaran Rumah Tangga*) as a guide in running the BMT. In the early stages of this PKM, the priority of the program was to provide literacy reinforcement to 22 participants to understand the importance of BMT in running coffee businesses both in the upstream area (coffee planters) and those in the downstream area (coffee makers of various ingredients and food from coffee, and distributors/marketing) through training activities. Furthermore, the participants were expected to be able to become the management and also members of BMT to manage the capital that would be provided by BAZ (*Amil Zakat Agency*) and managed from and for members.

The efforts to obtain the assistance from BAZ in West Java Province were pursued by the Team as a follow up to MoU and previous PKM activities. Knowledge and understanding of the BMT management model itself would be conducted the PKM Team on an ongoing basis in the next PKM activities. BMT is a place needed by the micro-businesses community to get funding from BAZ, because the financing is not channeled to individuals, but must go through an institution. This has become the policy of BAZ in channeling funds to *mustahik* productively with intensive supervision in its implementation. Postgraduate Masters Program in Sharia Economics, Unisba, took part in this activity as a companion and provided guidance through collaboration in the PKM program.

Aspects related to the urgency, objectives, roles, functions, legal, and institutional of BMT were given in this training activity. In addition, the aspects of financial and business management, and general recording/bookkeeping were also provided as basic materials needed in the establishment and management of BMT in the future. Additionally, the most important in this training was the provision of material on motivation and aspects of sharia as a basis for economic activities/*muamalah* for a Muslim, including establishing a financial forum such as BMT.

III. RESULTS AND DISCUSSION

This PKM activity aimed at providing knowledge about how to establish and manage BMT for coffee farmers in Margamulya Village, Pangalengan Subdistrict, and provide assistance in establishing micro business BMT for upstream downstream coffee processing. The establishment of BMT was done to improve the welfare of farmers so that the coffee processing and its sales would be better. In addition, the establishment of BMT was intended to follow up cooperation with the West Java Province BAZNAS and obtain business capital assistance to improve the quality of processing and market share.

Broadly speaking, PKM activities consisted of four stages, namely:

A. Phase I: Preparation

This stage consisted of making proposals and preliminary studies to the location of the PKM implementation. The team conducted a survey to the location and carried out a preliminary study of the analysis of the situation and problems faced by coffee farmers in Margamulya Village, Pangalengan Subdistrict. Based on this preliminary study, information was obtained that the agricultural processing and sale produced coffee in the form of conventional and unorganized coffee. Therefore, the level of income of farmers was still low. Another problem faced by coffee farmers in Margamulya Village, Pangalengan Subdistrict was the lack of capital factors preventing them from the increasing their production. To get capital assistance, a formal institution is needed to be used as a means to apply for capital assistance. The most appropriate institution is Baitul Maal wa Tamwil (BMT), so that coffee farmers could become members and owners of the institution. Then, a plan was made to provide training and assistance in the establishment and management of BMT through PKM activities. Phase I was completed in January 2019.

B. Phase II: PKM Partner Data Collection

In this stage, the Unisba PKM team collected data on PKM Partners: the coffee farmers in Margamulya Village, Pangalengan Subdistrict, the Community of Margamulya Coffee MSME, local village governments, and institutions that could become BMT partners later and provide both moral and material assistance. From this data collection stage, it can be seen that in Margamulya Village, 22 farmers who were also coffee sellers were the community members of Margamulya Village UMKM Coffee. In addition, the team also managed to obtain another partner, the National *Amil Zakat* Agency (BAZNAS) West Java Province. BAZNAS West Java encouraged the team to establish BMT to be able to manage or receive capital assistance from BAZ. Thus, BMT can apply for capital assistance to BAZNAS West Java to manage productive *zakat* funds. Phase II had been conducted from February to June 2019.

C. Phase III: Implementation of Training and Assistance

This stage consisted of two activities: the training and assistance phase. The training phase was intended to provide information on the procedures for establishing and managing BMT in accordance with Islamic law. The training activities were held on Sunday, July 7th, 2019 in Margamulya Village. The second activity was the assistance for the establishment of BMT Micro-Upstream Coffee Processing Business which was conducted after the training activities in July and August.

D. Phase IV: Stage of BMT Management Formation

In this stage, the Team helped in the formation of BMT management consisting of the chairman, deputy chairman, secretary, treasurer, head of the Baitul Maal Division, and the Chairperson of the Baitul Tamwil Division.

E. Phase V: Evaluation and Reporting Stage

This is the last stage to evaluate and report PKM results. The evaluation phase included conducting a pre-test and post-

test for PKM participants to measure their understanding before and after the given material. Whereas the reporting phase consisted of making scientific articles, preparing and submitting PKM reports, and publishing scientific articles at international seminars (proceedings) of the Social and Humanities Research Symposium (SORES).

Of those five phases, Phase I and II had been conducted during January to June. Phase III, IV, and V were implemented in July and August. These PKM activities were conducted in two core activities, namely training and mentoring on the establishment of BMTs. The training aimed at increasing the knowledge of coffee farmers and entrepreneurs in Margamulya Village about the establishment and professional management of BMTs. It was held on Sunday, July 7th, 2019 at Malabar Café Kampung Kopi Pasirmulya Margamulya Village. The training material consisted of three parts, namely regarding the legal and formal aspects of BMT, the procedures for establishing BMTs, and professional contracts, products, and BMT management.

The method used to see the results of the pre-test and post-test was t test, while the results of the t test showed that the t value of 4.570 was greater than the t table value of 2.201. Additionally, the Sig. (2 tailed) of 0.001 was smaller than 0.05. This showed that there were differences between the results of pre-test and post-test. Thus, it can be concluded that the implementation of training has succeeded in increasing the understanding of training participants.

After conducting the training activities and during the mentoring process, the team helped facilitate funding assistance from BAZNAS West Java Province in the amount of 44 million for 22 participants. From the funds provided, each person obtained 2 million. Then, the assistance would be managed in a BMT organization formed by the PKM Team consisting of the chairman, deputy chairman, secretary, treasurer, head of the Baitul Maal Division, and the Chairperson of Baitutamwil.

IV. CONCLUSION

Based on the evaluation results of PKM activities for the Establishment of BMT Micro-Upstream Coffee Processing Business in Marga Mulya Pangalengan Village, it can be concluded that:

- The method used to provide knowledge to the public about the establishment and management of BMT was by providing training and assistance. The training was conducted to increase the knowledge of farmers and coffee entrepreneurs in Margamulya Village about the establishment and professional management of BMTs. The material provided during the training consisted of three parts, namely regarding the law and legal aspects of the formal BMT, BMT establishment procedures, and the contract, products, and professional BMT management. At the training stage, pre-test and post-test were held to measure the level of understanding of PKM participants before and after the training. The understanding of the trainees before participating in the activities in general was still low. They generally did not understand the establishment and management of BMTs. However, after conducting the training activities, the participants' understanding about the training has changed in the high level regarding the establishment and management of BMT, because there was a significant increase between the pre-test and post-test scores. Thus, this indicated that the training succeeded in increasing the understanding of the establishment and management of BMT for PKM participants.
- The method used to assist the community in establishing and managing BMT was by helping to manage funding assistance from BAZNAS West Java Province in the amount of 44 million for 22 participants. From the funds provided, each person obtained 2 million. Then, the assistance had managed in a BMT organization formed by the PKM Team consisting of the chairman, deputy chairman, secretary, treasurer, head of the Baitul Maal Division, and Chairperson of the Baitutamwil Division.

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