

A Prototype of Digital Sharia Business Incubator to Develop Rural Economy

Vira O. Rezqy¹ A'razy Fahrullah^{1,*}

¹ Economics Department, Universitas Negeri Surabaya, Indonesia

*Corresponding author. Email: arasyfahrullah@unesa.ac.id

ABSTRACT

Several studies state that the development of Micro, Small, and Medium Enterprises (MSMEs) in rural areas can reduce poverty. The existence of MSME development can provide access to the poor in rural areas so that they can be involved in productive business activities and promote entrepreneurship, especially in disadvantaged areas. Baitul Maal wattamwiil (BMT) as a microfinance institution has the potential to develop small industries in the village, but BMT only focuses on financing distribution, so there are still many small industry business actors who lack marketing knowledge. For this reason, Ryad.id's role is needed as a sharia business incubation platform that can provide business consulting services, marketing training, and monitoring BMT customers who have businesses.

Keywords: *Sharia business incubator, Medium and small enterprises, Baitulmaal wattamwiil.*

1. INTRODUCTION

Poverty comes from the word poor, according to the KBBI dictionary, poverty means the situation of part of the population of residents who can only meet the food, clothing, and housing that are very much needed to maintain a minimum level of life. Poverty is a problem that always gets the main attention in Indonesia because poverty concerns the fulfillment of the most basic needs of society in life and poverty is a global problem faced by various countries [1].

Rural poverty is often found in villages [2], the statement supported by the Central Bureau of Statistics on the number of poor by region in 2015-2019 [3], it was noted that the population of poor in the region of the countryside is higher than the urban poor. In 2015, poor people in the village reached 35.83 million people, while the population of the poor in the city was only 21:27 million. In 2019, the poor in rural areas decreased to 30.08 million people, and the poor in urban areas as many as 19.85 million people. However, the decline in the number of poor people in 2019 still made the rural poor higher than the urban poor. In 2015-2019 the percentage of poor people in rural areas is greater than the poor in cities. By 2015 the percentage of the poor population reached 28.3%, the amount that is large compared with the achievements of the percentage.

Poor population in the city which only reached 16.51%. The percentage of the population that was poor in the village declined in the year 2019 with the achievement of 25.45% and a decrease in the percentage also occur in the population of poor in the city at 13:25% [3].

The development of small industries or micro, small and medium enterprises (MSMEs) in rural areas can be one solution in reducing poverty [4]. Several studies state that the development of MSMEs in rural areas can reduce poverty. Research conducted in 2015 [5] stated that the development of MSMEs can play a strategic role in the growth of East Java's economic development. Aoyama (1998) in [2] states that in Korea and Japan the development of MSMEs is an important factor in the development of industrialization and reducing poverty in the regions. Sandee (2000) in [2], states that in the Special Region of Yogyakarta, the role of MSMEs is very significant for the regional economy. Small industries can reduce the number of poverty because they can provide opportunities for employment for the group of poor who do not have the background behind education high so difficult to get access to jobs in big industries. The existence of MSME development can provide access to the poor in rural areas so that they can be involved in productive business activities and promote entrepreneurship, especially in disadvantaged areas. The growing development of MSMEs in the regions can help

workers in the agricultural sector to get agricultural needs in rural areas. From the explanation above, it can be concluded that the development of MSMEs or microfinance can be a critical factor in an effective poverty alleviation effort.

Empowering the many advantages of the small industry to reduce the number of poverty is also accompanied with the constraints which are still only approached actors industrial small countryside. Until now, the problems faced by MSMEs include aspects of business management capabilities, aspects of capital, high transportation costs, complex bureaucracy, especially in the management of business permits, and the quality of human resources managers [6]. Another obstacle is also due to the difficulty of accessing information and productive resources such as capital and technology, which results in the limited ability of small industries to develop.

Based on data from the Central Statistics Agency in 2010 [7] regarding the number of small manufacturing industry players, for example, in Riau Islands there are 28570 players, around 23099 MSEs are seriously constrained, while 3573 MSEs are constrained by price and raw materials scarcity, 8224 MSEs are constrained by limited capital. In West Java, as the largest contributor to MSEs at 659,126 MSEs, there are still many MSEs that are constrained by capital problems of 160944 and 22.806 MSEs are constrained by high labor costs and lack skilled workers [7]. Pricewaterhouse Coopers conducted a survey in which 74% of the results showed MSMEs in Indonesia had not yet had access to financing. The results of the Mc Kinsey Institute survey also show that only 5% of MSMEs in Indonesia can only promote and sell their products in E-Commerce. A survey conducted by Maya Irjayanti and Anton Mulyono Azis in 2012 on 200 MSME respondents showed that 124 respondents chose technology as a weakness of MSMEs to compete in the global market, 112 or 62% of respondents chose constraints on energy prices and financial access, 51% choose the cost of production that is not as efficient as other problems faced by SMEs, while 47% of respondents chose a lack of competent human resources is also the reason why the Indonesian SMEs grow slowly [8]. The results of the survey indicate that the problem of capital, production technology or marketing, resource human incompetence is an obstacle to the development of small industries in rural and urban areas.

Upwards of 32 thousand towns in Indonesia are in the classification of left behind. One approach to work on the life and economy of the town is to advance little and medium endeavors (SMEs) through business associations that could speed up the development. What we need to propose is a business hatchery that as of now successfully works in an emerging country.

A hatchery or incubator should support organizations, give shared ability, and connect business visionaries with

financial speculators. Something else, a purported hatchery might be just proprietor of landfilling an empty structure with inhabitants. A genuine hatchery will constrain a business out of the home once it's prepared to fly all alone or after an assigned timeframe. Something else, there may be an inclination to let great occupants (a stable business that could fly all alone) stay in the hatchery.[9]

Be that as it may, dissimilar to for destitution, inequalities have assumed a considerably more subordinate part being developed discussions, and the MDGs specifically, up to this point. Truth be told, the unwavering spotlight on neediness decrease might be somewhat answerable for the restricted advancement found as far as spatial and relational inequalities.

Agricultural nations present unmistakable difficulties in such a manner, frequently with frail neighborhood governments and solid dangers of clientelism and debasement. Here, joint efforts among governments and worldwide associations are especially pivotal to design and arrange improvement draws near, form neighborhood limits, and screen advancements. [10]

The issues that the little and miniature venture area, both formal and casual face, for example, credit-related issues, absence of data, promoting support, mechanical and specialized help, and so forth Initiative and the board abilities are there in all individuals. In any case, with regards to promising circumstances, or of benefiting tutors and institutional money, profiting of innovation, and an emotionally supportive network to sustain and foster those abilities, Luck consistently goes to the individuals who have a place with a more elite class of society.

Most incubators, particularly personal business incubators, have an organization-focused methodology, which is charging market rates for lease and offering administrations as worth added benefits for situating inside their incubator. The present incubators give admittance to working capital too through the arrangement of obligation financing and value associations, government award/credit help, and by facilitating systems administration and connections with businessmen, investors, and capital owners.[11]

Cooperation inside nearby and provincial fields is presently the establishment for monetary improvement in-country and unassuming community places. This establishment leads to the significance of social union and social capital when the limit of a local area is being tried or estimated.

The limit of a local area to react to and explore change related to the new country economy relies upon the routineness of socially firm freedoms and the amount and nature of developed social capital. Thusly, limit notwithstanding huge pressure can exist if social capital has been developed and kept up with, and freedoms to

take part in social union are standard. The activation of social capital would then be able to twist up and reinforce different types of local area limits, restore associations, and encourage new types of development. [12]

Incubators have become a ubiquitous phenomenon in many parts of the world and are viewed as a tool for promoting the development of technology-based growth firms. Considering the large faith and the considerable amounts of money invested in incubators, the identification of best practice incubator models is of importance. [13]

The tried and true way of thinking that info and yield proportions of inventive movement are just insignificantly unique among on-and off-incubator firms. In any case, they additionally show that Italian parks figured out how to draw in business people with better human resources, as estimated by instructive fulfillments and earlier working experience. Furthermore, on-incubator firms show higher development rates than their off-incubator partners. They likewise perform better as far as the reception of trend-setting innovations, fitness to partaking in global R&D projects, and foundation of communitarian courses of action, particularly with colleges. In conclusion, they think that it's simpler to gain admittance to public endowments.[14]

From three incubators tested in the aspect of incubator management, it is generated managers who have good entrepreneurship, business management skill, support from stakeholders, facilities, and location are the dominant factors in resource criteria. Concerning administration models, tutoring is the predominant factor. For determination framework models, factors of the project the executives and great improvement potential just as the assurance of occupant graduation prerequisites become the predominant factor. On measures of methodology, the capacity to pick mechanical improvement dependent on the center capacity of holding establishment, closeness with college, strategies of incubator the executives, and market openings are the predominant factors. Clear hierarchical objectives and fitting vision and strategy of modern turn of events are the predominant factors on objective and the executive's models. [15]

The monetary model of incubators suggests discovering continually outside wellsprings of financing because the wages coming about because of the offer of administrations to the hatched organizations are adequately not to guarantee their finance harmony (Loss = 0). This is the reason most incubators use straightforwardly or by implication public funds. Considering their expense, the partners of incubators, and all the more especially individuals who finance them, by and large gauge that incubators should impact, most importantly, the endurance of brooded firms and the work of this sort of big business, then, at that point thusly, the taxes gathered (neighborhood and public). Two focuses

(work and taxation) would guarantee subsequently if the firm is effective with a specific profit from speculation for the general population financial backer. the incubators permit the brooded organizations (who they accompany during the main months of their movement) to be more effective and lasting than new companies which do "t utilize their administrations. [16]

A new incubator model, the "networked incubator", which is a hybrid form of the archetypal business incubator (BI), in light of regional collaboration, social beneficial interaction, and economies of extension. The hypothetical premise of the exploration is a social capital hypothesis. Exactly, the paper depends on a half year of ethnographic information gathered in one of the primary knowns and reported organized incubators.

The standard course reading approach expects that business people are people with a unique intrinsic capacity and want to begin another business. Nonetheless, this overlooks the way that an ever-increasing number of new pursuits are the consequence of a collaboration between at least two enterprising entertainers.

In the conventional methodology, BIs are regularly depicted as a hierarchical development overseen by an expert hatchery the board. Albeit this may regularly be the situation, another and different way to deal with hatcheries has been found and broke down economies of extension are a significant component, though economies of scale are not significant in the typical feeling of coming about because of development however simply because the amount of the organized hatchery's business empowers less expensive and more compelling advances as well as schedules to be shared, i.e., those with scale economies Sustaining social capital necessities some sort of venture. This field study has shown that some of the primary costs are paid for in the form of time invested in social activities and 'small talk'. [17]

2. METHODS

This research conducts a conceptual paper to encourage people to use a prototype of software that had been established by the team member. As a prototype of course there are still so many weaknesses that are why this idea must be communicated widespread using any media to gain feedback from stakeholders. The process can be shown in Figure 1.

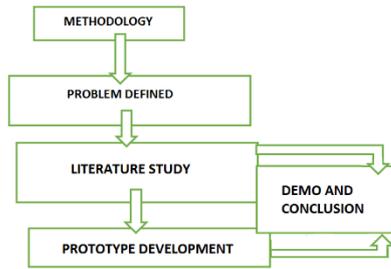


Figure 1 Research Process



Figure 2 Sharia Business Consulting feature

3. RESULTS AND DISCUSSION

Optimizing the development of Industry Small in the village can be through the agency finance micro which uses a system of sharia as BMT [18]. Baitul Maal Wat Tamwil (BMT) as a sharia-based microfinance institution is here to help face the problems of small industries in terms of limited capital, technology, and marketing. In 2019 the growth of BMT has reached around 4,500 units so that it can serve many small industries in rural areas [19]. However, BMT still has several limitations in assisting the development of small industries in rural areas. Limitations are among others:

1. BMT only focuses on disbursing financing for small industries, the financing only solves the capital problems faced by business actors. On the other hand, there are several studies that state that the problems of small industries are not only in the capital but include marketing and the technology used [4].

2. The regulation of BMT in Indonesia is not yet clear, where the regulation and supervision still overlap. In addition, many BMTs cannot maintain their performance and existence. The existence of these constraints makes BMT are already there in Indonesia when it has a source Human Resources are limited so as not to provide training programs for industry players is small.

With the existence of limitations that are still owned by BMT, cooperation with various parties can be a

solution to optimize the role of BMT in developing small industries in the village. BMT Strategic Cooperation with incubation Information technology-based businesses can help small industries in dealing with technology, marketing, and competency training issues. Ryad. id is a sharia business incubation platform that provides services for consulting about sharia business, halal certification, and competency training. Although the platform offered is still in Bahasa, for further development it can use English also.

The services offered by Ryad. id include:

1. Sharia Business Consulting, in this product, MSME actors can consult with experts in various fields, including halal food and beverage business consultants, halal fashion entrepreneurs, creative economy consultants, or consultants in other business fields. In this feature, small industry players can consult for free.

These can help the business owner to develop their skill based on our expert wisdom, gaining another perspective to maintain their business running well.

2. Halal certification, this product is offered specifically for MSMEs to facilitate the process of product halal certification, in this halal certification, Ryad.id in collaboration with LPPOM MUI and the Ministry of Religion's Halal Product Guarantee Agency. In this product, there is a feature that explains the procedure for the halal certification process, so that they can apply for halal certification through the Ryad.id application so that MSME actors can more easily certify their products.

3. Competency Training, in this service, MSME actors can take part in competency training with experts in their field to broaden their horizons and add skills. The training that is provided includes Social Media Marketing, Web Marketing, Product Research & Development (R & D). To be able to take part in this training, MSME-BMT actors only have to pay a very affordable price, namely Rp. 75,000-Rp. 200,000, the price adjusts to the selected training. Not only training that is earned by the industry but the direct monitoring Ryad.id competence development actors in its application in the sector of its business.

The training is giving a more practical skill to all participants than merely conceptual ideas. It is a paid event because involving experts in their fields. Hopefully, these events will enhance participants' hard skills against today's newest skill requirements. Which is usually seldom to be applied in a conservative low-budget small company. This role is following the research conduct [20] The accessibility of infrastructure the two structures and streets will give simple admittance to neighborhood monetary turn of events. Infrastructure is essential to speed up the financial advance and decrease destitution. Infrastructure is public labor and products that go into the creative interaction as an integral contribution to

conventional creation factors like capital, work, and business venture. They assist with expanding profit from speculation by diminishing creation costs and further developing change efficiency. The advancement of infrastructure is significant for mechanical take-off and financial development, however, expanding the number and all the more cutting-edge infrastructure doesn't ensure monetary growth. Community association at the grassroots level from intending to project execution turns into a need. Local area-run undertakings can be overseen and kept up with better. The people group can work with the task engineers and handle a few parts of the project and accordingly foster the limit of provincial networks the Government of Indonesia dispatched the Rural Infrastructure Development Program (RIDP).

RIDP is a local area strengthening program dependent on provincial infrastructure improvement comprising of 1) local area strengthening, in which the whole cycle of exercises from the arrangement, arranging, execution, control, to upkeep includes the dynamic job of the local area; 2) arrangement to poor people, where the results of both interaction and usage exercises are attempted to straightforwardly affect poor people; 3) self-sufficiency and decentralization, where nearby governments and networks are completely liable for program execution and infrastructure supportability; 4) participatory, in which the local area is effectively engaged with each interaction of movement, and poor people, ladies and minorities have the chance to assume a functioning part; 5) confidence; 6) coordinated advancement programs, implying that projects are incorporated with other rustic improvement programs; 7) reinforcing of institutional limit, and 8) gender equity. Furthermore, In Realizing the Strategic Cooperation between BMT and Ryad.id, several steps required by BMT are:



Figure 3 Halal Certification feature



Figure 4 Competency Training Feature

1. BMT through the BMT container organization (PBMT) cooperates with Ryad. id as a sharia business incubation company, this is done so that many BMTs throughout Indonesia receive assistance from Ryad.id.

2. After the collaboration between Ryad.id and BMT, Ryad.id will provide services for BMT customers by providing ID for BMT customers who will access Ryad.id to consult on sharia business including marketing strategies, and other operations to experts.

3. The BMT always encourages its customers to take part in the training that Ryad.id has provided in accordance with the training that business actors want.

4. There is always assistance provided by BMT and Ryad.id to customers every month regarding the continuity of the customer's business.

With the collaboration between BMT and Ryad.id as a sharia business incubation to provide capital and training, it is hoped that BMT will be more optimal in developing small industries in rural areas, to improve the welfare of rural communities.

4. CONCLUSION

Industrial development of small or micro-businesses, small and medium enterprises (SMEs) in the countryside can be one of the solutions to reduce poverty. This is because small industries can provide job opportunities for the poor who do not have a higher education background and provide access to the poor in rural areas so that they can be involved in productive business activities and promote entrepreneurship, especially in disadvantaged areas. However, the obstacles faced by MSMEs include problems of capital, technology, and lack of human resources skills. BMT as a microfinance institution has the potential to develop small industries in the village, but

BMT only focuses on financing distribution, so there are still many small industry business actors who lack marketing knowledge. For this reason, Ryad.id's role is needed as a sharia business incubation platform that can provide business consulting services, marketing training, and monitoring BMT customers who have businesses, so that they can overcome the limitations of small industries in rural areas. And become a good agent of poverty reducer in their area.

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