



Community Economic Empowerment Model for Micro Enterprises (MSMEs) by Islamic Organization (Case Study Organization Owned-Enterprise Hidayatullah As-Sakinah Cooperative)

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Abstract. The Sustainable Development Goals (SGDs) aimed at ending poverty, reducing inequality, and protecting the environment are designed by involving all development actors, including the Government, Civil Society Organizations (CSOs), the private sector, academia, and so on. One of the Islamic Religion-based community organizations, Hidayatullah, participates in national development through a business entity, the East Java As-Sakinah Cooperative, with social responsibility programs and community economic empowerment. This study aims to explain the process and results of community economic empowerment carried out by the As-Sakinah Cooperative. The study used a qualitative approach with interviews and secondary data, which were analyzed using a logic model to describe the results of the context, input, process, and product (CIPP) model. The results of the study explain the process of community economic empowerment carried out by the As-Sakinah Cooperative, namely (1) assisting access to capital, (2) providing training and assistance for product feasibility and promotion, and (3) providing market access through Sakinah retail. The results of community economic empowerment are (1) capital assistance and access to capital loans through Baitul Tamwil Hidayatullah, (2) skills of business actors in product feasibility and promotion to enter modern retail, and (3) market access at Sakinah retail without onerous requirements.

Keywords: Community Economic Empowerment · Cooperative · Empowerment Model · Islamic Organizations · UMKM

1 Introduction

The Sustainable Development Goals (SGDs) have 17 goals related to ending poverty, reducing inequality, and protecting the environment as the first goal formulated is no poverty, ending poverty in all its forms everywhere. The Central Statistics Agency defines poverty as the ability to meet basic needs (basic needs approach), referring to the Handbook on Poverty and Inequality published by the World Bank. Poverty is seen as an

economic inability to meet basic food and non-food needs measured from the expenditure side. A population is categorized as poor if it has an average monthly per capita expenditure below the poverty line [1].

Indonesia is included as a country that has not been free from poverty; September 2021 data shows that 9.71% or 26,503,650 Indonesians still live below the poverty line, IDR 464,474/capita/month. They belong to the population who are economically incapable of meeting their basic food needs and belong to the poor community. Kakwani [2] wrote that poor people are not only materially (measured in income or consumption) but also in various aspects of life problems such as unemployment, poor health, lack of education, vulnerability, powerlessness, or social exclusion.

The consequences of poverty in society make poor people try to escape or adapt to the situation they are experiencing. Indonesia is not only facing the problem of poverty but also the problem of unemployment, which affects poverty alleviation in Indonesia. One form of adaptation to deal with poverty and unemployment in the community is to prepare a business. BPS defines open unemployment, one of which is a person who prepares a business, a person who prepares “a new business/job” to earn income/profit at his own risk. The number of open unemployed in August 2021 was 6.49%, or 9,102,052 people; some are preparing to open a new business/job for themselves [3].

The main problems faced by MSMEs are: First, low productivity, which is caused by the low quality of human resources, especially in the fields of management, organization, mastery of technology, and marketing. Second, limited access to capital makes it difficult to increase business capacity or develop competitive products. Third, knowledge of technology, management, information, and markets; is still relatively far from adequate, while meeting these needs requires high costs, mainly to be managed independently by MSMEs. Empowerment of micro-enterprises is a strategic step in dealing with the classic problems of micro-enterprises to increase the capability of micro-enterprises so that they can solve the socio-economic issues of the community [4, 5]. The micro-enterprise empowerment strategy that needs to be carried out is the provision of information and market networks, easy access to funding, and assistance and capacity building for information technology [6].

Empowerment is the process of a community getting power from what they will do to bring prosperity to their life and environment Rappart into [7]. Sustainable empowerment is enabling, empowering, and protecting [8]. In essence, empowerment is closely related to sustainable development, which requires a prerequisite for the sustainability of community independence economically, ecologically, and socially which is always dynamic [9]. Development has three principles: empowerment, sustainability, and technology [10], that the action element must be prioritized in community empowerment because the goal is to build and make the community independent, especially in the economic sector, to support poverty alleviation in Indonesia.

The implementation of the SGDs objectives, one of which is poverty alleviation, is designed to involve all development actors, be it the Government, Civil Society Organizations (CSOs), the private sector, academia, and so on. One sector that can be relied on other than the government and the private sector is a non-profit organization or part of a third-sector institution. Non-profit organizations are a combination of personal, voluntary, and non-profit organizations and associations that describe a set of organizations and

activities in addition to the government or public sector institutional complex on the one hand and the profit or business sector [11]. There are three characteristics of non-profit organizations: organizational resources from contributors, producing goods and or services without the aim of raising profits, and no ownership [12]. By category, non-profit organizations are divided into four categories: Religious Institutions, Social Welfare Organizations, Community Organizations, and Non-Governmental Organizations [13], which have the same goal of serving the community [14].

“The Ministry of Home Affairs stated that there are more than 430 thousand mass organizations in Indonesia. Two of the biggest ones are based on religion.” Muhadjir Effendy in the Indonesian Civil Society Forum 2022 (ICSF 2022) was held virtually on Wednesday, March 30, 2022 [15]. Community organizations are following the objectives in Law No. 17 of 2013, participating in development, participating in the action, especially Islamic-based community organizations with the most significant potential Muslim population, as many as 209.120,000 (87.2%). One of the Islamic Religion-based social organizations, Hidayatullah, participates in national development with amil bodies and business entities.

Hidayatullah is an Islamic religious-based community organization with a vision of building Islamic civilization and a mission to carry out educational, da'wah, social, economic, and other activities prophetically and professionally. Hidayatullah, in developing the organization's economy, takes an incorporated approach, a multi-synergy economic development model for all owned resources through an institutional economy, and a cooperative-based economic development model with Organization-Owned Enterprises as the driving force. Owned by one of the business entities owned, the As-Sakinah Cooperative East Java, Hidayatullah participates in building the economy of the surrounding community through community economic empowerment.

Community economic empowerment is one of the socio-economic programs run by the As-Sakinah Cooperative as a form of social responsibility to the community, which aims to help the community's economy to be more productive and independent. As-Sakinah Cooperative is engaged in two fields, Sakinah retail and sharia financial services Baitul Tamwil Hidayatullah which works together in running community empowerment programs that have helped MSMEs around Surabaya. This paper will discuss the empowerment model carried out by Hidayatullah as a community organization through its business entity, the As-Sakinah Cooperative, to achieve the goal of serving the community and participating in development.

2 Methodology

This study uses a qualitative descriptive approach, an event by building a cause-and-effect relationship [16]. The discussion was compiled based on interview data and secondary data and interviews, the results from the Chairman of the East Java Regional Management Board, the Director of the As-Sakinah Cooperative, and the Secretary of the As-Sakinah Cooperative, then secondary data from the official Hidayatullah website <http://hidayatullah.or.id/>, the As-Sakinah Cooperative <https://ujksassakinah.wordpress.com/>, and the archive documents of the As-Sakinah Cooperative. The topic of discussion is the process of community economic empowerment carried out by the East Java As-Sakinah

Cooperative based on published data, archives, and interviews. The analytical tool to describe the economic empowerment model of the As-Sakinah Cooperative is a logic model, a tool for conceptualizing, planning, and communicating programs. Programs can be described as a deliberate transformation of specific resources (inputs) into certain activities (processes) to produce desired results in contexts [17]. The presentation of the results of the empowerment model uses a table of context, inputs, activities, outputs, and outcomes (short-term and long-term) or context, inputs, processes, and products (CIPP).

3 Result and Discussion

Hidayatullah is an Islamic mass organization formed in East Kalimantan on February 5, 1973, by Ustadz Abdullah Said. Dr. Mukti Ali. Hidayatullah organization has branches spread throughout Indonesia and is known to send many preachers to isolated areas. Hidayatullah, as a religious-based community organization, has a vision and mission in moving its organization. Hidayatullah's vision is to build an Islamic civilization. Hidayatullah's mission is to seek the pleasure of Allah SWT by making efforts:

- a. To produce qualified cadres.
- b. Building an Islamic community.
- c. Carry out educational, da'wah, social, economic, and other activities prophetically and professionally.
- d. Building synergy with all components of Muslims in the Amar ma'ruf nahi Munkar movement.
- e. Play an active role in the renewal process (tajdid) in Islamic thought.
- f. Inviting the government and the entire Indonesian nation to realize a dignified NKRI.

Hidayatullah has a promising potential for economic strength because of the network of business charities and business entities that reach all of Indonesia, as well as qualified cadres spread throughout the archipelago. Hidayatullah, in developing the organization's economy, takes an incorporated approach, a multi-synergy economic development model for all resources owned by Hidayatullah. The financial field of the Hidayatullah organization is related to business charities, and business entities are driven by Hidayatullah, one of which is a cooperative, the East Java Sakinah Cooperative.

The Hidayatullah As-Sakinah Islamic Boarding School Cooperative was established in Indonesia based on Deed No. 7147 dated October 28, 1991, drawn up before H. Usman Esfa, Head of the Regional Office of the Cooperative Department of East Java Province. This Deed of Establishment was ratified by the Minister of Cooperatives and Small Business Development of the Republic of Indonesia. The Articles of Association have been amended by Deed No. 1808 dated December 23, 1996, before Ir. Widjono Anwari, Head of the Regional Office of the Department of Cooperatives and Small Entrepreneurs Development, East Java Province. By Article 4 of the Cooperative's Articles of Association, the scope of business activities is to procure and sell the needs of members and non-members or shop businesses. The company is domiciled in Surabaya with the address Jl. Arif Rahman Hakim No. 32 Surabaya.

As-Sakinah Cooperative is a Hidayatullah business entity that is a combined legal entity with Deed No. 1808 dated December 23, 1996, and was established in 1991 in

Surabaya, East Java. The Cooperative legal entity was chosen because members and not individuals hold the owner of the As-Sakinah Cooperative to protect Hidayatullah members and the surrounding community by providing equitable benefits for all members and the surrounding community. As-Sakinah Cooperative is an institution in the field of economics which is legalized as a cooperative with the highest capital holders being members, unlike companies held by shareholders. Therefore, the legal entity chosen by Hidayatullah for his business entity that can oversee members is a cooperative.

As-Sakinah Cooperative operates in the economic and social sector by engaging in retail Sakinah and Baitul Tamwil Hidayatullah (BTH) or savings and loan financial services. Sociologically, the sharia cooperative, the As-Sakinah Cooperative, does not use “Maal” in its institution because institutionally, BTH is related to BMH, so everything about “Maal” is already under the work of Baitul Maal Hidayatullah (BMH). As-Sakinah Cooperative, as a Hidayatullah Institution in the field of economics, carries out its mandate to become a modern Islamic retail business network and the leading Islamic financial institution in Indonesia in the role of economic development of the ummah in Indonesia. The retail business run by the As-Sakinah Cooperative is not purely aimed at profit-oriented companies. However, it is still based on the vision and mission of the Hidayatullah organization, building Islamic civilization.

The profits generated by Sakinah’s retail business are intended for the welfare of members and the community following Hidayatullah’s mandate, who formed cooperatives for interest. The interest to be achieved is channeled by making effective programs for the community’s economy. Sakinah Retail empowers the surrounding community by utilizing 5% of the profits earned as a form of modern retail social responsibility. The following is a description of Sakinah’s empowerment model described in the CIPP evaluation model, a program evaluation model consisting of four environmental spaces, context, input, process, and product [15] (Table 1):

Table 1. CIPP model of community economic empowerment As-Sakinah Cooperative social program

Context	Input	Process	Product/Output	Outcome
Empowering MSMEs for community business independence through additional capacity and business opportunities	<ul style="list-style-type: none"> • Funding • Human resources • Government Cooperation • Collaborative partnerships • Sakinah retail resources 	Providing access to capital assistance	Access to capital loans for MSMEs	<ol style="list-style-type: none"> 1. Independence and development of community MSMEs 2. Islamic da'wah to the community through economic welfare
		Product promotion development training	Eligibility of MSME products and promotions	
		Market Preparation	The modern market for MSMEs	

The community economic empowerment model can be described in the explanation that in the context, As-Sakinah has an empowerment program goal as a social responsibility to the community around Sakinah retail to help generate MSME production with the capital and skills to be able to penetrate the market and provide a market for MSME actors for business independence. Public. The As-Sakinah Cooperative, to realize empowerment, has inputs that encourage the program, funding for activities that come from 5%, human resources, or from Hidayatullah cadres or Hidayatullah-trained students who have received a briefing in life with the teachings of Islam. Sakinah Cooperative is divided into several divisions managed by Mr. Daud and Mr. Fadhil for social activities. Resources that run technically to carry out activities are divided according to the process carried out, differentiated into the implementing team according to the activities carried out (1) Capital is carried out by the BTH team, (2) Training is carried out by a particular logistics and distribution team, and (3) Market provision for MSME products, it is carried out by the Sakinah retail technical manager.

The output or result of the empowerment process creates a system that helps the community MSMEs. First, access to capital loans through the Baitul Tamwil Hidayatullah Institution (BTH) for MSMEs is a factor that can help the development of community businesses. People can get capital more efficiently and even receive capital assistance without having to return it. Second, the output of the training and mentoring process is the feasibility of the product being accepted by the modern market because MSME actors increase their capacity in their business. Third, the modern Sakinah market is an alternative market that can get the products fostered by the As-Sakinah Cooperative to compete with other products.

Outcomes or long-term achievements in the community economic empowerment program aspiring by Hidayatullah and the As-Sakinah Cooperative to support Hidayatullah's da'wah and help the congregation's economy. First, the independence and development of community MSMEs is a long-term goal as a form of social responsibility. Second, religious da'wah is a form of Hidayatullah's movement for massive civilizational change to build the Islamic civilization that Hidayatullah aspires to.

4 Conclusion

Hidayatullah, a social organization based on Islam, participated in the development through a business entity, the As-Sakinah Cooperative East Java, in the retail and sharia financial services sector. Sakinah Retail supports the community's economic development process with social responsibility activities, MSME empowerment programs for the welfare of small businesses, and proselytizing to the surrounding community that the existence of the Hidayatullah religious organization can help the community. The program run by Sakinah is community economic empowerment targeting small business actors who need business development to be independent and sustainable. The processes of community economic empowerment carried out by the As-Sakinah Cooperative are (1) assisting access to capital, (2) providing training and assistance for product feasibility and promotion, and (3) providing market access through Sakinah retail. The results of community economic empowerment are (1) capital assistance and access to capital loans through Baitul Tamwil Hidayatullah, (2) skills of business actors in product feasibility

and promotion to enter modern retail, and (3) market access at Sakinah retail without onerous requirements. The long-term goal of Hidayatullah's ideals is empowering organizations and people in the economic field to achieve Islamic civilization by adhering to Islamic da'wah.

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