

Sharia Financial Literacy in Improving the Efficiency and Sustainability of Small and Medium Enterprises

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Abstract

Community service activities were carried out at the Banyumas Regional Leadership of Aisyiyah. Aisyiyah contributes to the Indonesian economy through, among other things, the Aisyiyah Entrepreneurs Association (IPAS) and the Aisyiyah Economic and Employment Council (MEK). The IPAS community is a group of Aisyiyah members who have run businesses and those who will or wish to run businesses. The businesses run can generally still be categorized as MSMEs. MSMEs in Indonesia cannot be separated from the halal industry MSMEs, considering that most MSME businesses are in sectors that fall under the halal industry category. With an awareness of the importance of the MSME sector for the Indonesian economy, strengthening MSMEs has become one of the main strategies of the Indonesian Sharia Economic and Financial Master Plan. Currently, Islamic finance is growing rapidly with many Islamic financial institutions offering financial products and services based on Islamic law. However, the fact is that Islamic finance still has a low market share in Indonesia, a country with a Muslim majority population. Therefore, the level of Islamic financial literacy among MSMEs is important for business efficiency and sustainability.

Keywords: Sharia Financial Literacy, MSMEs, Aisyiyah

1. INTRODUCTION

The IbM activity was held at the Banyumas Regional Leadership of Aisyiyah. 'Aisyiyah was founded on 27 Rajab 1335 H/May 19, 1917, coinciding with the moment of Isra Mi'raj of the Prophet Muhammad. The embryo of Aisyiyah's establishment began with the establishment of the Sapa Tresna association in 1914, which was an association of educated girls around Kauman. Ahmad Dahlan encouraged women to pursue education, both in formal general education and religious education. The social construct at that time stated that women did not need to pursue formal education, but Dahlan, on the contrary, encouraged his female friends and relatives to attend school. These girls then underwent training in the style of Dahlan and his friends, as well as Siti Walidah or Nyai Dahlan (aisyiyah.or.id).

The 'Aisyiyah organization has a long history and record of contributions in various fields such as education, health, economics, social welfare, legal awareness, political education, and women's empowerment. 'Aisyiyah, as the women's organization of Muhammadiyah (), has a diaspora in all regions of Indonesia from Sabang to Merauke. As an effort to promote women's participation in the economic sector, 'Aisyiyah has established 568 cooperatives for women and empowered families economically through 1029 Family Economic Development Programs (BUEKA), established Baitul Maal wa Tamwil, and developed home industries (Diwanti et al., 2019).

Muhammadiyah, as one of the largest organizations in Indonesia that also plays a role in boosting economic growth, has established the Aisyiyah Entrepreneurs Association (IPAS) community under the auspices of the Aisyiyah Economic and Employment Council (MEK). The IPAS community is a group of Aisyiyah members who have run businesses and those who will or

wish to run businesses. The businesses operated are generally still categorized as SMEs (Irawan & Affan, 2020) .

In Indonesia, MSMEs are the backbone of the community's economy, therefore financial literacy is very important for MSME players to understand. A high level of financial literacy can be considered a basic necessity so that everyone can avoid financial problems. Financial difficulties are not only caused by low income but can also arise if there are errors in financial management (Hermiyanty, Wandira Ayu Bertin, 2017) . One of the benefits of understanding financial literacy for MSME players is to prevent fraud from unclear financial services, such as fraudulent investments.

MSMEs in Indonesia are inseparable from the halal industry, given that most MSME businesses operate in sectors that fall under the halal industry category. Law No. 33 of 2014 concerning Halal Product Guarantee also mandates that almost all goods and services traded in Indonesia must be halal certified. Therefore, with an awareness of the importance of the SME sector for the Indonesian economy, strengthening SMEs has become one of the main strategies of the Indonesian Sharia Economic and Financial Masterplan (Priyo Nugroho & Rahman, 2022) . Currently, Islamic finance is growing rapidly with many Islamic financial institutions offering financial products and services based on Islamic law. However, the fact is that Islamic finance still has a low market share in Indonesia, a country with a Muslim majority population. Therefore, the level of Islamic financial literacy among MSMEs is important for business efficiency and sustainability.

The partners in this science and technology activity are members of Aisyiyah in the Banyumas region who own MSMEs. The problems faced by the partners include a lack of understanding of the concept of Sharia financial literacy or financial literacy in general, and a lack of knowledge about the benefits of financial literacy for business efficiency and sustainability. Based on the analysis of the situation and problems faced by the partners above, the objective of conducting science and technology for the community (IbM) is to improve their knowledge of financial literacy concepts, both Islamic and general, for business efficiency and sustainability. Thus, the benefits obtained are that the partner group can learn about the concepts of Islamic and general financial literacy and improve their ability to choose safe investment, loan, and savings products.

2. METHOD

The training was conducted through online learning using lectures and discussions. This method was appropriate because the participants, who were MSME entrepreneurs, were able to understand the concepts and benefits of Sharia financial literacy. In addition to listening to the material presented, participants also discussed and exchanged experiences and discussed the material presented and adapted it to conditions in the field. Online learning is a learning process with an open and distributed learning system that uses tools requiring an internet connection or network-based technology to facilitate the learning process and knowledge transfer, emphasizing action and interaction between teachers and students. The tools used include applications such as Zoom, Google Classroom, and others. (Arnesti & Hamid, 2015) .

The lecture method is a way of delivering material that prioritizes interaction between the presenter and participants. In this method, a presenter delivers learning material through a process of explanation and verbal narration to participants. This delivery process can be aided or supplemented by the use of tools such as images, videos, and others (Amaliah et al., 2014) .

The discussion method is a learning method that focuses on the exchange of ideas between the presenter and all participants. This exchange of ideas is carried out to solve problems or issues related to the material presented or problems given by participants and solved by other

participants and confirmed by the presenter. In this method, all participants can express their opinions, refute the opinions of other participants, and offer suggestions and criticism (Supriyati, 2020).

During the pandemic (online learning), the lecture and discussion method is highly appropriate, especially since most participants are located in different regions. Therefore, the material is delivered using the Zoom platform.

3. RESULT AND DISCUSSION

Based on the partners' problems and background, the IbM (Science and Technology for the Community) community service team offers solutions to existing problems through its main activity, namely training in Sharia Financial Literacy to Improve Business Efficiency and Sustainability. A detailed explanation of the program's planned activities is as follows:

1. Observation Stage (Analysis of partner and location situations).

At this stage, the activity location will be reviewed, partner issues will be analyzed, the number of partner members will be identified, and the tools or requirements necessary for the implementation of the IbM activity will be determined.

2. Training Stage

This training will be provided to partner groups with the aim of increasing their knowledge of financial literacy concepts.

The steps in the training that will be carried out are:

- a. Developing relevant training materials
- b. Creating a training schedule
- c. Repairing tools and materials
- d. Conducting the training
- e. Conducting evaluations

To monitor the progress of the training that has been delivered, monitoring and evaluation are also carried out. Monitoring and evaluation activities are conducted with the aim of evaluating mastery of the material, implementation of activities, and the impact on partner groups. The following is the monitoring and evaluation design for the IbM program activities:

Table 1. IbM Program Evaluation Activities

| No | Activity | Indicators | Success Criteria |
|----|---|--|------------------|
| 1 | Entrepreneurship training. | a. Increased creativity among partners b. Increased interest in marketing goods through the use of social media. | Completed (100%) |
| 2 | Training financial management and financial literacy. | a. Able to create a family financial management plan. b. Apply the concept of frugal living and shopping according to needs | Completed (100%) |

Sharia financial literacy training for MSME actors who are members of Aisyiyah Banyumas was conducted using the methods listed in the table below:

Table 2. Implementation Methods

| Preparation | | |
|-------------------------------------|---|---|
| Steps | Objective | Results |
| Formation of the Activity Committee | Creating an organizational structure for the activity and assigning tasks so that the activity can run smoothly | The event committee structure consists of an implementation team, students, and members of the Banyumas PDA |
| Activity administration | Managing the event and evidence of its implementation | <ul style="list-style-type: none"> - Activity schedule - Attendance list - Minutes of the socialization and briefing |
| Preparation of teaching materials | Creating materials for presentations | Training materials include: <ul style="list-style-type: none"> - Knowledge of financial literacy concepts in accordance with Islamic teachings. - Examples of efficient and sustainable financial literacy for MSMEs - The importance of financial literacy for SME actors |
| Training Implementation | | |
| Steps | Objective | Results |
| Pre test | To determine participants' knowledge of financial literacy concepts | Pre-test answers |
| Delivery Material | Delivering theoretical material | Material delivered to participants |
| Discussion | Discussing issues/problems | Discussion outcomes |
| Post test | Measuring the results of the socialization and briefing | Post-test answers |
| Closing | | |
| Steps | Objective | Results |
| Evaluasi kegiatan | To assess the performance of the activities carried out | Evaluation of pre-test and post-test |

The IbM program also requires several types of expertise. The types of expertise needed are: (1) accounting; (2) management; and (3) muammalah. These skills are key components for the success of the program. Based on the results of the evaluation, participants successfully improved their understanding of Sharia financial literacy, which can be used to support the sustainability of their businesses. Furthermore, in applying Sharia financial literacy, MSMEs not only understand Sharia financial institutions but also trust and behavior, especially in terms of financial management based on Sharia provisions (Rohmayanti et al., 2021) . Participants/partners become more cautious in using financial products. Thus, they can choose financial products that offer many benefits.

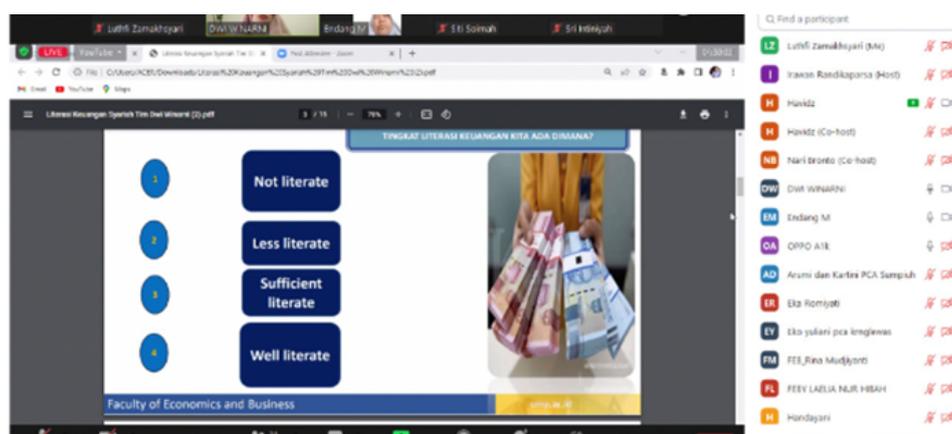


Figure 1. Training Implementation

4. CONCLUSION

Training on Islamic financial literacy in improving the efficiency and sustainability of small and medium enterprises was successfully conducted through lectures and discussions. Participants were enthusiastic about learning and had an increased understanding of Islamic investment products, loans, and savings that can be used to support the sustainability of their businesses. As a result, training participants can avoid usury, fraudulent investments, or illegal financial products. The financial knowledge they have acquired will serve as a basis for financial decision-making. If MSME entrepreneurs have knowledge of finance, financial tools, and financial skills, their businesses will continue to grow (Hamzah & Suhardi, 2019)

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