



## IMPROVING ACCESS TO CAPITAL FOR MSMEs IN KENDAL DISTRICT THROUGH SHARIA FINANCE EDUCATION

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### ABSTRAK

Kabupaten Kendal merupakan satu dari 35 kabupaten/kota yang berada dalam wilayah Provinsi Jawa Tengah memiliki salah satu fokus Visi dan Misinya adalah meningkatkan kelas pelaku Usaha Mikro, Kecil dan Menengah (UMKM). Berdasarkan data dari Dinas Koperasi dan UMKM Kabupaten Kendal, sebaran jenis usaha UMKM didominasi oleh sektor kuliner/makanan dan tersebar di beberapa kecamatan. Para pelaku UMKM di Kabupaten Kendal juga terus mengalami kenaikan setiap tahunnya. Pertumbuhan pelaku UMKM di Kabupaten Kendal tersebut tentunya harus dibarengi dengan upaya peningkatan kapasitas dan kualitas produksinya. Sehingga dapat menaikkan kelas UMKM sebagaimana yang telah dicanangkan dalam program nasional "UMKM naik kelas" oleh Kementerian Koperasi dan UMKM sehingga diharapkan UMKM menjadi tulang punggung perekonomian Nasional. Namun untuk merealisasikan program tersebut tidaklah mudah, mengingat banyaknya tantangan yang dihadapi oleh para pelaku UMKM dalam upaya meningkatkan kualitasnya. Salah satu masalah utamanya adalah sulitnya pelaku UMKM dalam mendapatkan akses permodalan dari sektor perbankan dan industri keuangan lainnya. Hingga saat ini, pihak perbankan masih menilai pelaku UMKM tidak bank ability (bankable), yaitu usaha yang tidak memenuhi persyaratan perbankan untuk diberikan kredit atau pembiayaan. Padahal kebutuhan permodalan bagi UMKM saat ini cukup penting sebagai salah satu cara untuk meningkatkan produksi dan usaha UMKM sehingga cita-cita UMKM naik kelas dapat terwujud. Tujuan pengabdian ini adalah memberikan edukasi dan meningkatkan literasi keuangan berbasis syariah bagi pelaku UMKM sebagai alternatif upaya untuk meningkatkan akses permodalan/pembiayaan dari lembaga keuangan. Mitra pengabdian ini adalah PLUT (Pusat Layanan Usaha Terpadu Koperasi dan UMKM) Kabupaten Kendal yang sekaligus sebagai pihak yang menaungi pelaku-pelaku UMKM yang ada di Kabupaten Kendal. Kegiatan pengabdian ini juga dimungkinkan akan dikolaborasi dengan sektor industri keuangan yang ada di Kabupaten Kendal khususnya sektor perbankan.

### ABSTRACT

Kendal Regency is one of 35 districts/cities within the Central Java Province region, which has one of the focuses of its Vision and Mission to increase the class of Micro, Small and Medium Enterprises (MSMEs) actors. Based on data from the Kendal Regency Cooperatives and UMKM Service, the distribution of MSME business types is dominated by the culinary/food sector and is spread across several sub-districts. MSMEs in Kendal Regency also continue to experience an increase every year. The growth of MSMEs in Kendal Regency must be accompanied by efforts to increase their production capacity and quality. It can raise the class of MSMEs, as has been proclaimed in the national program "MSMEs move up a class" by the Ministry of Cooperatives and MSMEs, so it is hoped that MSMEs will become the backbone of the National economy. However, realizing this program takes work, considering the many challenges MSME players face in improving their quality. One of the main problems is the need for MSME players to access capital from the banking sector and other financial industries. Until now, banks still consider MSMEs to be bankable, namely businesses that do not meet banking requirements to be given credit or financing. Capital requirements for MSMEs are crucial to increase MSME production and business so that MSMEs' dreams of moving up in class can be realized. This community service aims to provide education and increase Sharia-based financial literacy for MSME players as an alternative to increase access to capital/financing from financial institutions. This community service partner is PLUT (Pusat Layanan Usaha Terpadu) Kendal Regency, the party overseeing MSME actors in Kendal Regency. It is also possible that this community service activity will collaborate with the financial industry sector in Kendal Regency, especially the banking sector.

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## INTRODUCTION

Kendal Regency is one of 35 districts/cities within the Central Java Province with a geographical position ranging from 1090 40' - 1100 18' East Longitude and 60 32' - 70 24' South Latitude. The Kendal Regency area in the north borders the Java Sea. To the east, it borders the city of Semarang. To the south, it borders Temanggung Regency, and to the west, it borders Batang Regency.

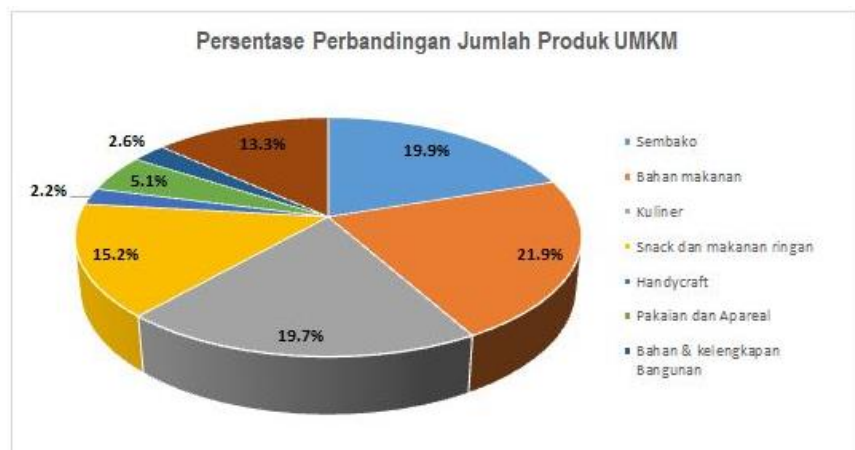
Kendal Regency's medium-term development vision for 2021 - 2026 is "Kendal, Reliable, Superior, Prosperous and Fair". "Reliable" means making Kendal the industrial and tourism centre of Central Java that is independent, high-achieving, competitive and environmentally resilient. "Excellent" means quality human resources that are religious, cultured, physically and spiritually healthy and competitive in facing the Industrial Revolution 4.0. "Prosperous" means fulfilling the basic needs of society with efforts to encourage growth, facilitation and protection for economic actors, creative industries, and MSMEs based on local potential. Moreover, "fair" means equitable development based on regional development supported by clean, transparent, serving, and participatory governance.

One of the primary missions of Kendal Regency is to become the centre of industry and tourism in Central Java by optimizing the potential and advantages of the region, encouraging regional economic independence, improving prosperity, reducing unemployment and poverty, strengthening small and medium industries (MSMEs), develop tourism as well as, encouraging the development of the creative economy (startups). So, based on the Vision and Mission, Kendal Regency focuses on improving the class of business actors, especially micro, small, and medium enterprises (MSMEs).

It is not surprising that Kendal Regency is currently focusing on improving the quality and quantity of MSMEs, considering that geographically and demographically, Kendal Regency has significant potential in developing

these MSMEs. Geographically, Kendal Regency is an economic buffer city for the capital of Central Java, namely Semarang City. Currently, Kendal is also experiencing relatively rapid development in the industrialization sector, one of which is proven by the establishment of the Kendal Industrial Zone (KIK). Meanwhile, demographically, the Kendal community also has a diversity of professions, which are a source of livelihood for the Kendal community. Based on the geographical factor of Kendal, which also has varied areas, from beaches to mountains, from the fisheries, livestock, agriculture and plantation sectors, all of which are in Kendal Regency.

Based on data from <http://umkm.kendalkab.go.id/>, Kendal Regency MSMEs are dominated by the culinary/food sector as per Kendal Regency MSME data in the following diagram:



**Figure 1.0** Distribution of Kendal Regency MSMEs based on product type

The distribution of MSMEs is divided into several sub-districts in Kendal Regency as in the following Figur 2.0.

The quantity of MSMEs in Kendal Regency continues to increase every year and is spread across 20 sub-districts throughout Kendal Regency. The quantity of MSME players in Kendal Regency must, of course, be accompanied by efforts to increase their production capacity and quality so that it can raise the class of MSMEs in Kendal Regency as has been proclaimed by the Ministry of Cooperatives and the national MSME upgrade program. It is hoped that MSMEs will become the backbone of the national economy.

The Kendal Regency Government has also made efforts to realize this program. One is by presenting the KUMKM Integrated Business Service Center (PLUT). It is hoped that PLUT can assist business actors in the micro, small and medium sectors to improve their businesses. Both are getting financing and increasing production, marketing, and business development. PLUT is also a business development consulting office and will be part of the future trading house floor for MSME products.

However, realizing the MSME upgrade program requires hard work, considering the many problems MSMEs face in improving their quality. One of the main problems MSMEs face is the need for actors to gain access to capital. Moreover, access to capital from the banking sector and other financial industries. For banks, MSME players still need to be bankable or bankable. Namely, businesses that still need to meet banking requirements to be given credit or financing. Not without reason, but many factors cause MSMEs to be considered unbankable. For example, the ability of MSMEs to fulfil licensing administration is still low, and no assets can be used as collateral. Moreover, what is no less important is the absence of financial records and reports on business activities carried out by MSMEs. Not to mention the condition of MSME players who still have a low level of understanding of the financial industry that provides business capital.

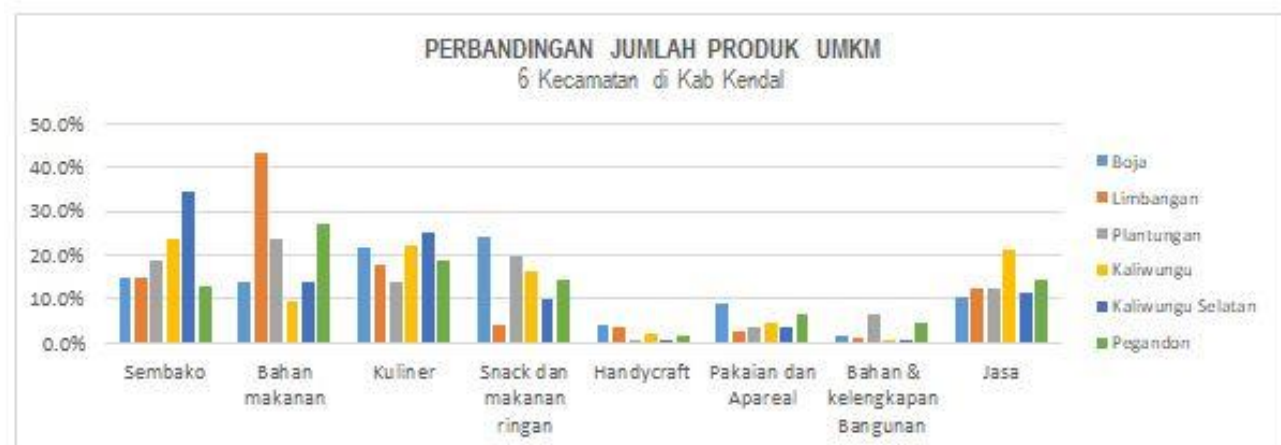
2. Providing information and alternative sources of funding as an effort to increase access to capital through sharia financial institutions for MSMEs in Kendal district;
3. As an effort to raise the class of MSMEs in Kendal district.

Meanwhile, the benefits of service activities regarding increasing access to capital through sharia financial education for MSMEs in Kendal Regency include:

1. Increasing Sharia financial literacy for MSMEs in Kendal district.
2. MSME players in Kendal Regency receive information and alternative sources of capital needed
3. Raising the class of MSMEs in Kendal district).

## METHOD

Based on the conditions explained in the background, efforts are needed to resolve problems such as those faced by MSMEs. A form of effort to resolve this problem is the need for financial education to increase access to capital for MSMEs, especially those in Kendal Regency. Financial education is focused on Sharia-based forms of finance. Sharia finance is considered more suitable as a financing scheme for MSMEs. Because Sharia finance is based on profit sharing, it will be more flexible based on the conditions of MSMEs. Apart from that, the portfolio that is the basis for



**Figure 2.0** Distribution of Kendal Regency MSMEs by District

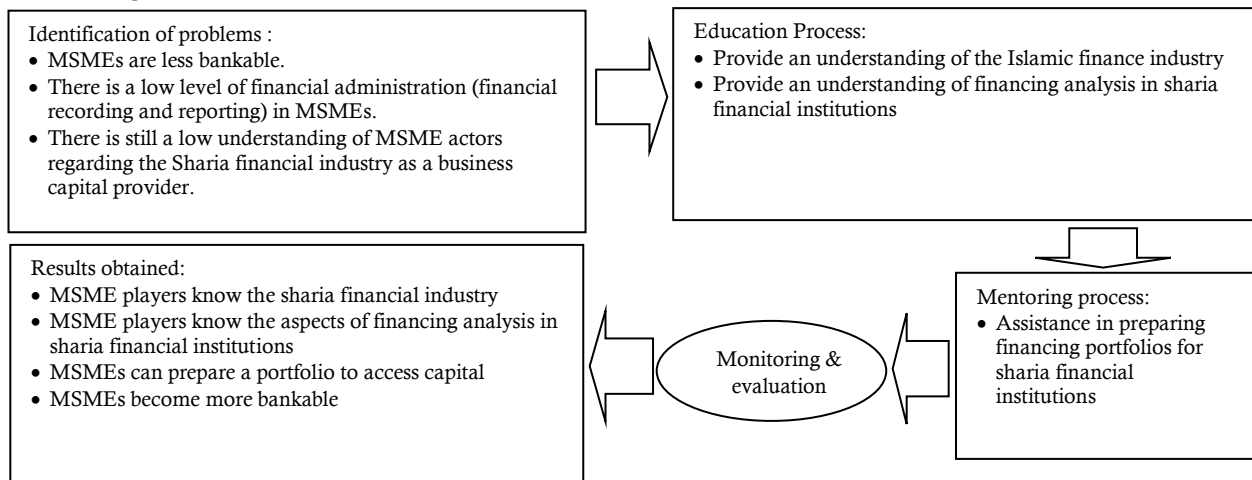
This activity aims to solve existing problems, including:

1. Provide training and assistance regarding sharia financial literacy for MSMEs in Kendal district;

financing in Sharia finance is based on business and not necessarily on collateral. Another aspect is that demographically, Kendal is a coastal area where the majority of people are Muslims or Islamic boarding school students. So Kendal Regency MSME actors are very much in line with the financing concept of Sharia-based finance.

This education can provide understanding and financial literacy for MSME players in Kendal Regency. Furthermore, it can resolve the obstacles MSME players face in gaining access to capital in the financial industry, specifically Sharia finance. On a broader scale, this service activity contributes to the realization of the MSME upgrade program as planned in the national program by the Ministry of Cooperatives and MSMEs.

The problem-solving framework for resolving this problem is explained in Figure 3.0. the following:



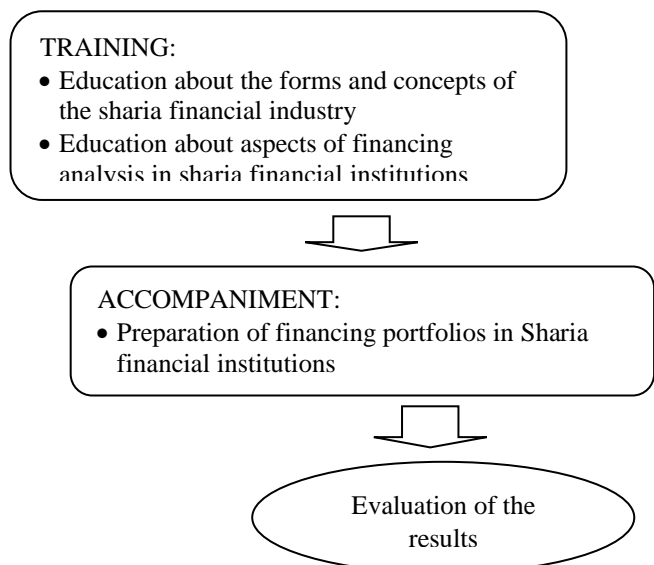
This community service activity is aimed at Micro, Small and Medium Enterprises (MSMEs) in the Kendal PULT KUMKM assistance area. The problem-solving model, the community service team, applies to community service partners is increasing access to MSME financing through Sharia financial education. MSME players in Kendal are expected to be able to understand the forms and concepts of sharia finance as a source of financing for MSME players. It also increases the capacity and quality of MSMEs, especially in fulfilling financial administration as one aspect of supporting access to financing in financial institutions. So that MSMEs, which are the target of community service, will be more bankable and more accessible to access financing from the Sharia financial industry.

Implementing this community service model will provide insight and understanding of the forms and concepts of Sharia finance and strategies for accessing financing for MSME players in the financial industry, especially those based on Sharia. As targets of community service,

MSMEs will also be provided with assistance in preparing a portfolio of financing applications in the financial industry, especially Sharia-based ones. Providing education and assistance is hoped to make MSMEs more bankable, making it easier for them to access financing/capital. Considering that limited access to capital is a problem currently faced by MSME players in improving the quality and quantity of their business.

The targets for this community service are Micro, Small and Medium Enterprises (MSMEs) under the accompaniment of PULT UMKM

Kendal Regency. Partner participation is carried out by training on halal certification for MSME products with a system of listening to material presentations from presenters that the service team has prepared. After the material provision has been completed, assistance will be provided in the form of consultation facilities for MSME actors who will apply for the halal certification process. for their MSME products.



## RESULTS AND DISCUSSIONS

Implementation of community service is carried out in accordance with the community service plan as previously designed. Community service activities are carried out by coordinating and discussing them with community service partners, namely PLUT (Pusat Layanan Usaha Terpadu) KUMKM Kendal, represented by Mr. Asirin, S.Pd as an accompanying consultant in the institutional sector. The purpose of coordinating and discussing with these partners is to identify the problems faced and needed by MSME actors in Kendal, especially those assisted by the Kendal KUMKM PLUT (Pusat Layanan Usaha Terpadu). Apart from that, coordination with partners also aims to formulate a concept for implementing community service activities that will be carried out.



**Figure 1.0** Coordination and discussion of the community service team with PLUT KUMKM Kendal partners

Coordination activities with partners are carried out in several sessions using communication media or face-to-face. Face-to-face coordination with PLUT (Pusat Layanan Usaha Terpadu) KUMKM Kendal partners was carried out on May 22 2021, at the PLUT (Integrated Business Services Center) KUMKM Kendal office

with evidence as in figure 1.0. From the results of the coordination, it was agreed that the implementation of community service activities would be carried out at the Kobamie Jaya Kendal Cooperative.

Apart from that, based on the results of coordination with partners, an overview was also obtained regarding the needs of related partners, especially MSME actors in the Kendal area who are under the guidance of PLUT KUMKM Kendal Regency, especially regarding the capital needs of these MSMEs. The partners' needs regarding the capital process include knowledge or literacy regarding Sharia financial institutions and the process and procedures for applying for capital/financing for MSMEs. Based on the coordination results with partners, this increasingly shows the importance of community service activities regarding increasing access to MSME financing through Sharia financial education for MSMEs in the Kendal Regency area.

After coordinating with the community service partners and the community service time that has been determined, the next step is to implement community service activities for the community regarding increasing access to MSME financing through sharia financial education for MSMEs in the Kendal Regency area as planned. Community service activities will be carried out on Saturday, June 18 2022, at the Kobamie Cooperative, one of the MSME groups assisted by PLUT KUMKM Kendal. This community service activity was attended by 20 participants consisting of partner MSMEs from the Kobamie Cooperative.

In general, the implementation of this community service activity has run smoothly. The format for community service activities is carried out by providing material from resource persons that the community service team has prepared. Afterwards, it continued with a discussion and question and answer session between the resource person and the MSMEs participating in community service activities. In general, the participants' enthusiasm was very high, and the communication and discussions between the resource person/service team and the participants/partners proved this.

The following is some documentation of community service activities that the community service team has carried out:



**Figure 2.0**  
**Implementation of community service**

The process of community service activities for the community regarding increasing access to capital through sharia financial education for MSMEs in Kendal district has generally gone well. The enthusiastic participation of MSME actors in this community service activity proves this. The total number of participants who attended the community service activities was 20, who were MSME actors in the Kendal area and were MSMEs assisted by Kobamie and PLIT KUMKM Kendal Regency. The number of participants meets the quota determined by the community service team. This community service activity in increasing access to capital through Sharia financial education for MSMEs has successfully impacted MSME actors as participants in this community service activity. One indicator of success can be seen from the differences in the conditions of MSME participants before and after community service activities.

These changes include: 1). There is a change in the level of knowledge of MSME players regarding sharia financial institutions; 2). There is a change in MSME players' level of knowledge regarding aspects of Sharia financial financing

analysis; 3) There is a change in their ability to prepare financing portfolios for Sharia financial

institutions. These three indicators were initially still low, so with these community service activities, the knowledge and abilities of MSME actors increased further. It is hoped that MSME players will be better able to access the capital they need, primarily through Sharia financial institutions, to raise the class of MSME products in Kendal Regency.

## CONCLUSION

Based on the results of the implementation of community service activities that the community service team has carried out regarding increasing access to capital through sharia financial education for MSMEs in Kendal district, it can be concluded that the community service activities for the community have gone well and are by what has been planned, by the community service team. There were 20 participants in this community service activity who were MSME actors in the Kendal area who were assisted by community service partners, namely Kobamie and PLUT KUMKM Kendal Regency. This community service activity is in the form of socialization and discussion, which begins with the presentation of material from the service team, which is, of course, in accordance with their expertise relevant to the theme of community service. This was then

continued with a discussion and question and answer session between the resource persons/service team and MSME actors as participants in this community service. The result of this community service activity is an increase in knowledge about Sharia financial institutions and an increase in the ability of MSME players to compile financing portfolios in Sharia financial institutions so that it can provide broader access to capital for MSMEs participating in this community service activity. It will also support efforts to raise the class of MSME products in Kendal Regency.

Based on the results of the activities and discussions, the suggestions that can be given are as follows;

- a. There is a need to provide further assistance for MSME players to get access to capital through Sharia financial institutions.
- b. There is a need for cooperation between MSME players and sharia financial institutions in the financing distribution process.

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