

Empowering UMKM Members Of KSPPS Nusantara Through Optimizing Sharia Financing For Sustainable Economic Growth

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Abstract: *The program "Empowering MSMEs of KSPPS Nusantara Members through Optimizing Sharia Financing for Sustainable Economic Growth" aims to empower MSMEs that experience limited access to financing and low financial literacy. The subjects of service are members of KSPPS Nusantara in Sawo Village, Dukun, Gresik. This program uses a Participatory Action Research (PAR) approach with stages of problem identification, joint action planning, sharia financial literacy training, and business assistance. The results of the service show an increase in financial literacy, changes in business management behavior, and the formation of sustainable sharia-based local institutions. The emergence of local leaders and increased access to financing are also positive impacts of the program. This program has succeeded in encouraging inclusive economic growth with a fairer sharia financing scheme.*

Introduction

MSMEs (Micro, Small and Medium Enterprises) play a significant role in the Indonesian economy, contributing to national GDP and absorbing a large workforce. However, the challenges faced by MSMEs, especially in terms of access to financing, are one of the main obstacles in efforts to increase their productivity and competitiveness (maulidia dan Nur : 2022). One of the solutions offered is through a sharia financing scheme managed by KSPPS Nusantara, a sharia-based microfinance institution which aims to provide financing services in accordance with Sharia principles.

The subjects of community service in this research are members of KSPPS Nusantara who work in the MSME sector. They are faced with classic problems that seriously hinder the sustainability of MSMEs, namely limited access to formal financing, low financial literacy and the inability to develop businesses sustainably (Addo, et.al : 2022). Therefore, the focus of this service is to empower MSMEs by optimizing sharia

financing services offered by KSPPS Nusantara, in order to support sustainable economic growth.

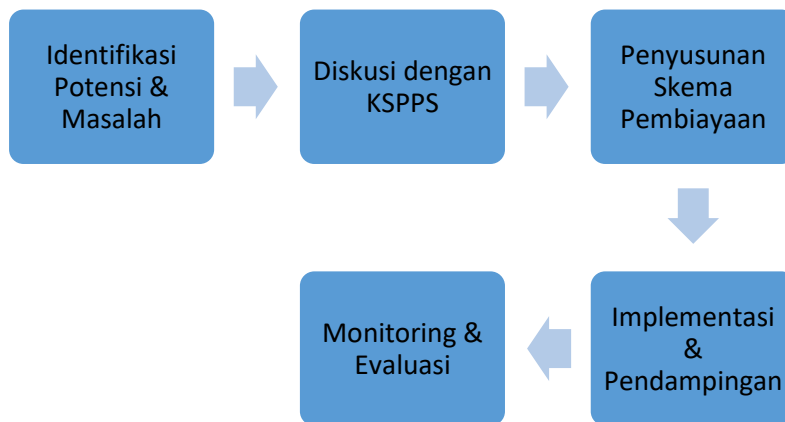
The reason for choosing this subject is based on the great potential of MSMEs to contribute to economic development, but this potential is often hampered by a lack of access to adequate financing (Azeez, et.al: 2024). It is hoped that through this program, significant social change can be achieved, namely increasing financial literacy, increasing access to financing, as well as more inclusive and sustainable economic growth. This program is supported by quantitative data regarding the contribution of MSMEs to the local economy, as well as a literature review regarding the success of sharia financing schemes in supporting small business development (Suryaman, et.al : 2024).

Method

This service program was implemented at KSPPS Sawo Village, Dukun District, Gresik Regency, which is an area with many MSMEs that have potential but still face obstacles in accessing financing. The subjects of service are members of KSPPS Nusantara who work in the MSME sector. Community organizing is carried out using a participatory approach, where MSME members are actively involved in the planning and program implementation process. Through meetings with KSPPS administrators and community leaders, discussions were held regarding the main problems faced by MSMEs, such as financing constraints, low financial literacy, and sustainable business development strategies.

The method used in this service is the Participatory Action Research (PAR) approach, which aims to empower the community directly through collaboration between researchers and assisted subjects. The first stage includes identifying the needs and problems of MSMEs through surveys and focus group discussions (FGD). The second stage is the preparation of a joint action plan, which includes financial literacy training, access to sharia financing, and business development assistance. The final stage is an evaluation of the program's impact using direct observation and in-depth interviews to assess the resulting economic and social changes.

The service process flow diagram includes the stages: Problem identification, Joint action planning, Program implementation, and Evaluation and reflection. Each stage involves MSMEs as the main actors in decision making and implementation, with the support of facilitators from KSPPS Nusantara and the service team. This strategy is expected to increase access to sharia financing and strengthen the economic sustainability of MSMEs as members of KSPPS NUSANTARA.



Skema: The service process flow diagram includes the stages

Result

The process of community service through the "Empowerment of MSMEs for KSPPS Nusantara Members" program has shown significant results. This activity begins with intensive assistance for MSME members, where they receive training in sharia financial literacy and business management strategies. Technical actions in the form of financial management training, sharia financing management, and sustainable business assistance are strategic steps to solve the problem of limited access to capital and low financial literacy among MSME players.

The dynamics of the mentoring process show active participation from MSME actors. Apart from gaining access to sharia financing through KSPPS Nusantara, there has also been a change in behavior in terms of business financial management. MSMEs that were previously unorganized are now starting to form sharia-based local institutions that regulate joint business and financial activities, giving rise to a new awareness of the importance of transparency and social responsibility.

Another result is the emergence of local leaders from among MSMEs who are starting to be active in organizing business groups and acting as facilitators in sharia economic activities. This new institution has opened up opportunities for further collaboration with KSPPS Nusantara and other parties, creating a strong foundation towards sustainable social transformation, where public awareness of sharia financing and business management is increasing.

Discussion

The results of community service at KSPPS Nusantara, Sawao, Dukun, Gresik, through the program "Empowering MSMEs of KSPPS Nusantara Members through Optimizing Sharia Financing" shows a significant improvement in financial management and access to financing for MSMEs. Based on the theory of sharia economic empowerment, providing access to sharia financing can support sustainable business growth because it is not only based on profits, but also prioritizes the principles of justice and transparency (Fitriani, et.al: 2024).

In the context of this service, sharia-based financing through KSPPS Nusantara helps overcome the problem of limited capital experienced by MSME players. Easier access to sharia financing allows MSMEs to develop their businesses using a sharia system model. With intensive assistance, MSME members not only gain access to capital but also gain increased financial literacy and business management.

Theoretical findings from this service process also show that participatory approaches in community organizing and financial literacy training provide positive impacts. There has been significant social change, namely the emergence of local institutions that are able to manage finances independently, as well as an increase in collective awareness of the importance of sharia financing. In line with social transformation theory, community-based interventions involving local leaders have proven effective in creating behavioral changes and improving community welfare (Attila, et.al: 2024).

Overall, this program has succeeded in encouraging more inclusive and sustainable economic growth, as well as paving the way for business sustainability through optimal sharia financing. This is in line with literature which shows that sharia financing contributes to economic stability and community empowerment (Fitriani, et.al: 2024).

Conclusion

The results of community service at KSPPS NUSANTARA Sawo, Dukun District, Gresik, through the MSME empowerment program for KSPPS Nusantara members show that optimizing sharia financing has a significant impact in supporting sustainable economic growth. This program has succeeded in increasing financial literacy and access to capital for MSMEs through a justice-based sharia financing scheme. Theoretically, these findings are in line with the concept of sharia economic empowerment which emphasizes justice and shared prosperity, where MSMEs can develop with the principle of fairer profit sharing than the conventional system.

This program also encourages social change in villages, including the formation of

local institutions that are able to manage financing independently, as well as the emergence of local leaders who are active in mobilizing MSME groups. This transformation shows the importance of active community participation in the sharia-based economic development process.

Recommendation

For the sustainability of this program, it is recommended that KSPPS Nusantara continue to expand the scope of assistance to MSMEs and strengthen synergies with other sharia financial institutions. In addition, it is important to increase advanced training in Islamic financial literacy and business management to ensure business sustainability and more inclusive economic growth at the local level.

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