Mosque-Based Empowerment of the Muamalat Micro Business Community in Indonesia

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ABSTRACT
The paper aims at elaborating the instruments of Islamic finance in empowering the micro economic sectors and creating socio economic justice. Particularly, the study seeks to analyze Islamic finance instruments in empower the micro business community; to analyze the procedures applied to empower the micro business community; to analyze the impacts of the empowerment to the micro business community; and; to describe the impact emerges from the empowerment activity. The study was conducted in Palangka Raya, Central Kalimantan Indonesia. Some groups of the Muamalat micro community (MMC) were collected to be empowered in a mosque. The qardhul hasan instrument was applied in the form of partnership between Bank Muamalat Indonesia and the Baitul Maal Wal Tanwil (BMT), the micro syariah finance institution. BMI give an authority to the BMT to conduct all the process of the empowerment which are started from socialization, identification, verification, pre-training, training and fund distribution. Qardhul hasan instrument has tremendous impact in empowering and developing the micro economic sectors. Social, economy and spiritual are three aspects impacted by the empowerment program of the Muamalat Micro Community.

INTRODUCTION
Along with economic development increasingly market-oriented mechanism and the shift of economic structure, development gap between regions in Indonesia is unavoidable. Gap in Indonesia is often found that GNP grows rapidly, but along with it, increasingly unequal distribution of income is experienced (Wie, 1981). The gap occurs primarily between rural and urban, Java and the outer, the hinterland and the border region, small medium enterprise and giant corporation as well as between the Western and Eastern regions of Indonesia. Consequently, various forms of inequalities, disparities in economic and social welfare level become end lasting matter. Development that promotes economic growth without regard to equity has made a bigger gap between the rich and the poor. In other words, economic growth failed to reduce the expansion of absolute poverty and to create social justice and social welfare.

Central Statistics Agency data showed that inter-island poverty in Indonesia concentrated in Java and Bali, 20.2 million people while in Sumatra and the subsequent the total is only 7.3 million people. However, as a percentage, the poverty rate in Jakarta showed the smallest number, only about 4.3%, while the percentage of the poverty rate in Papua reaches the largest percentage, 37.1% (Harefa, 2014). The data does not only show us an acute social disparity in the economic development which is characterized with the rate of povety, but also absolutly shows us the welfare level of citizen and the economy growth of regions in Indonesia.

The acute problem of alleviating poverty and increasing social welfare clearly shows that the
development as the process of eliminating the poverty, income distribution and unemployment lameness has neither shown exciting success nor has been proven its function as collateral to raise the degree of life throughout the community. Economically, poverty is characterized by low income, the poor’s incapability of satisfying their need according to standard limit, low ownership of economic capital (Sachs, 2005) to support their life, human resource asset, work equipment, capital, market niche, and opportunity of accessing capital from formal financial institution (De Soto, 2000 and Eaterly W. 2006).

In the global context, the issue of poverty elimination and improving social welfare of the majority becomes two important keywords that are widely debated. In a few last years, the discussion on the subject matter has shown increasing trend (Muaka and Choongo, 2009). Some experts pointed out that poverty is a multi-faceted problem which requires constriction in human freedom (Narayan & Schaffer, 2000), particularly freedom of accessing life source reasonably, social form, moral, and employment from injustice (Sen, 1999). They also regarded poverty as a great enemy that should be thoroughly fought by all as it carries profound implications contradicted to the humanity and justice values. Due to the reason, the attention should be focused not only on the way of knowing its nature, the cause of poverty and retardation, but also on how to overcome the problem in order bring the poor as the marginal class enjoying their life reasonably (Carr, 2003; Craig D & Porter, 2003; Sach J.D, 2005; and De Soto, 2000).

The suggestion also implies that the approaches of poverty alleviation does not merely reproduces the problem and the challenges in atomization manner in the marginal group, but also requires critical approaches which transforms the poor’s status (Carr, 2003). The economists offer a variety of practical approaches ranging from presumption to sorting the marginal group, but also requires critical approaches which transforms the poor’s status (Carr, 2003; Craig D & Porter, 2003; Sach J.D, 2005; and De Soto, 2000).

The practical model to reduce poverty and raise economic level of the marginal group which has been widely adopted in the world is Grameen bank model (Shil, 2009). It facilitates the poor to access fund loan to support business activity of the poor in transforming their economic, reduce poverty rate, and help them to access fund without collateral (Block, 2010; Shil, 2009).

So far, the Indonesian government has performed some efforts to reduce the development gaps between regions, either in the form of regulatory framework and the framework of the budget. However, the results are still insufficient to reduce the existing inequalities. Program Direct Cash Transfers (Bantuan Langsung Tunai) is one of the efforts. However, the BLT policy has no significant contribution to overcome these problems. The alternative instrument has been operated as the solution to the poverty reduction is the charity, donation and alms (ZIS). In Islamic finance institution, the three instrument is systematically mobilized by the shariah banking institutions both in the form of banks such as Muamalat bank of Indonesia, Mandiri Syari’ah, BNI syariah, and BR1 syariah and non-bank such as Baitul Maal wat Tanwil (BMT), syari’ah insurance and syari’ah fiduciary. Islamic financial institutions declared by its proponent as a mean and way to present a just economy. Its main vision is to reduce social-economic gap within the society, unevenly distribution of wealth, and free competition leading to disharmony within the society (Said. et.al, 2013).

One of the shariah bank instruments to develop micro economy is qardhul hasan which mobilized through zakat, donation and shadaqah. The attention to the development of SMEs through the qardhul hasan instrument is based on the fact that SMEs has a greater power to reduce social and economy disparities, unemployment and decreases poverty rate. In 2009, data shows that the contribution of shariah banks was 83.3%. Majority of the its funds, (71.1%) earmarked to finance SMEs (Islamic banking statistics, April 2009).

Through the qardhul hasan instrument, shariah bank specifically Muamalat Bank of Indonesia applied a holistic approaches to empower the groups of Muamalat micro community. The mosque-based empowerment approach is jointly integrates economy, social, and spiritual aspect by mean to function the mosque as the central place of worship and to reinforce the social awareness, and to shape good conduct and behavior of the ummah. In addition, it is also meant to build the awareness of the Muslim community on the importance of unifying the spiritual, social and economy aspects. Mosque has in an extra ordinary role to stimulate the religious awareness of Muslim community in order they close to God (taqarrub ila Allah) and to build togetherness among Muslim. Religious aspect does not only touches the soul more and constructs the awareness based on the feeling rather than mind (Jamal, 2005) but also has stronger bonding power for the community because there is a deep spiritual dynamic, producing the feeling of community (Bagbai, 2004).

Study Objective:

Based on the above reason, this study generally seeks to elaborate the qardhul hasan instrument to empower the muamalat micro community (MCC). Particularly, the study aims to analyze the application
of qardul Hassan instruments in empower the MCC, to analyze the procedures of applying qardul hasan instrument to empower the MCC, and to analyze the impacts of the empowerment to the MCC groups.

Literature Review:

3.1. Defining the Empowerment Concept:
The empowerment concept is including the nature of community development and community-based development. Community empowerment is defined as the effort to enhance the dignity and of the community who are unable to break away from the trap of poverty and underdevelopment. In other words, empowerment is enabling and empowering society's independence.

In Indonesia, the concept of community empowerment is closely related to national development strategies. The first long-term community development approach started applying at the Five-Year Development Plan (Rencana Pembangunan Lima Tahun) in 1993. In the next step, this concept received great attention many parties particularly from those whom are decision maker. It became a mainstream paradigm of development in achieving national development goals that is to build a developed nation, self-sufficient and prosperous through economic progress and quality of human resources.

Empowerment is a central theme or spirit of active-creative participation. Empowerment is the process of breakdown the relationship between subject and object. Summarily, empowerment prioritizes the flow of power from the subject to the object. Conventionally, the concept of empowerment implies giving a power or authority, to divert force or delegate authority to other parties. The concept of empowerment is in line to the participation concept expressed by Paul (cited in Wrihatnolo and Dwidjowijoto (2007) which refers to an active process whereby beneficiaries influence the direction and execution of development project rather than merely receive a share of benefit profit.

Regarding thus study, empowerment has extensive relevance beyond the economic aspects. It is associated with the spiritual aspect that becomes one of the approaches in empowering the community to achieve their prosperity. Spiritual aspect has great impact to the behavior of its adherent. In the view of Canda and Furman (1999), spirituality is the heart of empathy and care, the pulse of compassion, the vital flow of practice wisdom, and the driving force of action for service. Spiritual aspects exist at the level of the individual and group, particularly the group formed within the community. It will be a strong energy in improving people's lives. Yusuf Qaradhawi justified that the willingness of individual to do self introspect, and to genuinely obtained the blessing of God will be a great source of power in the development (Adi, 2002).

3.2. Economic Development: Islamic Perspective:
The measure of the successful economic development in a country is gauged through the increase in income per capita or total production. To increase the per capita income or output of a country, the development of industrial sector through substantial investment has always been the most commonly use used recourse. As of today, there are many experts who believe that industrialization in economic development is the only way to improve the welfare of the community (Panorama, 2013).

According to field growth, with the development of the modern sector (industry), the relative income inequality will increase along with it but the distribution of relative income poverty rate will not change. As opposed to the traditional sector development, increasing revenue per relative can also reduce the level of inequality and poverty. Thus, the high economic growth has not been a very useful indicator as a measure of the success of economic development. Similarly, the per capita income or the total production achieved, income per capita and total production are less able to function as a measure of the level of prosperity of the community. Because of this, more equitable distribution of income is capable of acting as an indicator of the level of prosperity of the community. Instead equitable revenue sharing will encourage economic growth rate without being followed by the equitable distribution of income that will only enrich the already wealthy people while the poor are getting poorer (Hendra, 1980)

Maya Panorama (2013) mentioned several factors affect growth pattern of an area including natural resources, investment (capital) for the management of natural resources, the right technology for management, human resources, and infrastructure supporting economic activity. Furthermore, she quoted an illustration presented by Richardson that the inter-regional economic system is an open economic system, which is focused on growth areas movement factor. The possibility of entering or exiting the outflow of labor and capital greatly increases the growth rate of different areas, so one area can have absolute advantage if the area is rich in natural resources where areas with dams can have a comparative advantage in the area as they produce more efficiently than other regions in terms of trade relations between the regions (in Panorama, 2013).

Another factor affecting the growth of the area is the effect of sectorial and regional discretion in the disbursement of development funds which is prioritized for less developed regions through instruction funds or other funding sources. So the economic growth of a region is heavily influenced by internal factors, namely the strength of the economic carrying capacity in the region, and external factors that affect regional economic growth.
3.3. Islamic Finance Instrument in the Community Development:

Islamic finance is known as the new comer in the modern world of finance. However, it has the instruments to build sustainable growth and economic development. One of its distinguish features is its high attention to productive sector which ensure achieving potential output with lenient fiscal levies and no scarcity of capital through prohibition of interest but also it bring about increase in output per person in economy and stability in prices. It is believed that the money invested in productive uses and the abolition of interest give a big opportunity to the businessman to rotate their money that can impact to the increase of one’s own business or equity participation. In the following space, the author presents zakat as the instruments of Islamic finance which widely used to contribute in the community development.

- Zakat and Qardhul hasan In Islamic Finance Practice:

Zakat is one of the five pillars of Islam. Zakat is simply a transfer of certain portion of mal (any material things a person earns or possesses, therefore, the word mal includes all kinds of wealth and income) from the have to the have not. Zakat is a transfer payment from the wealthy to the poor for the purposes of redistribution of wealth and income in the society (Kaht, 1989).

Zakat is a combination of wealth and income levy which includes all heads of income and forms of wealth excluding only the means of production, items of personal use and value below nisab. With a Wealth Zakat, redistribution objective is directly achieved. It reduces confinement of wealth in few hands which is banned under Islamic law. Zakat is an instrument used in Islamic to transfer one’s own wealth and asset ownership to the needy. It has an extra power not only to stabilize the condition when economy is in disequilibrium and policies fail to immediately recover and boost incomes, but also to enable the distributive allocation that works independently of business cycles and help stabilize the extremes of business cycles.

http://islamiceconomicsproject.wordpress.com/2012/05/04/development-from-islamic-economics-perspective/

Zakat does not merely reflect the individual piety to the Almighty God. It also denotes the social care of the muzakki (zakat payer) to them who’s socially and economically are unlucky. Indeed, zakat has profound implication to social (jama’iyah), economic (iqitshadiyah), politic (siyasiyat), cultural (tsaqafah), educational (tarbiyah), and others (Said & Elangkovan, 2012). It has become an income distribution justly and evenly, a tool of social, economic transformation and spiritual life of the poor as well (Said & Djalil, 2013). Islamic financial institution initiates collecting the zakat fund from customers and corporation (Ekelund and Tolison, 1989) to be utilized for social and economic of the poor people or those needing (Roubaie & Alfi, 2011; Iqbal & Llewellyn 2002).

The zakat in the practice of Islamic finance becomes one of virtuosity loan instruments (qard al hasan) that can help the government in alleviating poverty, reducing social and also simultaneously solving microeconomic problems of imperfection in markets by increasing competition and helping to reduce market power (Saikh, 2014; Muhammad, 2010; Carr, 2010). Economically, zakat base ensures minimum distortions, boosts aggregate demand and encourages investment by decreasing costs of doing business. Zakat could also simultaneously solve microeconomic problems of imperfection in markets by increasing competition and helping to reduce market power (Saikh, 2014).

Qardhul hasan is a benevolent loan instrument which is used by Islamic finance to directly or indirectly help the weaker community. The source of fund for this instrument is sincerely collected from zakat, infaq and shadaqah (ZIS) by Islamic banks. The Qardhul hasan is an instrument in Islamic finance to alleviate the rate of poverty in the society and to reduce the inequality on the distribution of income which is humane and in conformity with its concept of human and brotherhood (Chapra, 1985, 37).

In the Muamalat Bank of Indonesia, zakat is collected either from customers, all staffs of bank Muamalat or from the profit gained by the corporation. Qardhul hasan is a benevolent loan that obliges a borrower to repay the principal sum borrowed (Haron and Azmi, 2009, 128). Unlike other Islamic financing products, qardhul-hasan has specific characteristic which its focus to the dhiefa’ group (Adnan and Furywardana, 2005, 155-171).

However, Saleh (1986) cited by Sudin Haron and Wan Nursofiza Azmi (2009, 139) recommended in order to maximally function the Qardhul hasan in the practice of Islamic finance. Firstly, qardhul hasan can be used to finance working capital. Secondly, qardhul Hassan may be offered to customer with cash flow problems. This type of facility can be offered to customers whom the banks have investment interest or where the customer is trustworthy and has high creditworthiness. Thirdly, this facility may be provided to customer that has large deposits with the banks. Faced with financial difficulties, these customers would normally choose to either withdraw their savings or request for financial assistance from the banks. Hence, in order to avoid possible problems and safeguard the image of the banks, the qardul hassan facility may be offered to them. Furthermore, the qardul Hassan principle has indeed been used widely by Islamic banks in fulfilling their social responsibility. Qardul hasan is the cheapest product of Islamic bank provided to the customers. The fund of this instrument, as it is mentioned before, is mobilized...
from the zakat, infaq dan shadaqah (ZIS) which has no cost of capital. (Muhammad, 2005).

3.4. Micro Economy and the Development of National Economy:

In Indonesian economic structure, micro economy plays a significant role to the development of national economic. Micro economy shows off their strength and sturdiness in facing various uncertain situation and fluctuation due to the crisis weakening the national economic power; instead, micro economy even reveals its sturdiness when the world’s economy experiences an awful shock. (http://news.bbc.co.uk/1/hi/business/6940976.stm).

The micro economy as pointed out by Mubyarto (2002) embedded social justice as its moral development paradigm which are including the six aspects; 1) increasing participation and emancipation of all the community member with full autonomy and responsibility; 2) refreshing sense of economic nationalism and against all forms of injustice system; 3) the multi-disciplinary approaches to sustainable development and multicultural; 4) preventing the tendencies of social disintegration; 5) respecting to human rights and society; 6) reviewing education and teaching of social science and economics in schools and colleges (Sugiharto, 2014).

The Ministry of Cooperation and Small and Medium released the role of micro economy in the development of national economy in Indonesia which are: 1) its position as the main player in economy activities in a various sectors; 2) the supplier of the biggest employment; 3) important player in the local economy development and the community empowerment; 4) creator the new market and the source of innovation; 5) its contribution in maintaining the balance of payments through exports (Kementerian Koperasi dan UMKM, 2005).

In the number of business units and employment, micro, small, and medium economy occupy an important position in the Indonesian economy. It is not less than 52 million people (99.92%) involved in it. (Ministry of Cooperative and SMEs, 2010). Contrary to that, the contribution of SMES to product domestic bruto is relatively small due to a number of weaknesses. The weaknesses of small and medium enterprises (SMEs) are including in (i) unable to capture market opportunities and to broaden its market orientation; (ii) limited opportunity to access funding (capital) form the formal financial institution; (iii) lack of capacity in the field of organization and human resource management; (iv) lack of business networks of cooperation (v) less conducive regulatory environment (vi) lack of trust as well as public awareness of the micro, small, and medium (Sugiharto, 2014).

Research Methodology:

The research used qualitative approach by mean to profoundly explore the view of the research subject. The research was conducted in Palangka Raya, Central Kalimantan Indonesia. The actors of micro economy were collected to be empowered in a mosque which becomes the background of the program called mosque-based empowerment of the Muamalat Micro Community (MCC). They were decided as the customer of the (MCC) after completely following all the steps applied in the program. The techniques of qualitative data collection, as pointed out by Bodgan and Biklen (1982, 27) were participant observation and in-depth interview. In addition, the study treated documentation study as the additional data collection technique. In-depth interview was addressed to both the manager of Baitul maal wal Tanwil (BMT), the head unit of Baitul Maal Muamalat of Bank Muamalat Indonesia to have their point view, their expectation and their way of empowering the MCC and all their meaning behind their grand design in mobilizing and utilizing the zakat fund. Participant observation was used to see the processes of the program, the change during the processes and its impact to the MCC group during and after the training. While study documentation needed to profoundly gain the important data which is uncovered in these two techniques specifically to have the identity of the MCC, and the steps of the program they used to follow.

Research Result And Discussion:

4.1. Bank Muamalat Indonesia:

Bank Muamalat Indonesia is the first pure Islamic bank in Indonesia which was established on November 1, 1991. The establishment is initiated by the Indonesian Ulama Council (Majelis Ulama Indonesia) and the Association of Indonesian Muslim Intellectuals (ICMI), supported by the government of Republic of Indonesia. It began the operation on May 1, 1992. Currently, bank Muamalat Indonesia spread out rapidly to all provinces of Indonesia, including Central Kalimantan. In Palangka Raya, It was established on December 20, 2004 and became the mother of all Islamic bank which develop later. It is the sixth branch from the 37 total in Indonesia.

Participating in a joint effort creating economic velocities, either micro, small, medium or macro economy, particularly in the implementation of the profit and loss sharing system is main expectation. Currently, bank Muamalat Indonesia has not only had branches in some strategic areas in the city of Palangka Raya, but also widely develop in the are of Cetral Kalimantan such Sampit, Kota Waringin Timur, Pangkalanbun, Kota Waringin Barat, Muara Tewah, Barito Utara.

The vision of Bank Muamalat Indonesia’s is “to be a major Islamic bank in Indonesia, dominant in the spiritual marketplace, admired in rational
markets". While its mission is "to be a Role Model Institute of Islamic Finance world with an emphasis on entrepreneurial spirit, excellence and innovative management, investment orientation to maximize value for stakeholders (document, 2013).

Bank Muamalat Indonesia has some products which are generally classified into two categories. Firstly, financing product. This product is offered by the bank to publicly serve society. The bank offered the chance to the public to use all facilities to solve their finance problem. They may access collected fund by utilizing the products provided to them such as mudharabah, murabaha, istisna, mudharabah, musharakah and Ijara. Secondly, products which are developed to provide services to the community. The services include among others, transfer, flash cash, letters of credit, bank guarantees and service 24 hours such as short message send, mobile and internet banking. In addition, bank Muamalat Indonesia has made cooperation with the Post Office Network, ATM link with 39,000 ATMs to serve its customer in case they freely run a cost-free cash withdrawal transaction. To manage customer funds, bank Muamalat managed a subsidiary finance named Baitul Maal Muamalat (BMM).

4.2. The Muamalat Micro Community (MCC) Empowerment in Practice:

One of the concerns of bank Muamalat Indonesian is the empowerment of micro community. The program designed to realize the concern is the empowerment of the MCC which is undergone in the mosque environment. The program is by design to help the poor community which in Islam is seen as the enemy that can harm the dignity of all the poor as a noble creation of God. The program is, as pointed out by the manager of BMI, designed to support the government of Indonesia in alleviating and decreasing the rate of poverty. In case of doing this, the designed program is wholly done in five days with time duration about 1.5 to 2 hours/day.

Principally, the program is possible to be executed in a short period of time. Indeed, it could be executed in one day, but due to the reason that there have some hidden agendas caused this program must be fully done in 5 days. The intended agendas, as pointed out by the manager of BMT, are to seriously train the MCC in joining the training, to shape the sense of belonging of the member, to build togetherness among of the members and their understanding toward the program objective.

Source of the fund to the program mobilized by the Muamalat Bank of Indonesia (BMI) through its unit called Baitul Mal Muamalat (BMM). The BMM unit is specifically designed to mobilize zakat, iftaq and shadaqah from the customers and other party and to distribute it through a creative program which might possible to accelerate the effective management of distributing fund to the productive sector in order to accelerate the transformation of the poor both in the mentality and material sector. Thus, BMI intertwines partnership with the micro shariah finance institution, baitul mal wal Tanwil (BMT). (Annual report, 2013).

Operationally, the management of zakat fund is authorized by BMI to the BMT to manage all the process of maximally utilizing the fund. The processes of the empowerment program that must be followed by the Muamalat Micro Community (MCC) consists of several steps which are socialization, identification, verification, pre-training, training period, group consultation. Shortly, the processes can be drawn in the form of the following table.

Table above clearly shows us several stages of the processes of empowering the micro Muamalat community. These stages are e shortly described in the following.

4.2.1. Socialization:

The first step is socialization. The core of this step is to explain the nature of the empowerment program and its main purposes. In addition, this step also is to identify the proper stakeholder. The manager of Baitul Mal wal Tanwil argued that the explanation is a necessary to escape the mind of the Muamalat micro community that they regard the fund as the grant which does not need to be returned. In fact, most of the micro community regards that the fund is their provision, and hence, they need not think its repayment. Furthermore, the manager states that “in the socialization processes, we have to make clarification on the status of the fund and their duty on it when they are decided as the receiver of this fund. The socialization runs in a mosque as its main venue. The aim of the mosque determination is, among other; to revitalize the role and function of mosque (masjid) in the community development, to help the empowered community to submit their business and all their worldly activities under the guidance of God. The selected mosque is particularly nearby market.

4.2.2. Identification:

As the continuity of the first step, the second step is identification. In this processes, some important keys are applied in order to select the members who are seriously need to make better their condition. The observation result shows that although the targeted group requires capital for further development of their business, however, not all collected individuals in the empowerment group were able to qualify in following the process of the empowerment. Some of them who are unable to survive in the empowerment process can easily be identified form their seriousness, perseverance, and the level of their expectations during their involvement in the program. All these criteria appeared at this identification step.

To those who are already deterrent dealing with the hunters of prey through an easy system but high
rate of interest, seriously following all stages of the empowerment process is better than to be the continuously healed customer of moneylenders through conventional cooperation loan. ZM, one of the participants who seriously follow this event expressed his experience as follows:

The micro-economic business actors get in a very worrying condition. They are dependent to the usurers who easily offer service as good and convenience giver, but choke them with high interest. The help they offer is easier, not passing through complicated process, but the risk is that we should spend high cost, 30-40% for loan interest. The micro community is trapped going through such the condition because there is no other channel to articulate their need through the government’s formal financial institution. We do feel grateful to follow this program with high expectation to escape in the worrying condition.

Table 1:

4.2.3. Verification:

They who are successful in following this step will be classified into the targeted group to be verified, visited and interviewed at the verification step. The verification step is a process of continuing the previous step, identification. There were some activities conducted in this processes which are visiting the candidate of member, interviewing and selecting them to be the participant in the next step. In the interviewing process they were asked couple of questions, particularly, regarding to their commitment, responsibility and seriousness to change the conditions, to conduct business activity based on the teaching of Islam which reflects individual and social piety, including avoiding business practice contrary to the shari’ah view, to build entrepreneurship spirit with enthusiasm and readiness to help each other, especially to the member of group.

4.2.4. Pre-Training:

The pre-training stage consists of several important items. Firstly is to profoundly explain the program, the purposes of this explanation is to strength the overall view in the previous stage. Secondly is to strengthen the determination and intention of all the Muamalat micro community. They are requested starting the program with sincerely and good intention. As in Islam, intention is an important resource of action. It determines the quality of an act or activity. The term muamalat labeled in the micro business community reflects an Islamic term that demanded them to direct and strength their intention be pure and sincere on doing the best according to the will of God in order to have a profound impact in their daily life, and to strengthen their belief on the omnipresence of God in monitoring their activities. They who fulfill these requirements were determined as the “prospect” member. Apart from the previous items, they also are requested to have maturation during the process of training as the progress of the training is evaluated to decide time and place of training.
4.2.5. Training period:
The core stage of the Muamalat micro community empowerment is training period. The training consumes five days time. In day 1, the items of the program are explaining the nature of compulsory group training, introducing the nature of what Bait Mal Muamalat, the funder is. The material was delivered by the manager of Bank Muamalat Indonesia with the main aim to let all the members of the group know that bank Muamalat Indonesia as the Islamic financial institution has social side as well spiritual one. Qardhul hasan instrument in nature is collected from the zakat, infaq and shadaqah which is sincerely and purely levied by Muslim. This session also described material related to the muamalah micro community and with the aim to shape their understanding on the Muamalat Micro Community. After presentation, the facilitator gives an opportunity to all members to acquaint each other. At the end of the day one session, the training is closed with introducing the pledge.

At the day 2 of the training, the program opened by reading basmalah; Bismillahirrahmanirrahim and continuing by reading the appointment of the members as follows:
On behalf of You, our God, I am carrying out this noble task, following the meeting of Muamalat micro community, I do expect you to accept it as my worship unto You. give me the best ability to endeavor adding fortune to improve the welfare of my family; to encourage children to continue their education; to assist members of my group when they get in trouble, and to pay back the loan, donation and deposit in accordance with the mutually agreed time. Oh Allah, you bear witness to what I say and I do. Amen.

According to the manager of BMT, this should be formed to be the built-in character of the members in order they give up and relies all expectation on the business result to God which previously begins with hard effort. The good character is expected to be built through a process of habituation in order they rely on the results of their hard work to the benevolent of God. The next item of this stage is stating the pledge and commitment of the member to change their life through improving their intention (niyat), to increase their spirit of entrepreneurship, and high motivation to have good work ethos. At the end of the session all the participants close the meeting by saying hamdalah which meant to acknowledge that all energy owned by the members is the manifestation of the God’s merciful. The full reading of hamdallah is Alhamdulillahihirobbil Alamin. All the members pledge by saying:
“ give us the best ability to create a praiseworthy of society and brilliant civilizations which are full of safety, peace and welfare. Hence, give us the ability to explore, to mobilize and to utilize all the potential opportunity and resources you have buried in the whole universe, amin.

In day 3 training, the facilitator and the members jointly start and end their meeting as it is in the previous days. The purpose of the same routine is to evoke their awareness on the importance of witnessing the greatness of God under the greatness of the human being. Although the different material which indicates the different level is purposively designed according to the level of training such as shaping the members’ understanding on the procedures of financing, rights and duties of the members, method of installment payment, and describing the meaning of the pledge. in the day 4 materials are directed to naming and numbering the group, discussing the responsibility of the management and the members, selecting the board of the community and introducing to mutual agreement among of the group members. In addition, the specific material of the day 4 lies on deciding the proposal for business plan among members and legalizing Muamalat micro community. While in the day 5 the different material appears on jointly reading the pledge among of the coacher and members. This is meant to stimulate their seriousness to transform their mentality and to raise awareness and understanding on meaning and purpose of their pledge including its consequences socially, economically and spiritually. Realization of saving and loan, distributing loan, mobilizing saving and collecting administration fee and sharing best practices are presented to the last day of the training.

4.2.6. Fund Distribution Mechanism:
The fund called “dana amanah” was mobilized through zakat, infaq and shadaqah and stored at the bank Mumalat of Indonesia unit called Muamalat Maal. The fund managed using rotating loan fund system model. Each member has an obligation of receiving the fund in the form of loan. The objective of the rotating fund system is to spread the fund in order to positively effects to the economic condition of the member. The repayment of the loan fund was carried out every week through the facilitator during compulsory meeting in the mosque. The repayment was only the principal installment due of IDR 3,000 (three thousands rupiah) plus infaq (donation) at least IDR 1,000/week.
Non-performing loan could be overcome with the concept of mutual responsibility among the members. When a member of group experienced non-performing loan, all of other members would assume it. They would not receive loan extra fund until the non-performing loan performed smoothly in order the members of the group remind each other on the installment obligation. The group can impose expel the members who deliberately postponed the installment payment after investigating the problem faced by its member to have moral support or to solve problem. Such the condition was decided with
the assumption that an individual who did not repay the loan, other members of group would be harmed. Thus, the availability of sanction functioned to discipline the members of group’s in order they fulfill its duty to repay the principal of the loan fund.

The loan fund distribution mechanism is through several steps which are; 1) the predetermined interest rate; 2) the predetermined maximum limit; and 3) the predetermined minimum limit of the loan fund.


Table 2: Groups of the Muamalat Micro Community (MMC).

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Effect Of The Empowerment Program:

The process of conducting the mosque-based Muamalat micro community empowerment applied through partnership model between BMI and BMT has indicated a various impacts to both the two partnership institutions and to the member of the MMC groups. Generally, the empowerment program could be categorized as the public education system which aims at educating public. The program clearly shows it tends to bring the member of MMC to “the process of being”, not an “instant process”. There have been close emotional ties between the facilitator, and the members of the group and among of the members themselves. Generally speaking, the author captures there important effects of the program either in the social, economy and spiritual aspects. These three aspects are shortly described in the following.

5.1. Social effect:

The social effect of the MMC program is addressed to understand how the member of society are organized to be the individuals who have awareness of mobilizing their potency to create their social and economy construction, and how they construct their own reality based on their great potency they have. In this social construct, they are aware of the importance of having social group as the way of channeling their interest. It also contributes to the MCC group on the important of having group to tie their identity. One of the head group clearly admitted that:

The program contributes in forming our awareness on the importance of having the ability to speak our interests and goals. Through the program, we are educated to have knowledge in managing a business, to maintain the trust and responsibility given by other parties. Such programs are very significant in shaping our knowledge of managing our business”.

The above statement denotes that the empowerment program exerts positive social impact to the participants. One of those impacts is the establishment of togetherness spirit based on fraternity principles. The participants who initially acquainted each other and never think helping each other in solving problem are constructed in within the mosque-based empowerment of the Muamalat micro community program. The acknowledgment on the contribution of the program in willing to help each other and having sense of belonging to the group is an extraordinary event. The head of MMC B acknowledge that:

To me…and also other members of the MMC group that through this program we are tied with the
social solidarity and brotherhood among others. Before joining the program, none of us knows each other. Friendship ties which built during the program gives a positive impression. The member pledge we read during the program has a very deep meaning including in keeping the sustainability of the relationship we have been built up during this program. We are determined to always keep our togetherness either during the training session or outside of training exercises. The opportunity to share our best practice will continually runs on in the next time.

Fraternity and togetherness, as in the statement above, is a crucial values which is needed in amid of the business competitiveness era. Togetherness in Islam is more appreciated. Indeed, the Prophet Muhammad peace be upon him in his hadist confirmed that mukmin each other are brotherhood. They are like an entire building, each element of which solidifies others.

The empowerment program made the group members of MMC having emotional proximity. Such the proximity constructed since the group division was initiated, followed by the presence of compulsory group meeting (CGM) in a selected mosque to receive briefing and training. Within the meeting, every member of group was guided to have feeling of responsibility and togetherness among others. When a member of group gets in problem in repaying the capital principle, the other members desired to relieve their member group. This togetherness was expected to continue in the form of silatrahim although they have been able to live independently with their own business. The togetherness value is expected finally to restore the cultural characteristic of Indonesian community that basically always lives in togetherness, tolerance, tepo saliro, gotong royong (mutual cooperation) and kinship. The social impact of the program is pointed out by the other head group as follows:

to me, these activities formed the awareness of the importance of the togetherness that has been built through religious emotionality. During the five days training, we are taught to a congregation in performing the religious duties such in congregation prayer.

The empowerment program which is consistently followed by providing training and coaching to the mental, spiritual and managerial aspect has a greater influence compared to that which not followed with the process of coaching and training. This is indicated by the result of empirical study on community empowerment through qardhul hasan finance. Muhammad Akhyar Adnan (2006) shows that the level of awareness of customer to returns the principia qardhul hasan (QH) is very low. This is caused by providing qardhul hasan fund with no coaching and mentoring. He found that 62 % of the QH customers have ugly character.

5.2. Economy effect:

Zakat fund which is packaged in form of QH, an Islamic financial instrument offered by Islamic finance institution is a meant and way to be the solution reducing the poverty level. The role of zakat is very apparent since Islam view the poverty as an acute economic problem. The disparity in social sector occurs within the society is departing from economic gap. The community poor, then identify themselves as the poor community which impacted to their social status, mental and spiritual conditions. They construct their feeling that poverty is identical with their problem, and their incapability to fulfill a decent life according to normal standard of society life. Considering how dangerous the poverty potential, in Islam, there is a strong prohibition from abandoning the weak economic generation, because they will be the one having living dependency on others.

The position of zakat in Islam is very important in fulfilling obligation and reducing the social economic gap. So far, in the practice occurring in the society, zakat still functions only as the temporary fulfillment of life need. The zakat fund distributed to the society still serves as the fulfillment of consumptive needs. It is allocated for only the mustahik’s primary needs such as sembako (staple) so that its effect is not much beneficial, and no social status increase for them.

Such the consumption purpose of zakat distribution, it can negatively affect the zakat recipient. The consumption-based pattern of zakat distribution will construct a consumption mentality of the mustahik’s and will be highly dependent on zakat fund distribution. Indeed, the mustahik claims that the collected zakat is their right (Mufraini, 2006, 156; Zakat Empowerment Directorate, 2009, 309).

The efficiently use of Zakat is reflected on the mustahik’s productive behavior or productive zakat, that is a situation in which wealth or zakat fund given to them (mustahik) is not exhausted. It is used to help their business in order to gradually growth and develop their business and satisfy their needs continuously (Asnaini, 2008, 63). While, productive behavior is individual’s right choose, in which productive business he has opportunity of obtaining wealth within the society. Islamic perceive wealth and its increase as an important thing but it is not final goal unless the in-between goal (Shadr, 2008: 426).

Based on the shifting paradigm in viewing the wealth, the presence of Islamic finance is more useful to transform the mind of Muslim community. The empowerment program is the solution in eliminating the economic problem faced by Muslim community, including to filter them from the usurers who serve fund service with the aim of hunger for money. HI, one of the MMC members expressed her experience during the dependent to the usurer. She stated that,

The usurer uses interest instrument in the transaction with the percentage above of the due normal limit. The profit we gain from the small scale business is enough only to pay the interest of the borrowed capital. Such the condition, it is difficult to
realize the life transformation including the improved standard of life (wealth) for the micro community.

She expressed her gratitude feeling on becoming the members of the MMC group. Furthermore she said that:

Mosque-based empowerment program emerges is very helpful to be an alternative solution to the problem we faced. It initiates its action by making consensus with us as the small entrepreneurs to sincerely change our life condition socially, economically and mentally. The program prepares fund loan for the small entrepreneurs to develop our business.

The members of MMC perceived the mosque-based empowerment program also helps the marginal people to initiate a business. Before the presence of mosque-based empowerment program in amid of the society, capital is the main constraint for the micro business actors who have high spirit to be an entrepreneur. The user who offers the easy way to help their business, in reality, is a new problem. The interest imposed is above the normal limit while they have to pay extra money and collect it every day. They (users) collected the interest everyday that makes the micro community feel uncomfortable. While the qardhul hasan fund more help them to have additional stuffs. They are helped with the program. They are escaped in thinking the interest payments as it was done by the users. They hope the similar program is gradually continued, capital loan is enhanced and the payment terms extended as well. TI, the meatballs seller said:

With the loan fund of QH, we can buy additional stuff like the wagon for selling meatballs, and vegetables. The fund also supports my daily business both in the form of quantity and quality. The quantity of my business is more than before.

In harmony with the above acknowledgment, the HT a member of the MMC admitted that the program is an amazed one. She happily expressed his gratitude feeling on developing her type of business product. Furthermore, she stated that:

I usually managed the capital IDR 250.000 – 300.000, a very small amount capital for small business. I sold a product only. I usually put the packed cake to the agents nearby home. The qardhul hasan loan fund which range up to IDR. 2000.000 to 5,000.000 really assist developing my business. Quantitatively, in the current time, my business increases. Firstly I just sell cookies and now I have an additional product that is wrapper rice (nasi bungkus). QH loan fund is a hefty cash injection that support me to improving my business management and increasing the spirit of business and productivity.

The mosque-based empowerment program presented to help the weaker (poor) the weaker group, to increase the members prosperous and productivity. The Mosque-based empowerment program does not require the extra cost from the fund borrower like in interest-loan system. The empowerment program also determines the flexible time in the repayment of fund borrowed so that the small entrepreneurs can run their business conveniently and focusing on their business without burden of repaying the capital. Another impact of mosque-based empowerment program is the emergence of good work ethos of the MMC members. The members who have had business, the program makes them easily find the loan fund and share the prospect of business they operate. The facilitator also helps the business actors to evaluate their business result, improve their business management in order to increase profit and to anticipate their business from the los. The following statement is a testimony of the MMC member who has had be the successful developing her business through the QH fund. She stated that:

the QH fund has a profoundly impact to the growth and develop my business. Even though, the capital gained from the QH fund is relatively small, however it is fruitfully help to support my capital. And, Alhamdulillah the small grant has brought up my business. Currently, I have opened two branches in this city (Palangka Raya).

She, furthermore, expressed his grateful on this program:

I thank to Allah for His blessing. Although my business is in a small level, but I fell grateful it can growth well more and more better. The contribution of this business is not only merely to me but also contributes to others. The two new branches need new staffs. I recruited employee from the students, particularly from economic students. I can be their trainer or coacher who transform their mind to life in the real world, to be an economic students means being entrepreneurs.

5.3. Spiritual effect:

In religious, spiritual aspect is an ultimate meaning on our existence on this world. It is absolutely refers to our deeper sense. The spirituality talk to us the main goal of being in the world (Griffin, 2005). Spirituality guides us to do activities well for the sake of our future, hereafter. The output to be achieved from a business activity is not merely material in nature, but also for increasing our spiritual stamina. Mosque-based empowerment of the MMC initiated by Bank Muamalat Indonesia is a stairs toward fulfilling our spiritual need. This activity exerts not only social and economic effects but also the religious life of the MMC. Mosque-based empowerment program is intended to facilitate the society’s economic matter with a concrete effort which is supported by high expectation to God.

Hence, mosque-based empowerment program is well-designed in such a way to exerts positive aspect to psychological and religious aspects of the MMC members. The meeting between facilitators and the participants conducted in a mosque, rather than in other places, implies a large interest in awakening the society’s spiritual awareness. In running business activity they embedded their feeling of loving mosque by obliging them to attend the training activity in Masjid and for the purposes of the mosque prosperity.
The empowerment program that took place in the mosque open their insight on the multi-function of mosque for a Moslem. In addition to do worship, mosque can be functioned for other worldly activities such as teaching-learning or holding meeting, including economic to foster entrepreneurship. All worldly activities run in a mosque will provide a profound spiritual value improvement. So far, the mosque plays its minimal role. It is solely as the place for worship and studying Quran and for the Qur’an Education Center program.

Currently, the mosque-based empowerment is no longer seen as the central worship. The MMC groups have altered their view on the central core mosque function.

This masjid-based economic building through simple and small procedures can impact substantially to the improvement of society spirituality. The stimulation of the importance of remembering God and submitting business output to God’s greatness is carried out through accustoming beginning the business by reading basmalah and ending it by reading hamdalah. It aims to make any attempt taken obtaining God’s bless and guidance, and to grow up their belief to God’s greatness including in gaining productivity. The member of the MMC excitedly reading God’s bless and guidance, to grow up their belief to God’s greatness.

Mosque-based empowerment is very evocative to my awareness of the God absolute power, including in determining my sustenance. I also became aware that worldly matter must be in harmony with hereafter matter. During this time, I have a very low spiritual awareness. This program well-designed program makes me realize that business dealings cannot be separated to the power of God. I am becoming aware and believe that humans could plan everything, yet God, the owner of power, determines everything.

Conclusion:

Qardhul hasan, the benevolent loan which is mobilized from the zakat, ifaq and shadaqah is one of the instruments in Islamic financial institution. Qardhul hasan fund was mobilized by Bank Muamalat Indonesia and stored it in a unit called Muamalat Maal. The qardhul hasan fund was managed using rotating loan system model to the member groups who have completely followed all steps of the empowerment program training. The loan started from the small scale paid completely by means of installment in one-week interval during one year. The rotating fund system was aiming to make the fund usable efficiently and justly spread to all member of the groups. The form of repayment was principal installment due of IDR 3,000 (three thousands rupiah), and ifaq at least IDR 1,000 (a thousand rupiah) every week for administration cost.

The implementation of the qardhul hasan in the empowerment program is the form of partnership between bank Muamalat Indonesia and Baitul Maal wal Tamwil (BMT) which is distributed through the mosque-based empowerment. The program known as KU3 which is intended not only to empower the micro muamalat community but also maximise the function of the mosque as the centre of religious, economic and social empowerment. The program has a tremendous impact to micro muamalat community’s social, economic and spiritual life.

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