



## The Effect of BMT Management on Performance to Distribute Productive Financing in Small Business Sectors in Cirebon

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### *Abstract*

*The rising of the sharia cooperative performance as the objective of sharia cooperative management that required for the improvement of financing productive distribution and empowerment of small business trade sector. The fundamental problems faced by the small business trade sector in Indonesia are the lack of access to capital sources and the weak the role of financial institutions services. Microfinance institutions which be expected tend to more dominant in consumptive financing rather than productive financing. While sharia microfinance institutions do not act optimally. Not yet know how the contribution of the sharia cooperative management in development sharia cooperative performance and its effect in increasing productive financing distribution to empower small business trade sector in Cirebon City and Regency. This study used the explanatory method to explain the causal relationships in the model of empowerment of small business trade sector through hypothesis testing. Data compiled in the form of cross-sectional between a unit of analysis in Cirebon City and Regency. The research model is formulated as a recursive model an analyzed using path analysis. The finding of the study was: (1) the good management governance of funding, membership and financing had significant in increasing sharia cooperative performance. And management of membership proven ineffective and very means in enacting excellence sharia cooperative performance. (2) the sharia cooperative performance has dramatized the increase means, but not yet effective on sharia cooperative performance in financing distribution of Murabaha. (3) the financing distribution of Musyarakah by sharia cooperative performance had a significant effect. (4) the existence sharia cooperative performance very helpful for small business trade sector, mainly in productive financing distribution (Murabahah and Musyarakah).*

**Keywords:** Management, Small Business, Financing, Productive

## Abstrak

Meningkatnya kinerja koperasi syariah sebagai tujuan manajemen koperasi syariah yang diperlukan untuk peningkatan pembiayaan distribusi produktif dan pemberdayaan sektor perdagangan usaha kecil. Masalah mendasar yang dihadapi oleh sektor perdagangan usaha kecil di Indonesia adalah kurangnya akses ke sumber modal dan lemahnya layanan lembaga keuangan. Lembaga keuangan mikro yang diharapkan cenderung lebih dominan dalam pembiayaan konsumtif daripada pembiayaan produktif. Sementara lembaga keuangan mikro syariah tidak bertindak optimal. Belum tahu bagaimana kontribusi manajemen koperasi syariah dalam pengembangan kinerja koperasi syariah dan pengaruhnya dalam meningkatkan penyaluran pembiayaan produktif untuk memberdayakan sektor perdagangan usaha kecil di Kota dan Kabupaten Cirebon. Penelitian ini menggunakan metode eksplanatori untuk menjelaskan hubungan kausal dalam model pemberdayaan sektor perdagangan usaha kecil melalui pengujian hipotesis. Data disusun dalam bentuk cross-sectional antara unit analisis di Kota dan Kabupaten Cirebon. Model penelitian dirumuskan sebagai model rekursif dan dianalisis dengan menggunakan analisis jalur. Temuan penelitian ini adalah: (1) tata kelola manajemen pendanaan, keanggotaan dan pendanaan yang baik memiliki pengaruh signifikan dalam meningkatkan kinerja koperasi syariah. Manajemen keanggotaan terbukti tidak efektif dan sangat berarti dalam memberlakukan keunggulan kinerja koperasi syariah. (2) Kinerja koperasi syariah telah peningkatan sarana, tetapi belum efektif pada kinerja koperasi syariah dalam distribusi pembiayaan Murabahah. (3) Distribusi pembiayaan Musyarakah memiliki pengaruh yang signifikan pada kinerja koperasi syariah. (4) Adanya kinerja koperasi syariah sangat membantu untuk sektor perdagangan usaha kecil, terutama dalam penyaluran pembiayaan produktif (Murabahah dan Musyarakah).

**Kata kunci:** Manajemen, Usaha Kecil, Pembiayaan, Produktif

## INTRODUCTION

The small business sector is an important sector in driving the national economy. It can be seen from the contribution to the national GDP which has reached 56.5%. The advantages of the small business sector (MSME) as a domestic sector that is able to move the national economy are due to its strong dependence on local content. According to Bank Indonesia records (2013), small business units (MSMEs) use domestic resources both human resources, raw materials and equipment so that small businesses are not dependent on imports. In addition, the output of the small business sector is more intended to meet the domestic market share, so it does not depend on the economic conditions of other countries. Therefore, this sector is the most resistant to the threat of the global crisis some time ago.

Sabirin (2003) considers that the resilience of small businesses (SMEs) in the future of the crisis is created because small businesses do not have much to depend on external factors, such as money in foreign currencies and important raw materials in carrying out their activities. With specific advantages such as containing a large local in production activities, encouraging domestic marketing, and prices affordable to consumers, small businesses are a very important part of national development. Looking

at the potential of these small-scale enterprises (SMEs), one of the national economic strategies issued by the Government today is empowering SMEs.

Therefore, the role and contribution of small businesses (UKM) cannot be denied. Amalia's research (2009) in his dissertation entitled "Policy Reform for Strengthening the Role of Microfinance Institutions and Small and Medium Enterprises in Indonesia", which was later published in book form proved to prove the contribution of Nation Micro Small Medium Enterprises in creating employment and poverty reduction in Indonesia is an undeniable fact. This is based on data from Bappenas for small and micro businesses in 2007 which amounted to 41.30 million units (99.85%), medium businesses 61.05 million units (0.14%) and large businesses 2.2 million units (0.005%).

The number of SME units from 2006 to 2009 increased by 15.40% (excluding micro businesses), which was 509,365 units in 2006 to 587,808 units in 2009 (see table below). In the same period, the number of small-scale business units that still remained supported around 99.21% of all small, medium and large business units that were established in Indonesia.

Along with the rapid development of SMEs, it contributes to the absorption of labour. This can be seen in the graph below which shows that in 2009, the absorption of labour in the small business category was at 3,521,073 jobs, or around 39.68% of the total SME and Large Business employment. Whereas Medium and Large Businesses each accounted for 2,677,565 and 2,674,671 jobs, or 30.18% and 30.14%. If the micro business category is included, the absorption rate of micro business is classified as high, ranging from 90,012,694 jobs or around 91% of the total workforce.

According to Bryant et.al., (2011) small businesses also have the highest growth rate of employment. From 2006 to 2009, the absorption of small business workers grew 12.15% from 3,139,711 to 3,521,073 workers. Meanwhile, the absorption of medium-sized enterprises experienced a slight decline compared to 2006, which was down 0.78% from 2,698,743 to 2,677,565 workers. Large businesses experienced a growth in employment, which grew 10.93% from 2,411,181 to 2,674,671 workers.

In connection with all that in supporting the improvement of small businesses, it is necessary to improve the performance of Sharia Cooperatives as part of Sharia Micro Finance Institutions to mediate (microscale financing assistance). According to Mufti (2008a, iii-iv), BMT's ability to provide financing to small businesses is unlikely to be replaced by Islamic banks. Islamic banks cannot operate in small-scale financing. While the community needs such small capital. So that the presence of BMT is a necessity in building vertical relationships with Islamic banks and meeting community needs.

Fakat, that the BMT sharia cooperative is needed as an accompaniment in the distribution of microfinance is that BMT-BMT, according to Hosen (2008), turns out to be beneficial to grassroots groups, namely small businesses in the informal sector that are not touched by the sector banking. For example, many people who try to need working capital range from Rp. 100 thousand to Rp. 5 million, and they have difficulty using banking services. However, they will easily use BMT services if they become members of the BMT. Even the growth of BMTs in small rural and urban areas has helped improve the economy of the community around the institution.

The need for sharia-based microfinance institutions is so important, it is necessary to improve the performance of the sharia cooperative itself. Astuti in her research published in the Journal of Research (2011) explained that the efforts of sharia cooperatives as an institution to mediate (mentoring) micro-scale financing must be accompanied by an increase in LKMS performance through (1) LKMS health

improvement, and (2) improvement the government's partisanship through regulations and microfinance institutions including BMT or KJKS (sharia financial services institutions).

However, many BMT-BMT sharia cooperatives are not successful in carrying out their functions as sharia microfinance institutions that are capable of performing well, besides not carrying out the above principles, also because there are at least two basic fundamental problems, namely internal problems and problems external. According to Soesilo (2008), the weaknesses and shortcomings of cooperatives, including sharia cooperatives in reaching the welfare of its members due to the lack of capital aspects as internal problems.

External factors in general also come from members of the community who do not or lack a formal education background, even if they are informal, not too high, especially experience in the business field. So that in general also lacks the insight and technical ability to produce, trade and so on, let alone managerial abilities to handle a business activity. In fact, the BMT Cooperative indicator can be seen from the management of the cooperative. According to Limbong (2012), cooperative management is carried out openly, especially for its members. The openness of cooperative management is emphasized in the implementation of the responsibility of cooperative management.

External factors besides the lack of skills of members, also come from the business climate. In the field, it is still often heard, how they have to face a condition of uncertainty about the availability of key raw materials and additional materials. Likewise, the problem of using equipment and technology is very simple. Some of their markets tend to be oligopolistic. Capital ownership is very low.

According to Baswir (1997), besides being caused by the internal limitations of cooperatives, the conditions of the backwardness of the cooperative clearly revealed the existence of constraints on the business climate influenced by the political economy which tended to hinder the development of the people's economic movement. Although the government's desire to create a conducive climate has been stated for a long time, its concrete follow-up has not been able to produce encouraging results.

Unlike Baswir, Soesilo (2008), considers that at least the weaknesses of cooperatives stem from: (1) the still difficult source of capital; appropriate technology, difficulty in market access and business information by the people's economy; and (2) the quality of institutions, management, and cooperative organizations is still low. But for the sake of time, Sinaga et.al. (2008) in his research found the problem of cooperatives in empowering a limited and fully loaded economic business unit, especially in terms of HR members and HR managers of cooperatives as well as weaknesses in the internal capital of cooperatives. So, it is only natural that the existence of cooperatives is also affected by changes in the business climate.

Challenges like this can be found in Islamic cooperatives in general and in Cirebon District and City, in particular. For example, from 12 Sharia Cooperatives (KBMT), only 5 KBMT can be held at Annual Member Meetings (RAT). This can be managed because it is supported by KBMT not managed with modern management. Whereas, according to Limbong (2012), management of cooperatives must be participatory in management, while where it is able to facilitate interaction between cooperatives not in management. Each task is not explained (job description). Each management does not have a decision, which is different, made on decisions made jointly (joint decision fields).

Few of sharia cooperatives in Cirebon Regency and City, among sharia cooperatives that are able to apply modern management principles, are Bobos Al-Ishlah Islamic Boarding School Cooperative. Cirebon. KOPONTREN is able to apply modern management principles. For example, being able to carry out the vision and mission of the cooperative as an organization and as a company. Also able to compile work programs with more specific business activities. (Triyono et.al. 2008)

In general, managers and members of cooperatives often do not examine what is done by their management, and what they must do, are agreed upon by management concerned, and therefore discussed, (Sunindhia and Widiyanti, 1987). Therefore success does not include an organization including cooperatives, depending on the people who are members, and depends on the management of the cooperative.

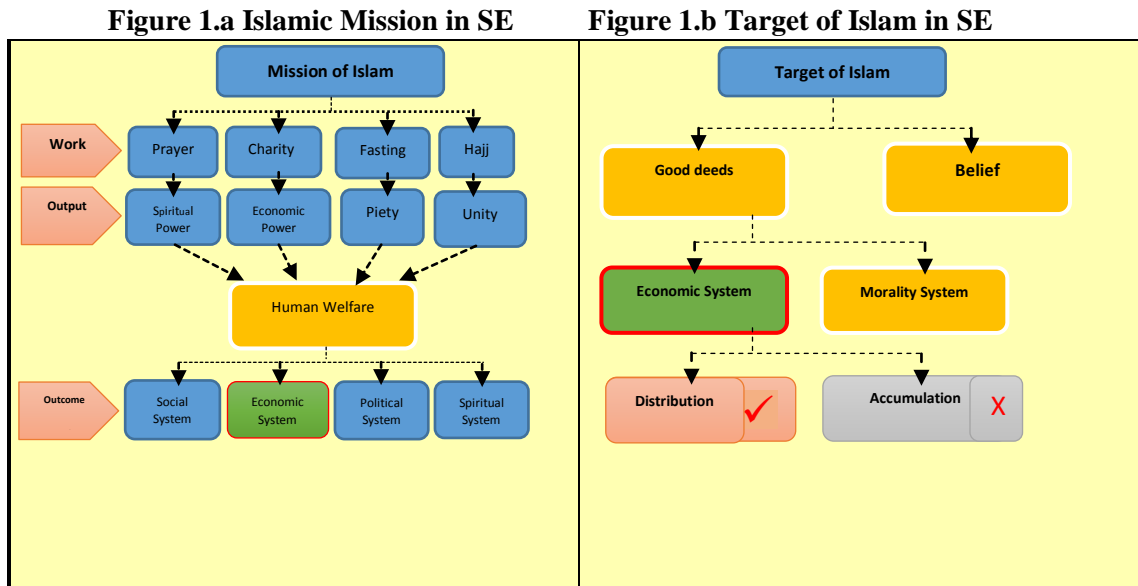
Member participation is very important in implementing cooperatives. Because the main purpose of cooperatives is to help improve the welfare of its members, with all marketing activities intended to meet the needs of management if they want to work with cooperatives wanting to build loyalty and active participation members. Because member participation is not only an important part but also vital in the development of cooperatives. (Röpke 2012, 39)

## LITERATURE REVIEW

The main theory (Grand theory) in this research is based on the values that exist in the Islamic economic system. The Islamic economic system is in accordance with the mission of Islam in all aspects of daily life. Allah says in the Qur'an, "And I did not create jinn and humans, only intended to worship me". The Islamic mission consists of (1) prayer which is expected to be able to increase (personal effect) spiritual power, (2) zakat and Infaq can increase economic strength, (3) fasting is expected to increase tested faith (piety), and (4) Hajj is expected able to form unity (strength of solidarity). These four Islamic missions will bring perfection. (Naeem Khan, 2006). Therefore, Islamic economic systems must publish (1) economic resources or production factors provided in the economy; (2) motivation and motivation to collect decisions or players in the system; (3) decision-making process; and (4) institutions in place. (Djazuli and Janwari 2002, 26).

According to Naeem Khan (2006), to achieve the Islamic mission in the economic system must be targeted according to the main principles, namely; (a) believe in Allah SWT (belief/مقصدحيات), and (b) do good (good deeds / عملصالح). And do well in carrying out the economic system (which is published) issued morality (moral system/ اقامتصلاة /shari'a). So, the goal of Islamic economics is a noble goal based on the search for Ma'isyah (life) in order to seek God's rizq which is done in a halal way again Thayyib, both individually and together. This can be seen in the following picture.

From figures 1.a and 1.b, it is clear that the economic work system in Islam originates from the mission and target of Islam. Where prayer, zakat, fasting, and hajj are an integral whole, not just spiritual spirituality, given an inner awareness that must be practiced in real life into a power. Sarkaniputra (1999) explains that the Islamic economic paradigm states in (1) the vision of someone who only produces halal commodities and (2) Thayyib (good), and (3) according to what he obtains does not maximize the use of profit (accumulation-*ihthikar*). A new third paradigm that will change people to carry out Mu'amalah every day which is scheduled to reach *mardhatillah* (blessing of God).



Source: Naeem Khan (2006)

Ridwan (2013), the complete paradigm of Islamic economic systems is built on two aspects. First, the principle (al-mabda'), namely Islamic aqeedah-yah which is the basis of thought (al-qa'idah al-fikriyah) for all Islamic thoughts, such as the Islamic economy. Second, the basis (al-asas), which is part of the general and basic rules in Islamic sharia which are born of Islamic faith, which is specifically the basis of building an Islamic economic system. This Al-Asas consists of three basic (pillars), namely: (1) ownership (al-milkiyah) according to sharia; (2) utilization of ownership (tasharuf fi al-milkiyah) according to sharia; (3) distribution of wealth to the community (tauzi'at-sarwahnana-nas), through sharia relations.

In the book "Islamic Economic System", Mahmud Ahmad (2013), explains 10 (ten) principles in the Islamic economic system, namely:

- (1) Upholding Individual Enterprise;s
- (2) Voluntary Efforts to Rectify Inequities;
- (3) Wealth Created by God for the Benefit of All;
- (4) Balance Between Individual Freedom and State Intervention;
- (5) Control Over the Incentives for Accumulation of Wealth;
- (6) Improper Use of Wealth Forbidden, and Extravagance Forbidden;
- (7) Spending Money to Gain Political Power Forbidden;
- (8) Greed for Wealth Accumulation Curbed;
- (9) Further Steps to Control Those of Weaker Nature.

From the Islamic economic system as mentioned above, the basic principles of the economy must be in harmony with the general rules set by syara', including:

- a) All actions of economic actors are inseparable from divine values. Whatever type of economic actor carried out by a Muslim must always be in the service of Allah and always principled that God always controls and oversees these actions. "And I did not create jinn and men but that they serve Me ..." (Q.S. al-Dzariyat, 51: 56)
- b) All actions of economic actors cannot be separated from human values and carried out by presenting noble character (ethic), in accordance with the position of human beings as the vicegerent of God on earth.

- c) All actions of economic actors are based on a balance of personal and religious benefit.
- d) All actions of economic actors must uphold the principles of equality of rights and obligations among human beings.
- e) All actions of economic actors may not commit gross and abusive acts, whether in the form of actions or sayings, such as fraud, speculation, manipulation, human exploitation of humans (usury), stockpiling of goods (*ikhtiar*), and fraud; or in relation to deeds that are prohibited right, such as; liquor, pork, and other types of unclean.
- f) All good things are halted. "Today is permitted for you who are fine ...". (Q.S. Al-Ma'idah, 5: 5). (Haroen 2000)

From the basic principles and values that exist in the Islamic economic system, it will not function if it cannot be operationalized in life. For this reason, along with the introduction of Islamic banking in the mid-1990s, several Islamic Financial Institutions (LKS), both micro institutions (BMT cooperatives) and macro (banking and non-Islamic banks) grew and developed rapidly in Indonesia. Islamic financial institutions (LK) have a very important position as a sharia-based Islamic economic institution that wants to apply Islamic sharia principles and its instruments amid the national development process.

Of course, an important moment recorded in the development of sharia business, both banking and non-banking institutions in Indonesia, was from experience during the economic crisis that occurred in 1997/1998, especially after the closure of 16 banks in November 1997. The weakness of the bank (the weak condition of the banks) - because there is a lot of lending to business groups (group companies), etc. (Sabirin 2003). It turns out that the facts show that Islamic banking is not dragged down by a storm of crisis and is one of the banking sectors that the government does not need to do recovery. For this achievement, the government finally believes that Islamic financial institutions can be relied on as part of the national economy and banking system. The government's belief is realized by entering Islamic banking into Law No. 10 of 1998 as a change to Law No. 7 of 1992 concerning banking.

According to Sabirin (2003), support for the development of Islamic financial institutions is due to its existence. *First*, moral standards. Where moral standards in the sharia system are based on justice and benefit for all people - the establishment of relations between banks and their customers is based on moral values and high ethical codes (profit and loss sharing). *Secondly*, with the principle of profit and loss sharing, this will foster a sense of responsibility for each party, both the bank and the debtor, so that in carrying out its activities all parties will essentially pay attention to the precautionary principle and minimize the risk of occurrence business failure. *Third*, Islamic banking contains social values that live in Indonesian society. The principle of partnership which is the basis for the conduct of sharia-based transactions, in essence, is in line with the principle of mutual cooperation adopted by the people of Indonesia. These social values emphasize the principle of equality (equity), wherein the principle of Muamalah (social relations), the rights and obligations of all humans are the same.

These are some important reasons Islamic economic institutions must stand up, grow and develop and deserve to fill the nation's socio-economic life. Because it speaks of the problem of sharia banking, as a sharia macro-financial institution the system, technical and operational cannot be separated from its micro sharia institutions, which are sharia cooperatives.

## METHODE

The concentration of cooperative development in the area of finance at the Regency/City level is basically a strategy to reconstruct the model in the context of efforts and services to support the development, control and operation of Cooperative KJKS/UJKS at the District/City level in order to obtain effectiveness and efficiency in developing cooperative fields financing.

Distribution of funds through financing from sharia cooperatives is expected to use a pattern of productive financing distribution, not just for consumption. The pattern of channeling funds for the consumptive sector for developed/industrial countries is far better than that of developing countries. Because, their mastery of technology, market access, international trade infrastructure is more dominant. Credit cards, for example, are billions of dollars per month that will be sucked abroad as principal of Visa, Master, Electron, Cirrus, Maestro, Diners Club, and other credit cards.

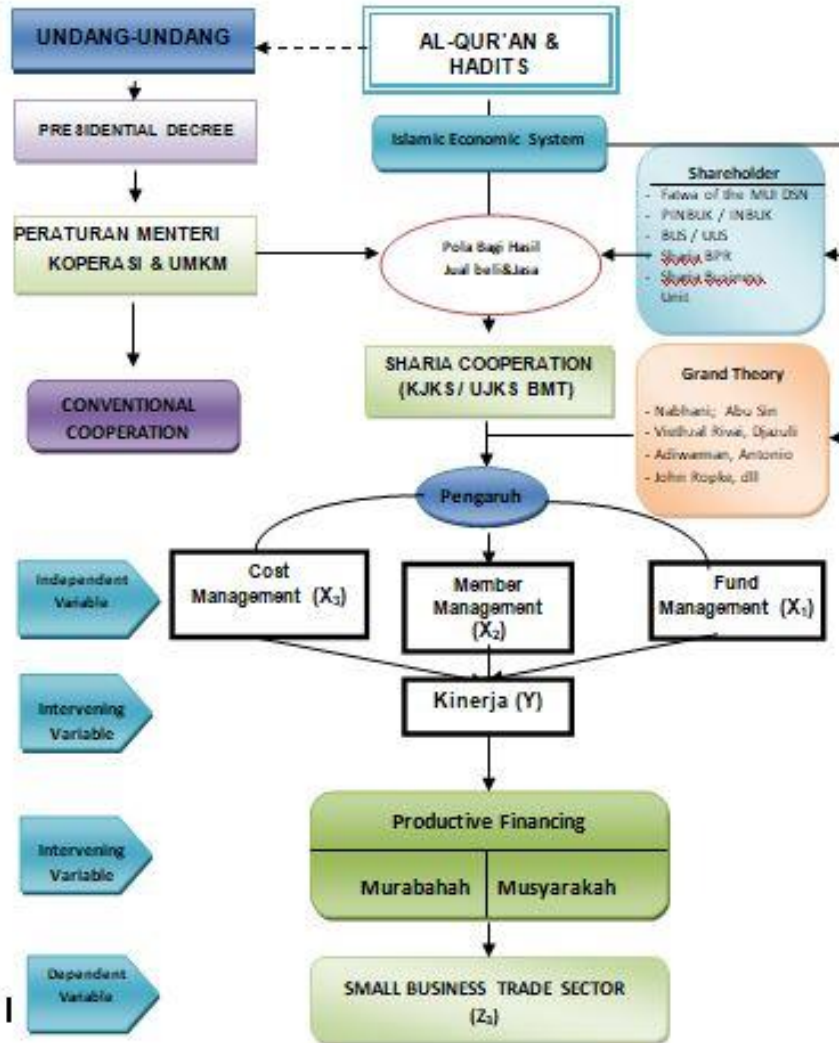
Through the pattern of productive financing in the real sector, it will help empower MSMEs, but capital problems, both limited capital ownership and difficulties in accessing financing sources, are still obstacles for Micro and Small Enterprises (MSEs) in running and developing their businesses. Other problems faced by MSEs in the field of financing include a). The low credibility of MSEs from the perspective of banking analysis; b). Administrative requirements and procedures for submitting financing proposals that are complex and bureaucratic; c). There are requirements for collateral guarantees that are difficult to fulfill by MSEs; d). Uneven information (asymmetry) about banking services and financial institutions that can be utilized by MSEs, as well as e) limited service requirements from financial institutions, especially banking.

To overcome the constraints in the financing sector, efforts need to be made to increase and expand access to financing sources, by synergizing bank financial institutions, including commercial banks participating in the People's Business Credit (KUR) with cooperatives, through the Linkage Program between Commercial Banks and Cooperatives, especially the Savings and Loan Cooperative and the Cooperative Savings and Loan Unit (KSP/USPK) and the Islamic Financial Services Cooperative/Cooperative Islamic Financial Services Unit, which support, strengthen and benefit each other, especially through sharia patterns. (Regulation of the Minister of State of Republic of Indonesia KUKM No. 03/Per/M.KUKM/III/2009). The role of the Sharia Financial Services Cooperative (KJKS) and/or Sharia Financial Services Unit (UJKS) which are in the form of *Baitul Maal wa Tamwil* (BMT) need to be optimally empowered in the distribution of productive financing to empower the real sector and MSMEs. Although government intervention is more involved in these problems, community efforts must continue to be empowered through the active role of non-governmental organizations, including sharia cooperatives.

From the explanation above, it can be made the BMT Sharia Cooperative management's research paradigm towards its performance in productive financing distribution the implications for empowering the small business sector are described as follows:



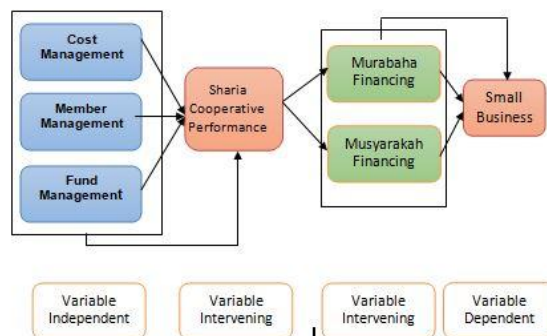
Figure 2 Theoretical Framework



**Framework**

Based on the theory and paradigm of the research above, the framework can be described as follows:

Figure 3 Thinking Framework



From the above framework, the four research models can be explained as follows:

1) Model Formulation

The functional relationship model between variables shown in the research model above is formulated as a linear function. The functional models analyzed are: 1) the model of the influence of funding, membership, and financing management on the performance of sharia cooperatives; 2) the model of the effect of cooperative performance on the distribution of Murabaha financing; 3) model of the influence of cooperative performance on Musyarakah financing; and 4) the model of the influence of cheap and Musyarakah financing on the small business trade sector.

The four models were analyzed recursively as a model series of interrelated causal relationships, as referring to Latan's book (2012; and Silalahi 2012). And each model can be formulated as follows:

a) Model of the Influence of the Role of Management of Funding, Membership, and Costing of Sharia Cooperative Performance (Model I)

$$Y = f(X_1, X_2, X_3)$$

Where:

Y = Sharia Cooperative Performance

X<sub>1</sub> = Funding Management

X<sub>2</sub> = Membership Management

X<sub>3</sub> = Financing Management

b) Model of the Effect of Islamic Cooperative Performance on Distribution of Murabahah Costing (Model II)

$$Z_1 = f(Y^{\wedge})$$

Where:

Z<sub>1</sub> = Murabahah Financing Distribution

Y<sup>^</sup> = Sharia Cooperative Performance, as a result of estimation from Model I (influence model of Funding, Membership and Financing Management on Sharia Cooperative Performance)

c) Model of Influence of Sharia Cooperative Performance on Musyarakah Costing (Model III)

$$Z_2 = f(Y^{\wedge})$$

Where:

Z<sub>2</sub> = Distribution of Musyarakah Financing

Y<sup>^</sup> = Sharia Cooperative Performance, as a result of estimation from Model I (influence model of Funding, Membership and Financing Management on Sharia Cooperative Performance)

d) Model of the Effect of Distribution of Murabahah and Musyarakah Financing on the Small Business Trading Sector (Model IV)

$$Z_3 = f(Z_1^{\wedge}, Z_2^{\wedge})$$

Where:

Z<sub>3</sub> = Small Business Trading Sector

Z<sub>1</sub><sup>^</sup> = Distribution of Murabahah Financing, as a result of estimation from Model II (model of the influence of Sharia Cooperative Performance on Murabahah Costing)

Z<sub>2</sub><sup>^</sup> = Musyarakah Financing Distribution, as a result of estimation from Model III (model of the influence of Islamic Cooperative Performance on Musyarakah Financing Distribution)

All model formulations show a recursive form of causal relationship between funding management, membership, and financing on the performance of sharia cooperatives, the impact on the distribution of Murabaha and Musyarakah financing, the implications for the small business trade sector.

## Hypothesis

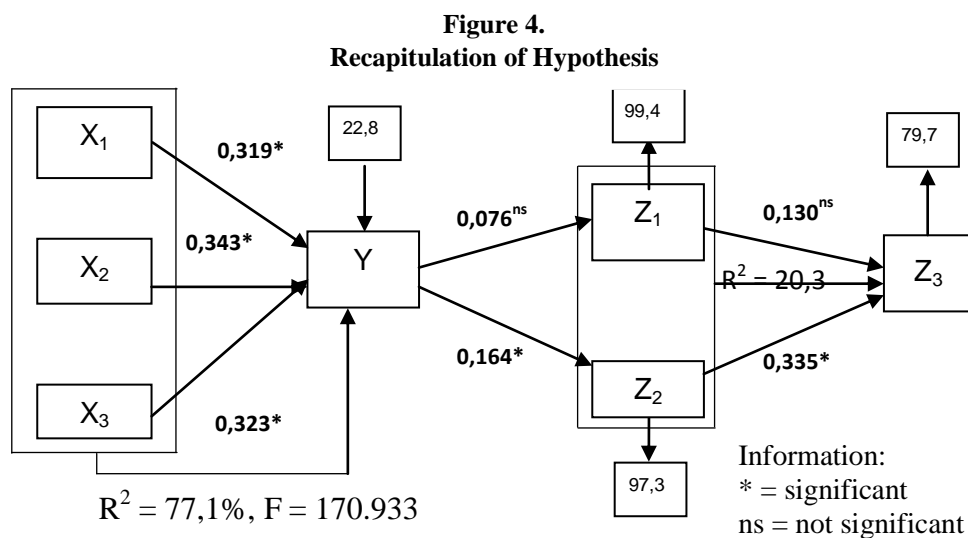
Based on the formulation of the problem and frame of mind, the hypothesis in this study are:

- 1) The role of funding management, membership, and financing of Islamic cooperatives has a simultaneous influence on the performance of sharia cooperatives. Partially, the role of funding management, membership, and financing of Islamic cooperatives has a positive effect on the performance of Islamic cooperatives.
- 2) The performance of sharia cooperatives has a positive effect on the distribution of Murabahah financing.
- 3) The performance of sharia cooperatives has a positive effect on Musyarakah financing.
- 4) Distribution of Murabahah and Musyarakah financing has a simultaneous effect on the small business trade sector. Partially, the distribution of Murabahah and Musyarakah financing has a positive effect on the small business trade sector

## RESULT AND DISCUSSION

Based on the results of the study, in this discussion interpreted the results of hypothesis testing for each model of influence. In general, the effect of causal variables on the impact variables studied has the direction of influence as predicted by the theory. In addition, the dominant variable in the model is identified which aims to know what variables should be prioritized to be improved, because of the strongest influence, in order to increase or optimize the quality of the variables does.

Based on the results of the analysis of the model as a whole, the causes of the factors studied in the majority are the factors that influence the outcome variable (endogenous). In the performance model of sharia cooperatives, the management of sharia cooperatives - namely: funding management, membership management, and financing management - are relative dominant factors compared to the influence of other factors not examined. Whereas in other models, the influence of other factors not examined is more dominant. In summary, the results of research on the influence between variables can be seen in the picture below.



### **1. The Influence of Simultaneous and Partial Funding Management, Membership Management and Financing Management on Sharia Cooperative Performance**

The results of the study show that Funding Management, Mutual Management, and Financing Management have a significant simultaneous and partial effect on the Performance of Islamic Cooperatives. The direction of influence from Funding Management, Membership Management and Financing Management on Sharia Cooperative Performance is positive, which is in accordance with its theoretical predictions.

Compared to external factors, all the factors studied (Funding Management, Membership Management, and Financing Management) simultaneously contributed to the dominant influence on Sharia Cooperative Performance. Partially, the contribution of more influence is contributed by Membership Management so that in achieving Sharia Cooperative Performance, Membership Management is the dominant variable. However, the influence of Management Funding, Membership Management, and Financing Management is relatively weak.

The positive influence of Funding Management, Corporate Management, and Financial Management simultaneously on Sharia Cooperative Performance shows the suitability of the results of research with the theory of the importance of quality management in achieving cooperative performance, both in funding, membership, and financing. Increasing the ability of managers in managing funding, membership, and financing will encourage the increasing performance of cooperatives.

### **2. Effect of Islamic Cooperative Performance on Murabahah Financing**

The results showed that Sharia Cooperative Performance did not significantly influence the Murabahah Financing Distribution. However, the direction of the influence of the Islamic Cooperative Performance on Murabahah Financing is positive, which is in accordance with its theoretical predictions.

Compared to the factors studied (Sharia Cooperative Performance), external factors contribute to the dominant influence on Murabahah Financing. The insignificant positive effect of Sharia Cooperative Performance on Murabahah Financing shows that the contribution of Sharia Cooperative Performance in increasing Murabahah Financing Distribution is still very low, indicating that the distribution of Murabahah financing in sharia cooperatives in Cirebon Regency and City has not been as effective as expected. This is due to the orientation of the sharia cooperative managers who still prioritize the Musharaka financing distribution compared to Murabahah.

### **3. Effect of Islamic Cooperative Performance on Distribution of Musyarakah Financing**

The results showed that Sharia Cooperative Performance had a significantly positive effect on Musyarakah Financing Distribution. As for Murabahah Financing Distribution, the direction of the influence of Sharia Cooperative Performance on Musyarakah Financing Distribution is also positive, which is in accordance with its theoretical predictions.

Compared to the factors studied (Sharia Cooperative Performance), external factors contribute to the dominant influence on Musyarakah Financing Distribution. Although significant, the contribution of Sharia Cooperative Performance in improving Musyarakah Financing Distribution is still low which indicates that the effectiveness of

Musyaraka financing in sharia cooperatives in Cirebon Regency and City is still low and needs to be optimized. Although sharia cooperative managers prioritize the distribution of Musyaraka financing compared to Murabaha, the ability of the management to empower the performance of cooperatives in order to increase productive financing needs to be improved.

#### **4. Simultaneous Influence of Distribution of Murabahah and Musyarakah Financing and Parties to the Small Business Trading Sector**

The results showed that the distribution of Murabahah Financing and Musharaka Financing Distribution had a significant and partial effect on the Small Business Trading Sector. The direction of the influence of the Murabahah Financing Distribution and Distribution of Musyarakah Financing on the Small Business Trading Sector is positive, which is in accordance with its theoretical predictions.

Compared to all the factors studied (Distribution of Murabahah Financing and Musyarakah Financing Distribution) simultaneously, external factors contribute to the dominant influence on the Small Business Trading Sector. Partially, among the Distribution of Murabahah Financing and Musyarakah Financing Distribution, the contribution of more influence was contributed by the Musyarakah Financing Distribution. Thus in the empowerment of the Small Business Trading Sector, Musyarakah Financing is the dominant variable. However, the influence of Community Financing Distribution is still relatively weak.

The positive influence of the Murabahah Financing Distribution and the Musyarakah Financing Distribution simultaneously on the Small Business Trade Sector shows the suitability of the results of the research with the theory of the importance of the role of productive financing from microfinance institutions in empowering the small business trade sector. Increasing the ability of managers in channeling productive financing, both Murabaha and Musyaraka, is an important determinant of the empowerment and development of the small business trade sector.

#### **CONCLUSION**

Based on the results of the research and discussion above, this study produces four conclusions, namely:

1. Regarding good management (management), such as acquisition management, membership management, and financing management are very significant in supporting the improvement of the performance of sharia cooperatives. Moreover, management has proven to be effective and very meaningful in playing the superiority of sharia cooperatives.
2. Relating to improving cooperative performance, however, improving cooperative performance, such as improving performance, improving performance, improving performance, and improving performance.
3. Requesting Support in Budget Distribution for Cooperatives
4. In relation to sharia cooperatives, it has created things that are very beneficial for the small business trade sector, mostly in terms of Murabaha and Musyaraka financing.

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