

Islamic Boarding School-Based Women's Economic Empowerment and Its Impact on Increasing Home Industry Income

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Abstract. This study aims to elaborate on the empowerment carried out by the Micro Waqf Bank for women around Islamic boarding schools and its impact on increasing the income of the home industry. This study uses a mix method that combines qualitative and quantitative research. The research was conducted on micro waqf banks in Indonesia. Data collection techniques were carried out by questionnaires, interviews, observations and documentation data. Data analysis and review was carried out qualitatively and statistically. Empowerment carried out by Micro Waqf Banks begins with Pre-Compulsory Group Training (Pra PWK), then Group Compulsory Training (PWK) and Weekly Halaqah (HALMI). The distribution of financing and assistance to women is carried out on a group basis with a pattern of joint responsibility. The financing disbursed by micro waqf banks to women has a significant impact on increasing the income of the home industry.

Keywords: Micro Waqf Bank, Women's Economic Empowerment, Mentoring, Joint Responsibilities, Income.

1 Introduction

There are still many productive poor people who cannot access financial services because they are seen as unbanked in Indonesia. (Nasution, Hairatunnisa, Yasir Nasution, 2017) The existence of barriers to access to finance is one of the problems for the productive poor to improve welfare. Because there are still many poor people who cannot access financial services, the Financial Services Authority initiated the establishment of a Micro Waqf Bank (BWM) in the form of a Sharia Microfinance Institution (LKMS) in order to answer this problem. The government launched the Micro Waqf Bank since October 2017 with the aim of facilitating financial access for poor women based on Islamic boarding schools. (Sulistiani, Siska Lis, Muhammad Yunus, 2019) This institution is managed based on Law Number 1 of 2013 concerning Microfinance Institutions.

As part of the BWM Microfinance Institution with a business model in the form of an LKMS, it is considered capable of reducing inequality and poverty in society. (Sutra Disemadi & Roisah, 2019) The emergence of this LKMS is the government's response to complaints from people in villages regarding the difficulty of accessing banking services

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(Faujiah, 2018). BWM provides access to financing for women who cannot access banking institutions (Nursalikhah, 2018). This Islamic financial institution is based on Islamic boarding schools to empower women around Islamic boarding schools. BWM is a source of micro-scale financing, especially in Islamic boarding schools. Islamic boarding schools are seen as having a strategic function in mentoring to encourage women's economic empowerment. Islamic boarding schools are the focus of development because these educational institutions have the potential to form a business community and business ecosystem.

Since being inaugurated nationally in 2017 until August 28, 2020, there have been 56 LKMS throughout Indonesia. Meanwhile, the amount of financing disbursed throughout Indonesia until August 28, 2020 was IDR 47,423,250,418 with a total of 19,839 customers. As of August 28, 2020, there are 70 types of businesses financed by the Micro Waqf Bank LKMS, with various levels of development.

The results of Tirta Rahayu Ningsih's research stated that Islamic boarding schools have strategic potential in the community, not only as educational and religious institutions. Currently, Islamic boarding schools have attempted to reposition themselves in responding to various social problems of the community, such as economic, social and political so that Islamic boarding schools have the opportunity to become a forum for community economic empowerment efforts. In addition, Islamic boarding schools are also supported by the surrounding community where their economic needs can be met. Islamic boarding schools are seen as capable of becoming the center of economic activity for the community inside and outside the Islamic boarding school (Ningsih, 2017). So the current existence of Islamic boarding schools is not only in the field of increasing the religious knowledge of their students, but also has expanded to empowering the economy of the community.

Many researches on micro waqf banks have been carried out since 2019, but there is no research that discusses the impact of empowerment carried out by BWM on increasing the income of micro-enterprises by women. (Hasiba et al., 2021) in their research found the main strategy for developing BWM in Indonesia so that it can survive and be sustainable. The four main strategies for developing BWM are (1) Conducting socialization and education about BWM to the public; (2) Strengthening the role of partners to increase the understanding of BWM managers about BWM business plans and programs; (3) Improving management understanding and educating professional managers to take advantage of available opportunities; and (4) Collaborating with relevant technical agencies to improve business and customer competence.

In addition, the Micro Waqf Bank is a sharia financial institution with a cooperative legal entity. (Paramita & Prananingtyas, 2020) in their research stated that the dualism of regulation of Micro Waqf Banks creates contradictions in the regulation of formation, development, and supervision. The existence of this regulatory dualism also has legal consequences in the establishment of a Micro Waqf Bank in the form of a cooperative legal entity. The existence of this regulatory dualism also has legal consequences in the establishment of a Micro Waqf Bank in the form of a cooperative legal entity. The legal consequences relate to broader aspects of business activities based on Microfinance Institution regulations compared to cooperative regulations. This study does not examine the aspects of women's economic empowerment.

Hari Sutra Disemadi, Kholis Roisah found that the BWM design has the main characteristics of non-deposit taking and mentoring has now been able to show its potential as a financial institution in strengthening the people's economic system in Indonesia (Sutra Disemadi & Roisah, 2019). The same thing was emphasized by (Nugroho & Hilal, 2019) This LKMS is not allowed to take deposits from the public because this financial institution focuses on community empowerment through financing with business assistance. The two studies did not examine the issue of women's economic empowerment.

This study aims to elaborate on the empowerment model carried out by the Micro Waqf Bank for women around Islamic boarding schools and then to measure the impact of financing disbursed by BWM on increasing the income of the home industry.

2 Literature Review

2.1 Women's Economic Empowerment

Empowerment is intended to solve the problems faced by the community in the territorial unit which are mostly caused by gaps in access, capital, infrastructure, information technology, knowledge and skills of the community (Khairunnisa, 2017). In economic development, the concept of women's empowerment is defined as empowering women in all economic domains to earn, spend, and save income; buy, own and sell assets; start and run a business; obtain a bank account or credit; and participate in or lead unions or other forms of group economic activity (Fox & Romero, 2017). Therefore, women's economic empowerment is to give women the capacity to participate, contribute and benefit from the development process by recognizing the value of their contribution and respecting their dignity (Kabeer, 2009).

Empowerment is a concept in an effort to make the existence of power in a person or group. Empowerment aims to provide a power for those who are not benefited (Ife, 2002). The term empowerment is used because it has the meaning of planning, processes and efforts to strengthen or enable the weak (Yunus et al., 2017). Empowerment relates to efforts to change the ability of a person, family, or group from a state of not having the ability, strength, and empowerment to a better state (Ratnasari, 2016). Meanwhile, women's empowerment is a program to improve the quality of women. Women's empowerment focuses on three issues, namely empowering women through productive economic activities, empowering women through health activities, and empowering women through educational activities. *Kemandirian sejati* memberikan kekuatan untuk melakukan tindakan yang lahir dari kematangan berpikir (Fuad, 2000).

2.2 Income

T. Gilarso (Gilarso, 2004) stated that income is all receipts both in the form of money and goods, both from outside parties and from their own results in a way that is valued at the amount of the prevailing price at that time in the form of money. Income is the result obtained by the community in meeting their daily needs or all receipts, both in the form of money and goods, which are obtained from other parties or themselves. According to (Sukirno, 2008) income is the earnings received by residents for their work performance during a certain period, either daily, weekly, monthly or yearly. Meanwhile, according to Sukarna Wibawa that income is the total receipts in the form of money or goods by a person or household during a certain period. (Saptono et al., 2021) Iskandar stated that income can also be interpreted as a person's net income either in the form of money or in the form of other objects such as agricultural products. (Iskandar, 2017) In general, income can be classified into 3, namely as follows:

- a. Salaries and wages, are rewards obtained after doing work for other people given within one day, one week or one month.
- b. Income from wealth, is the total value of the results of production minus the costs paid, the value of own capital rental and all these costs are usually not taken into account.
- c. Income from other sources.

Basically, household income comes from various sources. This condition occurs because each household member has more than one job, either as a permanent job or as a substitute job, for example own business, such as trading, self-employment, working for other people such as employees and own products, such as owning a field or house for rent. Family income

can be received in the form of money and can also be in the form of goods called "in natura" such as rice allowances, produce from rice fields or own yard, or facilities such as official housing, free medical treatment.

2.3 Home Industry

Home industry is a production system that is carried out at home, not in a special location (factory). There are others who call it a household business which is a production system that produces goods or services that are carried out at home not in factories or offices because home industries usually make their residence as a place of business, whether it is a service business, office to trade. (Suminartini & Susilawati, 2020) This means that home industries are small companies whose economic activities are centered at home. This type of industry includes small businesses managed by families. It is said to be a small company because the type of economic activity is a business unit or company on a small scale that is engaged in a certain industry which is centered at home (Zuhri, 2013). Home industry is a type of industry that has a limited workforce, consisting of at least two members of the same household, and both doing work (Kinbal, 2015).

Home industries are classified into micro and small businesses. It depends on how much value the investment has or gets, the number of workers and the home industry business sector. The characteristics of micro-enterprises and small-scale businesses include: a) Having a net worth of at most Rp. 50,000,000.00 (fifty million rupiahs) excluding land and buildings where the business is located; b) Having annual sales of a maximum of Rp.300,000,000.00 (three hundred million rupiah). c) Having a workforce of about 10-19 people (Tabunan, 2002). From the business scale, the home industry is a micro business because it is seen from a non-professional workforce and small capital (Kasidi, 2016). The development of home industry aims to increase family income (Fawaid & Fatmala, 2020) through productive economic activities carried out by women at home.

3. Research Methods

The type of research used is a combination of quantitative and qualitative approaches (mixed method), which uses two data collection procedures (qualitative and quantitative) and analytical techniques in a parallel stage (Tashakkori, Abbas & Teddie, 2010). The selection of mixed methods is done in an effort to show the limits of each method that do not overlap (Cortini, 2014). Quantitative and qualitative approaches can be used simultaneously by collecting through questionnaires, and then supplementing with in-depth interviews (Moleong, 2004). At the initial stage is to use qualitative methods and the next stage is to use quantitative methods (Creswell, 2007). Qualitative data is related to the model of women's empowerment carried out by BWM throughout Indonesia. Quantitative data is related to customer income before and after obtaining the women's empowerment program by BWM.

This research was conducted in the provinces of West Sumatra, Yogyakarta, Central Java, and East Java. This study uses a mix method approach that combines quantitative using statistical analysis (Sugiyono, 2017). The population of this research is (Riadi, 2020) women as micro business actors who get financing from the Micro Waqf Bank. The samples taken can represent all in a representative manner (Sugiyono, 2009). The sampling technique used in this research is simple random sampling. The number of samples determined in this study was calculated using the Solvin formula with an allowance of 10% (Sulianto, 2006) Using the formula above, the sample size is 96 rounded up to 100 people from a total population of 19,839 people. The main sources are those who are the object of this research, namely Micro Waqf Bank Customers using interviews, questionnaires and observations. The primary data in this study used questionnaires distributed to Micro Waqf Bank customers and then conducted interviews with the Micro Waqf Bank managers.

After analyzing the data qualitatively (Moleong, 2004), then a quantitative approach was taken to measure the impact of women's empowerment by the Micro Waqf Bank on the income of women home-based business actors who are customers of this LKMS. This measurement needs to be carried out to see the impact of the empowerment model carried out on BWM customers throughout Indonesia. Data analysis techniques were carried out through descriptive statistics and inferential statistics (Sutopo, Yeri & Slamet, 2017). For this statistical data, there are several steps or stages that must be carried out, namely the Normality Test, Paired Sample t Test (Ansofino, 2016), then the Wilcoxon Signed Rank Test (Ghozali, 2013).

To obtain data on the model of women's economic empowerment, this study used the methods of interview, observation and documentation. Sources of data in this study are LKMS administrators and management, and women who are LKMS customers. The data obtained from interviews and official documents were analyzed by the following steps: a) writing memos during the research, b) coding the data, c) searching for themes and categories, d) discussing the data and e) drawing conclusions. The next step is to carry out data reduction which is carried out by way of abstraction, compiling it in one unit. The units are then categorized. These categories are created while coding. The final stage of data analysis is to check the validity of the data. To test the validity of the data, the researcher conducted an extension of participation, triangulation, and discussion with colleagues.

4 Research and Discussion

4.1 Model of Women's Economic Empowerment in Islamic Microfinance Institutions, Micro Waqf Banks

The model for LKMS Empowerment of Micro Waqf Banks at Islamic boarding schools in Indonesia can be seen in the image below:

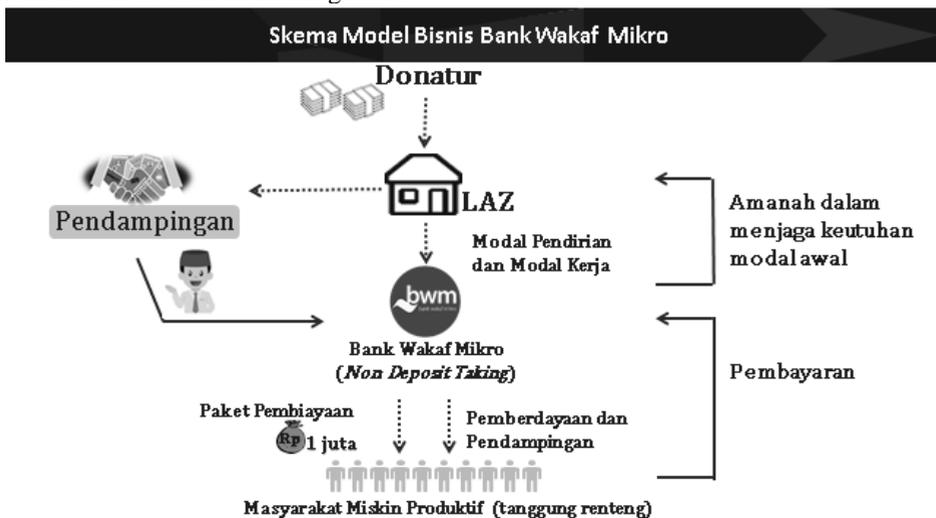


Figure 1. Schematic of the LKMS Business Model of the Micro Waqf Bank

To get financing from BWM, customers must meet the requirements and administration, have a business or plan to start a business. In the distribution of LKMS financing, there are several stages, namely: (BSM, 2017) 1) Identification is carried out to determine the suitability of prospective customers with program target criteria, such as distance of residence, type and place of business of prospective members. 2) After obtaining data on prospective customers, LKMS employees conduct a survey at the homes of each prospective

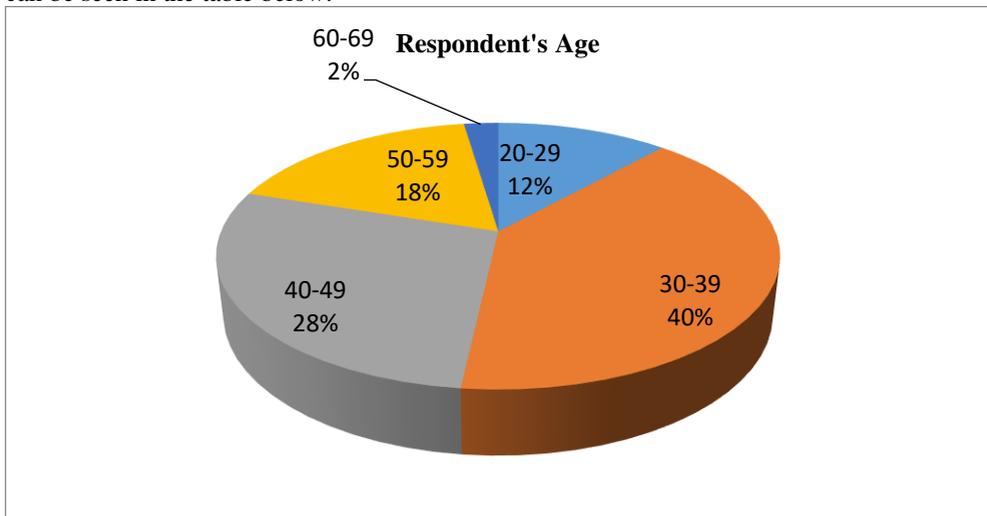
customer. 3) The feasibility test is intended to clarify or ensure the correctness of data on poor families obtained from identification activities and to select prospective program participants. Feasibility tests are carried out by LKMS managers by conducting direct visits to the residences of the poor to see the condition of the houses they live in and interviews with heads or community members to obtain economic and business data that are currently or have been undertaken. 4) Pre-Compulsory Group Training is a 60-minute meeting to carry out strengthening activities prior to the implementation of mandatory group training for prospective members 5) The empowerment program at Micro Waqf Banks is carried out in the form of compulsory group training (PWK). At this time, the management in every material provided to prospective customers emphasizes the customer's character in the form of discipline, trust, responsibility, and care for others. 6) Efforts made by Islamic Microfinance Institutions (LKMS) in the welfare of women around Islamic boarding schools are by providing unsecured financing. In providing financing, the criteria taken are poor productive women. This means that women who are financed by LKMS are women who have small-scale businesses such as selling fried foods, sewing, buying and selling goods online, selling cakes, laundry and others.

4.2 The Impact of Financing on Micro Waqf Banks on Increasing Women's Income as Home Industry Actors.

Respondents in this study were Micro Waqf Bank customers. The data in this study were obtained through a questionnaire. The characteristics of the respondents can be explained as follows:

Characteristics of Respondent Age

The age of the customer respondents from the Micro Waqf Bank that was used as a sample can be seen in the table below.



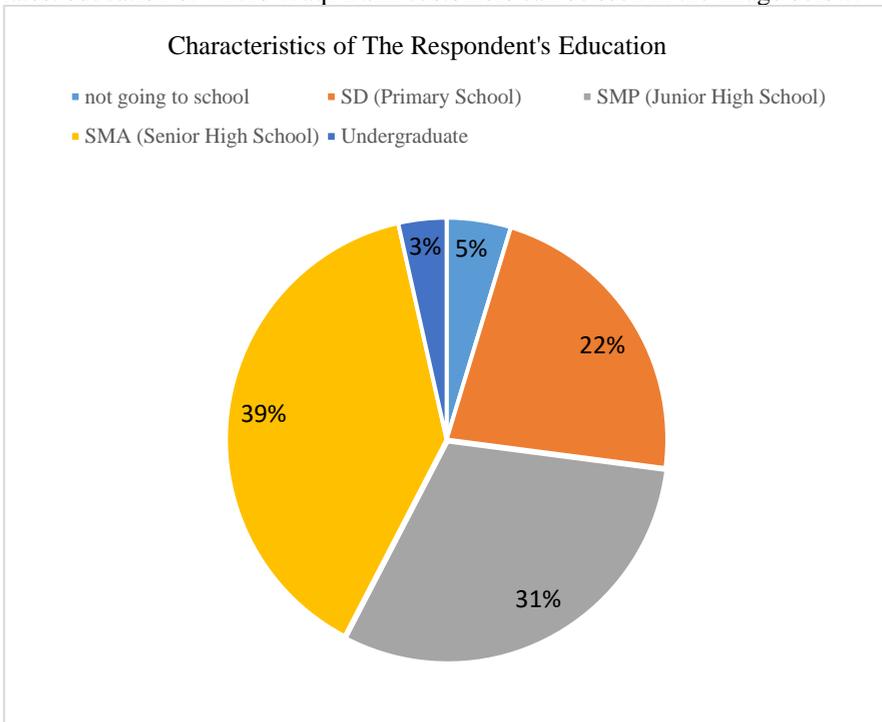
Primary data source 2021 (reprocessed)

Figure 2. Characteristics of Respondents by Age

The diagram above shows that there are 85 respondents or Micro Waqf Bank customers aged 30 years who are more dominant than the others. The details are respondents with an age range of 20-29 years (10 people or 12%), respondents with an age range of 30-39 years (34 people or 40%), respondents with an age range of 40-49 years (24 people or 28%), respondents with a range of age 50-59 years (15 people or 18%) and respondents with an age range of 60-65 (2 people or 2%).

Characteristics of Educational Level of Research Respondents

The latest education of Micro Waqf Bank customers can be seen in the image below.

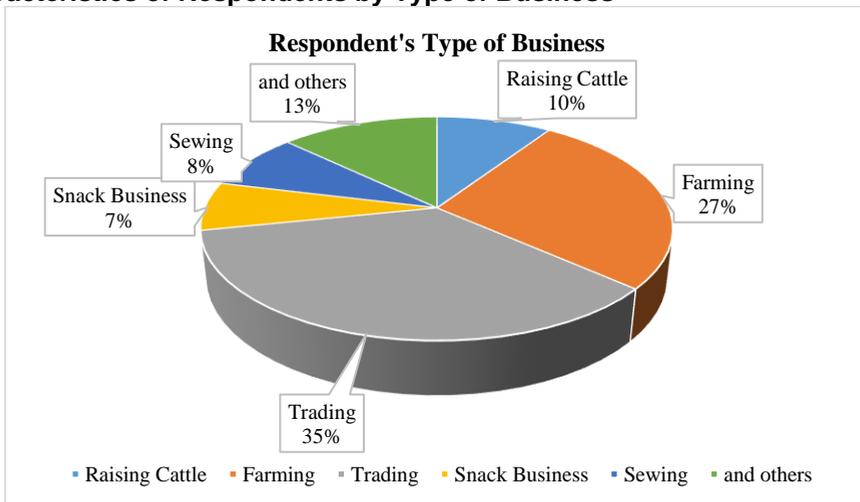


Primary data source 2021 (reprocessed)

Figure 3. Characteristics of Respondents based on Education

Based on the education level, most of the respondents are high school graduates (33 people). Meanwhile, other education levels are 4 people or 5% who do not go to school, 19 people with elementary school education or 23%, 26 people with junior high school education or 31%, 33 people with high school education or 37% and 3 people with undergraduate education or 4%.

Characteristics of Respondents by Type of Business



Data source: 2021 primary data (reprocessed)

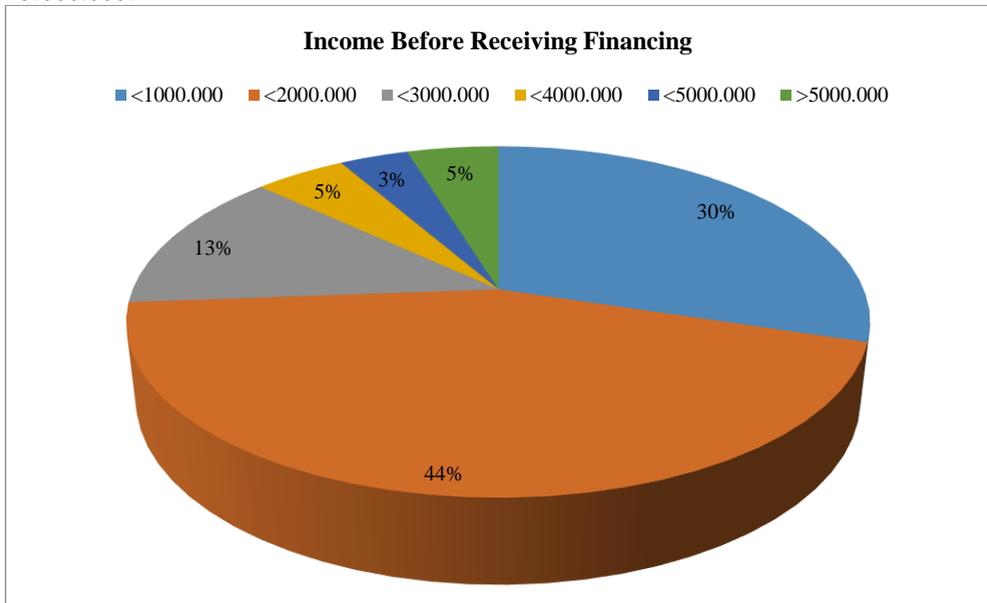
Figure 4. Characteristics of respondents by type of business

The types of business of the Micro Waqf Bank Customers studied were different, ranging from traders such as cloth handlers, grocery stores, food traders; tailors such as dress tailors, *mukena* (prayer’s hijab) tailors; farmers such as rice, corn, tubers and mushroom farmers; and raising livestock such as raising ducks, raising chickens, raising fish, and other types of business such as making *ketupat* (a rhombus-shaped packet of plaited young coconut leaves), making woven bamboo, and workshops. For more details, it can be described as follows (Figure 4).

Based on the diagram above, most of the respondents have a trading business (30 people) or 35% of the respondents are traders. 23 people or 27% of respondents are farmers. 8 people or 10% are breeders. 7 people or 8% of respondents are tailors. 6 people or 7% of respondents have a snack business. 11 people or 13% have other businesses.

Income of Research Respondents Before Receiving Financing of Qardhul Hasan.

In this study, the respondents consisted of 85 customers of Micro Waqf Banks with different incomes before receiving financing from Micro Waqf Banks, ranging from <1.000.000 to >5.000.000.



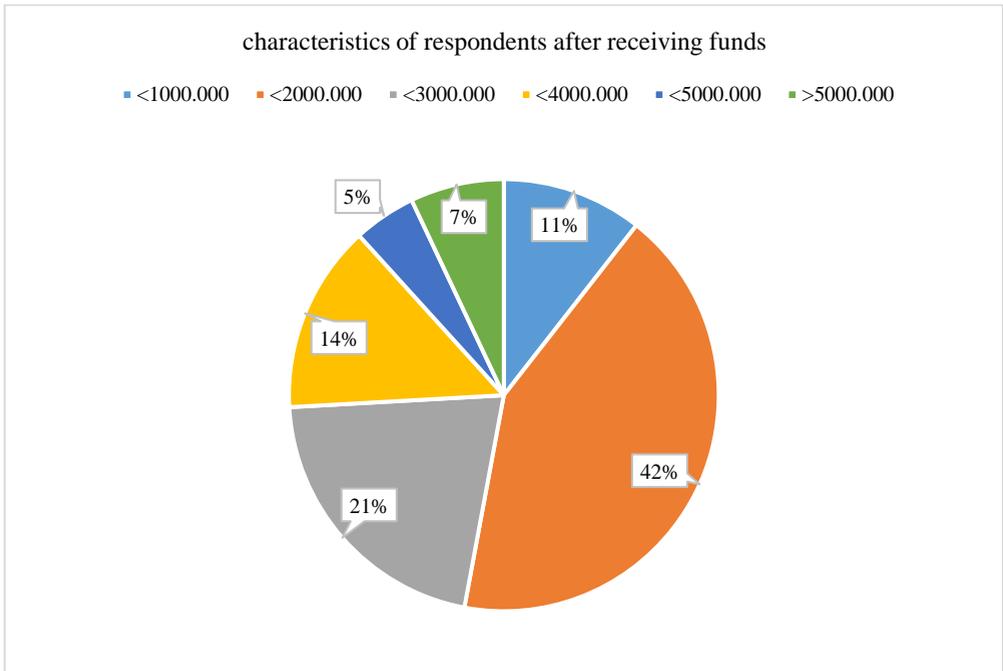
Data source: 2021 primary data (reprocessed).

Figure 6. Characteristics of Respondents Based on Income Before Receiving Waqf

Based on the diagram above, most of the respondents who earn below Rp. 1,000,000 are 25 people or 30% and those who earn between Rp. 1,000,000-2,000,000 are 37 people or 44%, who earn less than Rp. 3,000,000 are 11 people or 13% and those who earn less than Rp. 4,000,000 is 4 people or 5% and those who earn less than Rp. 5,000,000 is 3 people or 3% and those who earn more than Rp. 5,000,000 is 6 people or 5%.

Income After Receiving Financing of Qardhul Hasan

In this study, the respondents consisted of Micro Waqf Bank customers, with different incomes after receiving financing from Micro Waqf Banks ranging from < 1,000,000 to > 5,000,000. The following is a diagram of income after becoming a customer of a Waqf Bank.



Data source: 2021 primary data (reprocessed)

Figure 7. Characteristics of Respondents Based on Income After Financing of *Qardhul Hasan*

Based on the diagram above, after receiving financing of *qardhul hasan*, respondents who earn less than 1,000,000 are 9 people or 7% and those who earn below 2,000,000 are 36 people or 42% and those who earn less than 3,000,000 are 18 people or 21% and those who earn less than 4,000,000 are 12 people or 14% and those who earn less than 5,000,000 are 4 people or 5%, and those who earn more than 5,000,000 are 6 people or 11%.

Descriptive statistics is a discussion of ways to collect, summarize, and present data so that the information is easier to understand. Information that can be obtained by descriptive statistics is data break (mean, median, mode), data spreader (range, mean deviation, variance and standard deviation), tendency of a data set, location size (quartile, decile, and percentile).

Table 1. Description of statistics.

	Income Before Financing	Income After Financing	Education	Age	Year Of Loan	Financing For Capital	Financing In Increasing Income
N Valid	85	85	85	85	85	85	85
Missing	0	0	0	0	0	0	0
Mean	1760000.00	2555882.35	3.1412	41.0235	2.2941	4.0353	4.1176
Median	1000000.00	2000000.00	3.0000	40.0000	2.0000	4.0000	4.0000
Std. Deviation	2145410.384	2680100.964	.96551	9.25688	.68701	.56583	.90517
Range	12800000	14500000	4.00	42.00	2.00	3.00	4.00
Minimum	200000	500000	1.00	22.00	1.00	2.00	1.00
Maximum	13000000	15000000	5.00	64.00	3.00	5.00	5.00
Sum	149600000	217250000	267.00	3487.00	195.00	343.00	350.00

Source: primary data 2021

4.3 Normality Test

Normality test is used to see whether the distribution of questionnaire data is normally distributed or not. The normality test of the data was carried out using the p-plot method and the Kolomogrov-Smirnov test with the help of SPSS.

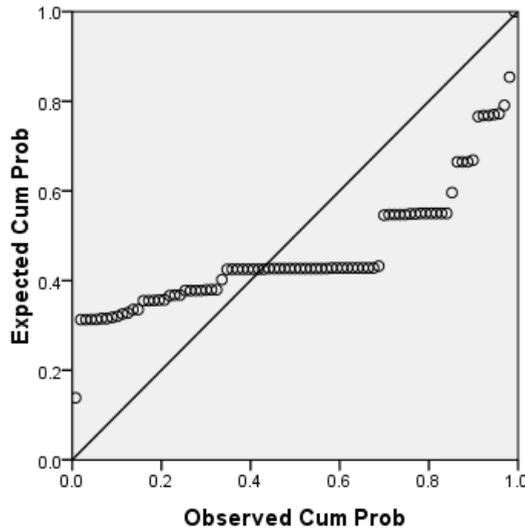


Figure 7. P-plot normality test results

In Figure 7 the p-plot normality test above, it can be concluded that 85 respondents or Micro Waqf Bank customers do not follow the diagonal line or the dots spread around the diagonal line, in other words the data used in this study is not normally distributed. This is where the dots should follow the diagonal line while in the picture above the dots are not scattered along the diagonal line. Meanwhile, the results of the Kolomogrov-Smirnov test are as follows.

Table 2. One Sample Klomogrov-Smirnov

		Unstandardized Residual
N		85
Normal Parameters ^a	Mean	.0000000
	Std. Deviation	1.63868791E6
Most Extreme Differences	Absolute	.300
	Positive	.297
	Negative	-.300
Kolmogorov-Smirnov Z		2.765
Asymp. Sig. (2-tailed)		.000

Source: 2021 primary data (reprocessed)

Based on the results of normality testing using Kolmogrof-Smirnov in table 4.2, 85 respondents or Micro Waqf Bank customers indicate that the significance value of asymp.sig (2-tailed) residual formed is 0.000 which is $0.000 < 0.05$ or smaller than the 5% level (0.05) so that it can be said that the normality assumption of Kolmogrov-Smirnov above, the data is not normally distributed. Thus, the hypothesis test that can be used to analyze the impact of *qardhul hasan* financing on the income of micro-customers is using the Wilcoxon test.

4.4 Wilcoxon Test

Table 3. Wilcoxon Test Rank

		N	Mean Rank	Sum of Ranks
Income After Financing	Negative Ranks	1 ^a	53.50	53.50
	Positive Ranks	72 ^b	36.77	2647.50
Income Before Financing	Ties	12 ^c		
	Total	85		

a. Income After Financing < Income Before Financing

b. Income After Financing > Income Before Financing

c. Income After Financing = Income Before Financing

Based on table 4.3, it can be said that after conducting the Wilcoxon test with as many as 85 respondents, it can be concluded that the first rank is negative or the negative difference in income before and after getting qardhul hasan financing from Micro Waqf Banks. The N value of 1 indicates that 1 respondent or a Micro Waqf Bank customer experienced a decrease in income or income after being smaller than the average value of 53.50 rank with a total rank of 53.50.

Positive rank or positive difference in income after and before receiving financing from the Micro Waqf Bank. At an N value of 72 respondents or Micro Waqf Bank customers experienced an increase in income or income after being greater than income before receiving financing from Micro Waqf Banks, with an average rank value of 36.77 with a total range of 2647.50.

Ties is the value of the similarity of the income value of Micro Waqf Bank Customers. At the N value of 12 respondents, it can be said that those who have the same income before and after receiving financing from Micro Waqf Banks are 12 respondents or Micro Waqf Bank Customers.

Table 4. Wilcoxon Test Statistics Test on Income of Micro Waqf Bank Customers

	Income after - Income before
Z	-7.200 ^a
Asymp. Sig. (2-tailed)	.000

a. Based on negative ranks.

b. Wilcoxon Signed Ranks Test

The basis of decision making on the Wilcoxon test using Z count.

a. If $Z_{count} < z_{table} = H_0$ is rejected and H_a is accepted

b. If $Z_{count} > Z_{table} = H_0$ is accepted and H_a is rejected

From Table 4, it can be seen that Z_{count} value is -7.200, while Z_{table} value is for alpha 5% is 1.96, so it can be said that there are differences in the income of micro-customers as a result of the qardhul hasan financing of Micro Banks, before and after receiving financing.

The basis for decision making on the Wilcoxon test using asymp.(2-tailed)

a. If the value of Asymp.sig < 0,05, then H_0 is rejected and H_a is accepted

b. If the value of Asymp.sig >, then H_0 is accepted and H_a is rejected.

In table 4. asymp.sig. (2-tailed) is 0.000. Because the value of 0.000 is smaller than 0.05, it can be concluded that the hypothesis is accepted. This means that there is a difference between the income before and after on Micro Waqf Bank customers.

4.5 Pearson Correlation Test

The Pearson correlation test aims to determine the level of closeness of the relationship between the variables expressed by the correlation coefficient r. The correlation test is to find out whether the income variable before the customer's micro business receives financing

from the Micro Waqf Bank, has an impact on the micro customer's income variable after receiving the Micro Waqf Bank financing, and sees the type of relationship between the income variable before receiving financing from the Micro Waqf Bank and for the income variable after receiving financing from the Micro Waqf Bank, whether it is positive or negative.

Table 5. Pearson Correlation

		Before Income Financing	Income After Financing
Income Before Financing	Pearson Correlation	1	.791**
	Sig. (2-tailed)		.000
	N	85	85
Income After Financing	Pearson Correlation	.791**	1
	Sig. (2-tailed)	.000	
	N	85	85

** . Correlation is significant at the 0.01 level (2-tailed)

Based on table 4.5 above, it is known that the value of r_{count} is $0,791 >$ from r_{table} $0,1796$. So, it can be concluded that there is a very strong relationship between income before and after receiving financing from Micro Waqf Bank.

4.6 Discussion

Empowerment is the development of awareness about oneself and the ability to be independent in determining one's life as a human being, without dependence, pressure and discrimination (Ratnasari et al., 2016). LKMS of Micro Waqf Bank has its own characteristics that make this institution a role model for empowering productive poor women. LKMS are not allowed to collect and manage funds, either savings or deposits from the public (non deposit taking), but provide assistance with financing in accordance with sharia principles with the main market segment being poor women with productive potential around Islamic boarding schools. The distribution of financing in this LKMS uses a group approach with a joint responsibility system. Prospective customers are given basic training before receiving financing. After that, customers receive assistance on a regular basis.

Recipients of financing in LKMS are women who are economically disadvantaged, have small businesses and have the will to develop their businesses. The targets of this Islamic financial institution are women who have business potential around Islamic boarding schools, whether they are students, alumni, family of students, family caregivers or the general public who have productive businesses with a radius of 5 kilometers from the LKMS location, who are committed to following the LKMS procedures and programs.

Microfinance institutions are seen as an alternative method to overcome the problem of poverty (Darwanto, 2014). As a sharia microfinance institution, it is a financial institution that is oriented towards efforts to improve the welfare of the community around Islamic boarding schools, especially women. The group financing model with a joint responsibility pattern applied to Islamic microfinance institutions based on Islamic boarding schools is a financing model that touches grassroots microfinance, namely financing provided to productive poor families, focusing on efforts to increase family income. (Rohmah, 2014) The financing model without collateral is very helpful for people who are at grassroots. The term "grassroots" has become a symbol of the poor or the lower class, low-income people. Poor people with low incomes do not yet have proper assets to serve as collateral. The business is

not permanent, so the cash flow is also not fixed. The source of income is uncertain and cannot be determined.

The financing model carried out by BWM is a group-based model for empowering productive poor women. Although the financing is received by each customer for the development of their business, each group member is responsible for paying the installments to the group. With the pattern of joint responsibility or known as *kafalah* in Islamic economics, each group member is mutually responsible for the payment of financing installments. If one person experiences difficulties in paying the installments of financing, the other group members are responsible for paying the installments for the problematic member. This model has been applied by Muhammad Yunus with the pattern of social entrepreneurship at the Grameen Bank in 1983 in Bangladesh (Nurhayati, 2016).

As a sharia microfinance institution (LKMS) since its operation, it has proven its role in realizing financial inclusion. The results of this study are in line with research (Nugroho & Hilal, 2019) that Micro Waqf Banks are considered to be able to increase financial inclusion, especially in the community and small and micro enterprises (SMEs) to have easy capital.

LKMS distributes financing to micro business actors. The market segment of this LKMS is poor productive women and the majority of its customers are women. Women who own micro-enterprises. These women micro-enterprises are able to help the family economy, especially helping their husbands in providing a living for their families. The amount of financing disbursed by the LKMS is in accordance with the customer's ability to manage funds and the customer's ability to pay installments. With a financing of IDR 1,000,000 they are able to pay installments at LKMS of IDR 20,600,000 for 50 weeks which is paid at HALMI and the period of repayment of the financing. (20,000 principal installments, 600 margin for operations). According to customers, the amount of these installments does not burden them.

In assistance related to customer business improvement, entrepreneurship development assistance is provided through mentoring and entrepreneurship assistance such as marketing managerial, bookkeeping training, display and service training, as well as training on access to capital and business expansion. In mentoring activities, LKMS sometimes brings in professional resource persons such as successful entrepreneurs, for example, food product packaging development, product quality improvement and the like. In addition, LKMS also helps facilitate the marketing of customer products at certain events such as seminars and exhibitions. In addition, LKMS customers are given the opportunity to consult about business development. Customers can come to the office to consult about business development. The LKMS also facilitates customers to market customer products online by guiding customers to create their online buying and selling accounts, either through Instagram, Facebook, and WhatsApp. In addition, waqf banks also facilitate customers to sell their products at certain events.

The financing program provided to customers uses a group pattern with existing provisions starting from the requirements for group members consisting of 15 to 25 people in a large group called HALMI. Through weekly *halaqah* activities, it can become the bond of friendship between KUMPI members. This can strengthen friendships and make kinship closer, so they don't just get financing, but also get assistance. They also learn religious knowledge. The financing provided by LKMS can help increase the customer's business.

The LKMS market segment is all women because women can be invited to attend weekly meetings in the weekly *Halaqah* which is a routine activity that focuses on economic empowerment of business actors around Islamic boarding schools. Women are also seen as better able to manage finances. With financing assistance of only IDR 1,000,000, it is proven that women can develop their businesses. Customers feel an increase in business and a strong relationship between members. As said by (Thanikaivel & Priya, 2018) women's empowerment depends on their economic empowerment. When they are economically

empowered, women will have a lot of potential, knowledge, skills, sincerity and dedication that will produce better results for everyone.

The financing model used by LKMS is no different from the financing model used by Muhammad Yunus in Bangladesh in 1976–1979. This empowerment program was carried out by a graduate of Doctor of Philosophy at Vanderbilt University in Tennessee, United States, who founded the Grameen Bank by providing group-based microcredit for poor people who have unsecured businesses. Muhammad Yunus programmed each loan applicant to form a group of five people. Group members cannot borrow simultaneously, but must take turns. Other members can only borrow if the member who borrowed first has been able to prove his discipline and honesty in paying the installments (Ashraful & Khan, 2016). In addition, in his empowerment program Muhammad Yunus implemented a joint responsibility mechanism. In this mechanism, if a group member is in a condition of not being able to pay the installments, the other members will jointly pay the installments for the members who are experiencing difficulties. Any loan may only be used for productive purposes or for business support. Mit Ghramr bank he founded is for small business loans, 97% of its customers are women (Yunus, 2005). Fathin Fadhlila Hasiba et al stated that this model has a major impact on poverty alleviation in Bangladesh where loans are given to the poor based on trust, not on collateral or guarantor. To receive a loan from Grameen Bank, prospective borrowers must join a group of microfinance borrowers. (Hasiba et al., 2021)

5 Conclusions

The empowerment model carried out by LKMS is to provide financing and assistance with financing to the main market segment of poor women with productive potential who are around Islamic boarding schools. The distribution of loans or financing uses a group approach with a joint responsibility system. The role of LKMS in women's economic empowerment can be seen in providing training to prospective customers, then distributing financing to customers who pass the group feasibility test and providing assistance to customers who receive financing through weekly *halaqah* activities. The empowerment program carried out by the LKMS runs in accordance with the establishment of the LKMS, namely increasing the welfare of women. This can be seen in the implementation of LKMS financing and mentoring programs for customers which have an economic impact in the form of an increase in the number of production and an increase in customer income, although the increase is not significant due to the small amount of financing received by customers. In addition, this program can free women from moneylenders. Although the empowerment program carried out by LKMS is perceived as insignificant by customers, the empowerment of micro enterprises as the goal of the program for empowering women around Islamic boarding schools through Sharia Microfinance Institutions can enable and empower women economically.

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