

# Effect of Productive Business Loans on Increasing Small

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## Effect of Productive Business Loans on Increasing Small Business Income

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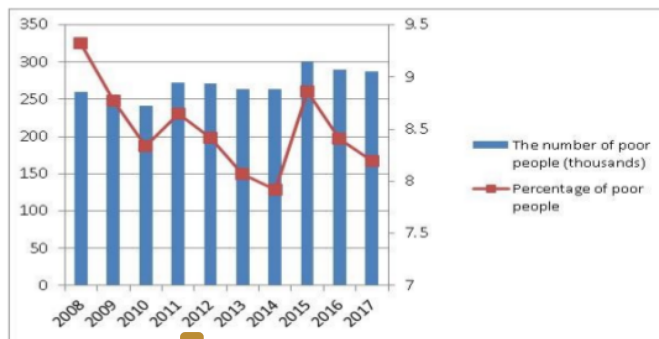
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**Abstract:** The phenomenon of poverty and income inequality in Jambi Province is still an unresolved problem. Through the optimization of the role of the Amil Zakat, Infak, National Sadaqa (BAZNAS) Agency in Jambi Province, it is expected that the problem of poverty will be resolved soon. The purpose of this study was to determine the role of BAZNAS especially in productive business loan programs in increasing the income of small businesses. The research method consisted of qualitative descriptive analysis and quantitative analysis. the recommendations produced are: (1) provision of productive business loans from BAZNAS proved to be very beneficial for increasing small business income, but BAZNAS needs to selectively select prospective loan recipients so that they can be more targeted and their use is not misused by loan recipients; (2) there is a need for assistance, training and routine supervision of BAZNAS to loan recipients in order to be more professional in utilizing the business loan; and (3) to recipients of productive business loans so as not to abuse the loan for purposes other than business development especially if used for consumptive purposes that do not affect the development of their business. 4) The government needs to pay attention to the various obstacles faced by BAZNAS, as stated in the BAZNAS annual report to the government, so that BAZNAS can play a more optimal role in poverty reduction.

**Keywords:** effect of loans; increase in income; productive enterprises; small businesses

### 1 Introduction

Poverty and income inequality between the rich and poor are still serious problems faced by the government and society in Jambi Province. Various policies, both sectoral, monetary, fiscal and other policies that have been carried out by the government, have not shown satisfactory results in resolving these problems. Based on data from the Jambi Province Central Bureau of Statistics, it is known that the poverty rate in Jambi Province is still relatively high as shown in the figure below.



**Figure 1.** Amount and Percentage of Poor Population in Jambi Province in 2010-2017  
(Source: BPS, 2017)

From **Figure 1.** above, we can understand that in the last decade from 2008 to 2017 the number of poor people tended to increase. Although in 2008 to 2010 the number of poor people decreased in a row, namely 260.3

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thousand 249.69 thousand and 241.61 thousand people, but in 2011 there was an increase which was to be 272.77 thousand people and in 2017 to 286, 6 thousand people. Meanwhile the percentage of the poor population is very fluctuating. This shows that there is a high vulnerability of poverty, which means that the residents of Jambi Province are easily out of poverty but also easy to fall into poverty.

The income inequality between the rich population and the poor population in Jambi Province is also still relatively wide. This can be shown by the gini coefficient ratio of Jambi Province which also tends to increase and its value is far from the number 0 (zero), which means that the income gap is widening. This also indicates a problem in the distribution of income and wealth in Jambi Province. This condition can be graphically shown in Figure 2 below.

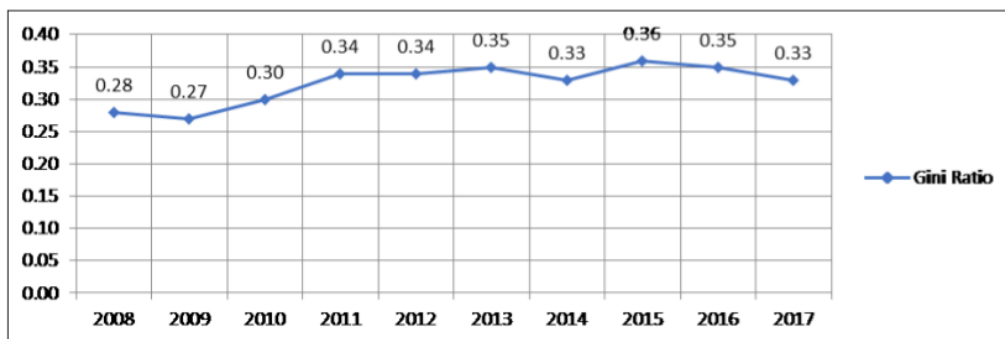


Figure 2. Gini Ratio of Jambi Province 2008-2017  
(Source: BPS, 2017)

One of the external factors that make it difficult for people to get out of poverty is the difficulty of poor people to obtain business capital. Many poor people are unbankable, making it difficult to obtain capital from bank financial institutions. The current economic system that does not favor the poor causes the poor to get out of poverty.

In Islam, there are several effective empowerment instruments for poverty reduction. Among these instruments are zakat, infaq and alms (ZIS). zakat which means giving fertility, blessing and purity as stated by Al-Zuhaili, (2000). It is hoped that it will improve the economic status of the population of a country as well as infaq and Sadaqa. Because the distribution of zakat, infaq and Sadaqa which have been regulated in A -Qur'an and Hadits, will be very useful in creating an increase in people's welfare and economic equality between individuals. The National Zakat Amil Agency (BAZNAS) of Jambi Province has several programs to alleviate poverty, including distribution of Zakat, Infaq and Sadaqa and Other Religious Social Funds (Hafidhuddin, 2006).

The purpose of ZIS distribution is not just to conserve the poor in a consumptive manner, but also to have a more permanent goal, namely poverty reduction. In this regard, ZIS is one of the socio-economic funding sources for Muslims that is not only limited to consumptive activities, but can also be used for community economic activities such as poverty and unemployment prevention programs by providing productive assistance or loans to those in need.

Based on the above, the researchers felt it was important to know BAZNAS role in poverty reduction, especially in programs productive loans BAZNAS effort to increase income of small businesses.

## 2 Methods

This research was carried out at the National Bureau of National Administration of Jambi Province in 2018. The data source consisted of primary and secondary data. Data collection consists of: 1. Interviews 2. Questionnaires 3. Literature and 4. Observation. All loan recipients (population) are sampled. Processing and data analysis techniques use a mixed method that combines qualitative descriptive analysis with quantitative analysis. Qualitative analysis is carried out by conducting in-depth interviews with recipients of productive business loans from BAZNAS while quantitative analysis is to analyze the effect of productive business loans on the income of small entrepreneurs.

To test the hypothesis, a t-test is used by Sugiyono (2016), as follows:

$$t = \frac{\bar{X}_1 - \bar{X}_2}{\sqrt{\frac{s_1^2 + s_2^2}{n} - 2r \left( \frac{s_1}{\sqrt{n}} \right) \left( \frac{s_2}{\sqrt{n}} \right)}} \quad (1)$$

Where:

$X_1$  = average income before getting a loan

$X_2$  = average income after getting a loan

$S_1$  = standard deviation of income before getting a loan

$S_2$  = standard deviation of income after obtaining a loan

$S_1^2$  = Income variant before getting a loan

$S_2^2$  = Income variant after getting a loan

$r$  = correlation between income before and after getting a loan, where the amount  $r$  is calculated using the correlation formula as follows:

$$r_{xy} = \frac{\sum xy}{\sqrt{\sum x^2 \sum y^2}}$$

From the test, if  $t_{count} > t_{table}$  (df:  $n-1$ ;  $\alpha$ : 5%) then  $H_0$  is rejected and accepts  $H_a$ . This means that there are significant differences between the gazebo ta n small entrepreneurs before and after obtaining a productive business loans, den gan other words there is a significant impact on revenue earning business loans small businesses and vice versa.

### 3 Result and Discussion

#### 3.1 Characteristics of respondents who received productive business loans from BAZNAS Jambi Province

The recipients of the loan consisted of three business groups, namely 1) Productive Business Group "Melati Jaya" having its address at Penyegat Olak Village, Muaro Jambi Regency, 2) Productive Business Group "Sari Bakti" having its address at Bagan Pete Sub-District, Jambi City and 3) Productive Business Group "Kasang Garuda" having its address at Kasang (Merchant Group on the Bank of Tanggo Rajo Ancol Jambi).

Based on the results of tabulation of respondents' answers the characteristics of respondents can be described as follows:

**Table 1.** Characteristics of responden by Gender

Gender	total	Percentage (%)
Man	4	36
Women	7	64
Total	11	100

**Table 2.** Characteristics of respondents based on age

	total	Percentage (%)
<20	0	0.0
20-30	1	9.1
30-40	3	27.3
40-50	1	9.1
50-60	4	36.4
60-70	2	18.2
<b>Total</b>	<b>11</b>	<b>100</b>

**Table 3.** Characteristics of Respondents by Education

Education	total	Percentage (%)
No school	1	9.09
Elementary school	5	45.45
Junior high school	0	0.00
High school	2	18.18
Vocational School	2	18.18
MA	1	9.09
<b>Total</b>	<b>11</b>	<b>100</b>

#### 3.2 Effect of productive business loans on the level of business income of the loan recipient

Massive capital loans in the amount of Rp.2 000. 000. 00, - up to 3,000,000.00 - for each entrepreneur. As explained in the characteristics of the respondents above, there were 11 respondents analysed. Based on the analysis of the t-stat test using the SPSS program ver.24, the following results are obtained:

**Table 4.** Average income of sm entrepreneurs before and after receiving loans for productive business capital

		Mean	N	Std. Deviation	Std. Mean Error
Pair 1	Before	1,550,000.00	11	898,053.45	270,773.30

After                      2,436,363.64      11                      1,156,090,59                      348,574.43

In the table above, the average income of small entrepreneurs before receiving a productive business capital loan is Rp 1,550,000. After receiving a productive business capital loan, the average income increases to Rp 2,436,363.64 or an average increase of Rp 986,363.64.

The increase in revenue was due to the addition of business capital sourced from BAZNAS. Statistically the influence is indicated by the amount of the t-stat value as follows:

**Table 5.** T-stat test output

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std.Deviation	Std. Mean Error	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	Before after	-886,363.64	1,095,922,19	330,432.97	-1,622,614	-150,113	-2,682	10	0.023

Based on the results of the SPSS output in the table above, obtained a t-stat value of 2.682 > t-tab (df: 10,  $\alpha$ : 5%) 2,228 so it can be decided to reject  $H_0$  and accept  $H_a$  which explains that there is a significant effect of capital loans productive business to the income of small entrepreneurs.

#### 4. Conclusion

From the results of the above research it can be concluded that the productive business loan program by the Jambi Province BAZNAS is quite effective in increasing the income of small businesses.

#### 5 Recommendation

1. Provision of productive business loans from BAZNAS proved to be very beneficial for increasing the income of small businesses, but BAZNAS needs to select prospective loan recipients carefully so that the target recipients can be more precise and their use is not misused by the loan recipient.
2. Need their assistance, training and regular monitoring of the recipient BAZNAS p in jaman so that the borrower can avail loan professionals in the business to the development of their business capital.
3. To recipients of productive business loans so as not to abuse the loan for purposes other than for the development of their business especially if used for consumptive purposes that do not affect the development of their business.
4. The Jambi Provincial Government needs to pay attention to the obstacles faced by BAZNAS, as stated in the BAZNAS annual report to the government so that BAZNAS can play a more optimal role in poverty reduction and indirectly also helps realize the government's vision and mission and raises a positive image of the government in the eyes of the public in alleviating poverty.

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