

THE INFLUENCE OF BUSINESS CAPITAL FINANCING ON THE IMPROVEMENT OF CUSTOMER BUSINESSES AT KSPPS BMT NU EAST JAVA ON THE MADURESE COMMUNITY

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Abstract

Sharia Financing Savings and Loan Cooperative BMT NU East Java is a bank that operates according to sharia principles. One of the most important differentiators that a sharia bank must have is a strategy to retain customers who take out loans through excellent service, assistance and education, and emotional relationships. Based on observations, there is a unique aspect to the business capital financing of the Sharia BMT NU East Java Savings and Loan Cooperative. The purpose of this study is to determine and analyze the effect of business capital financing on the growth of customer businesses at KSPP. Sharia BMT NU East Java, as well as to obtain empirical data on whether or not business capital financing has an effect on the growth of customer businesses at KSPP. Syariah BMT NU East Java. This research uses a quantitative approach with simple linear regression analysis techniques using the SPSS 20 analysis tool. Meanwhile, hypothesis testing uses t-test calculations. The population in this study consisted of 35 customers. The sample used a saturated sample or census. The data collection technique used a questionnaire (survey). The results show that: first, with the t-test, the business capital financing variable shows 0.000, which is smaller than a (0.000 < 0.05). The t-count value is > t-table (7.909 > 1.68957). This means that business capital financing has a significant effect on business growth. Second, the R Square value obtained is 0.655 or 65.5%. This means that 65.5% of the regression model in this study explains the dependent variable (Business Growth), while the remaining 34.5% is influenced by variables not taken into account in the study.

Keywords: *business capital financing; business growth; sharia financing; savings and loan and financing cooperative*

A. INTRODUCTION

Humans are living beings, because they have needs, both in terms of consumption and in terms of establishing relationships with other humans. One of the ways humans fulfill these needs is through capital. A person's needs may be in the form of goods or services that sometimes must be obtained from other people,

groups, industries, or similar entities by means of purchase. One way to obtain money is to borrow it from another party, such as a financial institution, to ease the burden of running a business.

Sharia banks are banks that operate according to sharia principles, which are based on Islamic rules. Naturally, in Indonesia, banking financial institutions are currently experiencing several improvements, so companies must be able to compete with other companies, of course through the services provided to customers. Sharia banks are the same as other banks. However, Sharia banks use rules that are Islamic so that they do not deviate from Islamic teachings.

One of the main objectives of the Baitul Mall Wattanwil (BMT) service company is to improve the economic welfare of the Muslim community, especially the disadvantaged groups who generally live in rural areas (R. Muhammad, 1970). Financing is one of the main tasks of banks, namely providing funds to meet the needs of parties that are deficit units (Syafi'i, 2001).

For small traders, limited capital is always perceived as one of the main obstacles to operating a sharia-compliant business. The people of Madura face obstacles in running their businesses due to limited capital, and many want to see their businesses grow. With sufficient capital, a business will be able to maintain its existence and run smoothly.

Another effort made by BMT is to act like other banks, namely by collecting business-based funds. BMT has several products, namely Savings Products and Financing Products. Savings products consist of Mudharabah, Murabahah, Musyarakah, Qardul Hasan, and others that apply the profit-sharing principle (Ri. Muhammad, 2005). Meanwhile, financing products consist of financing with voluntary services (Al-Qardul Hasan), financing with a goods sales pattern (Murabahah), and financing with a profit-sharing pattern (Mudharabah).

The East Java Main Branch of the NU BMT Sharia Savings and Loan Cooperative (KSSP Syariah) is an institution that operates according to sharia principles. Located in the center of community activities throughout Madura, it is essential for the company to have a strategy for providing financing.

Small traders desperately need business capital so that their businesses can grow, improve, or change. Improvement here refers to improvement in their business field, or improvement in terms of income received before and after obtaining financing.

Based on interviews conducted by researchers with one of the employees of BMT NU East Java, the need for capital there is currently experiencing high demand, with small traders, farmers, fishermen, and civil servants requiring business capital. The majority of those who seek business capital financing are small traders and farmers who want to improve and develop their businesses. BMT NU East Java has a strategy to retain customers who take out loans by providing excellent service, assistance and education, and emotional support.

With the existence of BMT NU East Java, it is hoped that it will have a very strong effect in carrying out its mission and can reduce the dependence of small entrepreneurs on informal financial institutions with relatively higher interest rates. The financing provided by BMT NU East Java can help make small entrepreneurs economically independent. The

issues that can be raised are: 1. Is there an effect of Business Capital Financing on the Improvement of Customer Business at KSPP. Syariah BMT NU East Java in the Madurese Community? 2. How much does Business Capital Financing contribute to the Improvement of Customer Business at KSPP. Syariah BMT NU East Java in the Madurese Community?

Based on the above description, the author would like to further examine the effect of business capital financing provided by BMT NU East Java on the Madurese community in terms of business improvement. To that end, the topic to be discussed is "The Effect of Business Capital Financing on Business Improvement for Customers at KSPPS. BMT NU East Java in the Madurese Community.

B. LITERATURE REVIEW

1. Financing

Sharia financial institutions in Indonesia, particularly sharia banking, began to develop rapidly in 1999 after the enactment of Law No. 7 of 1992 on banking. The development of Islamic banking in Indonesia has encouraged the development of other Islamic financial institutions, such as Islamic financing institutions and Islamic microfinance institutions, often referred to as Baitul Maal wat Tamwil (BMT).

Financing is the main task of banks in providing funds to meet customer needs. Based on its nature, financing is divided into two types (Syafi'i, 2001). Productive financing is financing intended to meet production needs in a broad sense, namely to improve businesses, whether production, trade, or investment. Consumptive financing is financing used to meet consumption needs, which will be used up to meet those needs.

The distribution of funds in the form of financing is based on the trust given by the fund owner to the fund user. The fund owner trusts the recipient that the funds in the form of financing provided will definitely be repaid. The recipient of the financing receives trust from the financing provider, so that the recipient is obliged to repay the financing that has been received in accordance with the period specified in the financing agreement.

2. Business Capital

Financing is an activity of Islamic banks in distributing funds to parties other than banks based on Islamic principles (Syafi'i, 2001). Meanwhile, working capital is tied-up funds that are needed by customers to facilitate their business activities.

The success of business improvement is not only determined by the availability of financial capital but also influenced by other supporting factors inherent to business actors. Social capital, such as trust networks, relationships between business actors, and community support, plays an important role in maintaining business sustainability and development. These findings indicate that business capital financing will be more effective if supported by strong social and institutional conditions (Izzati et al., 2024).

Working capital cooperation between the fund provider and those who need additional business capital requires an agreement on the distribution process and the payment process or method using a contract that is in accordance with Islamic

law. In order to prevent disputes between the two parties (fund provider and fund user), an agreement on the contract is necessary.

Basically, the capital provided by the fund provider to users (customers) requires the fund provider to trust the customer to run their business in order to make a profit. The profits or results of the customer's business from this cooperation will be shared between the Islamic bank and the customer. Profit sharing is the reward that will be received by Islamic banks for financing customers. Financing that uses the concept of business cooperation is divided into mudharabah financing and musyarakah financing.

Mudharabah financing is 100% financing provided by Islamic banks to customers. Musyarakah financing is a business partnership, in which both parties, the Islamic bank and the customer, contribute capital to run the business (Ismail et al., 2025).

3. Mudharabah Business Capital Financing

Mudharabah comes from the word dharb yadribu, which means to strike or walk, so mudharabah is the act of someone carrying out a business. Technically, al-mudharabah is a business cooperation agreement between the first party (shahibul maal) who provides all (100%) of the capital, while the other party is the manager (Hasan & Hasan, 2014).

Business capital with a profit-sharing system known in Islam is a Mudharabah contract between the owner of the funds as shohibul mal and the user of the funds, known as Mudharib, to carry out business activities, while the shohibul mal provides business capital through a mutually agreed contract with a profit-sharing ratio in accordance with the mutual agreement at the time of the contract.

4. Definition of Small Business

A business is an activity or endeavor that allocates available resources into a production activity that generates services or goods, with the aim of marketing those goods and services to consumers in order to obtain profits or returns (Johan, 2019b). Small businesses (UK) is a shortened term for small-scale businesses (USK), which is a translation of the term small scale enterprise (SSE) that has many meanings, both in terms of theoretical concepts and as a strategic concept for development policy.

Small businesses (UK) as a concept refer to two aspects. The first is the Company Aspect, which carries out productive activities, combines factors to produce goods and services, markets them, and generates profits. The second is the Entrepreneur Aspect, which refers to the person behind the business/company, who is usually the owner, manager, and administrator of the company (Anoraga, 2011).

C. METHOD

1. Research Types and Approaches

Quantitative research is a research method that emphasizes the measurement of variables numerically and analyzes them using statistical techniques to test previously formulated hypotheses. This approach aims to explain the cause-and-effect relationship between variables objectively and measurably (Anoraga, 2011).

This study uses quantitative research with a descriptive-verificative approach. The descriptive approach is used to describe the conditions of business capital financing and business growth of customers at KSPP Syariah BMT NU East Java, while the verificative approach is used to empirically test the effect of business capital financing on business growth of customers.

A quantitative approach was chosen because this study focused on testing hypotheses and analyzing relationships between variables using numerical data obtained from respondents. The analysis was conducted using statistical methods in the form of simple linear regression and t-tests, so that the results of the study could show the level of significance of the independent variables' influence on the dependent variables (Syafi'i, 2001).

2. Location and Time of Research

The research location is the place where the research is conducted to obtain data relevant to the research problem, while the research time indicates the period of data collection and processing (Johan, 2019a).

This research was conducted at KSPP Syariah BMT NU East Java, a sharia microfinance institution that operates based on Islamic sharia principles and serves the Madurese community. This location was chosen due to the high level of business capital financing disbursed to small and medium-sized enterprises, which were the subject of this research.

The research period included the stage of collecting primary data by distributing questionnaires to customers and the stage of processing and analyzing data using SPSS software version 20.

3. Research Population and Sample

A population is the entire subject of research that has certain characteristics and is relevant to the research objectives. A sample is a part of the population that is selected to represent the entire population in the research (Anoraga, 2011).

The population in this study consisted of all customers of KSPP Syariah BMT NU East Java who received business capital financing, totaling 35 people. Given the relatively small population size, the sampling technique used was saturated sampling (census), which is a technique for determining samples by making all members of the population the research sample.

The use of saturated sampling aims to obtain a comprehensive picture and avoid generalization errors, so that the research results are expected to reflect the actual conditions of the population being studied (Syafi'i, 2001).

4. Research Variables

Research variables are anything that researchers decide to study in order to obtain information about it and then draw conclusions (Johan, 2019a). This research used two main variable:

- a. Independent Variable (X): Business Capital Financing. Business capital financing is the distribution of funds by Islamic financial institutions to customers to support productive business activities through agreements that comply with Islamic principles, such as mudharabah and musyarakah.
- b. Dependent Variable (Y): Improvement in Customer Business. Improvement in customer business is a positive change experienced by the customer's business after receiving financing, which can be seen from an increase in income, sales volume, and business scale development.

5. Data Collection Techniques

Data collection techniques are the ways or methods used by researchers to obtain the data needed to answer research questions (Anoraga, 2011).

The data collection technique used in this study was a questionnaire. The questionnaire was designed in the form of closed questions with a Likert scale to measure respondents' perceptions of business capital financing and the improvement in their businesses after receiving financing from KSPP Syariah BMT NU East Java.

Questionnaires were chosen because they allow for systematic and efficient data collection and enable researchers to obtain quantitative data that can be processed statistically (Syafi'i, 2001).

6. Data Analysis Techniques

Data analysis is the process of processing, presenting, and interpreting collected data to answer research questions and test hypotheses (Sugiono, 2019). Data analysis in this study was conducted using SPSS version 20 software, through the following stages (Sugiono, 2009):

- a. Simple Linear Regression Analysis
Used to determine the effect of business capital financing on customer business growth, with one independent variable and one dependent variable.
- b. Partial Test (t-test)
Used to determine the significance of the effect of business capital financing variables on partial business growth at a significance level of $\alpha = 0.05$.
- c. Coefficient of Determination (R^2)
Used to determine the extent to which business capital financing contributes to explaining variations in customer business growth, while the remainder is explained by other variables outside the research model.

D. RESULT AND DISCUSSION

RESULT

1. Simple Linear Regression Test

Simple linear regression is used only for one independent variable and one dependent variable. The general equation for a simple linear regression model is as follows:

$$Y = \alpha + bX$$

The results obtained from the analysis using SPSS version 20 are as follows:

Table 4.1 Simple Linear Regression Analysis Results
Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	22,506	6,708		3,355	,002
1 Pembiayaan Modal Usaha	,807	,102	,809	7,909	,000

a. Dependent Variable: Peningkatan Usaha

Source: SPSS 20 output, 2018

Based on the results of simple linear regression analysis in the table, the coefficient of the independent variable Business Capital Financing (X) = 0.807 and the constant = 22.506, so that the regression equation model obtained in this study is as follows:

$$Y = 22,506 + 0,807X$$

The equation model can be interpreted as follows:

- The constant of 0.807 indicates that if Business Capital Financing is not considered (valued at 0), then Business Growth using Mudharabah financing products at BMT NU East Java is 0.807.
- In this equation, the regression coefficient value for the Business Capital Financing variable is positive. This means that the independent variable has a positive effect on the dependent variable. The positive nature of this effect indicates that if there is an increase in the Business Growth variable of customers served by BMT NU East Java.
- The regression coefficient value for the variable meaning Business Capital Financing is 0.807, which means that if there is an increase of one unit in this variable, then the increase in business for customers using Mudharabah financing products at BMT NU East Java will increase by 0.807.

2. Partial Significance Test (T-test)

The t-test is used to show how much influence the independent variable (Business Capital Financing) has on the dependent variable (Business Growth) with $\alpha = 0.05$. The hypothesis is tested with the following decision making:

- a. If $t_{\text{value}} < t_{\text{table}}$, then H_0 is accepted and H_a is rejected (no effect).
- b. If $t_{\text{value}} > t_{\text{table}}$, then H_0 is rejected and H_a is accepted (there is an effect).

The following are the results of the t-test using SPSS version 20.:

**Table 4.2 t-Test Results
Coefficients^a**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	22,506	6,708		3,355	,002
Pembiayaan Modal Usaha	,807	,102	,809	7,909	,000

a. Dependent Variable: Peningkatan Usaha

Source: SPSS 20 output, 2018

From the t-test analysis table, the t_{value} result for the Business Capital Financing variable (X) is 7.909 with a significance level of 0.000 (smaller than 0.05), while the t-table is 1.68957. This indicates that $t_{\text{value}} > t_{\text{table}}$ and the significance level of $0.000 < 0.05$, so H_0 is rejected, meaning that business capital financing has a significant effect on increasing customer business.

3. Coefficient of Determination

The coefficient of determination (R^2) serves to determine the extent or magnitude of the independent variable (Business Capital Financing) on the dependent variable (Business Growth). The following are the results of the coefficient of determination (R^2) using SPSS 20:

**Table 4.3 Results of the Coefficient of Determination Test
Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,809 ^a	,655	,644	3,57003

a. Predictors: (Constant), Pembiayaan Modal Usaha

Source: SPSS 20 output, 2018

The results of the data analysis in the table above show that the R Square value is 0.655 or 65.5%, which means that the independent variable (Business Capital Financing) is able to explain the dependent variable (Business Growth)

by 65.5%. Meanwhile, the remaining 34.5% is influenced by other variables that were not taken into account in this analysis.

DISCUSSION

1. The Effect of Business Capital Financing on Customer Business Growth at KSPP. Syariah BMT NU East Java

Financing is an activity of Islamic banks in channeling funds to parties other than banks based on Islamic principles. Meanwhile, working capital is funds tied up in a company's current assets that are needed to carry out the company's operational activities. The working capital that companies need to pay attention to is the net working capital they have.

The business cooperation financing channeled by KSPP. Syariah BMT NU East Java to customers is an investment made by KSPP. Syariah BMT NU East Java to customers. KSPP. Syariah BMT NU East Java trusts customers to run their businesses in order to make a profit. The profits or results of the customer's business from this cooperative venture will be shared between KSPP. Syariah BMT NU Jawa Timur and the customer. Profit sharing is the reward that will be received by KSPP. Syariah BMT NU Jawa Timur for financing the customer.

KSPP financing. Syariah BMT NU East Java is an activity of providing funds or bills equivalent to that in the form of business cooperation between KSPP. Syariah BMT NU East Java and parties who need capital to increase their business volume.

Working capital financing is an activity of KSPP. Syariah BMT NU East Java in distributing its funds to customers who need funds. Financing is very beneficial for KSPP. Syariah BMT NU East Java, customers, and also for the government.

This financing also provides considerable returns compared to other types of financing. Working capital financing for businesses, including small businesses, is a source of capital to maintain or improve their business. With the availability of business capital financing, small business owners can ease their burden so that their businesses can continue to grow and experience improvement in production and sales.

Based on the hypothesis test conducted, the results show that the linear regression coefficient of the independent variable (Business Capital Financing) is positive at 0.807. This means that business capital financing has a positive relationship with customer business growth, so that for every one unit increase in business capital financing, customer business growth will increase by 0.807.

The results of the hypothesis after testing using the t-test show that there is an effect between business capital financing and business growth. This can be proven from the correlation coefficient value of the independent variable (Business Capital Financing) showing a t_{value} of 7.909 > t_{table} 1.68957 with a significance level of $0.000 < 0.05$, as well as a positive beta coefficient value. This means that business capital financing has a significant effect on business growth, so the null hypothesis (H_0) is rejected and the alternative hypothesis (H_a) is accepted because the t_{value} is greater than the t_{table} .

Members feel that the increase in business is influenced by the business capital financing provided by KSPP. Syariah BMT NU East Java, members feel that the financing services provided by KSPP. Syariah BMT NU East Java are very friendly and always smiling, explaining the products available at KSPP. Syariah BMT NU East Java are good and clear, and the administrative processes at KSPP. KSPP Syariah BMT NU East Java is very fast. The financing provided by KSPP Syariah BMT NU East Java is always on target. KSPP Syariah BMT NU East Java provides financing for investment financing, consumer financing, and working capital financing.

Financing at KSPP. Sharia BMT NU East Java is right on target, one of which is financing for businesses provided to members to increase their business volume, and KSPP. Syariah BMT NU Jawa Timur, in providing financing, adheres to the principles of financing with a 5C analysis always implemented to ensure financing runs smoothly, namely Character, selective assessment of prospective debtors, and measuring profitability for creditor returns. Capacity, To determine the customer's ability to repay the financing received. This assessment shows the customer's ability to manage their business. Capital, An assessment that can be given to prospective debtors based on the feasibility of the business that will be or is being carried out. Condition of economy, the condition of the prospective debtor's business in relation to their business opportunities or prospects in managing credit. Collateral, the existence of collateral provided to the bank or institution.

This study is in line with research conducted by Fitri Susilawati in 2010, which found that Mudharabah financing has a positive effect on business growth. If all the characteristics of business capital financing, consisting of three indicators provided by KSPP Syariah BMT NU East Java, are well met, there will be an increase in customer business using mudharabah financing products at KSPP Syariah BMT NU East Java.

2. How Much Does Business Capital Financing Contribute to Customer Business Growth at KSPP Syariah BMT NU East Java?

From the results of the coefficient of determination (R^2), where in this research table it can be seen in the R Square section, which is 0.655 or 65.5%. This means that the contribution of the independent variable (Business Capital Financing) to the dependent variable (Customer Business Improvement) at KSPP. The remaining 34.5% is likely influenced or contributed by other variables not included in Business Capital Financing, such as Customer Knowledge, Institutional Image, Service Quality, Public Perception, and others.

E. CONCLUSION

Based on the results of research on the effect of business capital financing on customer business growth at KSPP Syariah BMT NU East Java, as described above, it can be concluded that business capital financing has a significant effect on customer business growth. This is evidenced by the t-test results, which show a t-

count value of 7.909, greater than the t-table value of 1.68957, with a significance level of 0.000, which is less than 0.05. In addition, the regression equation obtained is $Y = 22.506 + 0.807X$, which shows that every one unit increase in business capital financing will increase the business of customers using mudharabah financing products at KSPP Syariah BMT NU Jawa Timur by 0.807. The contribution of business capital financing to the increase in customer business is 65.5%, while the remaining 34.5% is influenced by other variables not included in this study.

The researchers provided several suggestions that are expected to be useful for related parties. One of them is that KSPP Syariah BMT NU East Java is advised to continue applying the principle of ta'awun or mutual cooperation in providing business capital financing to all customers in order to encourage mutual progress. In addition, SME players are expected to be able to clearly demonstrate their profits to KSPP Syariah BMT NU Jawa Timur in running their businesses. For further research, it is recommended to examine other broader variables and involve different research subjects in order to enrich the results and insights of research in the field of sharia financing.

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