

The Effect of Syariah People's Business Credit (KUR) And Business Resources on The Productivity of Micro Small and Medium Entrepreneurs (MSME) In Medan, Indonesia

Adistia Prayoga¹, Rahmayati²

Universitas Muhammadiyah Sumatera Utara^{1,2}

adistiaprayoga31@gmail.com, raahmayati@umsu.ac.id

Abstract

This study examines the influence of Sharia People's Business Credit (KUR Syariah) and business resources on the productivity of MSMEs in Medan Marelan District. The research method used is a quantitative research method. The research used in the study entitled the influence of KURS (Shariah People's Business Credit) and Business Resources on MSME Productivity in Medan Marelan District.

The type of research used is a descriptive quantitative research type. Where in this study analyzes the influence of independent variables, namely KURS (people's business credit) and business resources on MSME productivity with the dependent variable being MSME productivity. The population of this study is MSME entrepreneurs in Medan Marelan District consisting of 896 MSMEs. The sampling technique used is the Slovin method. From the calculation results above, the sample of this study was rounded up to 90 MSMEs in Medan Marelan District.

This result indicates that 82.3% of MSME productivity variations are influenced by these two variables, while 17.7% are influenced by other factors. Therefore, optimizing access to KUR Syariah, business assistance, and innovative strategies are necessary to enhance MSME competitiveness sustainably. These findings confirm that access to sharia financing and the optimization of business resources can significantly improve MSME productivity. Therefore, the government and sharia financial institutions should continue to promote the broader utilization of KUR Syariah and provide assistance in business management. Additionally, MSME actors are encouraged to develop more innovative business strategies, including business digitalization and improved management quality, to enhance competitiveness and sustainable business growth.

Keywords: KUR (People's Business Credit) Sharia; Business Resources; MSME productivity.

Introduction

National development has an impact on regional development, because regions are an integral part of a country. Regional economic development is a process in which the Regional Government and the community manage existing resources, by establishing partnership patterns between the Regional Government and the private sector to create jobs, and can stimulate economic growth in the relevant region. The government began launching the KUR program in 2007 in response to Presidential Instruction No. 6 of 2007 so that credit distribution could be evenly distributed. This KUR is intended for MSME groups in Indonesia.

Industry has two meanings, the first is the general meaning, namely a company that carries out operations in the field of economic activity that is classified as the secondary sector. The second definition is the definition used in economic theory, namely a collection of companies that produce the same or very similar goods that are found in a market. MSMEs are businesses engaged in production, MSME actors are people such as home industries (Purwanggono & Pratiwi, 2022).

The increasing number of business activities in the Medan City environment has increased the number of business actors in Medan City. Medan Marelan District is one of the areas with an increasing number of MSME actors every year. Based on observations made by researchers, the increase in the number of MSMEs does not necessarily reflect the productivity of MSMEs in the region. This can be seen from the development of MSME actors in the products they produce. According to (Maarif et al., 2021), productivity is an important factor in determining the success of MSMEs in the increasingly tight business world competition and can realize the welfare of MSMEs. And increasing MSME productivity can increase profits, improve product quality and increase workers' wages. This fact is supported by the rapid growth and development of the economy in the area (Pujiono et al., 2018).

Medan Marelan District is considered a district with a super high level of busy activity. The dense population can be seen from the super dense traffic activity, the endless economic activity. This fact is in line with the development of quite large MSMEs. The following is a table of the latest registration development data for the past 3 years in Medan Marelan District.

Table 1 Latest MSME Registration Data According to Sub-district in Medan Marelan District in 2024

No	Ward	Number of MSMEs	Type of business				
			Culinary	Trading	Industry	Agriculture	Service
1	T 600	156	30	76	26	8	16
2	Rengas Island	214	32	112	17	8	45
3	Jump	314	45	172	21	15	61
4	Sand Bay	56	8	16	8	11	13
5	Deli Labuan	156	44	88	3	13	8
	Total	896	159	464	75	55	143

Source: Medan Marelan District, 2024.

Medan Marelan District has 5 sub-districts where the highest number of MSMEs is in Terjun sub-district, which is 314 and the second highest is Rengas Pulau sub-district, which is 214 and is dominated by trade and culinary businesses. This is a natural thing because Terjun and Rengas Pulau sub-districts have two markets which are the market centers in Medan Marelan sub-district. This results in many businesses with the types of trade and culinary having the largest number.

Capital in business is very important because lack of capital can limit the scope of business activities for business actors to achieve optimal income levels in order to maintain the sustainability of their business. If this condition continues, it is likely to hamper the growth of micro businesses, especially for novice MSME entrepreneurs, because financing or capital is one of the important factors that can grow and develop businesses and income of business actors. People's Business Credit (KUR) is financing of working capital or investment to individual debtors of business entities or business groups that are productive and feasible but do not have additional collateral or additional collateral is not sufficient. MSMEs and Cooperatives that are expected to be able to access KUR are those engaged in productive business sectors including: Agriculture, Fisheries and Marine, Industry, Forestry, and Savings and Loan Financial Services. People's business credit is one of the government's efforts to improve people's standard of living (by opening up employment opportunities and expanding businesses through MSMEs) by providing financing facilities with low margins and requirements that can be easily met by Micro, Small and Medium Enterprises (MSMEs) that have good business potential but are not yet bankable (Thamrin et al., 2020). The difficulty of MSMEs in expanding their businesses is a problem in increasing their business productivity (Nasution et al., 2022). While KURS funds can be obtained by MSMEs in developing their businesses as capital to increase productivity, not all MSMEs in developing their businesses use the KURS as a means to increase business productivity, even ineffectiveness still occurs in KURS financing carried out by banks. This is because the business resources owned by MSMEs in Medan District do not occur as expected and are even less productive. This is due to the lack of knowledge of MSMEs in empowering and managing their business resources.

The need for knowledge for MSME actors in utilizing business resources so that business goals in increasing productivity are realized. The role of Micro, Small, and Medium Enterprises (MSMEs) is indeed unquestionable, but on the other hand MSMEs also face problems/obstacles both internal and external. It seems that the low quality of human resources, lack of banking information and access to capital and weak ability to innovate. The low quality of competent human resources and minimal knowledge have an impact on management performance and lack of product innovation. In addition, difficulties in accessing capital make it difficult for MSMEs to increase their business capacity and develop products that are currently competitive.

Business capital is the initial key to every production. Where large capital will affect business development. Because capital is needed when entrepreneurs want to establish a new company or to expand an existing business, without sufficient capital it will affect the smooth running of the business, so it will affect the income obtained. Capital can come from personal capital or loan capital from other parties such as financial institutions. Generally, micro, small, and medium enterprises utilize relatively modest amounts of personal capital. (Rupeika-Apoga, 2014). MSME stakeholders encounter challenges in

acquiring institutions that may offer loans for added business capital. (Choudhury, 2021; Wardi et al., 2019).

Therefore, capital injection is also needed to develop the business, because it is very difficult to increase sales turnover without additional capital (Alhifni & Mawardi, 2017). In this case, capital may impact the development of a business, as the increased capital a business actor possesses, the more it can expand its business volume. Then the Quality of Human Resources is something that is equally important in the overall development of the business. Human resources have competence both in terms of physical and intellectual aspects. Quality human resources have high productivity such as knowledge, skills, competence, entrepreneurship, physical health and have high work motivation. Those who are competent can certainly manage their business well. With that, the business that is run will develop further. According to Baharin improving the Quality of Human Resources (HR) can be done by empowering. So, the increasing quality of human resources is expected to be able to add positive results to the development of micro, small and medium enterprises (Baharin et al., 2020).

The importance of providing Human Resource development to Micro, Small and Medium Enterprises because to make MSMEs continue to advance even in this modern era with the expertise obtained in training and development, MSMEs will continue to advance and the products produced will compete with other products (Ihsan et al., 2022). The welfare of the community in a region or country is very important, because if the welfare is obtained, then peace and comfort will be obtained. In order to know the rate of economic growth, it is necessary to calculate and link the level of national income from year to year. Shahanipour's research finds that Human Resource Management (HRM) is essential for enhancing the knowledge and abilities of MSME entrepreneurs regarding technology, facilities and infrastructure, capital, and marketing (Shahanipour et al., 2020). Baharin's research reveals that the strategic development of a program, coupled with training and the enhancement of technological knowledge, is crucial for augmenting the potential of the national economy. (Baharin et al., 2020). The strategic goal of training and development programs for Small and Medium Enterprises is essential for supporting the National economy. A researcher attempted to further investigate the study. The Impact of KURS (Sharia People's Business Credit) and Business Resources on MSME Productivity.

Research methods

The research method used is a quantitative research method. Where this quantitative research uses data that contains numbers in it. The quantitative method is also called the discovery method, because with this method it can be found and developed as new science and technology with research data in the form of numbers and statistical analysis (Yani Balaka & Abyan, 2022). The research used in the study entitled the influence of KURS (Shariah People's Business Credit) and Business Resources on MSME Productivity in Medan Marelan District. The type of research used is a descriptive quantitative research type. Where in this study analyzes the influence of independent variables, namely KURS

(people's business credit) and business resources on MSME productivity with the dependent variable being MSME productivity. The population of this study is MSME entrepreneurs in Medan Marelan District consisting of 896 MSMEs. The sampling technique used is the Slovin method. From the calculation results above, the sample of this study was rounded up to 90 MSMEs in Medan Marelan District. The variables in this study are Sharia KUR (People's Business Credit) and business resources as independent variables while productivity is the dependent variable, so the operational definition can be known as follows:

MSME Productivity (Y)

Productivity is one of the important factors in determining the success of MSMEs in the increasingly tight business competition and can realize the welfare of MSMEs. And MSME productivity can increase profits, improve product quality and increase wages. The indicators in measuring MSME productivity include efficiency, shows how the company uses resources, such as labor, energy, materials and capital as economically as possible. Effectiveness, shows how the company achieves results when viewed from the perspective of accuracy and quality. Inferential, shows a criterion that does not directly affect productivity.

Sharia People's Business Credit (KUR) (X1)

The use of the word "Credit" in this product does not affect the financing system implemented. The use of the word "credit" does not mean that the Bank uses an interest system in implementing financing. The implementation of People's Business Credit (KUR) financing in Islamic Banks has been changed and adjusted to the established sharia principles. People's Business Credit in Islamic banking uses the murabahah bil wakalah contract, namely a sale and purchase that is represented. The indicators of Islamic banking financing include: Trust, which is a belief of the creditor that the credit given (in the form of money, goods or services) will actually be received back at a certain time in the future. This trust is given by the bank, where previously research and investigation have been conducted on customers both internally and externally. Research and investigation of past and present conditions of credit applicant customers. Agreement, besides the element of trust in credit also contains an element of agreement between the creditor and the credit recipient. This agreement is stated in an agreement that each party signs their respective rights and obligations.

Term, each credit given has a certain term, this term includes the agreed credit repayment period. The term can be short term, medium term or long term. Risk, the existence of a repayment grace period will cause a risk of uncollectible/delinquent credit. The longer a credit, the greater the risk, and vice versa. This risk is borne by the bank, both deliberate risks by negligent customers, and unintentional risks. For example, a natural disaster or bankruptcy of a customer's business without any other deliberate elements.

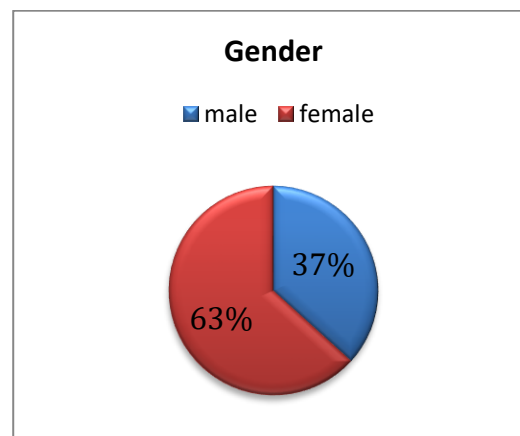
Business Resources (X2)

Quality human resources do not only have comparative value. High quality human resources have other superior values in terms of competitive, generative, and innovative aspects (Habib Rana & Shaukat Malik, 2016). The indicators of business resources include: Knowledge, Skills, Ability.

Results and Discussion

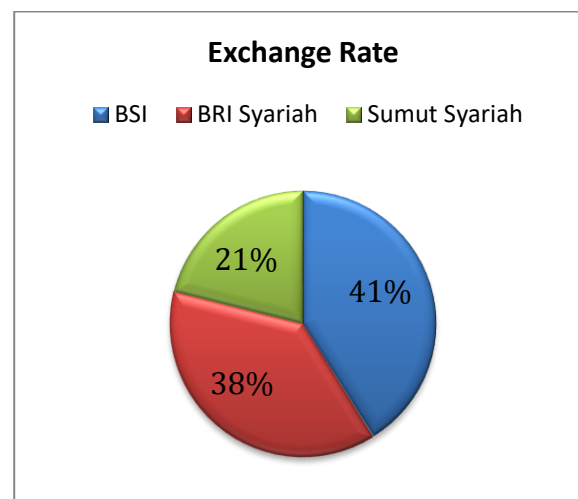
Based on the analysis, the characteristics of respondents in this study are as follows: Respondent characteristics based on respondent gender:

Figure 1. Respondent Characteristics Based on Gender



Source: Processed Primary Data, 2024.

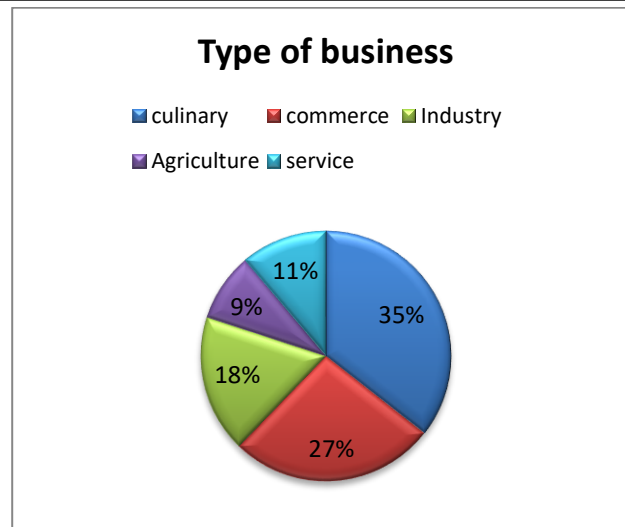
Based on table 2 above, it shows that the majority of respondents were female, namely 57 people or 63.3% of total respondents.



Source: Processed Primary Data, 2024.

Based on table 3 above, it shows that the majority of respondents with the type of Sharia KUR are at Bank Syariah Indonesia (BSI) as many as 37 people or 41.1% of the total respondents. Respondent characteristics based on respondent business type:

Figure 3. Respondent Characteristics Based on Business Type



Source: Processed Primary Data, 2024.

Based on table 4 above, it shows that the majority of respondents with this type of business are in the culinary business, as many as 32 people or 35.6% of the total respondents. Respondent characteristics based on respondent loan year:

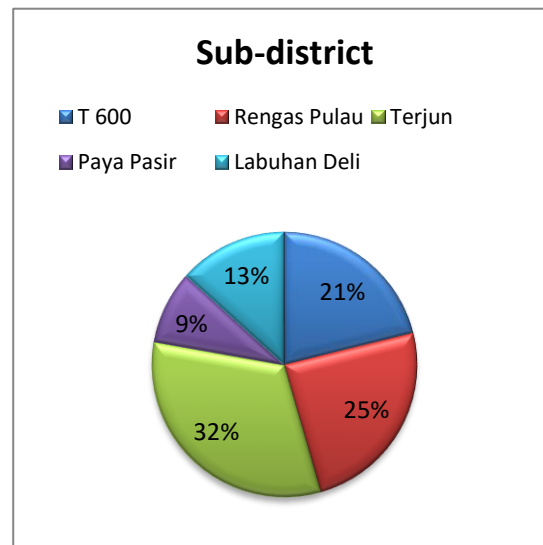
Figure 4. Respondent Characteristics Based on Loan Year



Source: Processed Primary Data, 2024.

Based on table 5 above, it shows that the majority of respondents with a loan year of <2020 were 52 people or 57.8% of the total respondents.

Respondent characteristics based on respondent sub-district:

Figure 5. Respondent Characteristics Based on Sub-district

Based on table 6 above, it shows that the majority of respondents from the sub-district are from the Punggang sub-district, which is 29 people or 32.2% of the total respondents. Next, the results of the descriptive statistical tests are presented in the following table 2:

Table 2. Descriptive Statistics Results
Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Sharia KUR	90	24	48	40.70	4.835
Business Resources	90	24	48	37.60	5.407
Business Productivity	90	24	43	35.54	4.232
Valid N (listwise)	90				

Source: Processed Primary Data, 2025.

Based on the results of descriptive statistics from 90 respondents, the variable KUR (People's Business Credit) Sharia (X1) showed the lowest score of 24 and the highest score of 48 with an average value of 40.70 and a standard deviation value of 4.835. The variable business resources (X2) showed the lowest score of 24 and the highest score of 48 with an average value of 37.60 and a standard deviation value of 5.407. The variable business productivity showed the lowest score of 24 and the highest score of 43 with an average value of 35.54 and a standard deviation value of 4.323.

The normality test was conducted using the One-Sample Kolmogorov-Smirnov Test method. The results of the Kolmogorov-Smirnov statistical test showed a significant value of 0.200 which is greater than 0.05. This indicates that the distribution of data in all analysis units is normally distributed.

Multicollinearity Test aims to find out whether there is a relationship or correlation between independent variables in the regression model determined by the researcher

(Ghozali, 2011: 105). Symptoms of multicollinearity can be detected by looking at the variance inflation factor (VIF) and tolerance value values obtained after regressing the analysis model and conducting a correlation test between independent variables. It is said that there are no symptoms of multicollinearity if the tolerance value is greater than 0.10 with a VIF value of less than 10 and vice versa.

Data Regression Test Results

The Influence of Sharia KUR (People's Business Credit) on MSME Productivity

Furthermore, the results of the hypothesis analysis are as follows: The results of the first hypothesis test regarding the influence of Sharia KUR (people's business credit) on MSME productivity have a significance value of 0.000. This shows that the level of significance is <0.05 so it can be concluded that Sharia KUR (people's business credit) has a positive effect on MSME productivity.

The Influence of Business Resources on MSME Productivity

The results of the second hypothesis test regarding the influence of business resources on MSME productivity have a significance value of 0.009. This shows that the level of significance <0.05 so it can be concluded that business resources have a positive effect on MSME productivity. Based on table 10, the multiple linear regression equation obtained in this study is as follows:

$$Y = \alpha + b_1x_1 + b_2x_2 + e$$

$$Y = 3.643 + 0.621 + 0.176 + 1.618$$

Information:

Y = MSME Productivity

α = Constant

X1 = Sharia KUR (People's Business Credit)

X2 = Business Resources

e = Standard error (1.618)

The Influence of Sharia KUR (People's Business Credit) and Business Resources on MSME Productivity

The results of the third hypothesis test regarding the influence of sharia KUR (people's business credit) and business resources on MSME productivity have a significance value of 0.000. This shows that the level of significance <0.05 so it can be concluded that sharia KUR (people's business credit) and business resources have a positive effect on MSME productivity.

The coefficient of determination (R^2) is a test that explains the percentage of independent variables in explaining dependent variables (Widarjono, 2013:70). Based on the results of the calculation of the coefficient of determination seen from the Adjusted R Square value, which is 0.823 or 82.3%. This shows that the variables of KUR (people's business credit) sharia and business resources together affect the productivity of MSMEs by 82.3% and the remaining 17.7% ($100\% - 82.3\% = 17.3\%$) is influenced by other factors which was not examined in this study.

In general, an increase in business profits/profits can be influenced by several factors, one of which is the availability of capital for business operations, either own capital or loans from banks. In this study, the increase in business profits/profits was only observed from the distribution of working capital from banks, namely KUR, where the aspects used to measure the effectiveness of KUR are four aspects including Accuracy of Use of Funds (KP), Accuracy of Credit Amount (KJ), Accuracy of Credit Burden (KB), and Accuracy of Procedure (KPr), where this study aims to determine the effect of the effectiveness of each aspect used on the Increase in Profit (PP)

This result indicates that 82.3% of MSME productivity variations are influenced by these two variables, while 17.7% are influenced by other factors. Therefore, optimizing access to KUR Syariah, business assistance, and innovative strategies are necessary to enhance MSME competitiveness sustainably. These findings confirm that access to sharia financing and the optimization of business resources can significantly improve MSME productivity. Therefore, the government and sharia financial institutions should continue to promote the broader utilization of KUR Syariah and provide assistance in business management. Additionally, MSME actors are encouraged to develop more innovative business strategies, including business digitalization and improved management quality, to enhance competitiveness and sustainable business growth.

The results of this study support the results of previous studies. It can be said that the distribution of People's Business Credit (KUR) implemented by Medan Marelan District, has been effective and has a positive effect on increasing micro-business profits, where the higher the effectiveness of the KUR, the greater the increase in business profits or profits obtained by micro-business actors.

Conclusion

The sharia KUR (people's business credit) makes a positive and significant effect on the production of MSMEs in the Medan Marelan District. Certainly, a higher value of sharia KUR offered by banks will enhance the output of MSMEs.

Business resources impose a positive and significant impact on the productivity of MSMEs in the Medan Marelan District. Higher quality resources, including the caliber of MSME employees, will enhance the productivity of MSMEs in conducting business activities.

A good and substantial impact of sharia KUR (people's business credit) and business resources on the productivity of MSMEs in Medan Marelan District exists. To achieve productivity as an MSME, effective management and meticulous planning are essential. Thus, enhanced planning and management of sharia KUR money acquired by MSMEs, along with the skill development of each worker in proficient MSMEs, will lead to increased productive efficiency of these enterprises.

Bibliography

- Alhifni, A., & Mawardi, I. (2017). Optimization Of Cooperation Network Between The Government, Private Sectors And Universities In Strengthening Sme Capital Through Islamic Micro Finance In Indonesia. *Researchers World: Journal of Arts, Science and Commerce*, VIII(1), 18–27. <https://doi.org/10.18843/RWJASC/V8I1/03>
- Baharin, R., Syah Aji, R. H., Yussof, I., & Saukani, N. M. (2020). Impact of Human Resource Investment on Labor Productivity in Indonesia. *Interdisciplinary Journal of Management Studies (Formerly Known as Iranian Journal of Management Studies)*, 13(1), 139–164. <https://doi.org/10.22059/IJMS.2019.280284.673616>
- Choudhury, M. A. (2021). The Impact of Islamic Development Financing on Poverty Alleviation in Indonesia. *God-Conscious Organization and the Islamic Social Economy*, 241–258. <https://doi.org/10.4324/9781315585321-20/IMPACT-ISLAMIC-DEVELOPMENT-FINANCING-POVERTY-ALLEVIATION-INDONESIA-MASUDUL-ALAM-CHOUDHURY-TATIK-MARIYANTI>
- Habib Rana, M., & Shaukat Malik, M. (2016). Human resource management from an Islamic perspective: a contemporary literature review. *International Journal of Islamic and Middle Eastern Finance and Management*, 9(1), 109–124. <https://doi.org/10.1108/IMEFM-01-2015-0002/FULL/PDF>
- Maarif, S., Abdul Majid, M., & Dzirkulloh, D. (2021). The Influence of Spirituality on The Education of Muslim Micro Small And Medium Entrepreneurs In Jombang, Indonesia. *Dinar: Jurnal Ekonomi Dan Keuangan Islam*, 8(2), 78–90. <https://doi.org/10.21107/DINAR.V9I1.22534>
- Nasution, J., Abdul Fattah, M., & Sumatera Utara, U. (2022). ANALYSIS OF TEMPE PRODUCTION MICRO BUSINESS STRATEGY IN INCREASING INCOME IN THE COVID-19 PANDEMIC USING SOAR ANALYSIS. *Jurnal Ekonomi*, 11(02), 1662–1667. <https://ejournal.seaninstitute.or.id/index.php/Ekonomi/article/view/2622>
- Nur'Aini Ihsan, D., Ashuri, R. K., Al Arif, M. N. R., & Zulpawati. (2022). The Relationship Between Human Capital, Halalpreneurs' Desire, and Halal Awareness: Empirical Evidence from Indonesia's Micro-Entrepreneurs. *Asian Economic and Financial Review*, 12(7), 450–458. <https://doi.org/10.55493/5002.V12I7.4524>
- Pujiono, A., Setyawati, R., & Idris, I. (2018). STRATEGI PENGEMBANGAN UMKM HALAL DI JAWA TENGAH DALAM MENGHADAPI PERSAINGAN GLOBAL. *Indonesia Journal of Halal*, 1(1), 1–7. <https://doi.org/10.14710/HALAL.V1I1.3109>
- Purwanggono, C. J., & Pratiwi, R. (2022). SOAR-Based MSME Competitiveness in Purworejo Regency. *Enrichment: Journal of Management*, 12(3), 2330–2338. <https://doi.org/10.35335/ENRICHMENT.V12I3.658>
- Rupeika-Apoga, R. (2014). Financing in SMEs: Case of the Baltic States. *Procedia - Social and Behavioral Sciences*, 150, 116–125. <https://doi.org/https://doi.org/10.1016/j.sbspro.2014.09.013>
- Shahanipour, S., Amindoust, A., Sahraian, K., & Beiranvand, S. (2020). Identification and prioritization of human resource strategies with employees' creativity approach in

administrative organizations using SWOT-ANP. *OPSEARCH*, 57(1), 119–143.

<https://doi.org/10.1007/s12597-019-00416-w>

Thamrin, D. A., Hanif, F., & Athief, N. (2020). The Use Of Conventional Banks By Sharia Economic Law Students: Practice, Factors, And Laws. *Dinar: Jurnal Ekonomi Dan Keuangan Islam*, 7(2), 36–44. <https://doi.org/10.21107/DINAR.V7I2.9150>

Wardi, M., Ismail, I., Zainollah, Z., & Wekke, I. (2019). *Entrepreneurship and Financing in Islamic Educational Institution of Darul Ulum Banyuwang Pamekasan*. 25, 1–4.

Yani Balaka, M., & Abyan, F. (2022). *METODOLOGI PENELITIAN KUANTITATIF*.