

**THE EFFECT OF CONTRIBUTION, ROLE, AND CAPITAL ON MSMEs
BUSINESS DEVELOPMENT IN ISLAMIC BANKS WITH HUMAN RESOURCES
QUALITY AS A MODERATION VARIABLE**



Sri Fitri Wahyuni¹

Universitas Muhammadiyah Sumatera Utara, Medan, Indonesia
srifitri@umsu.ac.id

Muhammad Shareza Hafiz²

Universitas Muhammadiyah Sumatera Utara, Medan, Indonesia
sharezah@umsu.ac.id

Riyan Pradesyah³

Universitas Muhammadiyah Sumatera Utara, Medan, Indonesia
riyanpradesyah@umsu.ac.id

Abstract

The study aims to see the effect of the contribution, role, and venture capital on MSMEs business development, with the quality of human resources as a mediating variable. This research was conducted at Islamic banks in the city of Medan, with a sample of 160 people. As for the results obtained based on the results of the path coefficient test carried out, it was found that there were 3 significant items on construction with t-statistic values > 1.65 and p-values < 0.05 , meaning that the hypotheses H4, H6, and H7 were accepted, that there was a significant influence of business capital with Human Resources (HR) quality (H4), there is a significant influence of the role of Islamic banks on HR (H6), and there is a significant influence of HR on business development (H7). While indirectly the hypothesis that is accepted is H9, where the T statistic is $3.726 > 1.65$, and the P values are $0.00 < 0.05$, with Std. Beta is 0.367. It means that there is a positive influence of business capital on business development, mediated by the variable quality of Human Resources (HR).

Keywords: Contribution, Role, Capital, Business Development, Human Resources

INTRODUCTION

The development of Islamic financial institutions in Indonesia from year to year continues to experience a significant increase. It can be seen from the number of office networks of Islamic financial institutions which continue to experience a significant increase. The development is certainly a matter of pride for Muslims, where sharia principles can be accepted by society. The data on the development of Islamic financial institutions in Indonesia are as follows:

Table 1
Development of Sharia Banking Office Network in Indonesia

Sharia Banking Office Network					
Indicators	2017	2018	2019	2020	2021
Sharia Commercial Bank (BUS)					
Number of Banks	13	14	14	14	12
Number of Offices	1825	1875	1919	2034	2033
Sharia Business Unit (UUS)					
Number of Banks	21	20	20	20	21
Number of Offices	334	354	381	392	441
Sharia People's Financing Bank (BPRS)					
Number of Banks	167	167	164	163	163
Number of Offices	441	495	617	627	649

Source: OJK Sharia Banking Statistics Data, 2021

From the data above, it can be seen that the development of Islamic financial institutions such as Islamic Commercial Banks, Islamic Business Units, and Islamic People's Financing Banks has experienced an increase in the number of office networks. As we know, an Islamic financial institution is a financial institution whose function is to collect and distribute financing to the public. Therefore, this increase should also be accompanied by the contribution and role of Islamic financial institutions in the development of MSMEs in Indonesia. MSMEs are one of the indicators in economic development in Indonesia (Haryo Limanseto, 2021), where MSMEs are expected to be able to revive the community's economy after the Covid-19 outbreak. If you look at the development of Islamic financial institutions, of course, they are able to help MSMEs in improving and developing their businesses. In Islamic financial institutions, there is a cooperation agreement that can be used to carry out cooperation between traders and Islamic financial institutions, this contract is usually called a *mudharabah* contract

(Halvaiee & Akbari, 2014). It makes it difficult for MSMEs to develop because there is no collaboration between Islamic financial institutions and MSMEs themselves so when MSME knowledge about products is limited, MSMEs themselves must strive for development in their businesses. In fact, if there is cooperation between MSMEs and Islamic financial institutions, of course it will be able to develop easily (Miltonberger, 2018).

When looking at the Cooperation agreements in Islamic financial institutions, there is one contract that is still of particular concern, where a contract is actually the contract that can encourage MSMEs to develop their business, and of course can improve the people's economic case (Koenigsbrueck, Siddens, & ..., 2013). The contract is a *mudharabah* contract. If seen from the financial reports published by the Financial Services Authority (OJK, 2017), a *mudharabah* contract is a contract that has the smallest financing figure, even though this contract can be used for the development of MSMEs, where the contract regulates starting from the provision of financing, to supervision carried out in the development of businesses owned by the community (El, Masyhuri, & Yuliana, 2022).

REVIEW OF LITERATURE

The theoretical basis taken or described in this study comes from journals, while those taken or described in theoretical studies start from the name of the authors, title, year of publication of the journal, method used, and results obtained. The theoretical basis taken from several journals is as follows:

First, (Pradesyah & Ardianti, 2021) conducted research with the title "The Influence of the Amount of Third Party Funds and Inflation of SME Financing Placements in Koperasi Syariah BMT Masyarakat Sipil North Sumatra. They are conducting research in 2021. The research method used in this study is quantitative, with data analysis using SPSS. As for the results of the study, that third party funds (DPK) partially have no effect and are not significant on SMEs financing, because the value of t count $<$ t table ($0.132 < 2.012$) and the significance level is greater than 0.05. Meanwhile, the inflation variable is influential and significant, to SME financing seen from the value of t count $<$ t table ($5.801 > 2.012$) and the significance level is less than 0.005. Meanwhile, simultaneously, third

party funds and inflation have an effect on SMEs Financing in BMT for North Sumatra Civil Society.

Second, (Lestari, Wahyuni, & Affandi, 2018) conducted research with the title “The Effect of Capital Adequacy Ratio, Net Interest Margin and Operational Income Operational Costs on Return On Assets with Loan To Deposit Ratio as Intervening Variables”. They conducted research in 2018. This type of research is quantitative research with a descriptive approach. The objects of this research are commercial banks listed on the Indonesia Stock Exchange (IDX) for the 2015-2019 period. The sample in this study were 10 conventional commercial banks which were selected based on the purposive sampling method. Data analysis technique using multiple linear regression analysis. Partially, there is no significant effect of the CAR variable on LDR, there is a significant negative effect of the NIM variable on LDR; and there is a significant positive effect of BOPO on LDR; the CAR variable has no significant negative effect on ROA, the NIM variable has a significant positive effect on ROA, the BOPO and LDR variables have no significant effect on ROA. Simultaneously CAR, NIM, BOPO have a positive and significant effect on LDR and CAR, NIM, BOPO and LDR have a positive and significant effect on ROA. LDR is an intervening variable for CAR on ROA, because the total direct effect of CAR on ROA is smaller, but LDR is not an intervening variable for NIM and BOPO on ROA because the total direct effect of NIM and BOPO on ROA is greater than the indirect effect. BOPO has a positive and significant effect on LDR and CAR, NIM, BOPO and LDR have a positive and significant effect on ROA. LDR is an intervening variable for CAR on ROA, because the total direct effect of CAR on ROA is smaller, but LDR is not an intervening variable for NIM and BOPO on ROA because the total direct effect of NIM and BOPO on ROA is greater than the indirect effect. BOPO has a positive and significant effect on LDR and CAR, NIM, BOPO and LDR have a positive and significant effect on ROA. LDR is an intervening variable for CAR on ROA, because the total direct effect of CAR on ROA is smaller, but LDR is not an intervening variable for NIM and BOPO on ROA because the total direct effect of NIM and BOPO on ROA is greater than the indirect effect.

RESEARCH METHOD

This research is quantitative research with the SmartPLS analysis tool. The research was conducted in the environment of Islamic financial institutions in the city of Medan. In this case, the sampling technique uses nonprobability sampling. To determine the sample size, researchers used the method by multiplying the number of indicators by 5 to 10 (Jufrizen, Farisi, Azhar, & Daulay, 2020). The total number of indicator variable constructs is 16, so the sample needed in this study is $16 \times 10 = 160$ people. For the hypothesis proposed in this study are as follows:

H1 = There is a significant influence on MSME business development

H2 = There is a contribution to the quality of human resources

H3 = There is an effect of working capital provided on MSME business development

H4 = There is an influence of Business Capital on HR Quality

H5 = There is an influence on the role of Islamic financial institutions in business development

H6 = There is an influence of the role of Islamic financial institutions on the quality of human resources

H7 = There is an influence of HR quality on business development

H8 = There is a contribution to the development of business capital through the quality of human resources as a moderating variable.

H9 = There is an influence of business capital on business development, through the quality of human resources as a moderating variable

H10 = There is an influence of the role of Islamic financial institutions on business development through the quality of human resources as a moderating variable.

RESULTS AND DISCUSSION

From the results of the tests carried out, the results of convergent validity are obtained, where in this convergent validity, it is used to measure the correlation value between constructors and latent variables. In this test, we can evaluate convergent validity from the results of individual item reliability checks, by looking at the loading factor value which can explain the correlation value between the indicator measurement items and the constructor. For decision making, the factor loading value is > 0.7 , so it can be declared

valid. In addition, to complement or prove that there is a relationship between the indicator and the construct, it can be assessed from the AVE value > 0.5 . The results obtained in processing this research data are as follows:

Table 2
The Validity and Reliability of Constructs Test

	Items	Loadings	Cronbach's Alpha	CR	AVE
CONTRIBUTION	K1	10513	0.862	0896	0.591
	K2	20,862			
	K3	15,769			
	K4	13,236			
	K5	11,453			
	K6	14027			
HR QUALITY	KS1	25,852	0.843	0.857	0.615
	KS2	17.124			
	KS3	21.168			
	KS4	16,588			
	KS5	12,704			
VENTURE CAPITAL	MU1	17,086	0.778	0.857	0.601
	MU2	14.163			
	MU3	14,602			
	MU4	15,006			
BUSINESS DEVELOPMENT	PU1	13,445	0.818	0.866	0.578
	PU2	14,325			
	PU3	15,430			
	PU4	16,956			
	PU5	13,507			
ROLE	P1	15,191	0.894	0.894	0.628
	P2	20,308			
	P3	19.120			
	P4	17,448			
	P5	23.138			

Source: Processed by SmartPIS

Of the 61 items of all variables, there were 22 items that had values above 0.7 and had an AVE value greater than 0.5. That is, there are 22 statements that can meet the requirements to continue testing, meanwhile 39 statements are deleted in the next data processing construction. To test discriminant validity, the Heterotrait-Monotrait (HTMT) method is used, in making decisions, the HTM value does not exceed 0.9, if it exceeds 0.9 then discriminant arises in the construction used. The results obtained are as follows:

Table 3
HTML

	Contribution	HR Quality	Venture Capital	Business Development	Role
Contribution					
HR Quality	0.738				
Venture Capital	0.607	0.870			
Business Development	0.645	0.891	0.770		
Role	0.747	0.841	0.735	0.760	

Source: Data Processed by SmartPls

From the results above, it can be seen that the Heterotrait-Monotrait (HTMT) value of each variable is not above 0.9, meaning that no discriminant arises in the constructs used. After that, the researchers will test the hypotheses offered in the study, whether the hypothesis can be accepted or rejected. In making these decisions, researchers can pay attention to the significant values between constructs, then t-statistics, and p-values. In the bootstrap resampling method in this study, the significant value used for the two tailed (t-value) is 1.65 with a significant value of 5%, provided that the t-statistic value is greater than 1.65. The results of the tests carried out are as follows:

Table 4
Main Effects

	Hypothesis	std. Betas	Sample Means	STDEV	T Statistics	P Values
H1	Contribution -> Development	0.043	0.054	0.091	0.469	0.639
H2	Contribution -> HR	0.139	0.157	0.078	1,771	0.077
H3	Business Capital -> Development	0.233	0.216	0.122	1905	0.057
H4	Business Capital -> HR	0.668	0.658	0.088	7,604	0.000
H5	Role -> Development	0.057	0.050	0.098	0.585	0.559
H6	Role -> HR	0.140	0.134	0.070	1998	0.046
H7	HR -> Development	0.549	0.561	0.124	4,413	0.000

Source: Data processed with SmartPls

In the path coefficient test, the requirements that must be met are t-statistic values > t-values, and p-values <0.05. The results obtained showed that there were 3 significant items with respect to the construction with t-statistic values > 1.65 and p-values < 0.05, meaning that the hypotheses H4, H6 and H7 were accepted, that there was a significant effect of Business Capital on HR quality (H4), there is a significant influence of the role of

Islamic banks on HR (H6), and there is a significant influence of HR on business development (H7). Then the indirect effect test was carried out, to determine the indirect effect between the variables used in the study. The results obtained are as follows:

Table 5
Indirect Effects

	Hypothesis	std. Betas	Sample Means	STDEV	T Statistics	P Values
H8	Contribution_ -> HR -> Development	0.076	0.087	0.046	1653	0.099
H9	Business Capital -> HR -> Development	0.367	0.370	0.098	3,726	0.000
H10	Role -> HR -> Development	0.077	0.076	0.045	1697	0.090

Source: Data Processed with SmartPLS

From the data above, it can be seen that there is only one hypothesis that is accepted, namely H9, where the T statistic is $3.726 > 1.65$, and the P values are $0.00 < 0.05$, with a Std. Beta is 0.367. It means that there is a positive influence of business capital on business development, mediated by the variable quality of Human Resources (HR). The model structure obtained is as follows:

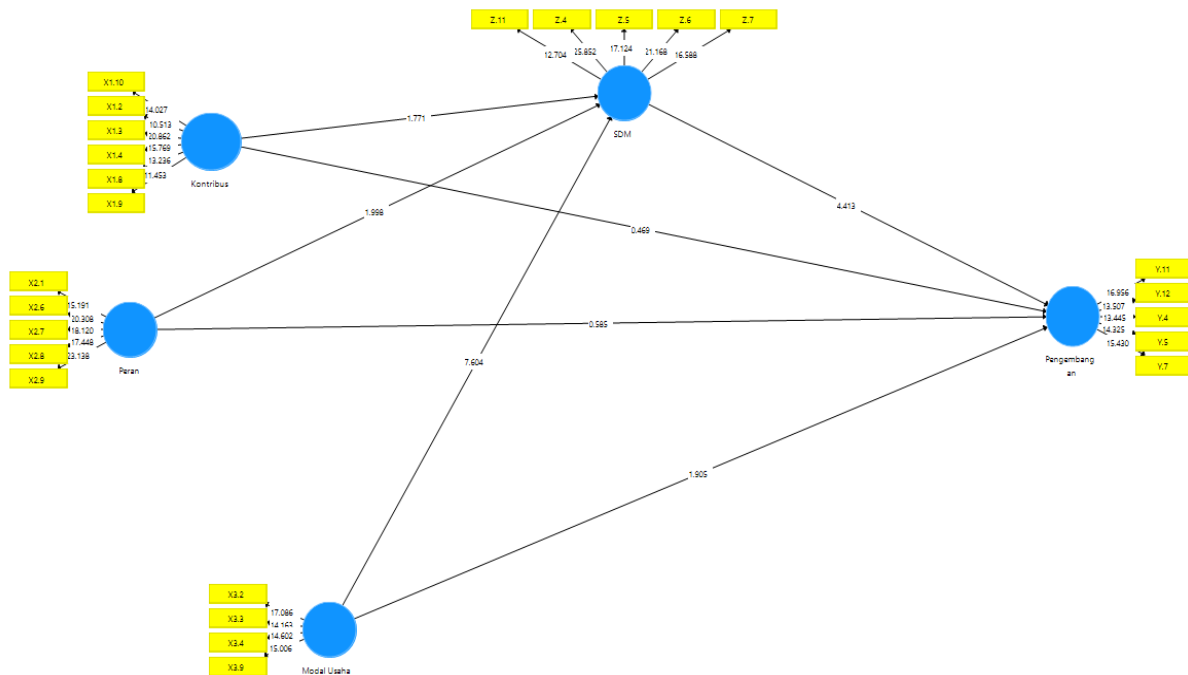


Figure 1
Assessment of Model Structure

CONCLUSION

Based on the results of the analysis of the data obtained through the distributed questionnaires, the following conclusions are obtained: a) There is no significant contribution to business development. It is evidenced by the results of the t-statistics obtained, namely $0.469 > 1.65$ and the p-values of $0.369 > 0.05$; b) There is influence but not a significant contribution to the quality of human resources. It is evidenced by the results of the t-statistics obtained, which are $1.771 > 1.65$ and the p-values are $0.077 > 0.05$; c) There is an influence but not significant business capital on business development. It is evidenced by the results of the t-statistics obtained, which are $1.905 > 1.65$ and the p-values are $0.057 > 0.05$; d) There is a significant influence of business capital on the quality of human resources. It is evidenced by the results of the t-statistics obtained, namely $7.604 > 1.65$ and the results of p-values $0.000 < 0.05$; e) There is no significant role influence on business development. It is evidenced by the t-statistic results obtained, namely $0.585 < 1.65$ and the p-values $0.559 > 0.05$; f) There is a significant role influence on the quality of human resources. It is evidenced by the results of the t-statistics obtained, namely $1.998 > 1.65$ and the p-values of $0.046 < 0.05$; g) There is a significant influence of HR quality on business development. It is evidenced by the results of the t-statistics obtained, namely $4.413 > 1.65$ and the results of p-values $0.000 < 0.05$.

REFERENCES

- El, I. M., Masyhuri, M., & Yuliana, I. (2022). The Effect of Mudharabah and Musyarakah Financing on Profitability of Islamic Banks in Indonesia. *Indonesian Interdisciplinary Journal of Sharia Economics (IIJSE)*, 5(1), 225–234. <https://doi.org/10.31538/IIJSE.V5I1.1969>
- Halvaiee, N. S., & Akbari, M. K. (2014). A Novel Model for Credit Card Fraud Detection Using Artificial Immune Systems. *Applied Soft Computing*.
- Haryo Limanseto. (2021). UMKM Menjadi Pilar Penting dalam Perekonomian Indonesia.
- Jufrizen, J., Farisi, S., Azhar, M. E., & Daulay, R. (2020). Model Empiris Organizational Citizenship Behavior dan Kinerja Dosen Perguruan Tinggi Swasta di Medan. *EKUITAS (Jurnal Ekonomi Dan Keuangan)*, 4(2), 145–165. <https://doi.org/10.24034/j25485024.y2020.v4.i2.4159>
- Koenigsbrueck, A. zu, Siddens, C. H., & ... (2013). Custom Scorecard and Hybrid Fraud Model. *US Patent App. 13*

Lestari, S. P., Wahyuni, S. F., & Affandi, W. S. (2018). *the Influence of Capital Adequacy Ratio , Net Interest Margin and Operational Costs of Operating Revenue on Return on*. 189–208.

Miltonberger, T. (2018). Modeling Users for Fraud Detection and Analysis. *US Patent 10,115,111*.

OJK. (2017). Konsep Operasional Perbankan Syariah.

Pradesyah, R., & Ardianti, R. A. (2021). The Influence of The Amount of Third Party Funds and Inflation on The Placement of SME Financing In The BMT Sharia Cooperative of The Civil Society of North Sumatra. *International Journal of Educational Research & Social Sciences*, 2(6), 1515–1518.