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THE ROLE OF ISLAMIC SOCIAL CAPITAL IN PROMOTING WOMEN'S EMPOWERMENT FOR COMMUNITY ECONOMIC GROWTH

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Information	Abstract:
Article History: Received : 27.05.2024 Revised : 18.06.2024 Accepted : 25.06.2024	<i>This study investigates the role of Islamic Social Capital, particularly ukhuwah (brotherhood), in group-based financing programs and its impact on women's empowerment and community economic improvement within the Pokmas Mandiri Producer Cooperative at the Serdang Bedagai Branch. Utilizing a qualitative descriptive approach, data were gathered through in-depth interviews, participant observation, and document analysis. Study participants included cooperative administrators, managers, employees, and group members who received financing support. Findings reveal that Islamic social capital—especially trust and ukhuwah—plays a crucial role in empowering economically disadvantaged women who operate micro-businesses. The sense of brotherhood cultivated among group members fosters mutual support during financial challenges, enabling micro-business growth. According to Masudul Alam Choudhury, brotherhood is a principle that creates strong social bonds, which are essential for achieving social justice and collective well-being within the community. This sense of brotherhood within the financing groups reinforces social cohesion and collective action, vital for economic and social development. Furthermore, group-based financing programs effectively enhance the economic stability of member households, as evidenced by increased income and improved capacity to meet basic needs. The application of Islamic social capital also contributes positively to emotional well-being and social harmony, fostering a sense of peace and prosperity within the community.</i>
Keywords: <i>Microfinance; Empowerment; Social Capital; Community Development; Islamic Financial.</i>	

A. INTRODUCTION

Indonesia has become one of the middle-class countries and a member of the G-20, which means it is one of the countries with the 20th largest economy in the world. However, even though it has received this predicate, several social problems such as poverty are still homework that Indonesia continues to face today. Aware of the existing problems, the Indonesian government has made various efforts to improve economic stability. Some of the steps taken include creating business opportunities through job expansion and workforce placement to reduce the burden of costs on the poor and increase their income. Then, empowering and providing facilities for MSMEs so that people who run small and medium businesses can increase their income, thereby reducing unemployment (Lubis et al., 2024).

Based on the latest data from the Central Statistics Agency (BPS) in 2023, around 54.03% of Indonesian women work in the informal sector. Jobs in this sector are generally not providing social security, formal employment contracts, or adequate labor protection. This also reinforces women's marginal position in the labor market, especially those working in non-agricultural sectors such as small traders or domestic workers. In addition, many women are trapped in low-wage jobs with irregular working hours.

In the same year, the female labor force participation rate reached 55.55%. However, the figure is still lower than the male labor force participation. This data shows that many women, especially in rural areas, are not fully involved in formal employment, mainly due to barriers to access to education and skills. Poverty is not something that is destined or cultural but rather a condition in which a person experiences a lack of income needed to meet basic living needs. So, if every individual in society makes efforts to change to get out of this condition, the problem of poverty can certainly be resolved (Nursyaidah, 2020). The Qur'an also shows how important it is to make a change, as Allah says:

لَهُ مَعْقِبَتٌ مِّنْ بَيْنِ يَدَيْهِ وَمِنْ خَلْفِهِ ۖ يَحْفَظُونَهُ ۗ مِنْ أَمْرِ اللَّهِ ۗ إِنَّ اللَّهَ لَا يُغَيِّرُ مَا بِقَوْمٍ حَتَّىٰ يُغَيِّرُوا
مَا بِأَنفُسِهِمْ ۗ وَإِذَا أَرَادَ اللَّهُ بِقَوْمٍ سُوءًا فَلَا مَرَدَّ لَهُ ۗ وَمَا لَهُمْ مِّنْ دُونِهِ ۗ مِنْ وَّالٍ ۙ ۱۱

"For humans there are angels who always follow them in turn, in front of and behind them, they guard them at the command of Allah. Indeed, Allah does not change the condition of a people until they change the condition of themselves. And if Allah wants evil for a people, then no one can resist it; and there is no protector for them but Him." (Q.S Ar-Ra'd: 11)

The verse emphasizes that Allah will not change a person's fate unless the person tries to change it himself. Changes aimed at human resource development in Islam not only focus on enhancing intellectual abilities but also emphasize moral depth that stems from spiritual or religious aspects (Ichsan et al., 2023). One way to achieve change in life is through community empowerment. Community empowerment is a form of practical activity in the community that aims to move them to change their lives for the better and overcome poverty and deprivation.

The form of empowerment that can be carried out in society to change and move life to be better and get out of poverty is by empowering women. Several people in Indonesia agree that the role of women has a major impact on family welfare (Siregar et al., 2022). Increase Women's education now allows housewives to participate in supporting the family economy by helping their husbands or even becoming the backbone of the family. Nowadays, we often find women who are the saviors of their family's economy (Hanipah et al., 2024). Empowering women through microfinance facilities is one of the best instruments to empower communities, especially in rural areas (Soemitra et al., 2022).

A program that has been successfully implemented to overcome poverty in society is Grameen Bank, a national bank that focuses on serving the poor in every village in Bangladesh. Grameen Bank implementing a group-based financing pattern in non-bank microfinance institutions such as cooperatives, using social capital as a substitute for physical collateral or goods that are usually required in applying for financing at conventional banks. Of its 8 million borrowers, 97 percent are women. Experience has shown that female borrowers provide greater economic benefits to their families than male borrowers. Children in female borrower families directly benefit from the income earned by their mothers. Women also have higher motivation to overcome poverty. There is a realization that providing loans to women

in poor rural areas of Bangladesh is a more effective approach to combating poverty as a whole in society (Agustina, 2021).

One of the cooperatives that is active in empowering poor communities, especially women, is the Pokmas Mandiri Producer Cooperative, previously known as the Pokmas Mandiri Humaniora Group and is part of the Pokmas Mandiri Humaniora Foundation in Medan City. This cooperative adopts the model Grameen Bank in Bangladesh, with criteria, vision, mission, and principles that emphasize the empowerment of the poor, especially women who want to start or develop their small and micro businesses. Initially, this cooperative operated as a non-profit organization that provided assistance to the community without seeking profit (non-profit). However, over time and based on experience, the approach changed to supporting and assisting the community without experiencing any harm (non-loss). This means that the managed funds must be maintained so that they continue to circulate and grow, so that they can continue to be distributed to other individuals in need.

The Pokmas Mandiri Producer Cooperative asks for a guarantee or collateral to provide financing, but collateral is not requested in the form of goods or physical collateral. Instead, they use social capital as a substitute for such collateral. This social capital serves to replace the role of physical collateral or goods that are usually needed, especially because some members of the poor community are unable to provide them. Thus, the role of social capital is very important in helping the poor gain access to financing. The use of social capital as a substitute for collateral for providing financing loans is an interesting thing to discuss (Agustina, 2021).

According to research conducted by Torres, social capital is a very valuable resource. It is important to sustain small businesses during natural disasters. Using social capital as a strategy can strengthen networks and marketing, which are essential to sustaining business, especially for small and medium-sized industry players. This is especially relevant for small and medium-sized businesses, which often face difficulties competing in the world of trade due to high costs. Overhead, limited capital, and a very competitive marketing network (Torres et al., 2019).

The concept of social capital was first introduced by Coleman in his writing entitled "Social Capital in the Creation of Human Capital". Coleman defines social capital as the relationships between individuals in a community that serve to

facilitate or influence certain actions of those individuals to achieve goals that would not be achieved without social capital. The discourse on social capital later became more popular through Putnam's dissertation entitled "Making Democracy Work, Civic Tradition in Modern Italy" and its publication entitled "Bowling Alone: America's Declining Social Capital" Similar to Coleman, Putnam describes social capital as a number of elements of social organization, such as trust, norms, and network (Agustina, 2021). According to (Ancok, 2003), the creation of social capital occurs starting from the core group (family) to community groups. This is due to the fact that without harmony and cooperation in society, economic growth will be difficult and can even be hampered.

Meanwhile, the concept of social capital has been applied earlier in Islam. To build a strong Muslim community, the Prophet Muhammad SAW used *ukhuwah* (brotherhood) as the basis of social capital. By involving the interests of creed or faith in achieving social welfare, *ukhuwah* can foster a spirit of mutual cooperation and unity to achieve common goals. Research conducted by (Sarif, 2016) concluded that the concept *ukhuwah* not only acts as a driver and catalyst in sustainability of business growth, but also as a core catalyst for businesses to achieve sustainability. In a study conducted by (Yafiz et al., 2022), if a person places religiosity at the forefront of their affairs and maintains the roots of religion in various aspects of work and family life, they will feel the presence and supervision of God in everything they do, and the result of such a perspective will lead to successful performance and a journey toward perfection.

In the stages of women's empowerment, especially in the form of community groups, *ukhuwah* can be a factor that accelerates and facilitates the achievement of the goal of increasing the community's economy. This is because women are generally easier in building interactions that connect one another, in addition, the habit of gathering between neighbors or social gathering activities is also carried out by women, thus creating a sense of brotherhood towards one another. *Ukhuwah* which then becomes a bridge for the emergence of a desire to help each other between them. This is interesting because if *ukhuwah* applied optimally in the Pokmas Mandiri Producer Cooperative, borrowers can help each other in running their businesses so that they can together improve the family economy and escape the trap of poverty.

Some things that make the Pokmas Mandiri Producer Cooperative interesting to study are the use of the system Grameen Bank who choose social capital as collateral for loans rather than collateral, in addition, this system focuses on women's empowerment and proves that female borrowers provide greater economic benefits to their families than male borrowers. Although social capital consisting of trust, norm, network and brotherhood have been implemented, but in reality, it is still found among cooperative members that they have not yet fully implemented Islamic social capital. Another reason is that there has not been any similar research, especially related to Islamic Social Capital at the Pokmas Mandiri Producer Cooperative. Previous studies only focused on social capital without Islamic elements in overcoming poverty at the Pokmas Mandiri Humaniora Group Cooperative. Therefore, it is hoped that this study can be an additional reference for the Pokmas Mandiri Producer Cooperative for better development in the future. In addition, the problem of economic empowerment in the area is an important reason why research in the area must be conducted. Of course, this problem of economic empowerment is very relevant to the author's current major. This study discusses aspects of women's empowerment in Pokmas Mandiri Producer Cooperative in an effort to improve the community's economy by using Islamic social capital.

The purpose of this study is to examine the practice of Islamic social capital in group- based financing programs, the impact of Islamic social capital (*ukhuwah*) in women's empowerment in group-based financing programs, the impact of Islamic social capital (*ukhuwah*) towards improving the community's economy at the Pokmas Mandiri Producer Cooperative, Serdang Bedagai Branch Office.

B. LITERATUR REVIEW

Social capital, a term first coined by Lyda Judson Hanifan in the early twentieth century, refers to intangible assets such as goodwill, solidarity, sympathy, and social relationships that foster harmonious social interactions. Loury emphasized that social capital arises from relationships within society aimed at fulfilling mutual interests, highlighting the importance of these relationships not only as part of the social structure but also as resources to help individuals achieve their goals. According to Putnam, social capital encompasses the trust, norms, and networks that enable

society to function better and facilitate coordinated actions. Social capital can be seen as a process through which individuals leverage their social networks to access resources and opportunities, both within and outside their communities. According to Masudul Alam Choudhury in his book *Contributions to Islamic Economic Theory*, brotherhood is a principle that creates strong social bonds, which are necessary to achieve social justice and collective well-being within the community (Halim & Munawir, 2022).

Trust, a key component of social capital, is defined as the willingness to take risks in relationships based on the expectation that others will behave as anticipated, fostering supportive cooperation within groups or communities (Ilmawadda et al., 2023). Putnam argues that trust in modern societies is shaped by mutual benefit norms and citizen participation in networks. Trust plays a critical role in economic transactions, as it encourages voluntary participation in production and trade (Arrow, 1972), and its absence can lead to economic stagnation in many regions (Agustina, 2021).

Participation, another element of social capital, refers to individuals' willingness to help the success of programs according to their abilities, ensuring collaboration and active involvement in the planning, implementation, and development stages of initiatives (Agustina, 2021). Active participation fosters networks that form the core of social capital, facilitating the exchange of information, strengthening cooperation, and building trust (Kimbal, 2019; Azzahra & Sulandjari, 2022).

Islamic social capital, or *ukhuwah*, draws from Islamic principles and emphasizes unity, trust, and cooperation to promote economic development and national growth. The concept of *ukhuwah* is rooted in mutual support and can be seen in the relationships among Muslims, fostering cooperation for collective good (Lubis et al., 2024). Islam's teachings on brotherhood (*ukhuwah*) provide a foundation for strong social capital, encouraging mutual assistance (*ta'awun*) and promoting social welfare (Aminuddin et al., 2017). In a business context, *ukhuwah* emphasizes solidarity and cooperation among individuals, regardless of ethnicity or profession, to achieve common goals (Harahap et al., 2022). Women's empowerment, as defined by the World Bank, involves increasing the assets and capabilities of women to

negotiate, control, and manage the institutions affecting their lives (Ifejika Speranza et al., 2014).

Empowerment, a key goal of the United Nations' Sustainable Development Goals (SDGs), particularly focuses on reducing inequalities, which includes enhancing the capabilities of vulnerable groups such as women to meet their physical, economic, and social needs (Nursyaidah, 2020). Women's empowerment is also seen as essential for building a prosperous society and reducing gender inequality, especially in terms of income, education, and social participation (Purnamasari et al., 2020). Community economies, which focus on human groups with shared norms and traditions, measure their growth through real income levels and indicators such as income, health, education, and access to essential services (Novanti et al., 2023; Sultan et al., 2023). These factors contribute to the development of a community's economy, where women's participation in economic activities is essential for social progress and equity (BPS, 2007). In this context, the integration of Islamic social capital through *ukhuwah* and its impact on empowering women can significantly enhance community well-being, fostering economic growth, social inclusion, and a more equitable distribution of resources and opportunities.

C. METHODOLOGY

This study uses a qualitative descriptive method as a research method. The location of the study was carried out at the Pokmas Mandiri Producer Cooperative, located at the Serdang Bedagai Branch Office, in Harris Memorial Training Centre (HMTC) Jaharun B Village, Galang District, Deli Serdang. The subjects in the study consisted of observer informants from the Pokmas Mandiri Producer Cooperative such as administrators and supervisors or cooperative owners, and cooperative implementing elements such as managers and employees, then the perpetrator informants were group members who received funds from the Pokmas Mandiri Producer Cooperative to build their businesses. The data sources produced in this study are primary data sources, namely obtained in the form of information and the results of interviews with business owners who are members of the cooperative.

This study uses literature study and interviews as data collection methods. Literature study is a series of activities that include data collection methods from

library sources, reading, recording, and processing research materials (Fadli, 2021). According to Danial and Warsiah, literature study is defined as a research method that involves collecting books, magazines, journals, and existing research as well as other materials that are relevant to the problem and objectives of the research. This technique aims to reveal various theories related to the problem being studied, so that they can be used as references in discussing research results. Literature study can also be interpreted as an effort to find a theory that is in accordance with the problems found (Amaliah & Nurulaeni, 2024).

Interviews were conducted in a semi-structured manner. This is a type of interview that is included in the category of in-depth interviews, and is freer to do compared to structured interviews. In this type of interview, the interviewee is asked to give their opinions and ideas on more open issues (Wilinny et al., 2019). Semi-structured interviews are a type of interview where the process follows a series of open-ended questions. This method allows for additional questions to arise based on the answers given by the interviewee, so that during the session, information can be explored in more depth (Lubis et al., 2024).

Furthermore, participant observation and documentation were conducted as a way to collect data on improving the community's economy through the Pokmas Mandiri Producer Cooperative. This data includes information obtained from sources such as Mr. Dr. Rizali Harris Nasution as the founder of the Pokmas Mandiri Humaniora Foundation, Mr. Nurmansyah as the Director or Board of Directors of the Pokmas Mandiri Humaniora Foundation, Mr. Indra Cipta as the Manager of the Serdang Bedagai Branch Office and the cooperative members. Observations were conducted by researchers directly visiting the research location, including the Pokmas Mandiri Producer Cooperative office and the cooperative members' houses which were the locations for the discussion meetings. The author uses this observation technique to understand the level of the community's economy after they joined as members of the Pokmas Mandiri Producer Cooperative. After the observation was completed, the data was analyzed by collecting data, reducing data, presenting data, and drawing conclusions.

D. RESULT AND ANALYSIS

Islamic Social Capital in the Group-Based Financing Program of the Pokmas Mandiri Producer Cooperative

The Humaniora Foundation, established in Medan on July 18, 1983, by H. Harris Muda Nasution (deceased) and Dr. Rizali H. Nasution, initially aimed to manage health services. The foundation collaborated with various parties, especially donor agencies, although this relationship was short-lived due to identified shortcomings. By 1998, the foundation made a shift toward prioritizing community participation and sustainability. In 1999, it underwent a revitalization, and in 2004, the foundation rebranded as the Humaniora Pokmas Mandiri Group, which later established the Pokmas Mandiri Multipurpose Cooperative as a legal entity. On April 26, 2024, the cooperative officially changed its name to the Pokmas Mandiri Producer Cooperative.

Despite facing numerous challenges and setbacks throughout its history, the Pokmas Mandiri Program continued to embody the spirit of its founders, particularly Mr. Rizali, in supporting the poor. The program achieved success after key employees from Humaniora visited Java Island for internships at institutions successfully replicating the Grameen Bank model. They analyzed data from the internet and received scholarships from the Grameen Trust to attend the Grameen Dialogue in Bangladesh.

The cooperative legally established the Pokmas Mandiri Program, which aims to empower the poor, particularly women in rural areas who wish to start or develop small businesses. The program adapted the Grameen Bank model to meet local needs and contexts, with a strong focus on financial inclusion and sustainable development.

Financing Process in the Pokmas Mandiri Program

The financing process within the Pokmas Mandiri Program involves several stages that help determine whether individuals are eligible to receive funds. These stages are designed to ensure that the financing reaches its intended target group—poor women in need of financial support to grow their small businesses.

Figure 1. Financing Process



1. Location Survey. The location survey identifies potential areas for financing. This is conducted by cooperative field staff, known as Rembuk Companions (PR) or Rembuk Formation Coordinators (KPR). The survey ensures that the locations chosen are in need of financing after a thorough assessment of the community's conditions.
2. Feasibility Test. The feasibility test determines whether an individual is poor enough to qualify for a loan. This is done through interviews conducted at the homes or business locations of prospective members. The Rapid House Index (IRC) is used as the most effective method to assess eligibility for the loan program. The feasibility test ensures that microfinancing reaches the poorest women.
3. General Meeting. This meeting is designed to introduce the institution and the program to prospective members. There are two types of meetings: an open general meeting with community leaders and local officials to explain the program, and a limited general meeting with at least 10 prospective members to form small groups.
4. Mandatory Group Training. Interested women must attend mandatory group training for three consecutive days, each lasting one hour. This training acts as a substitute for physical or material collateral and allows mentors to evaluate members' suitability for the program. A nominal fee of IDR 2,000 is entrusted to each member, which is returned at the end of the training. During this stage, members are also informed about mandatory and voluntary savings. Mandatory savings, which are IDR 2,000 for a loan of IDR 1,000,000, cannot be withdrawn until the loan is paid off. Voluntary savings, which members can withdraw at any time, allow for greater financial flexibility.

5. Loan Application. Members can submit loan applications gradually, on a rotating basis, one week after completing the LWK. Cooperative staff provide the necessary forms that must be signed before applying for a loan.
6. Loan Disbursement. Loans are disbursed based on each member's financial capacity and needs. The repayment period is tailored to the individual's preferences. Loan disbursement is done gradually and on a rotating basis, with signed agreements outlining the loan terms.
7. Weekly Group Meeting. Every week, a group meeting is held at a member's home. These meetings involve attendance, discussions on loan repayments, savings, and member engagement in supporting one another's businesses. Mentors encourage group cohesion and offer guidance to ensure the success of the women's ventures.

Reflection of Social Capital in the Pokmas Mandiri Program

Social capital, comprising trust, participation, and networks, plays a crucial role in the success of the Pokmas Mandiri Program, where these elements are particularly evident in the LWK (*Latihan Wajib Kumpulan*) training sessions. Trust is a cornerstone of the program, as demonstrated when each member is entrusted with IDR 2,000, which is later returned to assess their honesty and responsibility. This process fosters transparency, building confidence between mentors and members. Research by Aini et al. (2021) supports the idea that high levels of trust encourage cooperation and create a positive social environment, further emphasized by the absence of physical collateral, which underscores the trust-based system in the program.

Participation is another key factor, as prospective members must actively engage by attending meetings punctually and consistently. This attendance is linked to loan eligibility and the amount that can be borrowed, with members also encouraged to participate in decision-making processes such as loan approvals within their groups. The strength of the social network within the Pokmas Mandiri Program is vital for its success. Members are required to live near one another, ensuring familiarity and mutual support. This localized network fosters accountability and

cooperation, as members are held responsible not only to the cooperative but also to each other.

The sense of *ukhuwah* (brotherhood) among members is particularly evident during weekly meetings, where they support one another's businesses and collaborate to solve challenges. This mutual assistance, emphasized in the member pledge to help each other in times of difficulty, strengthens the cooperative's social fabric and creates a culture of solidarity. Thus, the Pokmas Mandiri Program thrives on the foundation of social capital, where trust, active participation, and strong networks of brotherhood contribute to its success and the empowerment of its members

The Impact of Islamic Social Capital on Women's Empowerment in Group-Based Financing Programs.

The concept of empowerment is defined as the ability of an individual—especially those in vulnerable conditions—to (a) meet basic needs, which encompasses not only the freedom of expression but also freedom from hunger, ignorance, and poverty; and (b) access productive resources that enhance economic opportunities and improve quality of life (Laksono & Rohmah, 2019).

In its empowerment initiatives, the Pokmas Mandiri Producer Cooperative emphasizes providing financial support and empowerment specifically for women, a strategy informed by the experience of Dr. Rizali Haris Nasution, founder of the Humaniora Foundation, which oversees the cooperative. Dr. Rizali observed that women have demonstrated greater honesty and reliability in handling loans compared to men. Reflecting on this experience, Dr. Rizali recounts: "In 1995, we initially provided loans, but unfortunately, many recipients failed to repay. Nearly all male recipients struggled to manage the funds effectively. Inspired by Grameen Bank's model in Bangladesh, we shifted focus in 2000 towards providing loans exclusively to impoverished women with business initiatives. As a result, we achieved a 99.82% repayment rate, with most recipients not only repaying their loans but also sharing in the profits."

This experience led to the establishment of key principles for the cooperative, which include: first, women tend to be more honest than men; second, individuals

with limited financial resources are often more reliable than affluent ones; and third, rural community members exhibit higher levels of trustworthiness compared to those in urban areas.

In terms of lending eligibility, Pokmas Mandiri has established specific criteria to ensure that loans benefit the intended recipients. Priority is given to economically disadvantaged women in rural areas who either operate small businesses or possess marketable skills but lack the capital to start a venture. The cooperative's Director explains that prospective members undergo a series of steps—including preliminary surveys, socialization, feasibility assessments, and group endorsement processes—before receiving a loan. This rigorous vetting process is designed to foster trust and community support, as all group members are required to vouch for and support one another if repayment challenges arise.

Trust, therefore, becomes a central component in fostering social and economic empowerment. The cooperative's requirement for group-based guarantees encourages members to actively support each other, creating a collective safety net. As stated by Mrs. Turmiani, a long-standing member of Pokmas Mandiri, “We know each other as neighbors, so when someone applies for a loan, our signatures are required as proof of our trust that they will fulfill their obligations.” This mutual trust allows members to access financial resources and empowers them to improve their families' quality of life.

Active participation is another significant factor emphasized by Pokmas Mandiri. Regular attendance at weekly meetings is essential, as it influences loan eligibility for future applications. Research by Cep Dedi Mulyadi et al. (2023) highlights that the success of cooperatives is strongly linked to the active participation and knowledge-sharing among members. Hyppa and Maki (2023) further note that participation is a fundamental element of social capital, fostering group cohesion and a shared commitment to collective welfare.

The cooperative's emphasis on group financing facilitates the development of social networks, which are invaluable for exchanging knowledge and building trust among members. Although business-related information sharing within groups may be limited, connections formed through the cooperative allow members to acquire resources from external sources, as illustrated by Mrs. Nurli, who, with her husband,

operates an online business selling musical instruments. “Friends of my husband often share information on where to source items affordably, which supports our business.”

Beyond practical business benefits, *ukhuwah*, or a sense of brotherhood, plays a vital role in empowering women within the cooperative. This social bond creates a supportive environment, enabling members to rely on one another during difficult times. For instance, Mrs. Idawati, a catering business owner, attributes her success to both financial support and the camaraderie among group members, which has allowed her to grow her business and improve her family's living conditions. Mrs. Lindawati, a basic goods shop owner, echoed similar sentiments, describing how the loan from the cooperative enabled her to sustain her family and support her children's education.

The cooperative's focus on brotherhood and mutual support is reiterated by Mr. Rizali, who explains, “The spirit of mutual assistance is integral to our mission, with members organized into small groups that foster close bonds.” Based on these insights, it is evident that the cooperative's commitment to principles of Islamic social capital—trust and *ukhuwah*—plays a crucial role in empowering women entrepreneurs and fostering a spirit of mutual support. This cooperative model demonstrates how empowerment initiatives grounded in social capital principles can contribute meaningfully to poverty alleviation and community well-being.

**Table of Economic Improvement and Standard of Living of Members of the
Producer Cooperative Independent Community Group
Serdang Bedagai Branch.**

No.	Initial and Age	Type of Business	Increase in Income and Standard of Living
1.	LN/ 61	Grocery Store	Income increased by around IDR. 200,000.- - IDR.300,000.- , built a terrace, child graduated from midwifery school.

2.	T/ 64	Selling Herbal Medicine	Income increases by IDR.300,000.- IDR.500,000.-, home renovations such as making a terrace and painting, buying a TV and speakers.
3.	I/59	Catering	Income increases to IDR. 1 million, children graduate from health school.
4.	IN/59	Selling lontong pecal, mie sop, etc	Income increased by around IDR.400,000.-, providing pocket money and children's school fees, helping husband increase income.
5.	W/ 44	Junk Shop	Income increased to IDR. 1 million, paid for junior high and kindergarten school for children, and had 4 motorbikes.
6.	S/47	Catering and selling traditional cakes	Income increased by around IDR.800,000.- IDR.900,000.-, adding equipment such as stoves etc.
7.	NAZ/ 53	Mable business	Income increases by around 1 – 2 million, children graduate from high school, adding business materials.
8.	NUR/ 36	Sell musical instruments online	Income increases by IDR.500,000.- - IDR.1,000,000.-, pays for children's school, buys TV and chairs.
9.	HAR/ 40	Sell ground spices	Income increases by around IDR.300,000.- - IDR.500,000.-, can buy a new seasoning machine, can pay off the train and pay for children's college.
10.	AR/ 41	Selling vegetable at the market	Income increases and can routinely save IDR.200,000.-, provide pocket money and children's school fees, have a motorbike.

After receiving several stages of loans, the economic conditions of the members have improved and stabilized. This can be seen from the ability of members to meet household needs such as food and children's needs. Children's education has also improved, some have even continued their education to college. There are also children who have completed their highest formal education and have chosen to open a business following in their mother's footsteps and become members of the Cooperative. The condition of the houses that were previously dirty and slums has also improved, becoming tidier and cleaner. Weekly meetings at members' houses that have been agreed upon as meeting places have made them more aware of the importance of cleanliness. They feel embarrassed if their houses are dirty in front of Cooperative officers and other members. Some houses that were originally dirty are also often repaired or renovated.

This statement is in line with and supported by research by Elvira Agustina entitled *Application of Social Capital to the Success of Group-Based Financing Programs as an Effort to Alleviate Poverty (Case Study of the Humaniora Group Cooperative Pokmas Mandiri, Deli Serdang Branch Office)* states that the conditions of members before and after receiving loans have changed, not only improving the standard of living and economy of cooperative members, but also having an impact on their quality of life and dignity (Agustina, 2021).

The business conditions of members also often experience positive changes, with increased income allowing them to improve and increase business capital. This increase in business capital also gives them the courage to innovate and develop their businesses which has an impact on improving the quality of life of their families. Finally, this change makes them more dignified individuals, increasing their self-confidence in socializing in the community.

The presence of Pokmas Mandiri has helped the economy of poor women in Serdang Bedagai. In addition to women who have businesses, over time Pokmas Mandiri has presented a loan program to farmers with a payment system that is adjusted to the farmers' harvest schedule so that it does not burden them, unlike the weekly payment system for women with small businesses. Through observations in the field, the author concluded that the financing program of the Pokmas Mandiri Producer Cooperative does not label their group as a Sharia Cooperative and does not

use a profit-sharing system in its loan financing program. However Sharia principles are seen to be applied by the Pokmas Mandiri Producer Cooperative, such as the types of businesses owned by members and prospective members are businesses in halal fields, prioritizing sharia values such as honesty, justice, social responsibility, and cooperation which are reflected in each member's mutual assistance through a joint responsibility system.

Group-based financing programs that utilize Islamic social capital provide women with the opportunity to access microfinance through principles of cooperation and solidarity rooted in Islam, allowing them to obtain loans with low or no interest, enabling them to start or expand businesses, thereby increasing their involvement in the local economy and strengthening their position as economic decision-makers in the household. Within these groups, the principle of mutual support, in line with the Islamic teaching of ta'awun (mutual assistance), strengthens social networks, fostering a sense of solidarity that is often lacking in larger social structures, while also creating space for women to share knowledge, support one another in facing social and economic challenges, and voice their opinions. Islamic principles such as trust and social justice shape the social capital within these groups, providing a strong moral foundation for members to cooperate and support each other in achieving collective economic goals. Women's participation in these groups extends beyond economic decisions to social and family matters, with some women gaining greater influence in household decisions, such as those related to children's education, income allocation, and job choices.

E. CONCLUSION

Based on the results of the research and discussion that has been carried out, it is proven that the application of Islamic Social Capital in the Group-Based Financing program at the Pokmas Mandiri Producer Cooperative which has the aim of empowering women, is considered very effective. Proven by the ease that arises when starting a business, which when members have a sense of brotherhood and trust among themselves, then there will automatically be mutual assistance to facilitate the business of each member, so that later there will be more and wider coverage of the community that is empowered and out of poverty. In addition to the

material impact, the application of Islamic social capital, especially trust and *ukhuwah* can create peace in terms of emotions and environment.

The presence of the Pokmas Mandiri Producer Cooperative with a focus on empowering mothers has effectively improved the community's economy. This is evident from statements from interviews with loan recipients and direct observations by researchers that the community has succeeded in growing their family income and developing their businesses, children of each member can continue their education even to a high level, all family needs can be met properly such as food, clothing, and other needs, these mothers have been able to improve the welfare of themselves and their families by opening up employment opportunities for themselves, which ultimately has a broad impact on the development of new MSME businesses in the community, where the development of these businesses has a positive contribution in overcoming poverty.

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