

The Circular Economy of the Islamic Group Lending Model: Lending Money for Garbage in Return

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Abstract

This paper is a study on the financing model for batik MSMEs in Central Java, which is oriented towards the value of CSR's cost and benefit (Corporate Social Responsibility). It aims to see how to implement the cost and benefit value of CSR on batik MSMEs in Central Java, especially on three research objects. Among others: Laweyan batik, Lasem batik, and Pekalongan batik. It is based on, maybe if we look at an industry or large-scale companies, of course, the cost and benefits they usually appear in every financial report at the end of each year. Meanwhile, for MSMEs to determine the cost and benefit value's implementation, it has a tremendous impact on MSMEs' survival. This research was conducted to determine that this research was conducted on a financial financing model for batik MSMEs, which is oriented to the value of CSR's cost and benefit. Data were collected using purposive sampling according to the criteria for determining the sample in 3 research objects: the batik area of Laweyan, Lasem, and Pekalongan MSMEs. The analysis technique used is Partial Least Square (PLS) analysis to test the hypothesis with a quantitative approach. The study results show more efforts to increase the construction of financial funding at the UMKM Kampung Batik Laweyan Solo, Kampoeng Batik Lasem Rembang, and Kampoeng Batik Kauman Pekalongan. The finding suggests implementing cost and benefits CSR through social activities such as processing waste products, reducing harmful chemicals in the process, and participating in environmental protection activities.

Keywords: Central Java Batik UMKM, Financial Funding Model Construction, CSR Cost And Benefit, Corporate Social Responsibility

A. Introduction

When the rebuilding of usable economic infrastructure and superstructure save the Indonesian nation from a crisis that has developed into a multi-dimensional crisis, SMEs are at the forefront as pioneers for business moving the real sector (Darmadji, 2007: 189). SMEs are not only important economically but also significant politically and socially. Even he is functioning as a kind of nursery for creating scale companies' big future as an engine of economic growth and innovation (Irawan, 2007: 11). According to society's social condition in globalization, it has raised different views on the surrounding business developments. Society demands companies to produce a product as a requirement, The existence of batik in Indonesia is earlier when before the 1500m, Kampung Batik Laweyan Solo, Kampung Batik Lasem Rembang and Kampung Batik Kauman Pekalongan is a

regional center for industrial batik unique, specific and historical. Allotment of Kampung Batik's land area today by the function of settlement, commercial and industrial activity batik allocation mix or mix-use, for the batik industry's settlements and activities, especially in the kampung.

Kampoeng Batik Laweyan Solo is one of Indonesia's cultural landscape areas, which is rich in cultural and historical potential that has been inherited from ancestors. One of the priceless heritage owned in Kampoeng Laweyan Batik is the art of batik, which is included in an intangible cultural heritage. Solo batik art is the main attraction enriched with historical sites such as graves and historic mosques, and other sites.

This potential becomes a strong magnet in attracting tourists. With better regional planning, the Laweyan batik village will be able to offer various types of tourism. It could be more organized and more able to serve the needs of visitors in full service, while at the same time making Kampoeng Batik Laweyan sustainable with cultural and historical heritage and the welfare of this batik business-based community to be more increased. Also, Kampoeng Batik Laweyan has the community's potential, which plays a significant role in preserving the area. This community's strength will help make the Kampoeng Batik Laweyan area a friendly solo batik tourist destination and worth a visit.

Lasem batik has a high historical value for the people of Rembang because it already exists thanks to the arrival of Admiral Cheng Ho to Indonesia in 1413. Lasem Batik Written was first pioneered by Princess Na Li Ni, Bi Nang Un, a ship captain in Cheng's fleet. Ho. There was a batik lasem became known in Indonesia until it got the nickname 'batik' encim-encim because many women of Chinese descent were used in the past.

Lasem Rembang batik village, located in the pantura of Rembang Regency, is a center for written batik founded hundreds of years ago. Citing the history of batik lasem on the batik.or.id site, it is said that the existence of Lasem batik cannot be separated from Admiral Cheng Ho's arrival in 1413 AD. At that time, Admiral Cheng Ho's men and his wife chose to settle in Bonang, which is located in Lasem District. . The existence of Batik Lasem is currently the livelihood of some residents, including Babagan Village. Babagan Village has since 2015 become a natural tourism village through the support of BNI Bank CSR. The CSR program's implementation has succeeded in building the independence of batik artisans in Babagan Village, Lasem District. The existence of Batik Lasem is currently the livelihood of some residents, including Babagan Village. Babagan Village has been a batik tourism village since 2015 through the support of Bank BNI CSR.

The Kauman Batik Association of Pekalongan was transformed into an association forum that accommodated traders and batik artisans in Kauman. Kampoengkauman batik has been better known as the center of the batik industry, which produces hand-written batik, printed batik, and the combination of both batiks. Dozens of pranggok (places for producing batik) in Kampoeng Kauman batik have produced various patterns, models, and motifs. The batik that is produced is then marketed from Sabang to Merauke, even to foreign countries. Several people or groups often visit the Kauman batik kampung as a reference for learning to make batik. As a batik city, Pekalongan certainly has many craftsmen who produce or sell their batik crafts at home and on the wholesale market.

Economic growth encourages increased trade and service activities to attract investors to develop property businesses in urban centers. This also affects conservation activities in urban areas. Kauman batik village in the East Pekalongan sub-district is an ancient settlement area that has changed. This drives this research to identify the potential

for cultural tourism in the Kauman batik village area in East Pekalongan sub-district, Pekalongan city. This study's objectives include identifying historical buildings in the Kauman batik village area of Pekalongan, analyzing the history and development of the Kauman batik village area of Pekalongan, and analyzing the socio-cultural development of the Kauman batik village area of Pekalongan.

Micro, Small, and Medium Enterprises (MSMEs) in Indonesia are contributors to national economic growth. In East Java itself, the number of MSMEs is relatively large. However, many obstacles in its development, such as ineffective partnership patterns, and development are not as expected.FX Sri Sadewo, 2019

Along with the times, the community realizes the importance of preserving the environment and the impact of industrial production activities such as exploiting excess resources and disposing of waste. Industry in running its business seeks to increase profits. More than that, the industry is also expected to pay attention to the industry's environmental and social conditions. Not only industries on a large scale, but MSMEs have also begun to be required to pay attention to the surrounding environmental and social conditions.

As the spearhead of the Indonesian economy, MSMEs are expected to pay attention to environmental and social problems around them and carry out Corporate Social Responsibility (CSR). MSMEs have a strategic position because they do not require large amounts of capital, so that it is easy for owners of capital to establish them. Also, from the workforce side, MSMEs in Indonesia do not impose formal education requirements up to a certain level but prioritize creativity and persistence. MSMEs in Indonesia have various types, such as traditional food and handicrafts.

Batik, as one of Indonesia's cultural icons, has now penetrated the international arena. Apart from Indonesian cultural characteristics, each batik type has its philosophy, which makes batik a high value. The high demand for batik has accompanied the emergence of batik centers in various cities, including Kampoeng Batik Laweyan Solo, Kampung Batik Lasem Rembang, and Kampung Batik Kauman Pekalongan. The increasing number of batik UMKM is expected to pay attention to environmental and social conditions. In the production process, batik making produces waste such as wax residue, residual dyeing water, chemical substances such as dyes, and fabric scraps.

The existence of waste generated from making batik encourages batik MSMEs to carry out their responsibilities towards preserving and protecting the environment. One of the CSR programs carried out is the manufacture of an IPAL (Waste Water Treatment Plant) in collaboration with the government. IPAL functions to remove harmful chemicals contained in fabric dyes. Apart from protecting the surrounding environment, MSMEs are also expected to pay attention to social conditions such as workforce welfare, workforce safety, and activities to develop the surrounding community. In addition to sustainable CSR programs, this is done by the owners of batik MSMEs to maintain harmony with the surrounding community.

To strengthen UMKM, one of the critical strategies is to partner. To form this partner, governmental role and other supporter institution are essential and strategic. The governmental role can be done/conducted to create an effort climate that is conducive to creating the partner and earn the other and endorsement by a facility like for example, facility of compatibility creation, providing financial aid and need of the other to link the partner of between the second side. On the other side, the government, a big company's role in supporting and cast aside some of the clean advantages, is utilizing the development

of UMKM money recognized by Corporate Social Responsibility (CSR) possible also require to be continued. Construction CSR for the development of UMKM has come to one of many developing countries' strategic choices to strengthen and improve the competitiveness of UMKM. Have been confessed that a big company will not grow to expand better without the support of UMKM. Therefore, big UMKM company And have to always work with one another, exploiting the opportunity for the shake of growth and society prosperity (JantiSoegiastuti, 2012)

SMEs implement CSR course have to consider the value of cost and benefits - of her, because it automatically SMEs will raise product prices to cover expenses incurred from the CSR program. CSR financial funding can certainly be a burden for MSMEs, but MSMEs' image and right name will increase by implementing CSR.

Novarinda (2016) stated that one important strategy is the partnership program to strengthen MSMEs' management and development. The partnership program aims to increase MSMEs' ability to be resilient and independent through the use of funds from BUMN / BUMS, which are set aside from net income of 1-2%. The implementation of the Corporate Social Responsibility (CSR) strategy to strengthen the management and development of MSMEs has become one of the strategic choices for many developing countries to strengthen and increase the competitiveness of MSMEs.

Small and Medium Enterprises / SMEs in Indonesia in carrying out Corporate Social Responsible (CSR) activities. These SMEs have a critical role in the community's economy, creating new jobs, and through SMEs, many new work units use new personnel to support household income. Apart from that, SMEs also have high flexibility when compared to businesses with larger capacities. Even though SME companies are medium and small in scale, this does not mean that they cannot share with the community or with smaller companies under the CSR program (RatihTresnati, 2014)

Research on the construction of financial financing models for batik MSMEs in Central Java, which is oriented towards the value of CSR costs and benefits, aims to see how the implementation of the cost and benefit value of CSR in batik MSMEs in Central Java has been implemented. With the implementation of CSR's cost and benefit value, it is expected to provide solutions for MSMEs to improve themselves in the future. With the financial financing model used, UMKM Batik can generate CSR cost and benefit values.

B. Literature Review

MSMEs are trading businesses managed by business entities or individuals who refer to productive economic enterprises following the criteria stipulated by Law Number 20 of 2008. Based on Law Number 20 of 2008 concerning Micro, Small, and Medium Enterprises (MSMEs), several criteria are used, namely as follows.

1. Micro business
2. Productive businesses owned by individuals and individual business entities meet the criteria for micro-businesses stipulated in the law.
3. Small business
4. A productive economic business that stands alone and is carried out by an individual or business entity that is not a subsidiary or branch of a company that is owned, controlled, or is a part, either directly or indirectly, of a medium or large business that meets the criteria of a small business regulated by law -invited.
5. Medium Enterprises

An independent, productive economic business, carried out by an individual or business entity that is not a subsidiary or branch of a company that is owned, controlled, or is part of either

directly or indirectly with a small business or large business with the number of net assets or annual sales proceeds as referred to regulated in law.

The development of MSMEs' potential in Indonesia is inseparable from the support of banks in lending to MSMEs players. According to Bank Indonesia data, each year, credit to MSMEs has grown. Even though in 2015, around 60% -70% of this sector did not have access to financing through banks. Bank Indonesia has issued a regulation requiring banks to allocate credit/financing to MSMEs starting in 2015 at 5%, 2016 at 10%, 2017 at 15%, and the end of 2018 by 20%. In this era of globalization, everyone must compete in running MSMEs and seizing existing business opportunities. For that, a profitable business financial arrangement is needed to support its sustainability.

The analytical framework is viewed from the aspect of resource concept, clustering; network; and institutional. MSME institutions' weaknesses and lack of coordination between policymaking, implementation, and market conditions have made MSMEs ineffective. The development of MSMEs through CSR program is essential to pay attention to the external business environment of the business, market environment, and social culture of UMKM actors (NanangHaryono, 2016)

1. UMKM Batik Laweyan Solo

Kampoeng Batik Laweyan is one of Indonesia's cultural landscape areas, which is rich in cultural and historical potential that has been inherited from ancestors. One of the priceless heritage owned in KampoengLaweyan Batik is batik, which is included in an intangible cultural heritage. Solo batik art is the main attraction enriched with historical sites such as graves and historic mosques, and other sites.

This potential becomes a strong magnet in attracting tourists. With better regional planning, the Laweyan batik village will be able to offer various types of tourism. This village would be more organized and able to serve the needs of visitors in full service, while at the same time making Kampoeng Batik Laweyan sustainable with cultural and historical heritage. As a result, the welfare of this batik business-based community to be more increased. Also, Kampoeng Batik Laweyan has the community's potential, which plays a significant role in preserving the area. This community's strength will help make the Kampoeng Batik Laweyan area a friendly batik solo tourist destination worth visiting.

The rapid development of Kampoeng Batik Laweyan area cannot be separated from the role of the FPKBL Kampoeng Batik Laweyan Development Forum. This organization was founded on September 25, 2004, based on a Letter of Appointment and Assignment from Bappeda Kota Solo Number: 050I 250. FPKBL has activities in the development of the tourism sector and the batik industry. 40 FPKBL has a goal in its establishment, namely, to create and develop:

- a. A just socio-economic level
- b. A conducive business climate
- c. Environmental preservation in cultural heritage areas
- d. Integrated Batik Development Center Area
- e. A harmonious relationship between various elements of society
- f. A unique and specific creative tourist destination to achieve the goals.

2. UMKM Batik Lasem Rembang

Lasem batik existed thanks to the arrival of Admiral Cheng Ho to Indonesia in 1413. This batik was once known as "encim-encim" batik, which now continues to become batik that has been modified with various motifs, although it does not lose its traditional value. Early last November, the Rembang Regency Government promoted Lasem batik. One of them is through a performance entitled: Metamorphosis of Lasem Written Batik, Offerings for the Country, which took place in the office yard of the Rembang

Regent. This event was initiated by the Department of Industry, Trade, Cooperatives, and UMKM, Rembang Regency.

Batik TulisLasem has a high historical value for the people of the city of Rembang. It was already their thanks to the arrival of Admiral Cheng Ho to Indonesia in 1413. There, batik lasem began to be known in Indonesia until it got the nickname 'batik' encim-encim because many women of Chinese descent used it in the past. The tradition of batik in Rembanghas been passed down from generation to generation, from generation to generation. One of the famous Lasem Batik entrepreneurs is Santoso Hartono, the owner of Batik TulisPusaka Bear.

Lasem batik, like a specific product from Rembang Regency, continues to get attention from various parties. Both the government, the private sector, and the Indonesian people. The development of batik centers in the form of tourist areas of the batik village is one of the efforts to increase the prestige of Batik.

The existence of Batik Lasem is currently the livelihood of some residents, including Babagan Village. Babagan Village has been a batik tourism village since 2015 through the support of Bank BNI CSR. It is not difficult to find the location of Babagan Village because when entering the Lasem area, a gate stands firmly with the words "Welcome to Babagan Tourism Village." Not far from the tourist village gate, there is a Lasem batik product marketing gallery. The distinctive feature of batik lasem is the process of its creation, namely hand-written batik. Micro, Small, and Medium Enterprises (UMKM) already have businesses, even if the scale is small or micro. UMKM has the potential to grow big so that they can absorb labor force labor and reduce unemployment. This requires empowerment in this business group in order to grow well. (Satori, YayatSuryatna, Syatori, 2011)

3. UMKM Batik Kauman Pekalongan

The beginning of the KaumanPekalongan batik UMKM began with the PekalonganKauman Batik Association's existence, which transformed into an association forum that accommodated traders and batik artisans in Kauman. Kampoengkauman batik has been better known as the center of the batik industry, which produces hand-written batik, printed batik, and the combination of both batiks. Dozens of pranggok (places for producing batik) in KampoengKauman batik have produced various patterns, models, and motifs. The batik produced is then marketed from Sabang to Merauke, even to foreign countries so that the Kauman batik kampoeng is often visited by several people or groups as a reference for learning to make batik.

As a batik city, Pekalongan certainly has many craftsmen who produce or sell their batik crafts at home and in the setono wholesale market. However, if one wanted to learn about batik in Pekalongan, apart from the Pekalongan batik museum, he/sheee will visit a tourist village called "Kauman Batik Village." Kampoeng Batik KaumanPekalongan is a cultural and shopping tourism destination located in Pekalongan City, Central Java province.

Kauman Batik Village is located in Kauman Village, East Pekalongan District, and has long been known as a center for batik makers in Pekalongan City. Pekalongan is very strategic because it is located in Pekalongan, easily accessible from various directions. A very supportive location for shopping and cultural tourism destinations for local, national, and international communities. As one of the selected villages nationally, this community was chosen as the National Tourism Village by the Ministry of Tourism and Creative Economy. One can visit Kauman Batik Village through the Pantura route. Its position is

right in the city center, with Pekalongan City Square's landmark and the Jami KaumanPekalongan Mosque.

The main objective of this association's formation is to promote Kauman, especially among Solo, that Kauman has potential and uniqueness and accommodates traditional batik entrepreneurs. Its necessary foundation is to improve the economic level of the community in the batik sector. With the establishment of this association, the aspirations of making Kauman village a Kauman batik tourism village-like Laweyangan finally be realized through the cooperation built between the association, the tourism department of the city of Surakarta, the city government, Kauman Village, and travel agents. In its development, this association has grown more and more batik traders in Kauman. These batik traders use their empty houses to be used as showrooms or shops and take the batik products they sell. Some also come from batik entrepreneurs producing in Kauman.

4. CSR Cost And Benefit

According to Mulyadi (1990), namely: "Cost is the sacrifice of economic resources, which is measured in units of money, which has occurred or is likely to occur for a specific purpose."

Meanwhile, IAI (IASC) defines costs in the Financial Accounting Standards (2002) as follows: " costs are decreases in economic benefits during an accounting period in the form of outflows or decreases in assets or liabilities that result in decreased equity which does not involve distribution to investors. "

Costs (cost) are all sacrifices that need to be made for a production process, stated in units of money according to the prevailing market price, both those that have occurred and those that will occur. Cost (cost) is classified into two parts: asset or assets and the burden or expense. Costs are recorded as assets or assets when they provide benefits for more than one accounting period. Simultaneously, the cost will be categorized as a burden or expense if it benefits the current accounting period. Asset or assets can also be categorized into two parts, namely: asset or assets and the burden or expense. If the asset or asset has not been used, it is still recorded as an asset or an asset. Meanwhile, if the asset or asset has been used, it will be recorded as an expense.

Cost classification is needed to develop cost data that can assist management in achieving its objectives. For calculating product and service costs, costs may be classified according to specific purposes or functions. According to Hansen and Mowen (2006), costs are grouped into two main functional categories, including:

- a. Manufacturing costs are costs associated with making goods and providing services. Production costs can be further classified as (a) Raw immediately is a material that can be tracked to produce goods or services. (b) Direct labor is labor that can be traced to goods or services that are being produced. Overhead. (c) All production costs other than direct materials and direct labor are grouped into the overhead cost category.
- b. Non-manufacturing costs are associated with the design, development, marketing, distribution, customer service, and general administration functions. There are two common categories of non-production costs, including Sales or marketing costs, which are the costs required to market, distribute, and serve a product or service. Administrative costs are all costs related to research, development and general administration in the organization that cannot be charged to marketing or production.

CSR stands for Corporate Social Responsibility, a company mechanism in integrating a concern for the social environment into operations and interactions with stakeholders that go beyond social responsibility to the field of law.

CSR is a form of corporate responsibility to stakeholders or stakeholders. According to CSR experts, it has three definitions, namely:

- a. We are carrying out social actions, which include concern for the environment required by law.
- b. A business commitment that is carried out ethically, officially operates and can contribute to economic improvement coupled with improving employees' quality of life, including their families, local communities, and the wider community.
- c. Business commitment to contribute to sustainable economic development, working with company employees, their families, local communities, and the broader community to improve the quality of life together.

The CSR program's implementation is one form of implementation of the concept of good corporate governance (Good Corporate Governance). Good corporate governance is needed so that the behavior of business actors has a direction that can be referred to by regulating the relationship of all stakeholders that can be fulfilled proportionally. It also helps prevent significant mistakes in corporate strategy and ensure the mistakes made happen can be corrected immediately.

With this understanding, CSR has a strategic function or role for the company, namely as part of risk management, especially in establishing social safety valves (social security). Through CSR, the company can build its reputation, such as improving the company's image and its shareholders, the position of the company brand, and the company's line of business.

In this case, it is necessary to emphasize that CSR is different from a charity or social donations. CSR must be run on top of a program by taking into account the program's needs and sustainability in the long term. Meanwhile, social contributions are more temporary and have a temporary impact. CSR's spirit is expected to help create a balance between the company, society, and the environment. This corporate social responsibility is expected to return to become a culture for the Indonesian people in particular, and the world community in overcoming social and environmental problems together.

If CSR is implemented effectively, it can strengthen or increase social capital accumulation to improve people's welfare. Social capital, including its elements such as trust, cohesiveness, altruism, cooperation, social networks, and collaboration, significantly influences economic growth. Through its various mechanisms, social capital can increase a sense of responsibility for the public interest, expand participation in the democratic process, strengthen social harmony, and reduce violence and crime levels

C. Research Methodology

This section will address three main issues that are stipulated above. This discussion section will cover the big picture of the program in the form of Business Model Canvas, the general program procedure, and the sharia issue of this program at a glance.

1. Types and Sources of Data

The type of data used in this research is quantitative data, namely, measured on a numerical scale (numbers). Data sources consist of two types, namely primary data and secondary data. Primary data is specific and is directly related to the problem under study (Emory and Cooper, 2010). Sources of data for this study were obtained directly from

filling in the questionnaire by respondents, namely Micro, Small and Medium Enterprises (UMKM), Batik Laweyan Solo Village, LasemRembang Batik Village, and Kauman Batik Village Pekalongan through direct interviews by a team of field surveyors.

2. Population and Sample

This study's population were all UMKM in Batik Laweyan Solo Village, LasemRembang Batik Village, and Kauman Batik Village Pekalongan. While the sample is a small part of a population, collecting data utilizing purposive sampling, which is a way of collecting data by taking elements or members of the population as a whole to process all the returned data only. Using this method is due to the limited number of managers who can be used as respondents. Because the researchers did not yet know from the number of samples sent how many would return, the purposive sampling method was used using the entire population of 150 MSMEs. The data returned were data to be processed.

3. Method of collecting data

The data collection method used in this study is a questionnaire or questionnaire. The questionnaire/questionnaire is a list of questions given to others willing to respond according to user requests (Arikunto, 2013). The questionnaire is the method of data collection by way of giving or distributing a list of questions/statements to the respondents to the respondents' expectations respond to that question.

4. Method of Analysis

Instrument Test The research data instrument test can be evaluated through the reliability test (consistent internal testing) and the validity test (validity). Each of these tests is to determine the consistency and accuracy of the data collected from the instrument's use. The procedure used in this study to measure the quality of the data :

5. Validity test

The validity test is done to determine how well an instrument measures the concept of what it should be measured. Validity is a measure that shows the level of validity of an instrument. It can measure what is desired or to reveal data from the variables under study accurately. This instrument consists of:

The Content Validity Test (Face Validity) or preventive validity test confirms the validity of the research instrument to several expert panelists to get an instrument that can measure the variables to be tested. It also needs to adjust the question sentence so that the respondent quickly understands it. The preventive validity was then used in a pilot study to obtain a valid instrument.

The construct validity test is tested by determining the accounting information instrument's quality by looking at each question item's loading factor value. A valid research instrument has a loading factor hinted at more than 0,50 (Ghozali, 2015).

6. Reliability Test

Reliability shows the consistency and stability of a measurement scale (Kuncoro, 2013). This internal consistency test is carried out to determine how the measurement results remain consistent if done twice or more for the same symptoms using the same measuring instrument. So the instrument used to measure is an instrument with a degree of accuracy, precision, accuracy, and reliability. The method used in this reliability testing is Alpha Cronbach's method, where the questionnaire is considered reliable if the Cronbach Alpha >0,7 (Ghozali, 2015).

7. Method of Analysis

Data were collected using a questionnaire, which first tested its reliability and validity. This test is to determine the consistency and accuracy of data collected from the use of the instrument. Furthermore, the hypothesis is tested using path

analysis or Structural Equation Modeling (SEM) analysis. Structural Equation Modeling (SEM) is a method formed because of the problem of measuring a variable where there is a variable that cannot be measured directly. The variables that cannot be measured are latent variables that require a manifest variable as an indicator or measuring instrument for the latent variable.

D. Discussion

The program of "Lending Money For Garbage In Return" is modifying the existing Islamic Group Lending model, mostly based on the Qardul Hassan. The value proposition of this model as stipulated in Business Model Canvas above is to pay the loan with the garbage that has equal value to the instalment amount. For the IGL members, they will get the economic as well as the religious empowerment. At the same time, for the IGL operator side, this will result from value-added and the escalation of their business scale. The operator expectedly will have more income than before due to collecting garbage from the members and processing it to the new product. IGL operators' operation will also widen from only IMFI who gives loan to a social enterprise with lots more product to offer to the end-user. After the recycling process, the IGL Operator might use the market place's network to deliver the product to the end-user (both individual and industry).

Instrument Test

The method of analysis by using Partial Least Square (PLS) is a model equation Structural Equation Modeling (SEM) based variance (variance). The Partial Least Square (PLS) model's evaluation is based on two essential evaluations: evaluating the outer model's measurement results and evaluating the structural model (inner model). The validity test criteria in a study refer to the size of each indicator's outer loading on its latent variable. Evaluation of the outer model's measurement uses the Partial Least Square (PLS) test, which is a multivariate statistical technique that can handle many response variables and explanatory variables at once. The testing will be described as follows:

Figure 1 Feasibility Test Results for Structural Equation Modeling (SEM)

Outer Model Results (Measurement Model) **Convergent Validity Test**

Convergent validity is used to calculate the validity of the reflexive indicator as a variable measure that can be seen from the outer loading of each variable indicator. Suppose the value of outer loading above 0,70 instruments said to have good reliability (Sarwono, 2015). The acceptable outer loading value is 0.50 and below the 0.50 value can be excluded from the analysis (Ghozali, 2015).

Table 1 Outer Loading Results

Indicator	Latent Variable Score	T Statistics	Loading Limits	Remark
X1.1	0.797	26,541	0.5 - 0.6	Valid
X1.2	0.803	24,262	0.5 - 0.6	Valid
X1.3	0.802	26,135	0.5 - 0.6	Valid

X1.4	0.810	29,402	0.5 - 0.6	Valid
X1.5	0.788	29,060	0.5 - 0.6	Valid
X1.6	0.771	25,461	0.5 - 0.6	Valid
Y1.1	0.789	22,881	0.5 - 0.6	Valid
Y1.2	0.813	30,324	0.5 - 0.6	Valid
Y1.3	0.786	23,414	0.5 - 0.6	Valid
Y1.4	0.822	32,543	0.5 - 0.6	Valid
Y1.5	0.874	43,330	0.5 - 0.6	Valid

Source: PLS Processed Results, 2020

From the research results, it can be seen that the cross-loading between the indicator and the variable measuring construct is greater than 0, 50 - 0.60. This shows that each indicator has good reliability and deserves to be continued in research.

Discriminant Validity

The criterion for measuring discriminant validity for each construct with a correlation between constructs and other constructs in the model compares those from the Average Variance Extracted (AVE). If the AVE value for each construct is greater than the correlation between other constructs, it means that the model has sufficient discriminant validity.

Table 2. Results of Discriminant Validity

	Average Variance Extracted (AVE)
	0.632
	0.668

Source: PLS Processed Results, 2020

Based on the test results of discriminant validity, the AVE constructs on each of the variables showed the value of ketenuan AVE been exceeded by 0, 5. It can be concluded that nilain constructs the research variables have a value of good discriminant validity.

Composite Reliability

Composite Reliability is used to measure the construct reliability. Composite reliability reflects reliability if all the scale model's indicators have a minimum value is 0, 7.

Table 3. Composite Reliability Results

Variable	Composite Reliability	Criteria
X	0.912	0.7
Y	0.909	0.7

Source: PLS Processed Results, 2019

Table 3 shows the values of composite reliability throughout indicator variables are more significant than the value of standardization at 0 , 70 , which means that all the model indicators can be used to reveal an object's actual data.

Inner Model Results

This study uses the Structural Equation Model (SEM) technique using the PLS method, which functions to determine the application of the construction of the batik UMKM financial financing model in Central Java, which is oriented to the value of CSR costs and benefits. The test results obtained the following results :

Table 4 Partial Least Square (PLS) Path Equations

	Original Sample	Sample Mean	Standard Deviation	T Statistics
-> Y	0.687	0.692	0.061	11,251

Source: PLS Processed Results, 2020

The results of the path model equation above can be interpreted as follows. The original sample value for variable X against Y has a positive parameter value of 0.687. It means that the higher the role of CSR costs and benefits, it can increase financial funding construction at Batik MSMEs.

Hypothesis test

Hypothesis testing is a test that explains the effect of the attachment of the independent variable on the dependent variable.

Table 5 Partial Least Square (PLS) Path Equations

	T Statistics	P Values
X -> Y	11,251	0.000

Source: PLS Processed Results, 2020

Based on test results, the role of cost and benefit of CSR exceeded the value of the T-table at 1.96. It means that the role of cost and benefit of CSR has a significant influence on constructing financial funding to the SMEs Batik. Based on the test results, it can be concluded that the test can accept the assumed cost and benefits role of CSR, which is efficient enough to increase the construction of financial funding at Batik MSMEs, which is proven or acceptable.

R Square

R square serves to find out how much the independent variable can explain the dependent variable. Following are the test results :

Table 6 R-Square Value

	R Square	R Square Adjusted
Y	0.472	0.468

Source: PLS Processed Results, 2020

Table 6 shows that the influence of the indicator variable X on Y gives a value of 0.472. It can be interpreted that the construction variable of financial funding can be explained by the CSR cost and benefit construct variable of 47.2 %. In comparison, the remaining 46.8 % is explained by other variables outside the one under study.

This program's main obstacles are the procurement of the recycling machine, the garbage transporter that the operators needed to move the garbage to their storage, and the storage itself. To cater to this problem and provide the sufficient capital outlay, the IGL Operators might create waqf based donations to fund the investment or get financing from another Islamic finance institution. For those IMFI who have limited access to equity, Waqf donations would be feasible for them. However, the more established IMFI can get financing from other IFI to support this program.

This program needs to be taken seriously since two major problems of triple bottom line will be solved: the planet and the people. The sustainability of the planet will be achieved with the circular economy program like "Lending Money For Garbage In Return". Simultaneously, it escalates the welfare of those who are having difficulties fulfilling their daily basic needs.

E. Conclusion

Implementing cost and benefit CSR (Corporate Social Responsibility) at the UMKM Kampung Batik Laweyan Solo, Kampoeng Batik LasemRembang, and Kampoeng Batik KaumanPekalongan, namely the frequent social activities for the environment, employees, and for the community. The findings also suggest efforts to increase financial funding construction at the UMKM Kampung Batik Laweyan Solo, Kampoeng Batik LasemRembang, and Kampoeng Batik KaumanPekalongan are essential. It can be done by implementing cost and benefit CSR for social activities such as processing waste products, reducing harmful chemicals in the batik production process. as well as environmental protection activities.

Therefore, it is suggested that:

1. The UMKM Kampung Batik Laweyan Solo, Kampoeng Batik LasemRembang, and Kampoeng Batik KaumanPekalongan could apply the cost and benefit of CSR properly. It could be executed by giving some of their profits to prioritizing social activities in the surrounding community, such as repairing water channels indicated to be contaminated factory waste.
2. The UMKM Kampung Batik Laweyan Solo, Kampoeng Batik LasemRembang, and Kampoeng Batik KaumanPekalongan should increase CSR cost and benefits activities for MSME employees. One way of providing educational assistance for employees' children who are in dire is providing compensation for employees with good performance.

3. The local government of Solo, Rembang, and Pekalongan should provide policies that can advance the UMKM Kampung Batik Laweyan Solo, Kampoeng Batik LasemRembang, and Kampoeng Batik KaumanPekalongan. So that the survival of UMKM Batik can be maintained to improve the welfare of the community and raise the image of Central Java as quality Batik producers.

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