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FACTORS AFFECTING SMALL MUSLIM ENTREPRENEURS ADOPTING OF AR RAHNU DURING THE COVID-19 PANDEMIC: A LITERATURE STUDY

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ABSTRACT

This study aims to analyze the factors of acceptance of Muslim small entrepreneurs towards Ar Rahnu. This chapter focuses on three main parts. First, a discussion of Ar Rahnu's studies. This discussion aims to highlight potential and unexplored research spaces. Second, works that cover concepts and theories relevant to the focus of the study are on the highlights section of the work. The results of discussions on past studies and highlights of the work are used to construct a conceptual framework of the study. Four themes are discussed regarding the studies of Ar Rahnu, first, study of the impact of Covid-19 on economic conditions in Malaysia. Second, the study of Operation and Implementation of Ar Rahnu, the study of the Factors of Acceptance of Small Entrepreneurs of Ar Rahnu, and the study of Small Entrepreneurs.

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INTRODUCTION

The Covid-19 pandemic that suddenly hit Malaysia had a lot of impact on the national economy, especially Small and Medium Enterprises (SMEs) which consisted of small entrepreneurs as these SMEs include enterprises that are important in the national economy (Alexandra Hosszu, 2020). The group that consists of individuals who are unemployed also most of them choose to become small entrepreneurs to continue their lives. Entrepreneurships are the mainstay of the country's economy. The sector accounts for more than two -thirds of total employment in the country and nearly 40 percent of the economy. Therefore, it is important for the Malaysian government to ensure that the entrepreneurship sector can continue to be resilient and sustainable in the face of economic pressures and challenges that plague the country at this time. In fact, there are many people whose jobs are affected.

Former Prime Minister of Malaysia, YAB Tan Sri Dato 'Haji Muhyiddin Bin Haji Mohd Yassin also expressed his sympathy towards small entrepreneurs, and he also received many concerns from the Malaysian Association of Small and Medium Entrepreneurs, Malaysian Malay Chamber of Commerce, Malay Economic Action Council, Gabungan Dewan Malaysian Chinese Business, and Industry, USAHANITA and more. Most of the small entrepreneurs gave the view that their business was severely affected, and they needed additional assistance from the government. Thus, the Malaysian government has taken the initiative by introducing a people -caring economic stimulus package (PRIHATIN) worth RM250 billion to reduce the burden of the entire people and the Negara (PENJANA). This includes those who run entrepreneurship such as the Wage Subsidy Program which is given to help employers retain employees earning RM4,000 and below. Apart from that, an additional package of RM10 billion is also provided to ease the financial burden of SMEs and further ensure that two -thirds of the total workers in the country continue to find employment. However, this PENJANA is only temporary and has a certain duration. Rather than the government introducing initiatives from time to time, it is better that we look to the question in helping them get business capital easily and shariah compliant. This is because, most of the unemployed also choose to become small entrepreneurs as a job after losing their jobs.

LITERATURE REVIEW

The literature review includes the definitions of impact Covid-19 on economies conditions in Malaysia, operation and implementation of Ar Rahnu, the acceptance factors of small entrepreneurs towards Ar Rahnu, studies related to small entrepreneurship and factors of small entrepreneurs' acceptance of credit financing.

STUDY OF IMPACT COVID-19 ON ECONOMIES CONDITIONS IN MALAYSIA

The increased cases of infection caused a severe economic crisis (Prawoto, 2020), Walmsley, Rose & Wei 2020, Bartik, 2020, Robert, 2020). The Covid-19 pandemic is dragging Malaysia towards a difficult situation that has never happened in the country's history when a health and economic crisis occur simultaneously (Irwan Shah, 2021, Amirul Rafiq, 2020). The increase in Covid-19 cases is proven to have a significant impact and affect economic stability (Lee, Jais & Chan 2020). The lifestyle level of B40 who live in low-cost flat housing in the city is among those affected and do not have sufficient savings and are burdened with debt and the cost of living in the city during Covid-19 (Tajudin, 2021). The challenge of B40 is that more of them must put up white flags asking for help to cut off basic supplies that live in the city (Hafidzul Hilmi & Nurul Hidayah, 2021), (DOSM 2020). Almost 20% of the low-income group live in poverty and the number of unemployed will exceed 200,000 people in 2020 (DOSM 2020). The increase in high-infection Covid-19 cases in the Klang Valley has caused many B40 to be unable to work and lose their source of income (Rozita Talha, 2020). The main challenge they face is the existence of multi-dimensional problems. Among the issues in this problem is the impact of the pandemic on education, health, home ownership, high living standards and the issue of targeted assistance.

Another literature review shows that there are two sides to the assessment of the socioeconomic impact of the Covid-19 pandemic. From one side of the angle in the economy, business entities or sectors directly involved in the supply of equipment and the provision of health services have enjoyed a large jump in total production and income (Berita harian, 2020, Fabeil, 2020). This includes manufacturers of rubber gloves and health equipment such as face masks, protective clothing (PPE), disinfectant liquids and so on. The health sector is included as one of the categories of essential services (essential services) along with other sectors such as agriculture, utilities, security, collection, e-commerce, charities and so on (Aziz, 2020). With the discovery of operations under strict SOP, the economic activities need to continue to support the survival of the country's economy and people's lives.

While, on the other hand, the extension of the MCO and the prolonged closure of various economic sectors have dealt a heavy blow to the survival of businesses and people's lives. A study by Aziz (2020) found that the closure of business activities and other economic sectors throughout the MCO and then reopening conditionally and in stages has caused many companies to be unable to maintain the amount of production, hindering the supply chain causing income to decrease drastically. Loss of income forces employers to take measures to reduce operating costs and expenses as a measure to maintain business continuity. This includes reducing the number of employees and or cutting wages (Aziz, 2020, Hamid, 2021, Rashid, 2021). In fact, based on the Main Labor Statistics report (released in February 2021), the unemployment rate recorded for February 2021 was 4.8 percent, a decrease of 0.1 percent compared to January 2020 (4.9%), but both figures are still high compared to 3.3% which recorded in the first quarter of 2019. In fact, the number of working people also increased by 0.5 percent to 15.3 million people compared to 15.37 million people in May 2021 (Berita Harian, 2021).

STUDY OF OPERATION AND IMPLEMENTATION OF AR RAHNU

Ar Rahnu research which is studied from the perspective of the operation and implementation of Ar Rahnu in an institution is more widely found. Therefore, we can apply it based on the current situation of this Covid-19 pandemic. In a study on the implementation system of Ar Rahnu in Koperasi Ukhwah Malaysia Berhad by Mohd Sollehudin Shuib and Raudzatul jannah Ezahar (2015), among the advantages of the institution which is the choice of the people of Kedah is because the institution uses the special features of Ar Rahnu X'Change is without benefits which eliminate usury. Furthermore, for security coverage at Ar Rahnu X'Change, all mortgaged collateral will be insured by the Takaful insurance scheme throughout the financing scheme. The study also found that the institution uses two methods, namely the use of decimeter machine to evaluate the quality, purity, and value of gold (gold rust) and the second uses nitric acid and hydrochloric acid more accurately. According to an interview with a member, he chose this institution because this cooperative is social welfare and profit oriented where the benefits will be channeled to each member of the cooperative.

Different views from the discussion about Ar Rahnu in Sarawak, Azizah (2015). The study found that Islamic pawnshops or Ar Rahnu have not yet received attention from the community in Sabah and Sarawak due to various factors. However, the study by Azizah (2015) does not describe in detail in providing information about Islamic pawnshop in Sarawak. The study does not disscus on the level of knowledge of the Muslim community in Sarawak on institutions Ar Rahnu based on demographics.

Most of the previous studies on the operation and implementation of Ar Rahnu are also studied from a shariah point of view. Muhamad Zuhaili Bin Saiman (2017) said, the shariah issue that is often raised involves the issue of riba (interest) which is a loan by giving additional interest to the lender. The cost of storage wages more than the actual cost of storage is the most important shariah issue. Sequence from that, many past studies have discussed the shariah aspects in the operation of Ar Rahnu in several Ar Rahnu institutions. A study by Rosliza Abdul Latif (2016) for example found that the four Ar Rahnu institutions in Perlis are Bank Rakyat, Bank Pertanian Malaysia (BPM) Kangar Branch, Ar Rahnu Perlis State Foundation (YIPs) and Ar Rahnu Koperasi Jamaiyyah Orang-orang Melayu Perlis Berhad (KOJAM) adheres to the true concept of Islamic mortgages. Apart from Salmy Edawati Yaacob (2017), a study by Azila Abdul Razak, Fidlizan Muhammad, Mohd Yahya Mohd Hussin and Fatimah Salwa Abdul Hadi (2014) also looked at operations in several Ar Rahnu institutions namely MAIDAM, YaPEIM and Bank Rakyat from a shariah aspect. They found that these Ar Rahnu institutions operate in accordance with shariah by offering low savings and aiming to fulfill social responsibilities.

In addition to issues regarding the implementation of Ar Rahnu from a shariah aspect, past studies have also often compared the course of Ar Rahnu operations and conventional pawnshops. For example, Abd Hakim Bin Abd Rasid (2021) talked about the difference between Ar Rahnu and conventional pawnshop in terms of pawned goods and pawned transactions. The study found that conventional pawnshops allow consumers to pawn gold and electronic goods, while Ar Rahnu only takes gold. There is a difference in terms of mortgage transactions when a conventional pawnshop charges an interest on each financing, while Ar Rahnu only charges a small savings fee to the consumer. This difference between mortgage transactions by Ar Rahnu and conventional pawnshops is also supported by Zainudin Awang and Mohamad Safri Ya (2004) when Ar Rahnu charges a much lower storage fee than conventional pawnshops which are labeled as 'blood suckers'. According to them, there is a difference between the two types of mortgages when a conventional pawnshop auctioned the mortgaged goods without the permission of the owner, however Ar Rahnu does not auction pawned goods without the permission of the owner. However, a study by Abdul Ghafar Ismail (2017) disagreed with that opinion when saying there is no difference between Ar Rahnu and conventional pawnshops when compared in terms of their service efficiency especially in distributing funds to the community. The differences between Ar Rahnu and conventional pawnshops are extensively explained in various forms of studies.

The comparative study of mortgage operations not only involves between Ar Rahnu and conventional pawnshops, but also a comparison between institutions implementing Ar Rahnu. For example, Arb Zulkifli (2021) found no significant difference in the operations of Ar Rahnu BIMB and Ar Rahnu Agrobank. According to him, the difference between the two institutions is only in the mortgage implementation policy but does not involve the basic concept of Ar Rahnu in Islamic law. The difference in the operation of Ar Rahnu is also found in the collection of savings wages when Husaini Helmy Shah Abu Bakar (2018) found that Ar Rahnu Bank Rakyat charges a higher rate of savings than the rate of savings in Ar Rahnu YaPEIM. Looking from a different perspective, Salbiah Nur Shahrul Azmi, Nazimah Hussin and Rohaida Basiruddin (2015) also studied the differences between Ar Rahnu and conventional pawnshops yet studied from the perspective of maqasid shariah. That conventional pawnshop is clearly incompatible with the maqasid shariah because riba and gharar exist in conventional pawnshop operations but do not exist for Ar Rahnu. In addition, a study that also looked at the comparison of Ar Rahnu and conventional pawnshop was also done by Mashitah Zainol Abidin (2017), but this study looked at the comparison from the perspective of service potential. They found that Ar Rahnu has great potential compared to conventional pawnshops but needs to improve its management efficiency.

STUDY ON THE ACCEPTANCE FACTORS OF SMALL ENTREPRENEURS TOWARDS AR RAHNU

Studies on the acceptance of society, especially to consumers of Ar Rahnu have been done a lot. Various factors of consumer acceptance of Ar Rahnu have been identified in previous studies. Among them, Mohd Fazli Mohd Sam (2019) said that good promotion can provide awareness to consumers. According to the study, 67.1% of respondents said they did not know Agrobank provides Ar Rahnu services, while 60.76% of respondents had never heard of Agrobank promoting Ar-Rahnu. In contrast to the study of Nazimah Hussin, Rohaida Basiruddin and Azman Hashim (2020), the factor of low savings wage charges and easy lending process influence the public's perception of mortgages. This is said to be a current challenge in ensuring the quality of pawnshop institutions is always maintained.

A study by Hanudin Amin (2016) said, information about Ar Rahnu plays an important role in promoting the use of Ar Rahnu in East Malaysia, especially the influence of advertisements and word of mouth information factors. However, Azila Abdul Razak and Mohd Yahya (2014) agree more if consumers used mass media and electronic media because consumers are now found to be familiar with the communication tool. Consequently, 72.46% of respondents in the study agreed that Ar Rahnu would be more effective if consumers could conduct mortgage transactions through mass media and electronic media such as websites. In contrast, Rosaidi Mohamad Hasan and Norziah Othman (2021) who suggested that Ar Rahnu provide outdoor promotions that can be seen and read by most users because of the natural way of life of its users who like to participate in outdoor activities and have a good association. The study supports that Ar Rahnu institutions use promotion through the medium of outdoor activities to attract more young people. As a result, the ads that are channeled are faster to be seen and understood by users around them. However, a study by Sanep Ahmad (2017), who investigated the effectiveness of promotional factors in Cheras, Selangor found that Ar Rahnu users were more exposed to electronic advertisements than word-of-mouth promotion by peers.

Similarly, Asiah Alkharib Shah and Salmy Edawati Yaacob (2017) found that promotional factors encourage consumers to choose Ar Rahnu. Thus, the promotional factor is very important especially in providing understanding and knowledge to the community in more depth about Ar Rahnu. A study by Salimah Yahaya and Hainnur Aqma Rahim (2021) says that knowledge factors significantly influence consumer acceptance of Ar Rahnu. In addition, an understanding of the Ar Rahnu procedure also encourages users to use Ar Rahnu (Shamsul Shahril Mohd Noor, 1996). However, Muhammad Saiful Islami Mohd Taher (2021) found that the lack of knowledge of the local community about Ar Rahnu was one of the factors that hindered the development of Ar Rahnu. Therefore, it is important for the community to understand the Ar Rahnu procedure so that there is no misunderstanding of this Islamic financial instrument. Therefore, at this time a good promotion is very important so that accurate information about Ar Rahnu can be conveyed and further provide real understanding to the community.

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According to the study, most of the Malay community is aware of the existence of Ar Rahnu, but the Indian community is less aware of Ar Rahnu. According to Salbiah Nur Shahrul Azmi (2020), consumers have high trust and confidence in Ar Rahnu because of Ar Rahnu's compliance in conducting operations according to Islamic law such as no usury, no oppression and fraud in its dealings. This situation is in line with the opinion by Haslinah Muhamad, Ong Tze San, Maheran Binti Hj Katan and Soh Wei Ni (2019) on consumer acceptance which shows Ar Rahnu is not contrary to Islamic teachings. According to him, most respondents agreed that Ar Rahnu does not involve riba and they are aware that transactions involving riba are prohibited by Allah SWT. A study by Emy Norlyana Taha Hsni (2020) also supports that the main factor of Muslim consumers using Ar Rahnu is because of their awareness of the dangers of riba.

Apart from the religious factor, namely the operation of Ar Rahnu which complies with Islamic law, the price factor, namely the low storage wage charge, is also the main factor that encourages the community to choose Ar Rahnu. For example, a study by Salmy Edawati Yaacob (2017), Salimah Yahaya (2020) and Shamsul Shahril Mohd Noor (1996) found that the low cost of storage wages is the main reason consumers choose Ar Rahnu. Similarly, Norlyana Taha Hsni (2020) said that cheap storage wage charges are the main factor that encourages the participation of non -Muslims. This situation shows that low savings wage charges are not only the main choice of the Muslim community, but also the non -Muslim community. According to Nana Diana and Widya Febryari Anita (2018), as many as 46.7% of respondents chose Ar Rahnu because of its low interest rate. Most studies say the importance of price factors in influencing consumer acceptance of Ar Rahnu, but only studies by Hazmi Dahlan and Rostinah Supinah (2017) who say that price factors do not affect consumer acceptance of Ar Rahnu.

In addition, the importance of good service factors in influencing consumer demand for Ar Rahnu is stated in several studies, including Saliza (2017), Salimah Yahaya (2010) and Norfaizah Mat Nor, Maimun Abdullah, Noraina Ismail, Rositah Bakar and Siti Sarah Mohd Yusni (2012). Muhammad Rohaida Basiruddin's (2020) study, for example, argues that good staff treatment and consumer service significantly affect consumer acceptance of Ar Rahnu. The work of Ishak Hj Abd Rahman, Rohaizad Bin Hashim, Abdullah Sanusi Othman, Azmi Aziz (2019) found that the quality of services has the potential to influence the community to use Ar Rahnu. Similarly, Abdullah Sanusi Othman (2019) supports comfort factors such as not waiting long, and good staff treatment influence the community to use Ar Rahnu. The study of Salimah Yahaya and Hainnur Aqma Rahim (2021) explained that the service factor also involves the convenience of banking hours, namely the pawnshop business is open at all times compared to financial institutions that are closed on weekends and public holidays. Moreover, the study agrees that pawnshops offer faster access and exercise discretion to consumers. Nevertheless, all this is contrary to the opinion by Koe and Nor Zalindah (2015) who say, consumer service does not significantly influence consumers to choose Ar Rahnu.

In addition, the confidentiality factor is also associated with the convenience factor of Ar Rahnu services that users feel more comfortable when they do not have to disclose to the bank or Ar Rahnu shop the reasons for their mortgage transactions (Abdul Ghafar Ismail & Nor Zakiah Ahmad, 1997, Santhi Appanan & Gaithry Doris, 2011). This situation is different in other financial institutions because consumers must provide in detail the reasons why they make a loan. This has caused a sense of discomfort to users as they must submit personal reasons. Similarly with the study by Amirul Afif Muhamat, Hardi Emrie Rosly and Mohamad Nizam Jaafar (2011), who agreed that product characteristics and safety variables are the main factors for consumers to use Ar Rahnu services in the Klang Valley area, Selangor.

A study by Abdul Ghafar Ismail and Nor Zakiah Ahmad (1997) also explained that borrowers get credit from pawnshops as opposed to financial institutions because of transportation and waiting costs. According to them, financial institutions are usually located in urban areas, and this causes consumers to have to travel long distances and must bear the cost of travel. According to them again, consumers choose to conduct business close to the pawnshop to get low transaction costs and faster procedures at the pawnshop compared to other financial institutions. The importance of location factors on the acceptance of Ar Rahnu is also discussed in a study by Atmadja, & Sharma, P. (2016). and not located inland. This statement is supported by Adhikary (2018) on the factor of distance between Ar Rahnu and residence influencing consumer demand for Ar Rahnu. This situation shows the importance of the role of Ar Rahnu location to consumers as consumers must bear the cost of fares for transportation and petrol costs.

Once examined, there are various factors that have been studied by past researchers and become important variables in their respective studies. In addition to using various variables, the studies were also studied at different study locations with findings and viewed from different perspectives. Almost most of the past studies agree that service factors, religious factors, price factors and promotional factors are the main reasons for consumer acceptance of Ar Rahnu. Also, service factors namely staff service, good user service, fast and easy, while religious factors include awareness of the dangers of riba and operations that follow Islamic sharia cause the community to choose to use Ar Rahnu. The price factor is that there are no charges, and a reasonable storage wage rate is also the choice of the community to choose Ar Rahnu. Promotional factors involve the effective distribution of information to increase public knowledge about Ar Rahnu. In this regard, research on studies related to small entrepreneurs in Malaysia is also important to look in more depth at issues or problems related to small entrepreneurs that are often highlighted in previous studies, especially issues related to finance and capital financing.

STUDIES RELATED TO SMALL ENTREPRENEURSHIP

The discussion of previous studies related to small entrepreneurship focuses on the factors that influence the success or factors that influence the behavior of small entrepreneurship, in addition to some studies that focus on issues and challenges faced by small entrepreneurs. Various factors are needed to achieve success in business, among them is a strong financial source. Small entrepreneurs must have the ability in terms of capital especially to market, promote and advertise their business especially during this Covid-19 pandemic. According to Nurulhayah Muhamad (2021), business through the internet allows various forms of marketing to be done digitally and it is also a popular platform nowadays especially during the Covid-19 pandemic. However, capital problems are experienced by most small entrepreneurs. Financial problems of lack of capital and difficulty in obtaining loans are the main issues for prospective small entrepreneurs to start a business Siti Hajar Binti Md.Jani (2021). According to Hussain, Mahmood, S., & Scott J. (2018), a total of 31.8% of respondents stated that they suffer from a serious lack of capital and cannot be overcome easily due to bureaucracy in applying for a loan. The statement is supported by Alkathiri & Tarek Ben Omar (2018) who stressed that small entrepreneurs find it difficult to obtain financial assistance to expand their entrepreneurial activities. They do not gain the confidence of financial institutions due to small-scale entrepreneurial activities, other than not knowing the correct procedure to obtain financial resources.

In addition, there are also studies that discuss the issue of capital financing by small entrepreneurs. This is because capital financing is very important to continue the sustainability of entrepreneurship. Similarly, the lack of confidence and support from financial institutions will exacerbate the lack of capital faced by small entrepreneurs and this will indirectly reduce the profit rate earned by entrepreneurs. This is because due to lack of capital, small entrepreneurs cannot buy enough equipment and must use a lot of labor to reduce. This situation has reduced profits as high costs had to be incurred (Khosravi, 2019). So, with that, most small entrepreneurs are unable to further grow the business they run.

According to Pham, Katsuhiro S, & Pham (2019), the problem of lack of capital or financial resources faced by most Bumiputera small entrepreneurs can be overcome with the guarantee of credit facilities through financial institutions as well as increasing capital financing funds by imposing appropriate conditions. However, Ukanwa, Xiong, & Anderson, (2018) explained that small entrepreneurs, especially single mothers, often face limited opportunities to obtain loans and credit facilities from financial institutions. starting a business as well as growing a business. For e small entrepreneurs who do not have something to back up such as a fixed and stable income, savings or assets that can be mortgaged, they certainly do not have the opportunity to get a bank loan because they fail to meet strict conditions, in addition to the burden of high interest rates. Similarly, Siti Noor, & Halimah, (2015) supports the opinion that says financial problems are the main issue of single mother small entrepreneurs. The results of his questionnaire found that 68.3% of small entrepreneurs face the problem of lack of working capital, while 63.3% have financial problems. A total of 56.7 82% had problems obtaining loans from the government and followed by 55% had problems obtaining loans from the private sector. A study by Noor Lela Ahmad (2021) argues that financial problems occur because most small entrepreneurs do not have enough savings, difficult to get help, high loan interest rates and short loan repayment periods.

In addition, there are some studies that argue that small entrepreneurs lack knowledge about aspects of capital management, debt management and loan programs by the government. Among them, Nor Hapiza Mohd Ariffin (2018) argues that inefficient capital management is the main cause of entrepreneurial failure. He found the lack of knowledge of small entrepreneurs in the aspects of capital management especially on determining start -up capital, working capital management and how to determine financial financing. Inefficient debt management is also a major problem faced by small entrepreneurs (Irma Wani Othman, 2021).

Poor financial knowledge and management skills among small entrepreneurs cause them to have trouble repaying loans. The findings of a study by Siti Azirah Adonia (2018) found that the shallow knowledge among small entrepreneurs in Kelantan on government support programs caused them to choose to use financial loan services without taking advice from other support programs. As a result of not obtaining actual information, therefore, most small, and medium entrepreneurs in Kelantan do not get the appropriate business assistance and in turn have a significant impact on the performance of small and medium entrepreneurs in Kelantan.

A string of difficulties in obtaining financial loans led many small entrepreneurs to take the initiative to take risks by issuing their own capital to finance their businesses. A study by Joonkyu Choi (2018) for example states that small entrepreneurs start a business with their own financial resources. Similarly, the study by Fauzilah Salleh, Noryati Yaakub, Mazuri Abd. Ghani and Wan Kuntom Wan Sulong (2008) who found that most night market traders get their business capital through personal savings (47.4%), while the rest get financing from financial institutions (24.8%), government assistance (14%), personal or family loans (13.5%) and through ceti or „along" (0.3%). Similarly, Thuaibah @ Suaibah Abu Bakar, Azlah Md Ali, Som, Rozeyta Omar, Syaharizatul Noorizwan Muktar and Rossilah Modhd Jamil (2004) who found that the main capital contribution for small entrepreneurs is from their own savings which is 80% and the rest is loans from families (9.3%), loans from friends (1.3%), inherited property (2.7%) as well as loans from financial institutions (6.7%). This series of own capital production causes most entrepreneurs to run small businesses using small capital that is as many as 45.3% of small entrepreneurs use capital of RM1,000 and below as a business start-up (Martin Cepel, 2020) In this regard, the use of own capital causes small entrepreneurs only run small entrepreneurs hip on a small scale and a few are unable to develop their entrepreneurial activities due to limited capital ownership, in addition to not wanting to bear the risk of losses that could affect their finances.

Findings from several previous studies show that small entrepreneurs often face the problem of lack of capital resources. This financial problem is a major issue discussed in most studies related to small entrepreneurs, including Jamsari Jamaludin (2010), Musalme Muda (2011), Kamilah Ahmad (2018), Martin Cepel (2020). This situation is due to bureaucracy, strict conditions and high loan interest rates charged by financial institutions to obtain instant loans. In addition, small entrepreneurs also face difficulties in obtaining business loans because there is no collateral, and the business is conducted only on a small scale. This causes small entrepreneurs not to get the trust of banks or financial institutions to get a loan. A string of difficulties in obtaining loans and credit facilities from financial institutions caused small entrepreneurs to take the initiative by issuing their own capital. This is stated in the work of Remali Yusoff (2017).

Therefore, Ar Rahnu can be used as an alternative to solve the problem of lack of financial resources in developing the business. Ar Rahnu can also be used as a new method for small entrepreneurs to benefit from Ar Rahnu and thus generate income to develop their business further to maintain the public interest. As a result, the burden experienced by small entrepreneurs in financing business costs can be reduced. Problems related to lack of capital can be overcome if small entrepreneurs are exposed to the use of Ar Rahnu from the beginning. This is because there are some small entrepreneurs who do not know the ways to obtain financial resources. Lack of knowledge and failure of the parties involved to disseminate information sources resulted in small entrepreneurs not getting funding appropriate to the business being run. This is stated in a study by Denzil Pillay (2019).

FACTORS OF SMALL ENTREPRENEURS' ACCEPTANCE OF CREDIT FINANCING

Microfinance has been accepted by the public as an option to reduce poverty. Past studies related to the factors of entrepreneurial acceptance of microcredit have also been widely discovered and discussed from various perspectives. A study by Halimah Abdul Manaf (2017) for example discusses the impact of micro credit on entrepreneurial development but viewed from the aspect of entrepreneurial skills. The study found that the factors that contribute to the success of micro credit entrepreneurs are funding factors, government support, education, experience, and strategic location. Meanwhile, in terms of skills, entrepreneurs need training, support, courses, or programs to hone skills in entrepreneurship.

Ar Rahnu is also included in micro credit as an institution to obtain capital. A study by Hassanudin Mohd Thas (2021) found that social factors have a positive relationship with the acceptance of Ar Rahnu. These social factors include a person's total income. According to Santhi Appanan (2011) the community in Sungai Petani uses Ar-Rahnu due to the low-income factor. However, this matter is refuted by Mohamad Syukri Johari (2007) who says, the use of pawnshops by high-income users is more than low-income users. Similarly, Azlina Abdul Aziz (2003) found that users who use Ar Rahnu have a higher opinion than users who use conventional pawnshops. The situation shows that the community that uses conventional pawnshops consists of low-income groups. The difference in user visits based on income level may be due to the different price factors and the amount of funding in the two institutions. However, Haslinah Muhamad (2019) said that the respondent's monthly income is not a factor that affects the acceptance of Ar Rahnu as micro credit.

A study by Suraya Hanim Mokhtar and Zariyawati Mohd Ashhari (2015) also conducted research for AIM, YUM and TEKUN micro credit programs. But seen from the perspective of issues and challenges faced by small entrepreneurs against them in the micro credit program. For the study, the involvement of entrepreneurs in micro credit programs cannot be a measure of the success of entrepreneurs because it was found that the participation of the poor does not get real benefits compared to the middle-income group. In terms of capital financing, most small entrepreneurs obtain credit financing. A study by Rahisam Ramli (2015) for example investigates the acceptance factors of small entrepreneurs but seen from the aspect of Islamic financing provided by Islamic banks. The results of the study found that the factors of lack of information, lack of awareness programs, procedures and complicated financing processes have been factors that reduce the demand for Islamic financing.

Micro credit programs are often associated with women’s participation. Women have been a major icon in the development of micro credit schemes as there are so many women in the program. A study by Abdullah Al Mamun and Ishidore Ekpe (2016) for example examined the impact of entrepreneurial characteristics on the small performance of women using funding from AIM. As a result, there are four characteristics of entrepreneurship that are important factors namely the need for achievement, cognitive cues, intelligence, and entrepreneurial attitude. Similarly, Shahrukh Rafi Khan and Shaheen Rafi Khan (2016) who also focused on women's involvement in micro credit programs, but he studied in terms of issues about micro credit which is said to deceive many women in Pakistan. In addition, entrepreneurial motivation factors are also stated in the study of Thambiah, Muthaiyah and Kew (2015) can be a determining factor to the participation of small entrepreneurs towards the financing of Islamic micro credit schemes. A study by Sonja and Olivera (2015) in turn examined the contribution of micro credit to the advancement of women entrepreneurship in Serbia. Meanwhile, there is a positive relationship between micro credit and women’s empowerment expressed in the study of Yogendrajah and Semasinghe (2015) when it was found that there is a strong relationship between micro credit and factors such as family relationships, personality factors and entrepreneurial development.

In conclusion, studies related to micro credit focus on the contribution of micro credit to entrepreneurial development, either in terms of factors that influence the success of entrepreneurs who receive micro credit financing or factors that influence entrepreneurs' acceptance of micro credit schemes. Community involvement in micro credit schemes is often with small entrepreneurial activities and women’s participation in funding through these programs. This is because access to micro credit is easier than other financing. The discussion of micro credit financing is also more conceptual. Whether related to issues and challenges faced especially from the aspect of demand and acceptance among the community.

METHODOLOGY

The methodology of this study is qualitative, utilizing content analysis as the method of analysis. The qualitative method is used to address research questions that are more exploratory and complex in nature. Data is obtained through secondary data sources using library methods by reviewing articles and previous research comprehensively, and then analyzed descriptively. This study uses secondary data. Secondary data is data collected and analyzed by other individuals or organizations for specific purposes but later used by different researchers to answer new research questions. The process of analyzing the study's findings is based on data obtained from analyzing previous studies that meet the research themes and are interpreted in accordance with the set research objectives. Data collected in qualitative research is descriptive in nature, requiring different data analysis methods from quantitative methods. Therefore, this study also employs content analysis methods through secondary sources by examining related writings such as journals and relevant books. Then, the materials obtained are analyzed through textual analysis to examine the discussion topics in the writings.

RESEARCH FINDINGS AND DISCUSSIONS

Overall, this past study has to some extent answered the objectives and theme questions of the study related to this study that I will be doing. Among the themes that I gained from the previous study is to focus the discussion on entrepreneurial behavior that is the characteristics of entrepreneurs, attitudes or personalities that influence the success of entrepreneurs. There are many studies and past works that discuss public acceptance of Ar Rahnu. Studies on the operation and implementation of Ar Rahnu are discussed conceptually such as shariah issues, applicable covenants, mortgage period, cost of storage wages and mortgage mechanism implemented. Studies on acceptance factors have been widely studied in general to the community and consumers, but studies on entrepreneurs are still limited. In addition, the acceptance factors discussed in this regard are also seen to be more focused on external factors only such as from the perspective of shariah, service quality, staff service, pawned goods, price, location, and promotion. However, it is quite difficult to find previous studies that touch on internal factors such as halal and haram considerations, return of benefits, consumption according to priorities and community understanding.

Based on research in previous studies on small entrepreneurs in the country found that there are often problems for entrepreneurs in obtaining their business capital. Among them are the problems of bureaucracy, strict loan conditions, the burden of high loan interest rates, the need for high value collateral (land and houses), the need for guarantors as well as loan repayment problems. Meanwhile, studies related to the factors of Ar Rahnu acceptance by small entrepreneurs mostly discuss these variables separately.

CONCLUSION AND RECOMMENDATION

Thus, the study of community acceptance factors is discussed in general and conceptual terms. Similarly, the study of Ar Rahnu acceptance factors involving users and staff in Ar Rahnu implementing institutions as study respondents has also been widely discussed. However, in-depth studies on the acceptance of Ar Rahnu by small entrepreneurs as far as is discovered and known by the author are still few. In addition, there are studies that select consumers as the main respondents of their study. As far as is found, there is still little in-depth study done on the factors of Ar Rahnu acceptance that focuses on small entrepreneurs as respondents. However, if viewed as a whole, there is still limited past research related to Ar Rahnu during this period of Covid-19 scholars. This is because this pandemic problem is something that is still new. Therefore, studies involved during this Covid-19 period are still lacking. Consequently, there is a need for a more extensive study related to Ar Rahnu in the future in various more specific aspects. There are several related things that can be studied in the future. Among them are in terms of research subjects, research techniques and scope of research.

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