

## The Role of Pegadaian Syariah in Supporting Microfinance: A Case Study at Kebun Bunga Branch, Banjarmasin

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### ABSTRACT

The SDGs are a global agenda consisting of 17 goals and 169 measurable targets that emphasize human well-being and environmental sustainability. In Indonesia, efforts to achieve the SDGs are pursued through strengthening the capacity of low-income communities, including the empowerment of Islamic microfinance institutions to support MSMEs. This study aims to explore the impact and role of Sharia Pawnshop Kebun Bunga Banjarmasin in supporting the SDGs through microfinance initiatives that contribute to poverty alleviation and economic growth. This research employed a quantitative descriptive method, involving 15 officer respondents selected through purposive sampling. The analysis results revealed that Sharia Pawnshop Kebun Bunga Banjarmasin plays a significant role in supporting the SDGs, particularly in eradicating poverty (SDG 1) and promoting inclusive economic growth (SDG 8), through accessible and equitable Islamic microfinance services. These findings suggest that Sharia Pawnshop Kebun Bunga Banjarmasin has the potential to continue serving as a driving force for local economic empowerment through inclusive financing, business training, and strategic partnerships.

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## INTRODUCTION

Sustainable Development Goals (SDGs) are a global development agenda encompassing 17 goals and 169 measurable targets with specific deadlines. This agenda focuses on improving human welfare and preserving the environment. In the context of Indonesia, one of the efforts to achieve the SDGs is realized through capacity-building activities for low-income communities, involving non-bank financial institutions as strategic partners. The aim is to ensure that economically disadvantaged groups gain access to inclusive financial services and support (UNDP, 2017).

One tangible form of contribution to this goal is the empowerment of Islamic microfinance institutions. These institutions play a crucial role in helping Micro, Small, and Medium Enterprises (MSMEs) sustain and grow their businesses. According to Soemitra (2018), strengthening Islamic microfinance institutions serves as a key instrument in poverty alleviation and enhancing community welfare through a values-based, sharia-compliant approach.

Pegadaian Syariah is one of the main actors within Indonesia's Islamic microfinance ecosystem. Through programs such as Syariah People's Business Credit (KUR Syariah), Pegadaian Syariah provides capital access to MSMEs to support business development. The variety of products and services it offers enables Pegadaian Syariah to remain competitive in the financial market while upholding sharia principles relevant to meeting customer needs.

Furthermore, the sharia principles applied in the financial sector have shown a positive contribution to national economic growth. Zuhri et al. (2023) noted a link between the financial sector—both conventional and sharia-based—and economic growth. Trimulato & Mustamin (2022) also highlighted a two-way causal relationship, in which the growth of the non-bank financial sector (IKNB) reinforces overall economic development.

The presence of Pegadaian Syariah goes beyond being a mere financial service provider; it is also part of a strategic effort to support the achievement of the SDGs. Through its various programs, Pegadaian Syariah makes a real contribution to poverty alleviation and economic growth while promoting Islamic financial inclusion at the grassroots level.

However, literature reviews on the role of Pegadaian Syariah within the context of the SDGs remain very limited and lack comprehensiveness. Most existing studies only focus on the legal and operational aspects of Islamic pawn products (Andri, 2017), while discussions on the institution's strategic contribution to poverty reduction (SDG 1), decent work creation (SDG 8), or partnership development (SDG 17) are still scarce. This is despite the significant potential of institutions like Pegadaian Syariah to support sustainable development through fair, inclusive, and values-based microfinance (Soemitra, 2018). The lack of literature also hinders the development of impact-based evaluation models and SDG-aligned indicators, which should serve as a foundation for strengthening institutional roles in development. Trimulato and Nuringsih (2019) emphasized that Islamic financial inclusion can only be effective if it sustainably reaches marginalized groups.

A search of reputable journal databases, particularly those indexed by Scopus, shows that specific studies on the link between the SDGs and the role of Pegadaian institutions are still very limited. Of all the articles analyzed, only one publication explicitly examines the relationship between Pegadaian programs – particularly Pegadaian Syariah and their contribution to achieving the SDGs, such as poverty alleviation (Goal 1) and promoting decent work and economic growth (Goal 8). The lack of such studies highlights a significant research gap and presents an opportunity for further investigation into Pegadaian's contributions to sustainable development in Indonesia.

Based on this background, the main problem addressed in this study is: how does Islamic microfinance provided by Pegadaian Syariah support the achievement of the Sustainable Development Goals (SDGs), particularly in the areas of poverty alleviation (SDG 1), provision of decent work (SDG 8), and inclusive and sustainable economic growth? This research problem includes assessing the effectiveness of Pegadaian Syariah's microfinance programs in reaching low-income communities, MSMEs, and other vulnerable groups, as well as understanding how Islamic values are integrated to support both social and economic goals within the framework of sustainable development.

## LITERATURE REVIEW

### Sharia Pawnshop

Modern pawnshops first emerged in Italy and later spread throughout Europe. In Indonesia, the concept of a Sharia-based pawnshop is relatively new. Its operations refer to modern administrative principles such as rationality, efficiency, and effectiveness, which are harmonized with Islamic values (Andri, 2017). The legal basis for its operations refers to the Fatwa of the National Sharia Council of the Indonesian Ulema Council (DSN-MUI) No. 25/DSN-MUI/III/2002 on rahn and Fatwa No. 26/DSN-MUI/III/2002 on gold pawning, which allow the pledging of goods as collateral for debt as long as it complies with Sharia principles. However, institutionally, pawnshops still adhere to the provisions in Government Regulation No. 10 of 1990.

Pawnshops function as financial institutions that help people quickly overcome financial shortages through the pawn system. Their popularity has grown due to their ability to provide instant cash loans secured by valuable personal belongings (Eder, 2009). In Banjarmasin, Sharia Pawnshop (Sharia Pawnshop) is well known for its Sharia-compliant products, especially Rahn financing, which is the flagship product and the most in demand among the public (Soemitra, 2018).

In its financial records, Sharia Pawnshop recognizes the loans provided to customers as accounts receivable, while *ujrah* (service fees) are recorded as income derived from the *ijarah* contract. The installment amount is determined by the head office based on an estimate of the pledged item's value. Additionally, management fees charged to customers are recorded as administrative income, adjusted according to the loan amount. This indicates a structured and centralized administrative system in managing Sharia-based financing.

### **Sustainable Development Goals (SDGs)**

In 2015, a total of 193 countries agreed to the Sustainable Development Goals (SDGs) as a global development agenda to be achieved by 2030. The SDGs are a continuation of the Millennium Development Goals (MDGs), aiming to create a peaceful, prosperous, and just life through an approach that integrates economic growth, environmental preservation, and social justice. The principles promoted include non-violence, non-discrimination, active participation, open governance, and multi-stakeholder collaboration (INFID, 2015).

According to The Sustainable Development Goals Report 2018 by the World Bank, the first three years of SDG implementation showed significant progress in various areas, such as reductions in maternal and infant mortality, declines in child marriage, and improvements in access to electricity. However, the report also highlighted persistent gaps in the social, sanitation, and environmental sectors, raising concerns that many SDG targets may not be achieved by 2030 without acceleration.

Sharia economics is considered to have great potential in supporting the achievement of the SDGs, particularly in poverty alleviation efforts. Systematically, the principles of Islamic economics align with the values of justice, inclusiveness, and sustainability advocated by the SDGs. Therefore, strengthening the role of Islamic financial institutions is one of the key strategies to accelerate the realization of the sustainable development agenda.

#### **The Role of Sharia Pawnshop in Supporting the SDG Program**

Sharia Pawnshop institution serves as a non-bank financial entity that contributes to micro, small, and medium enterprises (MSMEs) in capital development through financing programs. One of the flagship programs is the Sharia People's Business Credit (KUR Syariah), which is designed to assist MSMEs in obtaining additional capital without the need for collateral.

In Indonesia, MSMEs play a vital role in regional economic activity. Every region has MSMEs nurtured by relevant institutions to help facilitate their growth. In Banjarmasin, Sharia Pawnshop plays a significant role in assisting MSMEs through Sharia-compliant financing schemes. The advancement of the national economy cannot be separated from the contribution of MSMEs, which dominate the business landscape in Indonesia (INFID, 2015).

#### **Goals for Sustainable Global Development**

The Sustainable Development Goals (SDGs) are 17 global goals adopted by the United Nations in 2015 as a continuation of the Millennium Development Goals (MDGs), with a target completion date of 2030. The SDGs call for collective action to end poverty, protect the environment, and ensure peace and prosperity for all. These goals cover a wide range of areas, from poverty alleviation, education, and health to environmental sustainability and fair governance. The core principle, "No One Left Behind," emphasizes the importance of inclusive and equitable development for all segments of society (Antonio, 2012).

The financial sector, particularly in developing countries like Indonesia, plays a vital role in supporting the achievement of the SDGs through capital mobilization, inclusive investments, and financial services that reach vulnerable

communities. Non-bank financial institutions such as Pawnshop play a strategic role by providing accessible financial solutions tailored to local needs. Pawnshop, including its Sharia units, has demonstrated a strong commitment to sustainable finance by implementing GRI standards and complying with financial authority regulations such as OJK Regulation POJK 51/2017. This approach not only fulfills regulatory obligations but also reflects a strategic integration of sustainability (ESG) principles into core business operations. It reinforces Pawnshop position as a pioneer in sustainable finance in Indonesia, supporting the national acceleration of SDG achievement (Antonio, 2012).

### **The Contribution of Sharia Pawnshop to the Sustainable Development Goals**

Sharia Pawnshop plays a critical role in promoting financial inclusion and poverty alleviation by offering accessible, fast, and Sharia-compliant financing services. With simplified procedures and no bank account requirements, these services reach low-income communities and MSMEs often underserved by conventional banks. Interest-free financing, flexible collateral (such as gold and vehicles), and profit-sharing models like mudharabah serve as alternative solutions to exploitative informal loans. The positive impact goes beyond financial access—contributing to income improvement, small business growth, and the creation of local employment. This aligns with SDG 1 (No Poverty) and SDG 8 (Decent Work and Economic Growth), positioning Sharia Pawnshop as a grassroots-based catalyst for equitable and sustainable economic development (Dusuki, 2011).

Moreover, Sharia Pawnshop continues to innovate through digital transformation, including the development of online applications, Sharia-compliant peer-to-peer lending platforms, and the exploration of blockchain technology to enhance transparency and service efficiency. As part of PT Pawnshop, the Sharia unit also actively contributes to sustainability practices by implementing ESG (Environmental, Social, and Governance) principles and preparing sustainability reports in accordance with OJK Regulation (POJK 51/2017) and GRI standards. Its commitment to CSR and transparent reporting strengthens Pawnshop position as a pioneer in sustainable finance in Indonesia. This demonstrates that sustainability is not merely a complementary aspect but a core part of its business strategy, with a tangible impact on reducing social inequality and accelerating the achievement of the SDGs, particularly in the context of inclusive Islamic economics (Dusuki, 2011).

Alignment with SDGs, Sharia Pawnshop offers a wide range of financial products designed to meet the financial needs of the public, from emergency funds and business financing to long-term investments, all in accordance with Sharia principles. Key products include Rahn, which provides loans based on movable asset collateral (gold, electronics, vehicles), with variants such as Rahn Hasan (no service fee for 60 days), Rahn Fleksi (higher loan ceiling), and Rahn Bisnis (for entrepreneurs). The Amanah product supports vehicle financing, while the Arrum product line offers financing based on BPKB, gold, and even Hajj quotas. There is also Rahn Tasjily Tanah, which uses land certificates as collateral for MSMEs and farmers. On the investment side, services like Mulia

(gold bullion purchase) and Tabungan Emas (gold savings) make it easier for people to invest in gold. Through this approach, Sharia Pawnshop is not just a pawnshop but a multifunctional financial institution offering holistic solutions for liquidity, business development, religious planning, and future investment. This comprehensive and Sharia-compliant approach strengthens financial resilience, supports inclusive economic growth, and contributes significantly to the achievement of various SDGs (Obaidullah, 2008).

### **Challenges and Opportunities for Sharia Pawnshop in Achieving the SDGs**

Sharia Pawnshop faces several significant challenges in expanding its services and deepening its impact on financial inclusion. A major obstacle is the lack of public awareness about the principles and benefits of Islamic financial institutions, coupled with the perception that Sharia Pawnshop is either overly religious or simply a "non-interest" version of conventional pawnshops. Deep-rooted views on interest have led to misunderstandings about the concept of *mu'nah* as a legitimate and non-exploitative service fee. Other challenges include a shortage of human resources with expertise in both Sharia principles and modern financial operations, limited funding access, and competition from conventional financial institutions, fintechs, and informal lenders. Additionally, Sharia Pawnshop must ensure continuous compliance with Sharia principles in a dynamic market environment and address operational risks such as loan defaults and collateral security (Cull, 2018).

Nonetheless, there are significant strategic opportunities that can be leveraged to drive growth and strengthen SDG contributions. Increasing Islamic financial literacy through public education can dispel misconceptions and boost adoption. Digital transformation through mobile apps and online platforms can expand service reach, especially to remote areas. Strategic partnerships with Islamic banks, zakat institutions, and the government can strengthen the Islamic finance ecosystem. Further development of segmented products, a focus on productive financing for MSMEs, and capacity building for human resources are also essential to support sustainable growth (Cull, 2018).

### **METHODOLOGY**

This study employs a quantitative descriptive approach focusing on phenomena occurring at Sharia Pawnshop. The descriptive approach is used to portray the actual situation in the field, specifically at Sharia Pawnshop Branch in Kebun Bunga, Banjarmasin. The aim of this research is to understand the role of Sharia Pawnshop in supporting the development of the Sustainable Development Goals (SDGs) through Islamic microfinance programs.

The study population consists of 20 employees of the Sharia Pawnshop Kebun Bunga Branch in Banjarmasin, with 15 individuals selected as the sample using purposive sampling techniques. The sample was chosen based on specific criteria: employees directly involved in microfinance, having a minimum of one year of work experience, and willing to participate as respondents. This selection is considered representative as it involves employees who have direct knowledge of the program's implementation.

The variable in this study is the role of Sharia Pawnshop in supporting the development of the Sustainable Development Goals (SDGs) through microfinance programs. This variable reflects the extent to which Sharia Pawnshop contributes, particularly in the area of Islamic-based microfinance services, to achieving sustainable development goals such as poverty alleviation (SDG 1) and the promotion of decent work and economic growth (SDG 8). The data sources for this research consist of:

- Primary data was obtained directly through the distribution of questionnaires to employees of Sharia Pawnshop, Kebun Bunga Branch, Banjarmasin, who are involved in microfinance activities.
- Secondary data was gathered from the company's internal documents, such as annual reports, microfinance program evaluation reports, internal policies related to financing, as well as various relevant publications, including academic journals, online media articles, and data from government agencies related to microfinance and MSME development.

The questionnaire was designed to measure the perceptions of Sharia Pawnshop employees regarding the role of Islamic microfinance in supporting the achievement of the Sustainable Development Goals (SDGs), particularly poverty alleviation (SDG 1), the creation of decent work and economic growth (SDG 8), and the reduction of inequality (SDG 10). It consists of 15 closed-ended questions using a Likert scale (1-5) and 5 open-ended questions. The questionnaire examines three main aspects: respondents' understanding of the SDGs, the implementation of Islamic microfinance in operational practices, and the institution's strategic role in supporting the SDGs.

The data collection method used in this study was a structured questionnaire. The questionnaire was systematically developed based on indicators of the variables studied and aligned with the research objectives. This instrument was used to directly collect primary data from respondents through both closed and open-ended questions.

The data analysis technique in this study was conducted systematically through several stages: (a) data collection, carried out through questionnaires and documentation at the research site to obtain relevant information about the role of Sharia Pawnshop and its impact on microfinance recipients; (b) data classification, which involved organizing and categorizing the questionnaire results into relevant themes such as roles, challenges, and socioeconomic impacts; (c) data presentation, structured in narrative form within chapters and subchapters to illustrate the flow of the financing program and its outcomes; and (d) conclusion drawing, which summarized the research findings in the form of inputs and recommendations to strengthen Sharia Pawnshop contribution to the achievement of the SDGs.

## **RESEARCH RESULT**

The three main aspects analyzed in this study are the understanding of the SDGs, the implementation of Islamic microfinance, and the role of institutions in supporting the SDGs. The findings from the collected data can be described as follows:

**Understanding of the SDGs**

This research data was obtained through a questionnaire that measured respondents' understanding of the Sustainable Development Goals (SDGs).

**Table 1 presents the respondents' answers regarding their understanding of the SDGs.**

Aspect	Indicator	Result
Understanding of SDGs	Understanding the General Concept of SDGs	The results showed that the majority of respondents (6 out of 15) strongly agreed that they understand the concept of Sustainable Development Goals (SDGs)
	SDGs Related to Microfinance (SDG 1, 8, 10)	The results showed that the majority of respondents (7 out of 15) strongly agreed that microfinance can enhance inclusive economic growth and reduce economic inequality.
	Sources of SDGs Knowledge	The results showed that the majority of respondents (7 out of 15) strongly agreed that they gained knowledge about SDGs through internal training or socialization.

These results show that 6 out of 15 respondents (40%) strongly agreed that they understand the concept of the SDGs, reflecting a high level of awareness among employees of Sharia Pawnshop Kebun Bunga Branch in Banjarmasin regarding the vision of sustainable development. This level of understanding is consistent with various findings that Islamic microfinance institutions play a significant role in expanding access to inclusive finance, promoting economic self-reliance among small communities, and contributing to poverty alleviation.

**Implementation of Sharia Microfinance**

The data for this research was obtained through a questionnaire measuring the level of implementation of Sharia microfinance.

**Table 2 presents the respondents' answers regarding the implementation of Sharia microfinance**

Aspect	Indicator	Result
Implementation of Sharia Microfinance	Microfinance products support low-income communities	The results showed that the majority of respondents answered Neutral, Agree, and Strongly Agree – with 5 respondents each out of 15 – indicating that microfinance products are intended to assist economically disadvantaged communities.
	Financing process complies with Sharia principles	The results showed that the majority of respondents (8 out of 15) answered Neutral, indicating that the financing process considers principles of justice and mutual assistance in accordance with Sharia.

Aspect	Indicator	Result
	Accessibility of financing products	The results showed that the majority of respondents (6 out of 15) answered Agree, indicating that microfinance is easily accessible to small and vulnerable communities.
	Strategy supports social objectives	The results showed that the majority of respondents (7 out of 15) answered Strongly Agree, indicating that the institution's strategy supports social goals in empowering the community's economy.
	Monitoring and evaluation of financing	The results showed that the majority of respondents (8 out of 15) answered Neutral, indicating that the monitoring and evaluation of microfinance are conducted periodically to ensure the program's effectiveness.

This result indicates the respondents' perception of the contribution of Sharia Pawnshop Kebun Bunga Branch in promoting community economic empowerment through Islamic microfinance. Based on the data, 5 respondents (33.3%) stated Neutral, 5 (33.3%) Agreed, and another 5 (33.3%) Strongly Agreed that the microfinance products offered are indeed intended to support economically disadvantaged communities. This balanced distribution of responses suggests a generally positive and fairly even perception among the employees. However, the presence of neutral responses also highlights the need to strengthen understanding of the institution's social vision, particularly in communicating the strategic goals of Islamic microfinance as a tool for poverty alleviation. This information gap may be due to limited internal outreach or a lack of regular training on the social values and sustainability principles of Islamic-based microfinance.

#### ***The Role of Institutions in Supporting the SDGs***

Data for this study was obtained through a questionnaire that measured the role of institutions in supporting the SDGs.

**Table 3 presents the respondents' answers regarding the role of institutions in supporting the SDGs.**

Aspect	Indicator	Result
The Role of the Institution in Supporting the SDGs	Integration of the SDGs into Financing	The results show that the majority of respondents 7 out of 15 agreed that Pegadaian Syariah actively aligns its microfinance activities with the goals of the SDGs.
	Internal Policies Supporting the SDGs	The majority of respondents 7 out of 15 also answered Neutral regarding the existence of internal policies supporting the implementation of the SDGs in financing.
	Social Impact Reporting and Evaluation	Most respondents—6 out of 15—strongly agreed that the institution conducts reporting or evaluation of the social impact of its financing.
	Management Support for SDG-Related Training	A majority of respondents—8 out of 15—agreed that management supports training or activities related to sustainability and the SDGs.
	External Collaboration in SDG Implementation	Lastly, the responses regarding Pegadaian Syariah’s collaboration with external partners in supporting the SDGs were evenly distributed, with 5 respondents each choosing Neutral, Agree, and Strongly Agree.

These results show that the majority of respondents (7 out of 15) agreed that Sharia Pawnshop actively aligns its microfinance activities with the goals of the SDGs. This indicates a relatively strong level of institutional awareness in directing its operational activities toward supporting sustainable development. Sharia Pawnshop is not merely performing financial functions but is increasingly positioning itself as a socio-economic actor that contributes to community welfare through inclusive and equitable financing. The integration of SDG principles—such as poverty alleviation (SDG 1) and inclusive, sustainable economic growth (SDG 8)—serves as a critical foundation for Pegadaian in shaping its long-term policy direction with a social impact.

**Table 4 Cross-Tabulation of SDG Understanding and Policy Support**

					Total
		Strongly Agree	Agree	Neutral	
Policy Support	Strongly Agree	2	1	2	5
	Agree	2	1	2	5
	Neutral	2	2	1	5
Total		6	4	5	15

The cross-tabulation results between SDG understanding and policy support indicate that employees' perceptions of Sharia Pawnshop internal policies are not fully aligned with their level of understanding of the SDGs. Respondents who strongly agreed that they understood the SDGs were evenly distributed in their assessment of policy support, with two respondents each stating that the policies were very supportive, moderately supportive, and neutral. Similarly, respondents with a neutral understanding of the SDGs also gave varied assessments of policy support – even some rated the policies as very supportive.

Tabel 5 Tabulasi Silang Pemahaman SDGs dan Implementasi Pembiayaan Mikro Syariah

		SDG Understanding			Total
		Strongly Agree	Agree	Neutral	
Islamic Microfinance Implementation	Strongly Agree	2	0	2	4
	Agree	2	1	2	5
	Neutral	2	3	1	6
Total		6	4	5	15

Based on the cross-tabulation results between respondents' level of understanding of the Sustainable Development Goals (SDGs) and their perceptions of the implementation of Islamic microfinance at Sharia Pawnshop Kebun Bunga Branch in Banjarmasin, it can be concluded that there is a tendency toward a positive relationship between the two. Respondents with a high level of understanding of the SDGs – particularly those who answered “strongly agree” – were mostly in agreement that the implementation of Islamic microfinance is running well, as seen from 4 out of 6 respondents in this category who stated “strongly agree” and “agree” regarding the implementation. This indicates that the higher the understanding of the SDGs, the greater the tendency to support and comprehend the implementation of Islamic microfinance.

Table 6 Cross-Tabulation of Islamic Microfinance Implementation and Policy Support

		Policy Support			Total
		Strongly Agree	Agree	Neutral	
Islamic Microfinance Implementation	Strongly Agree	2	0	2	4
	Agree	1	2	2	5
	Neutral	2	3	1	6
Total		5	5	5	15

Based on the table, it is evident that internal policy support is not fully aligned with the implementation of Islamic microfinance. Although some respondents strongly agreed with the implementation, a portion of them remained neutral regarding policy support. Conversely, several respondents who were neutral about the implementation actually considered the policy support to be good. This suggests that the existing policies have not been sufficient to drive effective implementation on the ground, highlighting the need for stronger dissemination and execution of policies so that their impact can be more evenly felt.

**Table 7 Summary of Average Scores by Level and Dimension**

Dimension	Aspects of Islamic Microfinance Literacy	Microfinance Providers	Economic Empowerment and Social Objectives	Programs and Collaboration
Understanding of the SDGs	4.33	-	-	-
Contribution of Financing to the SDGs	-	3.93	3.93	-
Social Objectives of Financing	-	-	4.00	-
Sharia Principles in Financing	3.93	3.93	-	-
Financing Accessibility	-	4.00	4.00	-
Program Monitoring and Evaluation	-	5.00	-	-
Program Integration with the SDGs	-	-	-	4.33
Internal Policies and the SDGs	-	4.33	-	-
Social Impact Evaluation	-	-	5.00	-
Managerial Support for the SDGs	-	4.33	-	-
External Collaboration for the SDGs	-	-	-	5.00

## DISCUSSION

The findings of this study indicate a mutually reinforcing relationship between improved business skills, satisfaction with the program, and the well-being of *mustahik* (beneficiaries). High levels of participant satisfaction with the program's services and mentoring have significantly enhanced the implementation of technical, managerial, and personal entrepreneurial skills, which in turn improves business management effectiveness. This directly impacts the participants' economic conditions, leading to improved well-being.

### **Understanding of the SDGs**

The findings reveal that employees' awareness of the SDGs reflects the successful integration of sustainable development values within the organizational culture. A deep understanding of these goals encourages more targeted and impactful microfinancing practices. Employees who understand the vision of sustainability are more responsive to the institution's social mission and actively engage in guiding communities to use financing productively and sustainably (Hidayat et al., 2022). This aligns with research showing that microfinance institutions such as rural credit banks (*Bank Perkreditan Rakyat*) are capable of reducing income inequality and expanding access to financial services for micro-entrepreneurs and low-income households. Research by Lestari and Sumendap (2024) also reveals that productive financing provided by Islamic institutions such as Bank Syariah Indonesia plays a vital role in supporting the achievement of the SDGs through access to capital, digital service expansion, and MSME empowerment, as evidenced by a 14.5% financing growth and increased digital penetration. These findings affirm that inclusive and well-targeted Islamic microfinance can serve as a key driver in sustainable economic development and reducing social inequality.

### **Implementation of Islamic Microfinance**

The study also found that Islamic microfinance services are accessible to low-income and vulnerable communities, showing that the institution has opened more inclusive avenues for financing distribution. However, to ensure truly equitable access, Sharia Pawnshop must enhance its outreach strategy through mobile units or partnerships with local microfinance institutions, and tailor products to fit the characteristics of microenterprises, which often operate informally and are unbankable. Financial literacy and the adoption of app-based technologies are also crucial to reducing access barriers. As explained by Trimulato & Nuringsih (2019), Islamic financial inclusion is only effective if it can fairly and sustainably reach marginalized groups.

In terms of institutional support for economic empowerment, the commitment to the SDGs—particularly SDG 1 (No Poverty) and SDG 8 (Decent Work and Economic Growth)—is reflected in the organization's policies and program orientation. Sharia Pawnshop functions not only as a financing provider but also as an agent of social change through community-based approaches and partnerships with local actors in entrepreneurship training and MSME capacity building.

The findings also indicate that the monitoring and evaluation mechanisms may not be transparent or well-socialized among all staff. Periodic monitoring and social impact-based evaluations are essential to ensuring program sustainability and verifying that financing delivers real benefits to society. According to the Financial Services Authority (OJK, 2022), strengthening the governance of Islamic financial institutions through social reporting and sustainability indicator measurements must be an integrated part of the management system to ensure their contribution to sustainable development is objectively and accountably measurable.

### **The Role of the Institution in Supporting the SDGs**

The study reveals that Sharia Pawnshop demonstrates a strong institutional commitment to aligning its microfinance programs with the Sustainable Development Goals (SDGs), reflecting high institutional awareness of the importance of a sustainability-oriented operational direction. The institution's role has evolved beyond financial functions to that of a socio-economic transformation agent through fair and inclusive financing. SDG principles such as poverty eradication (SDG 1) and inclusive, sustainable economic growth (SDG 8) have become essential foundations in the institution's long-term strategic policies (Bappenas, 2022).

However, there remain gaps in internal policies that have not been fully communicated to all employees. The limited involvement of staff in policy development or the lack of explicit documentation linking microfinance with SDGs could contribute to weak operational understanding at the implementation level. Therefore, transparency and communication in governance must be strengthened so that policies are not merely administrative but can be effectively implemented. Regarding social impact evaluation, the institution has begun adopting monitoring and evaluation (M&E) approaches that focus not only on financial outcomes but also on social results, such as improved beneficiary well-being and strengthened local economic empowerment (OECD, 2021).

Moreover, the management's support for SDG-related training indicates a commitment to enhancing human resource capacity in understanding both sharia and sustainability principles. This plays an essential role in shaping an organizational culture that is responsive to social and environmental issues. However, inconsistencies in employee perceptions regarding external partnerships suggest a gap in information sharing or engagement in collaborative programs. In fact, cross-sectoral partnerships, as mandated in SDG 17, are critical to strengthening the synergy of sustainable development. Thus, Pawnshop should expand internal engagement in the design and evaluation of collaborative programs to ensure that its contribution to the SDGs is inclusive and distributed across all organizational levels (Ministry of Finance, 2021).

### **CONCLUSIONS**

This study confirms that employees' understanding of the institution's social function and sharia values is an indicator of successful internal dissemination. Strategies such as unsecured financing, entrepreneurship training, technology

utilization, and partnerships with local communities are considered effective in reaching the poor, MSMEs, and vulnerable groups. Despite challenges such as low financial literacy and infrastructure limitations, collaborative approaches, SDG-based governance, and capacity building are key to Sharia Pawnshop success as a driver of sustainable local economic empowerment.

## **RECOMMENDATIONS**

Sharia Pawnshop is advised to establish routine internal training programs at least twice a year focusing specifically on the integration of sharia values and the role of microfinance in supporting the SDGs, particularly SDG 1 and SDG 8. It is also important to develop SDG literacy and sharia finance principle modules accessible digitally through the internal learning platform. Additionally, Sharia Pawnshop should form internal facilitator teams at each branch responsible for conducting mentoring and tiered dissemination to operational staff. To ensure active staff engagement, a social performance-based incentive system can be applied, such as annual evaluations based on contributions to social financing goals. Staff understanding should be evaluated quantitatively through pre-tests and post-tests during each training session, with a target of at least 80% of employees achieving scores above 75.

## **ADVANCED RESEARCH**

This study is limited by a small number of respondents, drawn only from one branch Sharia Pawnshop Kebun Bunga Banjarmasin so the results cannot yet be generalized nationally. The approach focused solely on employee perceptions, which does not fully capture the real impact at the client level. These limitations imply limited external validity and potential institutional bias. Therefore, future research should broaden the respondent base, involve beneficiaries, and apply a mixed-methods approach (quantitative and qualitative) to obtain a more representative picture. Additionally, the development of SDG-based evaluation indicators and comparative studies between branches are necessary to identify and replicate best practices.

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