

Analysis Of Msme Actors' Perception Of Sharia Insurance As An Effort To Mitigate Business Risks (Case Study Of Msme Actors In Sukaramai Market Medan)

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Keywords:

Perception, MSMEs, Sharia Insurance, Risk Mitigation, Sukaramai Market Medan

Abstract

This study aims to analyze the perception of Micro, Small, and Medium Enterprises (MSMEs) towards sharia insurance as an effort to mitigate business risks. This study was conducted at Sukaramai Market in Medan using a qualitative approach. The data was collected through in-depth interviews with MSME actors to understand the extent of their knowledge, understanding, and interest in sharia insurance products.

The results of the study show that of a number of MSME actors interviewed, only five people have participated in sharia insurance. Sharia insurance participants generally have a better understanding of the benefits of business protection compared to those who do not follow insurance. The main factors that encourage participation in sharia insurance are the principle of halal, protection of businesses from unexpected risks, and the existence of a sense of fairness in the profit-sharing system.

However, the majority of MSME actors who have not participated in sharia insurance admit that they do not understand the concept and benefits, and feel that there are financial limitations in paying premiums. This study recommends increasing socialization and education about sharia insurance so that more MSME actors are aware of the importance of business protection through this mechanism. The majority of MSME actors have a limited understanding of the concept of sharia insurance, even though they are aware of the importance of protecting against business risks.

INTRODUCTION

In the context of the Indonesian economy, Micro, Small, and Medium Enterprises (MSMEs) have an important role in the Indonesian economy, Micro, Small, and Medium Enterprises (MSMEs) are one of the pillars of the economy. In addition, small and medium enterprises (SMEs) are very important for the community. Because this business is very helpful in developing interest in business ventures. In addition, it is able to create creativity and jobs that are in line with efforts to preserve and develop the traditions and culture of the local community. On the contrary, however, considering the large number of Indonesia's population, MSMEs are able to absorb labor massively so as to reduce the unemployment rate. As a result, it is clear that MSMEs that absorb a lot of labor and utilize technology directly can become job opportunities. Micro, Small, and Medium Enterprises (MSMEs) activities are an excellent foundation for the creation of profitable jobs. MSMEs are labor-intensive businesses that do not require a specific level of education, worker skills, or venture capital, and the technology used is usually easy. MSMEs continue to play an important role in improving Indonesia's economy in terms of the number of businesses, job creation, and the country's GDP growth (Jalil, 2021).

The role of MSMEs as the backbone of the Indonesian economy is shown by their contribution of more than 60% to the national Gross Domestic Product (GDP) and absorbs almost 97% of the workforce, and to date the number of MSMEs has reached more than 64 million business units. The contribution of MSMEs to Indonesia's national exports reaches around 15.7% of total exports. The contribution of MSMEs to exports will continue to increase this year so that it will support the achievement of the export growth target of around 9% in the next five years. (Pemerintah Dorong UMKM Naik Kelas, Tingkatkan Kontribusi terhadap Ekspor Indonesia, 30 Jan 2025).

In 2024, North Sumatra Province will record a total of 1,166,918 micro, small, and medium enterprises (MSMEs). Of these, 98.87% or 1,153,758 are micro and small businesses, while 1.12% or 13,610 are medium and large businesses. MSMEs in this province play a significant role in the local economy by absorbing around 80% of the workforce (Siahaan, 2024).

Sukaramai Market is a traditional market located on Jalan A.R. Hakim, Medan Area District, Medan City, North Sumatra. Built in 2014, where this market is one of the third class traditional markets in the city of Medan has three floors with a total building area of 4,715 m² and stands on an area of 2,630 m². This market houses 250 stalls making it one of the important trade centers in Medan City (Simorangkir, 2022).

This market is one of the local economic centers in Medan, where many MSME players sell and run small and medium businesses. This market provides various types of products, both basic necessities such as vegetables, fruits, meat, and fish, as well as non-food products such as clothing, accessories, and daily necessities. Medan Sukaramai Market not only serves as a place to buy and sell, but also as one of the drivers of the local economy and a driver of the development of MSMEs in the city of Medan (Fidela, 2021).

However, in their operations, MSMEs often face various challenges and risks that can threaten the sustainability of their business. These risks include natural disasters, fires, theft, and market fluctuations that can cause financial losses. Therefore, risk mitigation is a crucial aspect that must be considered by MSME actors to maintain the stability and sustainability of their business (Siregar, 2024).

One of the risk mitigation efforts that can be applied by MSME actors is through sharia insurance. Sharia insurance offers financial protection based on sharia principles, such as the concept of help-help (ta'awun) and risk sharing (takaful), which prioritizes fairness and transparency in the management of participant funds. In this system, the participants collectively contribute to the tabarru' fund which is then used to help each other in the event of a disaster or loss experienced by one of the participants, thus creating a sense of solidarity and togetherness among the members. By participating in the sharia insurance program, Micro, Small, and Medium Enterprises (MSMEs) can obtain protection against various business risks, such as fire, theft, or natural disasters, which can cause significant financial losses (Permata Wulandari, 2024).

However, despite its great potential, there are still many MSME actors who do not understand or even have a less positive perception of sharia insurance. Some of the obstacles faced in the implementation of sharia insurance among MSMEs include lack of socialization, limited access to information, and the assumption that insurance is not really necessary for MSMEs. Therefore, it is important to analyze the perception of MSME actors towards sharia insurance to find out the extent of their understanding, the factors that influence their decisions, and their level of acceptance in using sharia insurance services as a form of business risk mitigation (Sitepu, 2021).

METHODS

This researcher conducted his research using a descriptive qualitative research method. Descriptive qualitative research is a research approach that aims to understand and describe social phenomena or human behavior in depth in their natural context. This method emphasizes the collection of non-numerical data, such as text, images, or audio recordings, through techniques such as in-depth interviews, participatory observations, and document analysis. The goal is to gain a comprehensive understanding of the meaning, process, and context of the phenomenon being studied, without manipulating or intervening with the observed variables. The data analysis in this study was inductive, with researchers identifying patterns, themes, and relationships to build a deep understanding of the research subject. This approach is often used in the fields of social sciences, education, and humanities to explore the complexities of human interaction and social phenomena (Riswanto, 2023).

In this study, the triangulation of data collection methods and triangulation of data sources is used.



Data source triangulation is a method in research that involves using more than one data source to verify and reinforce research findings. The goal is to improve the validity and reliability of research results by comparing information from various sources (Saadah, 2022),

The types and data sources used in this study are:

1. Primary Data where data is obtained directly from MSME actors in the Medan Sukaramai Market through interviews or observations.
2. The secondary data used by the researcher is MSME data from the Cooperatives and Small and Medium Enterprises Office in the Sukaramai market in Medan

The data collection technique in this study will use a structured direct interview technique according to questions with a 5W + 1H (*What, Where, When, Who, Why, How*) approach to obtain comprehensive information related to the Analysis of MSME Actors' Perception of Sharia Insurance as an Effort to Mitigate Business Risk (Case Study of MSME Actors in Sukaramai Market Medan).

Questions for MSME actors who participate in sharia insurance

- a) *What* (What kind of business are you currently running?)
 1. *Who* (Who recommends or introduces you to sharia insurance? *Düssel*)
 2. *Why* (Where did you first find out information about sharia insurance? *Düssel*)
 3. *When* (When did you decide to join sharia insurance?)

4. *Where* (Why do you believe that sharia insurance can help MSME actors in overcoming business risks?*Düssel*)
5. *How* (How does sharia insurance help you in dealing with business risks?*Düssel*)

Questions for MSME Actors Who Do Not Participate in Sharia Insurance

1. *What* (What kind of business are you currently running?)
2. *Who* (Who has ever given information to you about sharia insurance?)
3. *Why* (Where do you usually look for information related to business protection or risk mitigation?)
4. *When* (When did you first find out about sharia insurance?)
5. *Where* (Why are you not interested or have not decided to take part in sharia insurance?)
6. *How* (How do you deal with business risks?)

Of the **250** MSME actors in the Medan Sukaramai market (Analisedaily.com, 2024), only **5** people are recorded as having participated in sharia insurance as a form of business risk mitigation. This figure shows that the participation of MSMEs in sharia insurance is still less than 2% of the total population, which indicates that there are still obstacles in its implementation.

The following are the data analysis techniques that the researcher will use in this study, namely:

1. Conducting interviews with MSME actors who follow sharia insurance and those who do not follow sharia insurance in the Sukaramai market
2. Reducing data from interviews and observations on MSMEs in the Sukaramai market in Medan.

After the data is analyzed, the researcher will draw conclusions based on the patterns and findings that emerge.

RESULTS AND DISCUSSION

Based on the results of interviews with 10 MSME actors at the Sukaramai Market in Medan, where 5 people follow sharia insurance and 5 people do not follow sharia insurance, the level of perception of MSME actors towards sharia insurance varies greatly.

1. Who recommends MSME actors to sharia insurance

Based on interviews with MSME actors at Sukaramai Market in Medan, there are several parties who recommend sharia insurance to MSMEs who follow sharia insurance, including Sharia Insurance Agents The statement was known by informant 1 (Mrs. Lisnawati) from the owner of a children's clothing store. "*The person who recommended my mother about sharia insurance was an agent from bumiputera Where sharia insurance was in fire products*" And informant 2 (Mrs. ita) from the owner of the gold shop also said that "*the one who recommended me to sharia insurance was an insurance agent*".

Then there are also MSMEs that follow sharia insurance, recommended by the family The statement was known by informant 3 (ibu ida) from the owner of the adult women's clothing store from the robe, pajamas "*I was introduced by a family member who had used sharia insurance first*".

In addition, MSMEs that participate in sharia insurance are also recommended by you as said by informant 4 (Mrs. Teti) *"My brother happens to be my brother also participates in sharia insurance in fire products"*.

Then there are also MSMEs that follow sharia insurance, recommended by a friend of this statement is known by informant 5 (Mr. Nur) from the owner of a grocery store *"I was first introduced by a friend who has been using sharia insurance for a long time"*.

Based on the interview above, most MSME actors are familiar with sharia insurance through insurance agents who directly offer business protection products. These agents provide information about the benefits and mechanisms of sharia insurance, especially in fire protection products. MSME actors get recommendations from family members and relatives who have used sharia insurance first. Positive experiences from families are an encouragement for them to consider business protection in a way that is in accordance with sharia principles.

2. Resources of Information on Sharia Insurance

Based on interviews conducted with MSME actors in Sukaramai Market Medan who participated in sharia insurance and those who did not participate in sharia insurance, they received various sources of information related to sharia insurance, including getting information from a sharia insurance agent. The statement was known by informant 1 (Mrs. Lisnawati) from the owner of a children's clothing store who happened to be following sharia insurance that *"I was informed by an agent or sharia insurance officer who offered me the product"*. Then MSME actors at the Medan Sukaramai Market get information sources from social media and the internet. The statement was known by informant 2 (Mrs. Ida) from the owner of the adult women's clothing store from the robe, pajamas that she knew the information from *"I first found out about sharia insurance from tiktok"*.

Then informant 3 (ibu ita) from the owner of the gold shop and this mother also followed sharia insurance also said that *"A sharia insurance agent came and explained the benefits and how sharia insurance works to me"*. Then informant 4 (ibu teti) from the owner of a cosmetic store said that she knew the information from *"from Facebook"*. Then informant 5 (Mr. Nur) who owns a grocery store business got a source of information from the seminar *"I first heard about sharia insurance from a seminar organized by the small entrepreneur community"*.

Then informant 6 (Mrs. evi) who sells cosmetics said *"I have heard about sharia insurance from friends in the business community, but I have not yet decided to follow sharia insurance for my business"*. Then informant 7 (ibuk ilawati) who does not follow sharia insurance and is running an adult women's clothing business from subordinate superiors to robes also said that *"I once got information about sharia insurance from a friend who works at a sharia insurance institution"*. Then informant 8 (ibu hijjah) from men's and women's underwear knows information related to sharia insurance *"I saw an advertisement about sharia insurance on social media"*.

Then Informant 9 (ibuk ani) who does not follow sharia insurance and is running a clothing and pants business from children to adults argued that *"I got information about sharia insurance from an insurance agent who offered me sharia products"*. Informant 10 (ibuk nani) who does not follow sharia insurance and is running a business Information about sharia insurance that *"I got it from a friend where he was offered sharia insurance for fire products"*.

Based on the results of the interview above, most MSME actors obtain information about sharia insurance through insurance agents. The agent provides a direct explanation of the products, benefits, and mechanisms of sharia insurance. The advantage of this information is that MSME actors can get a more detailed explanation and can directly ask questions about things

that are not understood. However, some MSME actors feel that information from agents tends to be promotional and less objective.

Most MSME actors get information about sharia insurance through the internet, social media (such as tiktok, Facebook), and the official website of sharia insurance companies is a source of information that is quite popular among MSME actors. Through social media, MSME actors can access educational content, testimonials from other users, and the latest product updates. The advantage of this source is that it is fast and extensive access to information, but on the other hand, the information on the internet can also be confusing due to the large number of options and not all sources are trustworthy.

And there are MSME actors who obtain information about sharia insurance through seminars held by the small entrepreneur community is also one of the educational facilities that is quite effective. In this event, there are usually competent speakers in the field of sharia insurance, such as academics, practitioners, or representatives of sharia insurance companies. The advantage of the seminar is that there is direct interaction between participants and resource persons, so that MSME actors can ask questions according to their needs. However, the main limitation is the affordability of this seminar, because not all MSME actors have the time or opportunity to attend the event.

Some MSME actors also get information about sharia insurance from friends or relatives who have used the product first. Information from these friends tends to be more trustworthy because it is based on personal experience and is more objective. However, the scope of information is usually limited to only the individual's experience. However, the information provided is often subjective and less comprehensive, so it needs to be further verified before making a decision.

3. When do MSMEs decide to join sharia insurance

Based on interviews, MSMEs deciding to join sharia insurance varied widely, such as informant 1 (ibuk lisnawati) from the owner of selling children's clothes said that he said, *"I was informed by an agent or sharia insurance officer who offered me a product in 2022"*. Meanwhile, informant 2 (Mrs. Ida) with a business selling adult women's clothes from robe, pajamas said that *"I decided to join in 2022 after seeking information and understanding the true benefits of sharia insurance"*. Meanwhile, informant 3 (Mrs. ita) who owns the gold shop said that she said, *"I decided to join in 2021 after seeking information and understanding the benefits of sharia insurance"*.

Then informant 4 (ibuk teti) by selling cosmetics joined sharia insurance, he said, *"it was only recently in 2023 yesterday"*. And the MSME actor who participated in the last sharia insurance I interviewed, namely informant 5 (pak nur), he said, *"I decided to join after experiencing business losses due to the fire disaster and felt it was important to have protection in 2021 yesterday"*.

Based on the results of the research, the decision of MSMEs to join sharia insurance varies greatly. Some MSME actors decided to join after being notified by sharia insurance agents or officers who offered products. In this case, the role of agents is very significant in providing an initial understanding of the benefits of sharia insurance. In addition, there are also MSME actors who join after searching for information independently and understanding the benefits of sharia insurance. This awareness came after they gained a deeper understanding of how sharia insurance can help in business risk mitigation.

Furthermore, there are MSMEs that have just decided to join after experiencing business losses due to disasters, such as fires. Their first-hand experience of the risks that cause large losses makes them realize the importance of having insurance coverage to anticipate similar events in

the future.

4. Reasons for MSMEs to Join Sharia Insurance

Based on MSME interviews, there are several main reasons that encourage MSMEs to join sharia insurance. These reasons reflect the awareness of business actors on the importance of protection in running their business, such as informant 1 (Mrs. Lisnawati), an MSME actor who owns a children's clothing store, she said that *"I believe that sharia insurance can help because the system is based on the principle of helping and sharing profits, not usury. So, I feel more comfortable and not burdened with interest like in conventional insurance."* Then informant 2 (Mrs. Ida) who is currently running a sale of adult women's clothes from robes, pajamas that *"As an MSME actor, I often face risks such as fires. With sharia insurance, I feel more at peace because there is protection that can help me recover my business if something unexpected happens."*

Then informant 3 (Mrs. ita), the owner of the gold shop, he said that, *"I want to run a business in a way that is in accordance with the teachings of Islam. Sharia insurance offers financial protection without the elements of gharar (uncertainty) and maisir (gambling), so I believe this is a better option."* Then informant 4 (Mrs. Teti) with a grocery store business she said that *"I like the concept of tabarru' funds, where the contributions I pay are used to help fellow participants who are experiencing disasters. This made me believe that the money I spent was not just an expense, but also part of alms."* Then the last MSME, namely Informant 5 (pa nur) *"From what I heard, the claim process in sharia insurance is more transparent because all participants help each other. There is no element of speculation or ambiguity in the disbursement of funds, so I have more faith in this system."*

Based on the results of the research, there are various reasons that encourage MSME actors to join sharia insurance. One of the main reasons is the belief that sharia insurance can help them because the system is based on the principle of help-help and profit sharing, not usury. This principle is considered more fair and in accordance with Islamic values, thus attracting the interest of business actors who want to maintain blessings in their business.

In addition, many MSME actors feel calmer after joining sharia insurance because of the protection that can help restore the business in the event of an unwanted event, such as a disaster or financial loss. With this protection guarantee, they are more confident in running their business without excessive worry about possible risks.

Another factor that is the reason is the desire to run a business in a way that is in accordance with the teachings of Islam. Sharia insurance offers financial protection without the elements of gharar (uncertainty) and maisir (gambling), so it is considered a better and more ethical option compared to conventional insurance.

In addition, the concept of the tabarru' fund is also a special attraction for MSME actors. They like this system because the contributions paid are used to help fellow participants who experience disasters, thus creating a sense of togetherness and solidarity in the business community. For these reasons, sharia insurance is a more trusted choice for MSME actors who want to get business protection while running a business with principles that are in accordance with Islamic values.

5. Benefits of Sharia Insurance for MSME Actors

Based on the interview of MSMEs at the sukaramai market in Medan on the benefits of sharia insurance varies greatly as said by informant 1 (Mrs. Lisnawati) who is running a business selling children's clothes, she said, *"Sharia insurance helps me overcome losses due to fire disasters by providing compensation that eases my financial burden"*. Meanwhile, informant 2 (Mrs. Ida) with the type of business selling adult women's clothes from gowns, pajamas she said, *"Maybe without insurance*

I may have to bear all the losses myself. With sharia insurance, I get financial assistance to repair or rebuild my business if during the time the business I am currently running will catch fire."

Then informant 3 (the mother of ita) the owner of the gold shop he said that *"Without insurance, I may have to go into debt to rebuild the business. With sharia insurance, I can get up without having to add to my financial burden."* Then informant 4 (Mrs. Teti) who is running a cosmetics business, she said that *"Sharia insurance helps by providing compensation for damage caused by fire. I can repair or rebuild my business without having to spend a lot of money."* Then the last MSME, informant 5 (pak nur) with the basic food business, he said that *"Sharia insurance helps me by providing compensation funds for the damage that occurred to the business premises due to fire, so that I can repair and continue my business quickly"*. Based on the results of interviews with MSME actors at the Sukaramai Market in

Medan, the benefits of sharia insurance vary widely. One of the main benefits felt by business actors is that sharia insurance can help overcome losses due to disasters, such as fires, by providing compensation that eases the financial burden.

Without insurance, MSME actors may have to bear all losses themselves, which can have a big impact on business continuity. However, with sharia insurance, they get financial assistance to repair or rebuild their business premises if at any time there is a fire. This allows them to get back on their feet without having to add to the financial burden, such as going into debt to rebuild the business.

In addition, sharia insurance also provides compensation for damage caused by fires. With this compensation fund, MSME actors can repair or rebuild their business premises without having to spend large costs out of personal pockets. Overall, sharia insurance provides very meaningful financial protection for MSME actors, especially in the face of unexpected risks such as fire. With this insurance, they can repair and continue their business quickly without having to experience excessive financial pressure.

6. Perception of MSME Actors Who Do Not Follow Sharia Insurance

Based on interviews with MSMEs at the sukaramai market in Medan, there are various reasons underlying the decision of MSME actors not to join sharia insurance, the first is an MSME actor informant 6 (Mrs. evi) and she is running a cosmetics business, she said that *"I am not interested because I feel that the premiums paid are quite high"*. Then informant 7 (Mrs. Ilawati) with an adult women's clothing business from subordinate superiors to robe, she said that *"Currently, I am more focused on business capital than paying insurance premiums"*.

Meanwhile, according to informant 8 (hijjah mother) who is selling men's and women's underwear that *"I don't understand how sharia insurance works, so I feel hesitant to join"* Then informant 9 (ani's mother) with a clothes and pants business from children to adults said *"because the business I run is still small and the profits are not too big, I'm afraid that the premiums I can't afford to pay, not to mention that I pay for my child's school"*. And the last interview, informant 10 (Mrs. Nani) with a vegetable business, she said that *"I have not decided to follow sharia insurance because currently I have many dependents to pay, such as business operational costs and daily needs. Sharia insurance premiums are considered quite burdensome in the midst of many existing obligations."*

Based on the results of interviews with MSME actors at Sukaramai Market in Medan, there are various reasons underlying their decision not to join sharia insurance. One of the main reasons is the assumption that sharia insurance premiums are quite high. Some business actors feel that they are currently more focused on business capital than having to pay insurance premiums, so insurance has not been a priority in managing their finances. In addition, the lack of understanding of how sharia insurance works is also a factor that causes doubts.

Some MSME actors admitted that they did not understand the concept and mechanism of sharia insurance, so they were not sure to join. Lack of information and socialization about the benefits and procedures of sharia insurance is the main obstacle in increasing the participation of business actors. There are also MSME actors who feel that the business they run is still small and the profits obtained are not too large. They are worried that they will not be able to pay premiums regularly, especially because they have to divide expenses with other needs such as children's education costs. The unstable financial condition makes them prefer to postpone the decision to join sharia insurance.

In addition, some business actors have not decided to follow sharia insurance because they currently have many dependents that must be prioritized, such as business operational costs and daily needs. In conditions like this, sharia insurance premiums are considered quite burdensome in the midst of many existing obligations. Thus, the perception of MSME actors who do not follow sharia insurance is generally influenced by economic factors, lack of understanding, and more urgent spending priorities. This shows that there needs to be further education and a more flexible premium payment scheme so that more MSME actors can access sharia insurance protection.

7. Risk Mitigation Strategy for MSMEs that do not follow sharia insurance

Based on MSME interviews at the sukaramai market in Medan, MSME actors who do not follow sharia insurance have various strategies to mitigate their business risks, first an interview with informant 6 (Mrs. evi) and she is running a cosmetics business Where she said *"I prefer other ways to deal with business risks, such as saving or using emergency funds"*. Then informant 7 (Mrs. Ilawati) with an adult women's clothing business from subordinate superiors to robes she said that *"If there is a risk, I will borrow funds from family or friends to overcome the problem"*.

Meanwhile, according to informant 8 (hijjah mothers) who are selling men's and women's underwear, *"If there is a risk to my business, I will rely on the reserve funds or savings that I have prepared for emergencies"*. Then informant 9 (ani's mother) with a clothes and pants business from children to adults said *"I will immediately restart the business by looking for a loan or taking my savings at the bank"*. And in the last interview with informant 10 (Mrs. Nani) with a vegetable business, she said that *"I focus more on careful financial management, such as separating business funds and personal funds"*.

Based on the results of interviews with MSME actors at the Medan Sukaramai Market, business actors who do not follow sharia insurance have various strategies to mitigate their business risks. One of the main strategies used is to prefer other ways of dealing with risks, such as saving or using an emergency fund. They feel that by having special savings, they can be more independent in coping with losses that may occur.

In addition, some MSME actors stated that if they faced business risks, they would borrow funds from family or friends to overcome the problem. This approach is considered more flexible because it does not involve interest or fixed premium payment obligations. Some business actors have also prepared reserve funds or savings specifically intended for emergencies. This fund is used as an anticipatory measure in the event of an unexpected event that can disrupt the sustainability of their business.

In addition, there are also MSME actors who choose to immediately restart their business by looking for loans or taking savings at the bank if there is a risk that interferes with their business operations. They consider that having access to external sources of funding can help accelerate the recovery of businesses. Another strategy is to focus more on prudent financial management. Some business actors apply the principle of separation of business and personal

funds so that their finances are more controlled, so that they are better prepared to face risks that may occur.

Thus, even though they do not follow sharia insurance, MSME actors still try to implement risk mitigation strategies in various ways, such as saving, relying on emergency funds, seeking loans from families or banks, and managing finances in a more disciplined manner. This shows that awareness of the importance of business protection remains, even though it has not been realized in the form of participation in sharia insurance.

CONCLUSION

Based on the discussion and results of the research that has been described regarding the Analysis of MSME Actors' Perception of Sharia Insurance as an Effort to Mitigate Business Risk (Case Study of MSME Actors in Sukaramai Market Medan), it can be concluded that the perception of MSME actors towards sharia insurance is very diverse. Some business actors understand the benefits of sharia insurance and choose to join because based on the results of research, there are various reasons that encourage MSME actors to join sharia insurance. One of the main reasons is the belief that sharia insurance can help them because the system is based on the principle of help-help and profit sharing, not usury. In addition, there is protection that can help restore the business in the event of an unwanted event, such as a disaster or financial loss.

Another factor that is the reason is that sharia insurance offers financial protection without the elements of *gharar* (uncertainty) and *maisir* (gambling), so it is considered a better and more ethical choice compared to conventional insurance. In addition, the concept of the *tabarru'* fund is also a special attraction for MSME actors. They like this system because the contributions paid are used to help fellow participants who experience disasters, thus creating a sense of togetherness and solidarity in the business community. For these reasons, sharia insurance is a more trusted choice for MSME actors who want to get business protection while running a business with principles that are in accordance with Islamic values.

However, there are also MSME actors in the Medan Sukaramai market who have not joined sharia insurance, there are various reasons underlying their decision not to join sharia insurance. One of the main reasons is the assumption that sharia insurance premiums are quite high. In addition, the lack of understanding of how sharia insurance works is also a factor that causes doubts.

Some MSME actors admitted that the lack of information and socialization about the benefits and procedures of sharia insurance is the main obstacle in increasing the participation of business actors. There are also MSME actors who feel that the business they run is still small and the profits obtained are not too large. In addition, some business actors have not decided to follow sharia insurance because they currently have many dependents that must be prioritized, such as business operational costs and daily needs. In conditions like this, sharia insurance premiums are considered quite burdensome in the midst of many existing obligations.

As an alternative in mitigating the risk of MSMEs in the Medan Sukaramai market, they prefer to save or use emergency funds. In addition, MSMEs will borrow funds from family, friends or banks if there is a risk that interferes with their business operations. Another strategy is to focus more on prudent financial management. Some business actors apply the principle of separation of business and personal funds so that their finances are more controlled, so that they are better prepared to face risks that may occur.

Thus, even though they do not participate in sharia insurance, MSME actors still try to implement risk mitigation strategies in various ways, this shows that awareness of the importance of business protection still exists, even though it has not been realized in the form of participation in sharia insurance.

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