

Systematic Literature Review: Development Strategies of Jepara Wood Furniture MSMEs in Indonesia Shariah Economic Review

Raisa Aulia Rahma¹✉, Tri Inda Fadhila Rahma², Nurul Jannah³

^{1,2,3} Universitas Islam Negeri Sumatera Utara, Medan, Indonesia

Abstract

Wood furniture Micro, Small and Medium Enterprises (MSMEs) in Jepara play an important role in the regional and national economy. However, this sector faces various challenges, such as global competition, limited capital, market access, and the application of sharia economic principles in business management. This study aims to analyze the development strategy of Jepara wood furniture MSMEs from a sharia economic perspective through a Systematic Literature Review (SLR) approach. The research method uses systematic observation of relevant literature from journals, books, and other academic publications. The results show that the development strategy of wood furniture MSMEs can be done through optimizing sharia-based financing, improving product quality with halal standards, digitizing marketing, and strengthening partnerships with financial institutions and the government. Sharia economic principles, such as justice, transparency, and desirability.

Keywords: MSMEs, Jepara Wood Furniture, Development Strategies, Sharia Economics.

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✉ Corresponding author :

Email Address : raisarahma3364@gmail.com

INTRODUCTION

Economic activity aims to increase the strength and standard of living of the community. With the development of the economy, people's needs will be met. To meet the needs of the community, employment is needed that can absorb all existing labor. Indonesia is a country full of natural wealth. (Rovita et al, 2023) In 1998, Indonesia experienced a currency crisis, but during the crisis many entrepreneurs from the Micro, Small and Medium Enterprises (MSME) group managed to get through the crisis. As long as small, medium and micro entrepreneurs maintain and develop their business creativity with perseverance and tenacity, the economic crisis can slowly be overcome. The role of micro, small and medium enterprises cannot be ignored, because almost 90% of the national economic sector is supported by micro, small and medium enterprises, and almost all lower middle class people benefit from the existence of micro, small and medium enterprises. Small and medium enterprises. From this sector. Micro, small and medium enterprises have a very strategic role in the national economy, as evidenced in 2012 when the Indonesian economy reached a

growth of 6.3% with the main contribution coming from the micro, small and medium enterprise sector. (Wardhani & Pramono, 2020)

Micro, small and medium enterprise (MSME) activities are currently expected to be a pillar in improving the Indonesian economy, with the existence of MSMEs being able to reduce unemployment and MSMEs are also now not only underestimated by upper-class entrepreneurs but appreciate current small business actors (F. & N. D. Adibah, 2019). MSMEs are not only a pillar but also a necessity for people who need work (Maulida Anjasari, 2018). Community income is the flow of money that flows from the business world to the community in the form of wages and salaries, interest, rent and profit. And that individual income consists of wage and salary rents, interest, non-company profits, and transfer payments.

Micro, Small and Medium Enterprises (MSMEs) have a strategic role in the Indonesian economy, especially in job creation, improving community welfare, and contributing to Gross Domestic Product (GDP). One of the MSME sectors that has great potential is the wooden furniture industry in Jepara. The development of the furniture industry in Indonesia is able to make a positive contribution to the country's economy. (Hartono, 2014). Jepara is known as the center of the furniture industry with high-quality products that have competitiveness in both domestic and international markets. However, in its development, Jepara wood furniture MSMEs face various challenges, such as global competition, limited access to financing, marketing problems, and lack of innovation in business management. The development of the furniture industry in Indonesia is able to make a positive contribution to the country's economy (Hartono, 2014). One type of manufacturing industry is proven to be able to provide jobs and increase foreign exchange. However, the development of the furniture industry may be hampered due to the existence of obstacles that may occur.

One form of MSMEs that has certain characteristics is Islamic-based MSMEs. Sharia-based MSMEs are productive economic activities of the people whose scale is small and medium which are managed commercially, and their management is based on Islamic sharia principles. In essence, this form of Sharia Micro, Small and Medium Enterprises (MSMEs) has the same objectives as MSMEs in general, except that there are differences in systems and governance in accordance with Islamic principles and rules. The development of MSMEs can be collaborated with Islamic financial institutions (LKS), where capital is one of the main problems of MSMEs. On the other hand, Islamic Financial Institutions (LKS) are not only oriented towards profit-seeking, but also have a humanitarian side, namely empowering MSME entrepreneurs. (Singgih Muheramtohad, 2017)

Based on research conducted by (Dewi, Nova Yanti Maleha & Walidi Nopriansyah, 2024) shows that this business is needed to increase product sales results by implementing appropriate and accurate MSME development strategies. The strategy applied in the development of the kemplang cracker business in Meranjat II Village, South Indralaya District, Ogan Ilir Regency is Increased Access to productive assets. Increased market access. Improving human resources. Expanding the Network. As for the SWOT analysis of the kemplang cracker business in Meranjat II village which is still below its competitors as in other places, this can be seen from the strategic strategies used by kemplang cracker entrepreneurs against external and internal situations or factors of kemplang cracker entrepreneurs. MSMEs in improving welfare according to an Islamic economic perspective. It can be seen that Islam has encouraged humans to work, with the existence of these kemplang crackers MSMEs opening up

new jobs. As has been explained in Islam, welfare can be realized seen from the welfare indicators. People who work in the kemplang cracker UMKM have fulfilled these indicators, in other words, the people of Meranjat II Village have achieved welfare according to Islamic views.

From the previous studies that have been conducted, there are main differences, this research focuses more on the application of systematic literature review (SLR) analysis which identifies, reviews, evaluates, and interprets any available research. While previous studies focus on analyzing strengths, weaknesses, opportunities, and threats, this research also considers how to achieve prosperity according to Islamic views.

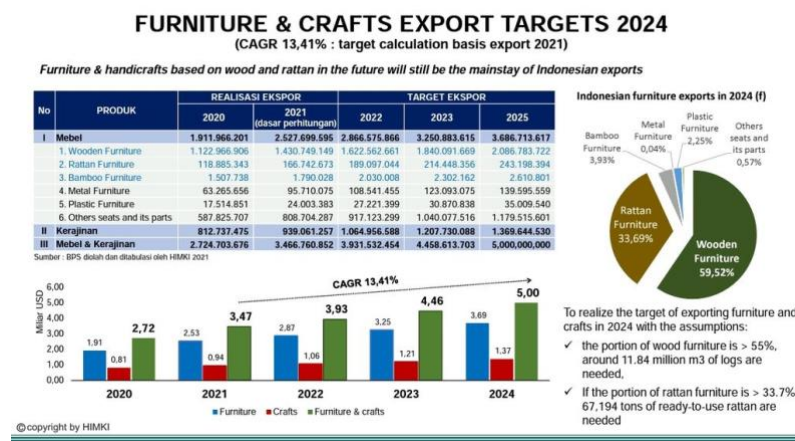


Figure 1. Indonesia's Furniture and Handicraft Product Export Target for 2024
Data source: BPS processed and tabulated by HIMKI 2021

LITERATURE REVIEW

MSME Development

Umdiana (2018) states "that the development of small and medium enterprises is the ability of a small entrepreneur to socialize himself to the needs of the market so that there is an improvement in the standard of living of an entrepreneur.

Richard Beckhart in hasbiyah (2018) states that organizational development is an effort to plan, cover the entire organization, and is managed from above to increase organizational effectiveness and health through planned interventions in the processes that occur in the organization using knowledge derived from behavioral science.

MSME is a business unit managed by a person or a business entity. Meanwhile, to distinguish the criteria between micro, small, medium and large businesses are classified based on the initial asset value, average annual turnover and the number of employees in a business. (Hasanah, Muhtar, and Muliasari, 2020) .

The Micro, Small and Medium Enterprises (MSMEs) sector has emerged as a highly dynamic economic sector in recent decades. MSMEs not only play an important role in providing large employment opportunities at relatively lower capital costs than large industries, but also help in the industrialization of rural areas. Thus, MSMEs reduce regional imbalances, ensuring a fairer distribution of national income and wealth. MSMEs complement large industries as auxiliary units and the sector

contributes immensely to the socio-economic development of the country. MSMEs in general exhibit a low level of competitiveness in the global market. Thus their survival is highly dependent on the involvement of external parties, such as the government. The Indonesian government has launched many policies to help MSMEs become more competitive. (Kusumawardhani, Rahayu, and Maksum, 2015) .

The development of MSMEs as a step to face various challenges and a way out of the various problems faced by MSMEs in order to create more competitive MSMEs in national and international markets, is a shared responsibility between the government and the community.

Shari'ah Economy

The theory put forward by Muhammad Baqir As-Sadr in his book "Iqthishaduna" (our economy), this Mazhab argues that economics is never the same as Islam, economics remains economics, and Islam remains Islam. The two cannot be united, because both come from contradictory philosophies, one anti-Islamic, the other Islamic.

It also disagrees that there are unlimited human wants, while the resources available to satisfy those wants are limited. This school rejects the statement of Surah Al Qomar verse 49 which means: "We have created everything according to measure".

Therefore, since everything is perfectly measured, Allah has provided sufficient resources for the people of the world. In this opinion that human desire is unlimited is rejected. For example, humans will stop drinking if their thirst is satisfied. Therefore, this school concludes that unlimited desire is not true, because in reality human desire is limited.

In another book it is explained that according to this Mazhab that in studying economics must be seen from two aspects, namely aspects of philosophy of economics or normative Economics and positive aspects of economics. This school views the difference between economics and Islamic ideology. The result is that the two will not be able to meet. The term Islamic Economics is an inappropriate term because there is a mismatch between the definition of economics and Islamic ideology. Such a view is based on the understanding of economics which states that economic problems arise because of the problem of scarcity of economic resources (scarcity) with unlimited human resources.

Islamic economics is an economic system based on the principles of Islamic law. These principles cover various aspects of economic life, including the development of Micro, Small and Medium Enterprises (MSMEs). One of the main principles in Islamic Economics is zakat, which is an obligation for Muslims to give part of their wealth to people in need. Zakat not only serves as a wealth redistribution tool, but also as a stimulus for the local economy by supporting the sustainability of MSMEs through broader community empowerment. (Sa'diyah, 2018)

Sharia principles are also the foundation for the development of MSMEs in Islamic Economics. This principle includes the prohibition against the practice of usury

(interest) and transactions that are speculative or detrimental to one party. By applying these principles, MSMEs can avoid high financial risks and promote fairer and more sustainable economic practices. In addition, from an Islamic economic perspective, there are moral values that must be considered in the development of MSME businesses as follows:

- a. The principle of honesty, which in business affairs is an important component in the growth of the Company. (Putro & Mulyanti, 2023)
- b. The principle of leadership (khilafah), namely to achieve unity and justice, humans must be accountable for their actions and property as well as the limits of their actions. (Kotimah & Siti, 2024)
- c. The principle of justice, namely in this principle emphasizes non-discrimination and must remain fair.
- d. The principle of tawhid, which is a fundamental concept in Islam that states the oneness of Allah so that as much as possible the business carried out is always in order to be grateful for Allah's favor.

METHODOLOGY

The *Systematic Literature Review* (SLR) method was used to prepare this scientific article. Systematic literature review, as it is called in Indonesian, is a method of identifying, reviewing, evaluating, and interpreting any available research. This method allows researchers to systematically review and identify journals by following established procedures. (Triandini, jayanatha, Indrawan, Werla Putra, & Iswara, 2019)

This research uses a Systematic Literature Review (SLR), which is used in the Kitchenham method version 1.0 and 2.3 (Kitchenham, 2004) (Kitchenham & Charters, 2007). SLR consists of several steps or activities, such as choosing a research question, searching the complete literature, determining clear selection standards, analyzing and synthesizing research results, compiling reports, and drawing conclusions. Step-by-step research using SLR is shown in Figure 2.

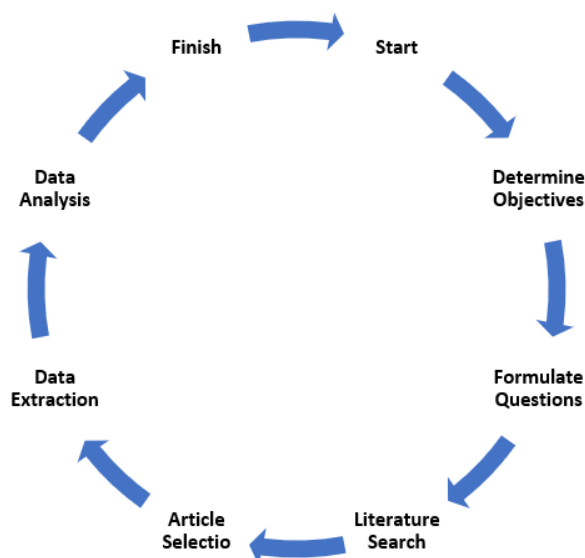


Figure 2. Systematic Literature Review Research Method

Purpose and Object of Research

The first stage that researchers do is determine the purpose of the research to provide a clear focus and purpose for the research. The purpose of this research is to analyze the Development Strategy of Jepara Wood Furniture MSMEs in Indonesia Sharia Economic Review, find out what challenges are faced in development strategies in Indonesia. As well as knowing the implementation of development strategies in Indonesia shariah economic review. The object of this research is the implementation of development strategies in the Jepara wood furniture industry in Indonesia.

Research Question

Next, the research question must be made specifically for the research topic. Researchers can easily find the right keywords and choose the right database to collect relevant literature by formulating questions that match the research topic. This research is based on the needs and phenomena related to the development strategy of Jepara wood furniture MSMEs in Indonesia in terms of shariah economics. Table 1 shows the research questions.

Table 1. Research Question

Code	Research Question
RQ1	How is the development of umkm in Indonesia?
RQ2	What are MSMEs like in terms of sharia economy?
RQ3	What is the development strategy of Jepara wood furniture MSMEs?

RESULTS AND DISCUSSION

During the literature study, literature searches or articles collected from various electronic sources and databases, such as google scholar, ResearchGate, and PoP (Publish Or Perish). The research quality results of the predetermined inbound and outbound screening processes are addressed in Table 2.

Table 2. Research Quality Screening Results

Code	Article Title	QA 1	QA 2	QA 3	Year of Publication	Indexed	Language	Access Opened
P01	Analysis of the Role of MSMEs on Economic Development in Indonesia	P	O	O	2024	Garuda	Indonesia	Full Paper, Author Version
P02	Development Strategy of Umkm Kemplang Crackers in Improving Community Welfare According to Islamic Economics	P	P	O	2024	Garuda	Indonesia	Full Paper, Author

	(Case Study of Mrs. Asmara's Kemplang Crackers Meranjati Village, South Indralaya District, Ogan Ilir Regency)							Version
P03	Micro, Small and Medium Enterprises Development Strategy Medium (Umkm) In the Perspective of Islamic Economics To Increase Community Economic Income (Case Study of Geti Ud Primadona Tulungagung Company)	P	P	O	2023	Sinta 4	Indonesia	Full Paper, Author Version
...
P25	The Role of Local Government in Empowering Micro, Small and Medium Enterprises (Umkm) in Langkat Regency	P	O	O	2022	Sinta 5	Indonesia	Full Paper, Author's Version

Source; Author's Version (2025)

After identifying and screening literature articles found in various electronic journal databases, we found 25 articles that met all inclusion and quality assessment criteria. Table 2 shows the distribution of articles based on search keywords. However, it can be concluded from the above scientific articles that researchers searched from several electronic databases such as PoP (Publish or Perish), google scholar, and ResearchGate that only a few MSMEs in Indonesia are running according to the Sharia'ah Economy.

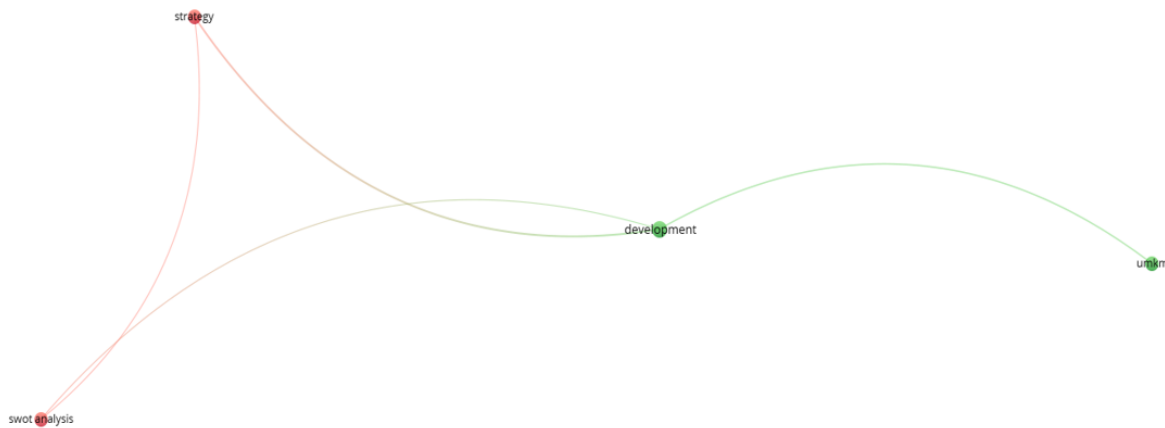


Figure 2. VOSviewer Paper Results

Analysis of the Development of MSMEs in Indonesia from 2020-2021 Based on Literature Review

In 2020, the development of MSMEs in Indonesia has decreased due to the COVID-19 pandemic. Micro, Small and Medium Enterprises (MSMEs) will be the most affected by this economic crisis. According to the Ministry of Cooperatives and Small and Medium Enterprises, around 37,000 MSMEs were reported to be severely affected by the pandemic, with the following characteristics: 56% experienced sales losses; 22% reported financing constraints, 15% reported distribution problems, and 4% reported difficulties obtaining raw materials. (Rahman, 2020)

According to data from the Indonesian Joint Funding Fintech Association (AFPI), in 2020 there were around 46.6 million MSMEs in Indonesia with a contribution to GDP of 30% or IDR 8,573.89 trillion. After a sharp decline in the second quarter of 2020, a positive trend began to be seen around the world from the third quarter of 2020, including in Indonesia, along with economic recovery. In the implementation of the National Economic Recovery Program, the Government continues to provide support to MSMEs. Another impact of this pandemic is to encourage the shifting of consumption patterns of goods and services from offline to online, with an increase in internet traffic of around 15-20%. This is a momentum to accelerate digital transformation. Indonesia's digital economy potential is also still wide open with the 4th largest population in the world and internet penetration that has reached 196.7 million people.

The development of MSMEs in 2021 goes hand in hand with the start of the positive decline in the Covid-19 virus. The Indonesian economy slowly increased from 2020. (Indonesia, 2021) Several shopping sub-groups that experienced an increase in the first quarter period of 2021 include: Supermarkets, Restaurants, Hospitals, Households. In addition, data from the Indonesian Manufacturing Purchasing Managers, Index (PMI) also showed pleasant things where the manufacturing sector in Indonesia experienced accelerated growth in April 2021 by recording a record high of 54.6. In addition, Indonesians are experimental people who have a passion for

information technology. In 2021, it is likely that many activities will be organized through Video Call. Economic operators should continue to provide options, either in person or via Video Call, so that both parties can trade comfortably.

During the COVID-19 pandemic, many sectors have been affected. This also applies to the MSME sector affected by this pandemic, based on data from the ministry of Cooperatives and MSMEs shows that around 37,000 MSMEs are affected by this pandemic. If this continues, there will be an economic crisis. Of course, this is very worrying considering that the MSME sector is one of the drivers of the Indonesian economy. In fact, being the main driver of the Indonesian economy as in 2018, the MSME sector was able to contribute to Indonesia by 60.34%.

The economy in 2021 is certainly very detrimental to the Indonesian economy, besides that it is also detrimental to MSMEs, the tourism sector, industry and others have also been dragged into the COVID-19 pandemic including mass layoffs of employees due to a reduction or closure of businesses due to the Covid-19 pandemic caused by decreased demand for goods by consumers. The latest BPS Survey data is that 82.85% of MSME actors experienced a decrease in income, this disruption to production and income ultimately reduced the number of workers. (Masturi, 2021)

In 2022, the number of MSMEs in Indonesia reached 64.2 million with a contribution to Gross Domestic Product (GDP) of 61.07% or IDR 8,573.89 trillion. MSMEs are small-scale businesses that are productive and able to employ many Indonesians (Mainake, 2022) . MSMEs also play an important role in economic growth as they support various industries and services, create jobs, and encourage entrepreneurial initiatives. The 2022 MSME data collection is used to develop MSME empowerment programs and develop human resources, The following is the number of MSMEs in Indonesia by business sector in 2022:

- a. Food: 1.592.318
- b. Beverages: 1102.535
- c. Tobacco Processing: 196.621
- d. Textiles : 303.485
- e. Clothing: 694.912

In 2022, the Ministry of Cooperatives and SMEs noted that the number of MSMEs that had entered the ecosystem reached 20.76 million units. That number has increased by 26.6% compared to last year's 16.4 million MSMEs. This means that 32.44% of the 64 million MSME units have entered the digital ecosystem. The Indonesian economy is estimated to grow by 5.31% in 2022, surpassing the performance of 2021 which grew by 3.70%. In terms of production, the transportation and storage sector recorded the highest growth of 19.87%. In addition, in terms of production, the Transportation and storage sector experienced the highest growth of 16.99% and in terms of expenditure, the Export of goods and services sector recorded economic growth of 14.93%. In terms of production The government, national defense and social security sector recorded the highest growth of 10.56% (Statistics, 2023) .

MSME business actors reached around 66 million. The contribution of MSMEs reached 61.% of Indonesia's Gross Domestic Product (GDP), equivalent to IDR 9,580 trillion. MSMEs absorb around 117 million workers (97%) of the total workforce. The

Ministry of Cooperatives and Small and Medium Enterprises (Kemenkop Ukm) and BPS conducted a complete data collection of MSMEs from September 15 to October 14, 2023. The data collection was conducted using the door-to-door method using CAPI (Computer Assisted Personal Interviewing).

The Ministry of Cooperatives and MSMEs targets 10 million MSME units to be registered in the OSS system by the end of 2023. As of early December 2023, 27 million MSME players have switched to the digital ecosystem. The Indonesian government targets 30 million Digital MSMEs by 2024. By 2023, 22 million MSMEs have joined the digital economy, or 33.6 percent of the total MSMEs. Kadin Chairman Arshad Lasjid said Indonesia needs to focus on increasing the strength of the domestic economy in 2023 amid various economic pressures. Data from the Ministry of Cooperatives and Micro, Small and Medium Enterprises also shows that the contribution of MSMEs to GDP continued to increase even before the pandemic. However, due to the pandemic, the contribution decreased to 37.3%.

In the era of 2023, MSME players will utilize digitalization or technology to support their business operations. Digitalization of MSMEs provides an opportunity to move away from traditional transactions and embrace new trends supported by technology. As a result of digitalization, many MSMEs have started promoting their products and services through digital platforms in both image and video formats. In addition, companies have opened online stores in the market to help customers find their products. Many online stores are expected to enter the market by the end of December 2023, including Tik Tok Shop, Shopee, Tokopedia, and others. "Up to 40% of MSMEs use social media, 38% use instant messaging, 13% use email, commerce, and 5% ride-hailing services," Berry said.

This shows that only a small number of MSMEs have adapted to digitalization, which is one of the causes of the large number of MSMEs in 2023. MSMEs certainly face several challenges when transitioning to digitalization.

- a. In terms of product marketing, MSMEs need to build a strong brand image in order to compete with other companies.
- b. Financially, MSMEs do not receive financing. This challenge stems from low financial literacy among borrowers or MSMEs. At the same time, borrowers (banks and financial companies) face several challenges in meeting the needs of MSMEs.
- c. Manual transactions often lack centralized recording, resulting in incomplete financial reports (Margareth Anjani Mawarsari, 2023).

Micro, Small, and Medium Enterprises (MSMEs) in Indonesia continue to show positive growth in 2024. Supported by advances in digital technology and government support, the MSME sector is getting stronger and contributing significantly to the national economy. Based on data from the Ministry of Cooperatives and SMEs, the contribution of MSMEs to Indonesia's Gross Domestic Product (GDP) is predicted to increase to 65% by the end of this year, with the number of active MSMEs reaching more than 64 million business units.

One of the main driving factors for the development of MSMEs in 2024 is the widespread adoption of digital. The COVID-19 pandemic, which forced businesses to adapt to online technology in the previous few years, has now had a positive impact with more MSMEs utilizing e-commerce platforms, social media, and digital payment systems. Based on a survey conducted by the Indonesian E-commerce Association (idEA), around 80% of MSME players have now utilized digital platforms to increase

sales and expand markets.

The government also continues to play an active role in supporting the development of MSMEs through various digital assistance and training programs. The Minister of Cooperatives and SMEs, Teten Masduki, said that in 2024, the government launched the "UMKM Go Digital 4.0" program which aims to encourage digital transformation among MSMEs, including access to global marketplace platforms and empowerment through technology.

In addition, various funding initiatives from the government and private sector also continue to strengthen the MSME ecosystem. The People's Business Credit (KUR) program, which has increased its ceiling and easy access to capital from fintech, is a solution for MSME players to develop their businesses. By 2024, the KUR distribution target is set to reach Rp300 trillion with low interest rates, which is expected to encourage the growth of micro and small businesses.

On the other hand, challenges remain, especially in terms of digital literacy and the quality of human resources. Many MSMEs still need assistance and training to optimize existing technology. Therefore, synergy between the government, private sector, and educational institutions is becoming increasingly important to build the capacity of small and medium enterprises. With continued innovation, capacity building, and strong support from various parties, Indonesian MSMEs are expected to continue to grow rapidly and become the backbone of the national economy in the coming years.

Analysis of MSMEs in Sharia Economic Review Based on Literature Review

The application of Islamic economic principles in MSMEs is one form of improving the welfare of life, as well as directing the community to be able to dig deeper into their abilities and be able to maintain business results so that they remain independent. The application of Islamic economic principles in MSMEs prioritizes cleanliness, customer comfort, orderliness of traders when trading, such as maintaining the cleanliness of the road environment, and creating harmony among other MSME business actors. As for the application of the behavior of Islamic economic principles applied by MSME actors in carrying out trading activities, such as holding the values of honesty, justice, not lying, transparency and explaining what it is to customers who want to buy the barang being sold. The most important thing that all human beings must have in trading activities is, by carrying out all types of work according to the rules of Islam, these are steps to create a comfortable market situation, the quality of service to customers increases and the order of business actors also improves so that the results owned by MSME actors can continue to run and develop and also one form of piety to Allah SWT in order to create good economic activities.

MSMEs in Islamic economics are not only seen as a business, but also as a tool to empower local communities. In the framework of Islamic economics, empowering the community is the main principle. MSMEs create employment opportunities and empower local entrepreneurs, thus supporting the principles of equality and equitable distribution of wealth. By creating local jobs and business opportunities, and making a real contribution to building an economy based on community empowerment, it is in line with the values of Islamic economics that emphasize inclusiveness and community participation (Rahmah, 2021) .

In the perspective of Sharia economics, it is important to ensure regulations that support justice and sustainability. Regulations that are fair and in line with Sharia

principles can help overcome barriers faced by MSMEs, creating an inclusive and equitable business environment (Diani & Lubis, 2022) .

Analysis of Development Strategies of Jepara Wood Furniture MSMEs in Indonesia Based on Literature Review

The industrial sector is one of the economic sectors being developed in Indonesia as a sector driving the progress of other economic sectors. The role of the industrial sector in the economy is considered very important, especially in the absorption of labor in Indonesia. Small and Medium Industry (SMI) plays an important role in the Indonesian economy, because this sector can overcome the problem of equity in income distribution between regions. In addition, SMEs have proven to be able to survive and continue to grow in the midst of a crisis, because in general this sector still utilizes local resources, both for human resources, capital, raw materials, and equipment, meaning that most of the needs of SMEs do not rely on imported goods. Indonesia is known to be one of the largest exporters of furniture products in the world. Wood-based furniture products from Indonesia are excellent in the world market and are in great demand because of their quality. Business opportunities are wide open for entrepreneurs and furniture manufacturers in Indonesia.

The largest market for Indonesian wood industry exports is countries in the European Union, which is approximately 40 percent, followed by the United States around 29 percent and the third is Japan around 12 percent. The European Union is a target market that furniture exporters from Indonesia should be able to maximize, in addition to other countries such as America, the Middle East or other countries, opportunities are still very wide open for Indonesian wood furniture products that are unique and have good wood quality.

Indonesian furniture products are known to have high competitiveness in the international market. The competitiveness is in the form of unique designs and furniture products with unique raw materials such as rattan, bamboo, and teak wood compared to furniture produced by other countries. Furniture production areas are located in almost all provinces, with a fairly high concentration of producers located in the areas of Jepara, Klaten, Pasuruan, Sidoarjo, Gresik, Cirebon, Sukoharjo, Surakarta, and Jabodetabek.

Central Java is one of the provinces in Indonesia that exports the highest value compared to other provinces. This is because this province has wood raw materials and also skilled human resources. The export value of Central Java in 2015 was USD 510.80 million. Next in order were East Java (USD 540.80 million), DKI Jakarta (USD 416 million), North Sumatra (USD 41.20 million), and Riau Islands (USD 18.4 million). The remaining 1 percent or USD 10.63 million (Disperindag, 2016) .

The areas that are the center of the furniture industry in Central Java are Jepara, Semarang and Solo. The furniture produced is usually furniture made of solid wood and bamboo. An area famous for furniture production is Jepara Regency. The furniture industry that has been developing in Jepara Regency, Central Java Province, has become a mainstay industry for Jepara Regency. It is no exaggeration to say that the furniture industry is a pillar of support, and even the main livelihood for the people of Jepara Regency.

Indicators to see the role of this sector for the regional economy can be seen in the absorption of labor, which in 2015 recorded 85,250 workers absorbed in the furniture industry. This figure does not include absorption in other sectors related to

the furniture industry. Meanwhile, the number of registered business units in 2015 reached 3,593 units and around 15,000 home industry activities based on furniture which later developed into various types of processed wood industries.

Exports of furniture products from Jepara Regency have reached 114 destination countries on five continents with an export value of Rp. 2.3 trillion in 2016 (Disperendag, 2017). In terms of turnover and the number of workers absorbed in it, Jepara Regency is the largest furniture industry cluster in Indonesia. The increasing demand must of course be followed by the internal ability of export companies to produce furniture on a large scale, this is to make the company trusted by many buyers from abroad.

The destination countries for furniture exports from Jepara Regency in 2016 amounted to 114 destination countries. Of the hundreds of exporters, the export volume generated was 54,256.4 tons with a value of 171.2 million US dollars. The contribution of the furniture sector to the total GRDP of Jepara Regency is relatively large. Even in the last five years there has been a shift in the share of GRDP, which was originally dominated by the agricultural sector, has now changed with the role of small and processing industries being more dominant by providing a share of 33.76%.

The success of the wooden furniture industry sector cannot be separated from the role of the Jepara Regency Government in collaboration with business actors who have promoted it by participating in various exhibitions, both local and international. Jepara's export wood furniture manufacturers have also innovated products by creating alternatives to teak wood which is increasingly rare. Similarly, with product design, in addition to maintaining classic designs, producers have also begun to enter contemporary design models. These activities all support Jepara Regency as the largest furniture producer in Indonesia.

CONCLUSIONS

This research is expected to contribute based on a Systematic Literature Review regarding the development strategy of Jepara wood furniture MSMEs in Indonesia in the view of sharia economics. The development of MSMEs in Indonesia had experienced a decline due to the COVID-19 pandemic in 2020. However, since 2021, MSMEs have begun to show recovery in line with improving national economic conditions and accelerating digital transformation. In the 2022-2024 period, the number of MSMEs continued to increase, with increasingly widespread digitalization, contributing significantly to gross domestic product (GDP) and employment. The government plays a role in supporting MSMEs through training programs, funding, and accelerating digitalization, although there are still challenges such as low digital literacy and access to financing. In particular, Jepara wood furniture MSMEs have great potential in the creative industry and export market, but still face obstacles such as limited capital, market access, and global competition. Possible development strategies include design innovation, digitalization in marketing, improving product quality, and strengthening distribution networks both locally and internationally. Support from the government, financial institutions, and industry associations is very important to encourage competitiveness and prevent business termination. In the perspective of sharia economics, the development of MSMEs must also consider the principles of justice, honesty, and blessings in every business transaction. The application of sharia contracts such as *mudharabah*, *musyarakah*, and *murabahah* can be a financing solution that is in accordance with Islamic values. In addition, sharia

business ethics emphasizes the importance of social welfare, through the development of a fair and community-oriented business ecosystem. Thus, the development of Jepara wood furniture MSMEs within the framework of Islamic economics requires a synergy between business innovation, policy support, and the implementation of Islamic values to create a sustainable and competitive business ecosystem. As a suggestion, the results of this study are expected to be an implementative guideline and a useful reference for practitioners in developing strategies and providing policy recommendations for related organizations and companies.

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