

Developmental Model Of Islamic Microfinance Institution

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Submission date: 12-Apr-2022 03:08PM (UTC+0700)

Submission ID: 1808653673

File name: 17.developmental_model.pdf (470.83K)

Word count: 6171

Character count: 36151



DEVELOPMENTAL MODEL OF ISLAMIC MICROFINANCE INSTITUTION IN MINANGKABAU MUSLIM COMMUNITY USING ANALYTICAL NETWORK PROCESS (ANP)

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DOI: http://dx.doi.org/10.30983/islam_realitas.v7i1.4306

Submission: May 17, 2021	Revised: June 02, 2021	Published: June 30, 2021
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Abstract

This research aims to uncover and map the problems faced by Islamic microfinance institutions (BPRS) both in terms of social and management. Afterward it revealed, the solutions, strategies, and priority rankings of long-term alternative strategies were revealed using the analytic network process (ANP) method. The methodology used in this study is qualitative which aims to capture the views of sharia experts and scholars on the development of sharia microfinance institutions. The research findings related to the development model of Islamic microfinance institutions are (1). Criteria for the development of Islamic microfinance institutions include management issues, competition issues, policy issues and risk issues. Management problems are the dominant problems found in Islamic Microfinance Institutions with a value 0.427. Then followed by regulatory issues and 0.293 risks and finally 0.278 competition issues, the appraiser's agreement was 0.456 or 45.6%. (2). Then the determination of strategic planning with a value of 0.382 and affirmation of the value of the company and local genius 0.230, rater agreement 0.382 or 38.2%. These results show that the direct involvement of the Muslim community in West Sumatra as shareholders, founders and administrators has not been able to improve the quality of human resources in Islamic microfinance institutions.

Keywords : Model, Islamic Microfinance Institution, ANP

Abstrak

Penelitian ini bertujuan untuk mengungkap dan memetakan permasalahan yang dihadapi oleh lembaga keuangan mikro syariah (BPRS) baik dari sisi sosial maupun manajemen. Setelah itu, terungkap solusi, strategi, dan peringkat prioritas strategi alternatif jangka panjang dengan menggunakan metode analytic network process (ANP). Metodologi yang digunakan dalam penelitian ini adalah kualitatif yang bertujuan untuk menjangkau pandangan para ahli dan cendekiawan syariah tentang perkembangan lembaga keuangan mikro syariah (BPRS). Instrumen analisis yang digunakan adalah Analytical Network Process (ANP) yang digunakan untuk menemukan permasalahan dan prioritas solusi dalam penelitian ini. Temuan penelitian terkait model pengembangan lembaga keuangan mikro syariah adalah (1). Kriteria isu pengembangan lembaga keuangan mikro syariah meliputi isu manajemen, isu persaingan, isu kebijakan dan isu risiko. Masalah manajemen merupakan masalah yang dominan ditemukan pada Lembaga Keuangan Mikro Syariah dengan nilai 0,427. Kemudian disusul masalah regulasi dan risiko 0,293 dan terakhir masalah persaingan 0,278, kesepakatan penilai 0,456 atau 45,6%. (2). Kemudian penetapan strategic planning dengan nilai 0,382 dan penegasan nilai perusahaan dan local genius 0,230, rater agreement 0,382 atau 38,2%. Hasil ini menunjukkan keterlibatan langsung masyarakat muslim Sumbar sebagai pemegang saham, pendiri dan pengurus masih belum mampu meningkatkan kualitas sumber daya manusia di lembaga keuangan mikro syariah.

Kata kunci: Lembaga Keuangan Mikro Syariah, ANP

Background

Microfinance has rapidly grown since the success of *Grameen* bank program which is introduced by Muhammad Yunus (Noble peace price winner 2006) in Bangladesh in 1980¹. Researchers, academicians, and practitioner of finance institution start paying great attention to microfinance disbursed by bank and microfinance institution (MFI) aimed to resolve poverty and obtain profit².

Model which has been appeal and solution to resolve poverty and social economic issue³. *Grameen* bank has considered as solution when conventional bank did not have big concern to the poor⁴. In Indonesia, *Grameen bank* recognized as microfinance institution which has main goals to enhance villagers' economic⁵.

Microfinance institution which has grown and thriven in Indonesian social life remarks that this institution is very needed by community. according to Rudjoto, there are four MFI roles in developing the economy of local communities⁶; first, increasing economic productivity of local communities. Second, the increasing of income. Third, creating new job

vacancy in village, so it can minimize the communities' desire to do urbanization. Fourth, support the government program to strive the income equalization of villagers and resolve the poverty.⁷

Government has taken policy to MFI that is the declaration of three main policies on economic. First main policies is the increasing of financial service. The second policy is the increasing of financial service infrastructure in the form of market access, billing and payment service, ease of investment and saving, and general support on the implementation of trade transaction. Third, the increasing of skill and mastery on technical aspect and business management⁸

Several researches has been done and has revealed a lot of information related to Islamic microfinance institution. Aam.S Rusidiana found Islamic MFI in Indonesia are still having many issues especially human resources and lack of Moslem trust to use the service of Islamic Finance Institution.⁹

Darwanto revealed the limitation of human resources is still a problem for Islamic MFI alongside the asset limitation, infrastructure¹⁰. The other research found the growth and development rate of Islamic Microfinance institution varies greatly therefore, it is necessary to find the ways and developmental model of Islamic microfinance

¹ Gustani M Ak and others, *Micro Waqf Bank: Encouraging Societies' Economic*, Central Bureau of Statistics, 2.1 (2018).

² Rianti Pratiwi, 'The Role of Islamic Microfinance Institution in Encouraging Women's Community', *Jurnal of Ekonomik and Syariah Banking*, 1.1 (2020) <<https://doi.org/10.46899/jeps.v1i1.139>>.

³ Trimulato Trimulato and Nuringsih Nuringsih, 'The Relationship of Islamic Microfinance Institution with agenda of Sustainable Development Goals (SDGs)', *Al-Mashrafiyah: Jurnal of Ekonomik, Finance, And Syariah Banking*, 3.2 (2019) <<https://doi.org/10.24252/al-mashrafiyah.v3i2.9869>>.

⁴ Linda Seprellina, 'The Effectiveness of Monetary Policy Instrument to the Economic Growth in Indonesia (Periode 1999:1 - 2012:2)', *Scientific Jurnal of FEB Students*, 2013.

⁵ Ahmad Buchori and others, 'The Discussion of BPRS Industry Performance in Indonesia', *Bulletin of Monetary Economic and Banking*, 2004 <<https://doi.org/10.21098/bemp.v5i4.318>>.

⁶ Lailatul Qadriyah and Arif Rachman Eka Permata, 'The Roles of Islamic Microfinance Institution in Indonesia Economic: Theory and Empirical Study', *Dinar: Ekonomik and Islamic Finance*, 4.1 (2017).

⁷Rudjito, 'The Role of Microfinance Institution in Regional Otonomic to Move Community Economic and Poverty Avelliation', *Jurnal of Society Economic*, II (2013), h41.

⁸Viskonti, 'A Survey on Microfinance pro Developing Countries: Asocial Responsible Investmen Opportunity', Milano Italia:Universiti Cottalica del Sacro Cuore, 2012, h.35.

⁹Aam.S.Rusidiana, 'Analyzing Problem and Solution to Develop Islamic Microfinance Institution in Indonesia Using ANP,BOCR', *Jurnal of Economic and Islamic Business*, III, No 1.p.20.

¹⁰Darwanto, 'Reinforcement Strategy of Islamic Microfinance based on Institution Economic', *Research Journal of Religious Economic Diponegoro University*, h.504.

institution so that it can grow becoming strong and competitive institutions¹¹.

Sucipto informed the using of Islamic approach and local culture in enhancing the competitiveness of Islamic microfinance institution so that this Islamic finance institution will grow professionally¹². Since Islamic micro institution is highly correlated with Islamic communities or Indonesian Muslim community

In addition, Nur Atiqah Mahmudah explained problem faced by microfinance institution in Indonesia can be seen from two side including internal and external factor. Internal factor is dominated by the limitation of human resources and human resources quality. Meanwhile, external factor was related to the competition and government regulation.¹³ Rational muslim communities has not fully touched by Islamic microfinance institution yet, so market segment of rational muslim communities is relatively small if it is compared to conventional microfinance institution

According to Mursal, the problem faced by Islamic microfinance institution in West Sumatera is the separation of local cultural reinforcement and the role of indigenous people in developing Islamic microfinance institution. Thus, human resources problem and capital limitation becomes dominated issue in Islamic *MFI* in West Sumatera.¹⁴

Human resources problem¹⁵ is very dominant¹⁶ In National work agenda and national seminar of Islamic MFI Association throughout Indonesia in 2017, there was discussion about Islamic MFI problems; capital limitation and credit expansion which was not balanced with capital reinforcement.¹⁷

Regulation created by government gives chances to the conventional bank to distribute micro credit with small amount of interest 9% each year to the society, that is becoming new competitor for BPR/S in Indonesia¹⁸. BPR/S with all of limitation will face obstacles and problem when they have to encounter with finance institution having capital and wide market segmentation.¹⁹

A very tough challenges faced by BPR/S is the existence of financial technology (*fintech*)²⁰ especially peer to peer lending program which most of them gives credit to the BPR/S target. According to OJK regulation at the end of 2019 that all of rural bank (BPR) or Islamic rural bank (BPRS) must have core capital of 3 billion²¹ and in 2024 they

¹¹ Fidiana and Ikhâm, 'Prospects of Islamic Microfinance Institutions in Scale Micro Business Funding Support for Poverty Reduction in Indonesia', *BMT) Dalam Perspektif Hukum Ekonomi*, 2014.

¹² Sucipto, 'Strategy based on Muqashid Shariah in Increasing Competiveness of Islamic Microfinance Institution', *Ultizam Jurnal Syariah Of Economic Research*, Volume 2.

¹³ Nur Atiqah Mahmudah, 'Model for Development of Islamic Microfinance Institutions in Indonesia Using the ANP Approach', *Aura Semesta Library*, Bandung, 56.

¹⁴ Mursal, *Development of Islamic Microfinance Institutions in West Sumatra Based on Local Wisdom (Tungku Togo Sajarangan)*, Disertasi, 2018, 276.

¹⁵ titik inayati, 'HR management strategy, Market Orientation, and SME Performance', *Journal of Organization and Management*, 2018 <<https://doi.org/10.33830/jom.v14i2.157.2018>>.

¹⁶ Euis Amalia, 'Evaluating The Models Of Sharia Microfinance In Indonesia: An Analytical Network Process (Anp) Approach', *No.1 Tabun*, Jurnal AI (2015), 091.

¹⁷ Submission of Papers by OJK at the National Work Meeting and National Seminar of the Association of BPR/BPRS throughout Indonesia Pontianak.

¹⁸ KNEKS, Indonesian Islamic Economic Masterplan 2019-2024, Ministry of National Development Planning/National Development Planning Agency, 2018.

¹⁹ I Gde Kejeng Baskara, 'Microfinance Institutions in Indonesia', *Journal of the Bulletin of Economic Studies*, Vol, 18 ed.

²⁰ Berry A. Harahap and others, 'Development of Financial Technology Related to Central Bank Digital Currency (CBDC) on Monetary and Macroeconomic Policy Transmission', Bank Indonesia, 2017.

²¹ Ojk, 'POJK No 12/POJK.03/2006 Concerning Business Activities and Office Network Areas of Rural Banks Based on Core Capital, BPR/S That Are Unable to Meet Capital Requirements Will Be Subjected to Sanctions', 2016.

must have 6 billion capital²². Based on the number of BPR/S in Indonesia, 68% of rural bank have limited capital or under 6 billion.

BPRS performance as Islamic micro bank is still far under BPR; very little number of office, small number of asset, small financing, and higher rate of nonperforming loan ratio than BPR so that the profit of BPRS is only 5,3% from BPR profit.

Problem faced by BPR in several region in Indonesia was similar with problem encountered by BPR/S in West Sumatera. Socially and culturally, West Sumatera is Minangkabau area which tightly hold and practice Islamic values^{23,24}.

Zahara's research illustrated problem faced by microfinance Institution in West Sumatera did not only about internal issue related to the willingness and human resources professionalism but also the availability of technology and the competition of finance institution in West Sumatera²⁵. According to Ika Yuanita potency to the bankruptcy of rural bank (BPR) in West Sumatera is the decreasing of BPR number from 103 in 2010 to 65 in 2019 and the total of BPR in 2019 is 192.

Meanwhile, the number of BPR which has grown and has rooted in West Sumatera communities decreases every year. It can be seen from the FSA data on January 2020 that the number of BPR in West Sumatera is 88. Another issue faced by most of BPR/S was

related to the fulfilment of core capital; 6 billion in 2024.

The data above explained that muamalah aspect is not connected yet to Islam as religion believed by West Sumatera communities. It means that Islam as religion in bussiness practise of West Sumatera societies does not have strong connection to bussiness choice or the using of Islamic finance service. Therefore, it is necessary to have strategy and planning in developing microfinance institution in West Sumatera facing challanges and competition as well as the potency of very great Muslim population in West Sumatera²⁶.

The contribution of Muslim population is quite big in West Sumatera plus with the high of religious education and religious knowledge which has no positive connection to investment interest on shariah finance sector.

Based on several findings from previous researches and noticing real condition based on data which has been explained above about Islamic microfinance institution in West Sumatera, It is needed a developmental model using Analytical Network Process (ANP) approach to find out the values or expert perspectives which has not been done by previous researcher.

Novelty of this research was trying to describe very complex problem toward long term strategies framework in making decisions so that it obtained right formulation in planning and deciding policies and development of Islamic microfinance institution in West Sumatera by combining it with local wisdom. Generally, researcher notices the determinants issue of the Islamic finance institution selection²⁷, predicts and

²² Submission of Papers by OJK at the National Work Meeting and National Seminar of the Association of BPR/BPRS throughout Indonesia Pontianak.

²³ Salman Alade, 'Contradictory Customary Law and Islamic Law in Minangkabau in the Novel Looking for the Lost Love by Abdulkarim Khariatullah (Review of Literary Sociology)', *Jambura Journal of Linguistics and Literature*, 1.1 (2020).

²⁴ Syamsul Arifin, 'Islamic Culture in Minangkabau Marriage Customs', *el-harakah* (accredited), 2016 <<https://doi.org/10.18860/el.v16i1.2511>>.

²⁵ Zahara, 'About the Challenges of Microfinance Institutions in West Sumatra', *Journal of Accounting and Management*, Padang State Polytechnic.

²⁶ Zahara, 'Analysis of the Soundness of Rural Banks (BPR) Using the Camel Method (Case Study on Three BPRs in West Sumatra)', *Accounting And Management*, 2013.

²⁷ M. H. Bin. (2018). Moderating effects of marketing communication and financial consider Åström, Z. H. O. (2013). Survey on customer related studies in Islamic banking. *Journal of Islamic Marketing*, 4(3),



explains potential determinant of consumer intention to interact with Sharia finance institution using several behavior theory²⁸ the main problem of this research is find out the role of Minang Muslim communities to the developmental of Shariah microfinance Analytic Network Process (ANP) approach.

This research was qualitative analysis aimed to capture a value or perspective represented by expert and shariah practitioner about the developmental of microfinance institution (BPRS) in West Sumatera. Analysis tool used was ANP method^{29,30}

In this research, data used is primer data obtained through in depth interview with expert and practitioner, having comprehension about problem discussed³¹ As result this finding is able to use as recommendation to policy maker on the basis of problem priority and recommended strategy.

In order to create strategy and priority level by capturing expert's perspectives, so that writer concluded to use Analytic Network Process (ANP) as research methodology³².

Data analysis is process to discover and sistematically arrange data obtained from interview result, note field and other note so that it is easy to comprehend and the finding can be informed to others³³. In Analytic Network Process (ANP) method, interview is done deeply then FGD is done as reinforcement in arranging instrument.

Analysis method applied in this research was qualitative analysis method and ANP utilizing *software Super Decision 2.6.0*. Analysis was conducted to microfinance institution (BPR/S) in West Sumatera to find out the managing of microfinance institution in each company³⁴.

Development of Islamic Microfinance in West Sumatera

Based on literature review, social and culture analysis as well as religion of West Sumatera related to discussion of Islamic microfinance institution, as the representation of Islam in science and finance service. As result, deep interview was conducted with expert, practitioner, and regulator in West Sumatera. The objective of in depth interview was to determine the problem priority in developing Islamic microfinance institution in management, regulation, and religion side in West Sumatera³⁵.

Analysis began by determining problem priority of Islamic microfinance Institution in general³⁶. Based on literature review and in-

294-305. <https://doi.org/10.1108/JIMA-07-2012-0040>, Erol, C., & El-Bdour, R. (1989). Attitudes, behaviour and patronage factors of bank cus.

²⁸ religiosity and image into technology acceptance model: the case of the Islamic philanthropy in Indonesia. *Journal of Islamic Marketing*. <https://doi.org/10.1108/JIMA-01-2020-0020> Bashir, I., & Madhavaiah, C. (2015). Consumer attitude and behavioural intention towards Internet banking adoption in India. *Journal of Indian Business Research*, 7(1), 67-102. <https://doi.org/10.1108/JIBR-02-2014-0013>, Ihajjar, S., & Ouaida, F. (2019). An.

²⁹ Ascarya, 'Analytic Network Process (ANP): A New Approach to Qualitative Studies', Internal Seminar of the Master of Accounting Program, Faculty of Economics at Trisakti University, 2005.

³⁰ Seyhan Sipahi and Mehpare Timor, 'The Analytic Hierarchy Process and Analytic Network Process: An Overview of Applications', *Management Decision*, 2010 <<https://doi.org/10.1108/00251741011043920>>.

³¹ Ascarya.

³² Thomas L. Saaty, 'Fundamentals of the Analytic Network Process — Dependence and Feedback in Decision-Making with a Single Network', *Journal of Systems Science and Systems Engineering*, 2004 <<https://doi.org/10.1007/s11518-006-0158-y>>.

³³ Venany, 'Application of Process Analytic Network (ANP) in Performance Measurement System Design (Case Study at PT X)', *Journal of Industrial Engineering*, h. 50-51', 2003.

³⁴ Rozan W Saaty, *The Analytical Hierarchy Proses for Decision Making and The Analytical Network Process (ANP) for Decision Making with Dependence and Feedback (University of Pttsburgh: Creative Decision Foundation.)* h. 39, 2003.

³⁵ Sigiyono, *Business Research Methods (Qualitative-Quantitative Approach And R&D) Bandung: Alfabeta,* h. 244, 2009.

³⁶ John W. Creswell, *Research Design (Pendekatan Metode Kualitatif, Kuantitatif, Dan Campuran)*, Terjemahan Bahasa Indonesia, 2016.

depth interview with several experts and practitioner existed in Indonesia.

The problem of Islamic microfinance institution can be seen from management criteria, competition, regulation and risk. This three aspect were arranged in questionnaire in the form of pairwise comparison and proposed to 9 respondents. The among respondents taken were 3 regulator of West Sumatera Financial Service Authority, one person. Sharia Supervisory Board, 2 members. Then, 3 academicians and 3 practitioners of Shariah micro finance.

The result of data processing from the questionnaire filled by respondent are explained that in general the three problem aspects are essential aspect. Questionnaire were filled by nine samples consisted of regulator, expert and practitioner.

It can be seen from the variety of respondent response so that rater agreement in determining problem priority of three aspect was only (W: 0,456) It means there is only 45,6% agreed answer in discovering problem priority.

According to priority of the three criteria above, management issue is main priority in developmental issue in West Sumatera (0,427). Then, it is followed by regulation and risk problem (0,293) and the last priority is competition problem (0,278)

The findings revealed human resources issue is still low in Islamic Microfinance institution in West Sumatera. Muslim population in West Sumatera is unable to increase human resources quality in Islamic microfinance institution. Thus this finding is correlated with Kamar Zubair's research related to the continuity of Islamic microfinance institution in Indonesia. It is founded that human resources issue is

dominant factor related to the continuity of Islamic microfinance in Indonesia³⁷

Beside the evaluation of all respondent can be explained as follow:

- 1) According to the expert, management issue was priority problem in developing BPRS in West Sumatera (0,435), followed by regulation and risk criteria (0,297). Meanwhile, the criteria of competition issue become the last priority with value only 0,266. The result of rater agreement on expert respondent was (W : 0,777). It means there is 77% respondent agreement showing high rate of respondent agreement level
- 2) According to practitioner respondent , management problem was also main problem (0,446), followed regulation and risk problem (0,300) and the last priority is competition issue (0,252). Rater agreement was (W : 0,777) showing high agreement rate that is 77 %.
- 3) Management issue is also main priority according to the regulator with value (0,400) followed by regulation and risk issue (0,317). Meanwhile, competition issue is problem with low priority 0,282. Rater agreement of practitioner respondent is only (W: 0,111). It means there is only 11% agreement among respondent in determining problem priority of BPRS development in West Sumatera. High respondent agreement showed.

The finding of all respondent showed high agreement related to management issue in Islamic microfinance institution. According to Ismail Zain, the reinforcement of Islamic finance institution needs synergy in forming character and professionalism of finance administrator. As result, Muslim community

³⁷ Muhammad Kamal Zubair, *Analysis of the Sustainability Factors of Islamic Microfinance Institutions*, 2018.

has magnetism in using the service of Islamic microfinance institution ³⁸

Second problem founded related to competition. Islamic philanthropy is one of productive marketing strategy utilized by Islamic microfinance institution. The optimalization of zakat and waqf maximally will give positive opinion to community in Islamic microfinance institution. If all of philanthropy optimalization run well, it can be a strategy in facing market competition³⁹.

Developmental Strategy of Islamic Microfinance Institution in West Sumatera

Solution explained in this discussion is solution to the problem of BPRS development in West Sumatera according to criteria level and each cluster. After data processing, it obtained solution priority to the problem of BPRS development in West Sumatera.

Based on problem criteria, All respondent agreed on the priority solution that is management solution (0,430). It is followed with regulation and risk solution value 0,294. Meanwhile, competition solution is low priority (0,275). The result of rater agreement was (W: 0,481) showing high agreement among respondent in determining solution priority of BPRS development in West Sumatera. The following figure 1 illustrated solution priority in general:

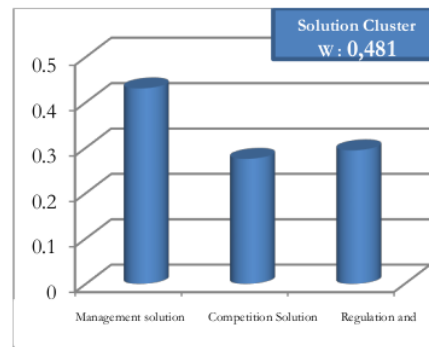


Figure 1. Priority analysis result of BPRS development in West Sumatera according to the whole respondent (processed data)

The explanation of whole respondent can be seen from respondent. It obtained the result that according to expert the solution priority is management solution with value of 0,418 followed by competition solution 0,306. Meanwhile, the last priority is regulation and risk solution 0,275. Rater agreement of expert respondent is (W: 0,444) indicating low respondent agreement in determining solution priority of problem criteria.

Meanwhile, according to practitioner, Main solution priority is management solution with a value of 0,457, followed by regulation and risk solution 0,299. Meanwhile, competition solution had value of 0,242. The result of rater agreement of expert respondent was similar with regulator respondent (W: 0,777). It means only 77,7% agreement of respondent response in determining solution priority

Regulator also highlighted management solution as priority in problem criteria solution with value of 0,415 followed competition solution (0,276). Meanwhile, the last priority is regulation and risk solution with a value of 0,170. Result of rater agreement of regulator respondent was (W: 307) showing low agreement among practitioner agreement in determining solution priority of Islamic microfinance institution management in West Sumatera. It is clear that synthesis result of

³⁸ Ismail Zain, *The Optimization of Human Resource's Performance in Islamic Microfinance Institutions Through Job Analysis and Competency Model*, 2018.

³⁹ Ima Maspupah, *Strengthening Islamic Philanthropy through Optimizing Waqf in Islamic Financial Institutions*, 2017.

respondent group can be seen on the following figure 2:

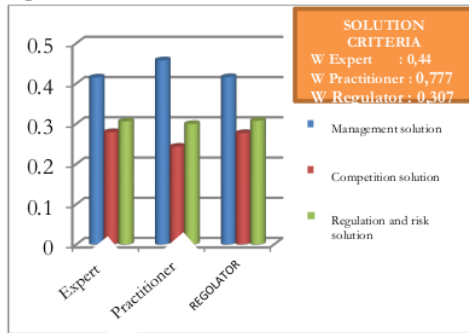


Figure 2. Priority of solution criteria to develop BPRS in West Sumatera (processed data)

In the solution side of developing microfinance institution in West Sumatera remarked the management aspect becoming main priority. The representation and the involvement of Minangkabau muslim communities in developing microfinance institution are very expected. West Sumatera government as main person in charge related to solution and strategy in increasing the economy of Minangkabau muslim community through reinforcement of institution and management of Islamic microfinance institution⁴⁰.

On the second solution, it can be seen that the role of West Sumatera Islamic communities and government are necessary. As result, bussiness competition among shariah microfinance institutions positively intertwined. This result is also affirmed by Mursal research about the role of indigenous people and Minangkabau societies in developing BMT in West Sumatera⁴¹.

Nil Firdaus's research about Management of waqf money in West Sumatera showed the low role and concern of Muslim communities in West Sumatera to waqf institution as syariah

microfinance institution which has growth for long time in Minangkabau⁴².

Relationship and roles of communities and government in developing Islamic microfinance institution in West Sumatera is compulsory so that it is created synergy among societies, goverment and Islamic microfinance institution.

Right Strategy to be Applied for Long Term Framework in Developing BPRS in West Sumatera

Based on *literature review* and *in depth interview* with expert and practitioner, it obtained several strategies in the management of Islamic microfinance institution in West Sumatera. Those strategies are targeted regulation, Determination of strategic planning, Reinforcement of company value and local wisdom.

The analysis result remarked the majority of respondent stated the corporation in determining strategic planning is main priority in developmental strategy of BPRS in West Sumatera with a value of 0,382, followed by targeted regulation 0,386. Meanwhile, reinforcement of company value and local wisdom is the last priority 0,230. The gap of priority value was not big especially on targeted regulation and determination of strategic planning showing that this aspect is important strategy so that respondent's assessment was varied according to their own argument. It can be seen from low score of rater agreement that is (W: 0,382). The priority result can be seen on the following figure 3 :

⁴⁰ M. Zaky Mubarak Lubis, *Human Resources of Sharia Financial Services Cooperatives (KJKS) In Padang: The Dilemma Between Management And Concept Understanding*2019.
⁴¹ Mursal.

⁴² Nil Firdaus, *Dissertation "Management of Cash Waqf in West Sumatra With the ANP Approach*,2018.

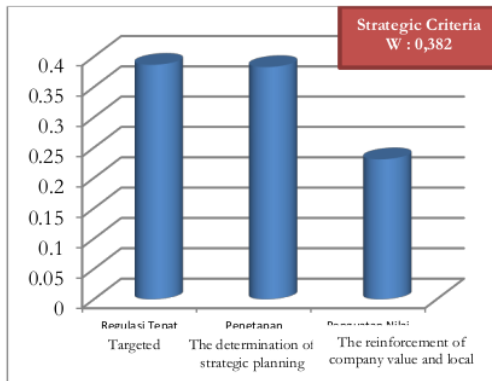


Figure 3. Priority analysis result of BPRS development in West Sumatera according to the whole respondent (processed data)

If it is seen from respondent group, it will appear the variety of response. The diversity of response can be observed from following synthetic result of respondent group:

- 1) Expert stated that main priority is targeted regulation with a value of 0,383 followed with the determination of strategic planning 0,3154 and the last priority is reinforcement of company value and local wisdom 0,301. The result of rater agreement indicated quite high degree of respondent agreement with a value of (W: 0,444). It means there is more than 44% of respondent agreement
- 2) Practitioner also more highlights targeted regulation as main priority with a value of 0,380 followed by the determination of strategic planning 0,342. Meanwhile, reinforcement of company value and local wisdom was low strategy priority 0,189. The result of rater agreement is (W: 777)
- 3) Regulator assessed the determination of strategic planning as priority with a value of 0,404 followed by targeted regulation (0,395) and the last priority strategy is reinforcement of company value and local wisdom (0,200). The result of rater agreement was also high (W: 0,777)

Figure 4 clearly illustrated the synthesis result of respondents group as follows:

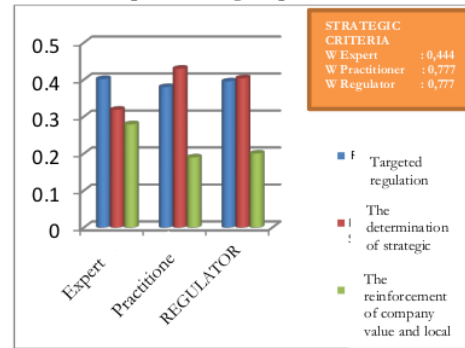


Figure 4. Priority Analysis Result of BPRS Developmental Strategies in West Sumatera according to Respondent Group (processed Data)

Conclusion

The developmental problem of Islamic microfinance institution in West Sumatera, including management issue, competition issue, regulation and risk issue. The response of all respondents stated main managerial problem is on Islamic microfinance institution with value 0,427. Regulation and risk issue 0,293 and the last issue was competition issue 0,278. rater agreement 0,456 or 45,6% respondent agreement.

The solution of BPRS developmental in West Sumatera. It is clearly seen that management obtained value of 0,430. Regulation and risk 0,294 and the third, competition 0,275. Reter agreement 0,481 or 48,1% agreement of all respondent about developmental solution of microfinance institution in West

Strategy of BPRS developmental in West Sumatera showed the criteria of targeted regulation had the highest value 0,386. The determination of strategic planning with a value of 0,382 and reinforcement of company value and local wisdom 0,230 rater agreement 0,382 or 38,2%. Result can be seen to develop Islamic microfinance institution in West Sumatera and the aspect which needs to improve first is managerial aspect.

In strategic side, the developmental of Islamic microfinance institution needs to determine strategic planning. The determination strategic planning does not only contain the internal consideration of finance institution but also it needs external analysis seen the Minangkabau muslim community. As result the recommended strategy as a step in developing Islamic microfinance institution in West Sumatera has optimal result⁴³.

For strategy related to targeted regulation, government through Financial Service Authority needs to consider regulation which can be run by Islamic microfinance institution which is suitable with culture and local wisdom.

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