

Strategy in Developing Microfinance Institution to Support Beef Cattle Farming Business in Rural Areas

by A Asnawi

Submission date: 07-Apr-2023 10:38AM (UTC+0700)

Submission ID: 2058119620

File name: finance_Institution_to_Support_Beef_Cattle_Farming_Bussiness.pdf (427.66K)

Word count: 7223

Character count: 39974

Strategy in Developing Microfinance Institution to Support Beef Cattle Farming Business in Rural Areas

Aslina Asnawi^{a,*}, A.Amidah Amrawaty^a, Nirwana^b

^a Department of Socio Economic, Faculty of Animal Science, Hasanuddin University, Makassar, 90245, Indonesia

^b Faculty of Economics and Business, Hasanuddin University, Makassar, 90245, Indonesia

*Corresponding author: aslinaasnawi@unhas.ac.id

Abstract— Microfinance Institution (MFIs) as an informal financing institution has a quite big role in supporting the farmers' access to finance. This research was conducted to analyze the strategy in developing MFIs to support beef cattle farming. The instrument employed was a questionnaire delivered through google form. In addition to questionnaires, interviews were also performed directly with key informants. Furthermore, FGDs and online seminars were conducted to formulate strategies in developing MFIs which were attended by stakeholder including relevant government agencies, the Head of Agricultural Extension Center, the Head and members of Gapoktan, extension workers, farmers, and academics representations. Data was analyzed using descriptive statistics and a SWOT matrix. QSPM analysis was also performed to analyze the priority strategy. The results revealed that MFI's have several strengths and weaknesses both from internal and external sources, particularly the opportunities and threats. The strategy formulated becomes a priority, which is to improve the role and position of MFIs in alleviating poverty and as informal financing institutions. The MFI's position is strong because it is easily accessible, have simple procedures, does not require collateral, and its location is in a rural area. The strategy that should be applied is increasing the role of members who have psychological and demographic relationships and the spirit of mutual cooperation that is still owned by rural communities. The sustainability of MFIs can support the development of beef cattle farming and help grow rural economies.

Keywords— beef cattle farming business; developmental strategy; microfinance institutions; SWOT analysis

² IJASEIT is licensed under a Creative Commons Attribution-Share Alike 4.0 International License.



I. INTRODUCTION

The presence of Microfinance Institutions (MFIs) in rural areas is an alternative source of financing for farmers. The presence of MFIs is encouraged by the obstacles encountered by the farmers in accessing financing at formal financial institutions. These obstacles include relatively high-interest rates, collateral, and long procedures in applying for credit [1]. The farmers' characteristics, particularly their educational level, affect access to finance because they are related to their ability to look for information, prepare proposals, and convince the lenders [2], [3].

According to the Asian Development Bank (ADB), Microfinance Institutions (MFIs) is defined as an institution that provides services of deposit, loan, payment services for various transaction services, and money transfers aimed at the poor and smallholder entrepreneurs. Law No. 1 of 2013 and the Directorate of Agricultural Financing (2014) defined Microfinance Institutions as financial institutions particularly established to provide services of business development and

community empowerment, either through loans or financing in micro-scale businesses to members and the community, savings management, as well as consultation in business development that is not solely for profit.

The services provided by MFIs are not only for financial intermediation (absorbing and distributing funds), but also for social intermediation. Such intermediation has a social motive which refers to the process of building the capacity of the poor [4] Previous research carried out by MFIs proved that the capacity building of rural communities has a significant effect on the decision to access credit in order to finance agricultural and livestock production [1], [5]. These capacity buildings can be in the form of mentoring, guidance, technical information provision, and counseling. Furthermore, according to [6], MFIs have the role of providing working capital whose amount is in accordance with the needs of breeders in rural areas. Indirectly, this capital can help increase the scale of business and ultimately increase the farmers' income.

The provision of loans by rural MFIs can increase agricultural productivity, thereby increasing family income and helping the poor obtains wealth [5], [7], [8]. Previous scientific

findings have also confirmed that the role of MFIs is significantly important for the development of smallholder beef cattle farming because it can provide the financial support needed by farmers. MFIs have provided several forms of loans adjusted to the farmers' and breeders' needs, including loans for working capital, crop, and livestock production. MFIs can assist many poor people to have better lives leading to a higher standard of living. In [9] that MFIs to prefer the source Kiva instead of other cheap source of funding. On the other hand, according to [10] that one of the determinants of the company is external financing, and it very important for small business investment, evidence from Vietnam. The implications of this research can be applied to breeders who generally run their livestock business even though the amount of funds is relatively small depending on the number of livestock ownership.

The obstacle encountered by farmers in accessing formal financing leads to the potential development of MFIs in Indonesia. The management of formal financial institutions that treat small-scale agribusiness actors the same as the medium and large-scale businesses in applying for financings, such as the demand for collateral and business feasibility, becomes a pressure for the farmers in rural areas Furthermore, formal financial institutions are not interested in financing small businesses because they require high transaction costs. The determinants of small businesses' financing decisions are classified by three levels: individual factors, organisational factors and contextual factors [11]. The low accessibility of farmers to formal financing institutions related to research by [12]. According to [4], such conditions drive the micro business actors to prefer MFI services instead, because the system and procedures implemented are easier than banks. In addition to easy procedures and the absence of collateral, MFIs also provide convenience to their members in accessing financing because they also pay attention to the aspect of trust between MFI managers and their members as debtors. Furthermore, there is also a psychological relationship between MFI and farmers, due to their close location, so that it can reduce the moral hazard because they have an emotional attachment to the MFI.

Previous research has been conducted concerning the presence of MFIs found that Agribusiness MFI in rural areas is very well appreciated by breeders because the information is easily obtained, has been socialized in advance, the requirements for savings and loans are easy, the procedure for borrowing is easy and fast, overcomes financing constraints, and has helped increase the capacity of the beef cattle farming business of the members. Such positive responses indicate that the presence of Agribusiness Microfinance Institutions (MFIA) in rural areas can be accepted by the rural communities. Therefore, the potential and motivation of MFIA must be continued as a step to reduce breeders' obstacles to access to financing [13].

However, the current situation generally shows that MFIs in rural areas have static development, including no increase in the number of members, the relatively low amount of capital available, and the low participation of its members. Therefore, efforts need to be made to identify the weaknesses, strengths, opportunities, and threats of MFIs. Furthermore, it can be continued by looking for an MFI development strategy to support the development of beef cattle farming, especially in rural areas.

II. MATERIALS AND METHOD

This research was conducted in Sinjai Regency, South Sulawesi because the population of cattle in this area is relatively high, so the potential for financing is also relatively high. In addition, there were also several MFIs established and has been operating until now although their development is relatively static. Furthermore, the research objects were the members of the MFI, totaling, in which the samples chosen were 64 people from 5 different MFIs. The objective of this research was to identify the strengths, weaknesses, opportunities, and threats encountered by MFIs in the area.

The instruments used to obtain the data were questionnaires distributed by enumerators, in this case, livestock extension workers. These questionnaires in the form of google forms were also distributed to several MFI members since the data collection was performed during the Covid 19 pandemic. Focus Group Discussions were carried out by academics, extension worker, delegation of the MFIs, the Department of Food Crops, Plantation, and Horticulture Sinjai Regency. This FGD was performed to find alternative solutions in determining the strategy for developing MFIs in the area. This activity was also carried out online using zoom application. In addition to questionnaires, in-depth interviews were also carried out with key informants while implementing health protocols, including maintaining distance, wearing masks, and washing hands by using soap or hand sanitizer after interacting. The collected data were then analyzed using descriptive analysis, SWOT analysis, and QSPM analysis.

Data obtained were analyzed using both descriptive statistical analysis and SWOT analysis. The analysis was first conducted by determining the strategy of the MFIs development using SWOT analysis consisting of several stages including identifying and analyzing the strengths, weaknesses, opportunities, and threats encountered by MFIs. In this case, strengths and weaknesses belong to internal factors, while opportunities and threats belong to external factors that determine the MFIs development. SWOT analysis was conducted to obtain various alternative strategies that can be chosen in developing MFIs in rural areas. By conducting SWOT analysis, efforts can be identified and analyzed to maximize strengths and opportunities, minimize weaknesses and threats, and plan strategies that should be taken in the future. The alternative strategies are strength and opportunity strategy (SO), weakness-opportunity strategy (WO), weakness-threat strategy (WT), and strength-threat strategy (ST) [14]

1) *Analysis of Internal Factor:* Factors that become the strengths and weaknesses of MFI can be formulated as internal strategies using IFAS (Internal Factors Analysis Summary) matrix. The results of IFAS matrix analysis aim at identifying the strengths and weaknesses that can affect the survival and response of MFI members to these internal factors.

2) *Analysis of External Factor:* Factors that become the MFIs' opportunity and threat can be formulated as an external strategy using the EFAS (External Factors Analysis Summary) matrix. The results of the EFAS matrix analysis aim at identifying the opportunities and threats that can affect the survival and response of MFI members to these external factors. The first step carried out for the IFAS and EFAS matrices is to process the table of internal factors (strengths and weaknesses) and external factors (opportunities and threats). Each factor

would be weighted in a range of 0.00 to 1.00 of the S, W, O and T factor. The sum of the weights should be equal to 1.00. The scoring of the factors is as follows: 5 (strongly agree), 4 (agree), 3 (neutral), 2 (disagree), and 1 (strongly disagree). Furthermore, the weights and ratings were doubled for each weighted factor-ratio. The weighted ratio of the individual factors is the overall ratio of evaluating weighted ratios. The weighted ratio obtained from the overall then evaluates the strategy of MFI's internal position. The best score is 5, while the worst is 1.

3) *SWOT Matrix*: SWOT matrix was constructed to formulate the factors of MFI development strategy. The SWOT matrix can clearly describe how the external opportunities and threats encountered by the MFI can be adjusted to its internal strengths and weaknesses. This matrix produced four sets of possible strategic alternatives for MFI development. This is adapted from [NO_PRINTED_FORM][15] which is applied to the company. For more details, the strategies that have been prepared can be seen in Table I.

TABLE I
STRENGTH, WEAKNESS, OPPORTUNITY, AND THREAT (SWOT) MATRIX

EFAS	Strength (S) Determining 5-10 factors of internal strengths	Weakness (W) Determining 5-10 factors of internal weaknesses
IFAS Opportunities (O) Determining 5-10 factors of external opportunities	S-O strategy Using strength to utilize opportunities	W-O strategy Minimizing weakness by utilizing opportunities
Threat (T) Determining 5-10 factors of external threat	S-T strategy Using strength to overcome threat	W-T strategy Minimizing weakness and avoid threat

Source: [15]

4) *Analysis of Quantitative Strategic Planning Matrix (QSPM)*: QSPM is an analytical technique designed to determine the relative attractiveness of a viable alternative measure by ranking the strategies that have been established to obtain a priority list. QSPM analysis allows strategists to evaluate alternative strategies [16], [17]. The stages of creating QSPM are:

- Making a list of the key factors of external opportunities and threats as well as the key factors of the company's internal strengths and weaknesses in the left column of QSPM.
- Scoring each of the external and internal critical success factors. These scores are the same as those applied in the EFE and IFE matrices.
- Evaluating the phase 2 (matching) matrix and identifying the strategic alternatives that the company should consider implementing.
- Determining the attractiveness score (A₂), which is defined as a number indicating the relative attractiveness of each strategy in a particular set of alternatives. The range of attractiveness scores is 1-4, where 1 = not attractive, 2 = rather attractive, 3 = fairly attractive and 4 = very attractive.
- Calculating the Total Attraction Score (TAS) by multiplying the score with the attractiveness value in

each row. The higher the total attractiveness value, the more attractive the alternative strategy.

- Calculating the sum of the total attractiveness score. Adding the TAS to each strategy column in QSPM. The sum of TAS indicates which strategy is the most attractive of each strategic alternative.

III. RESULTS AND DISCUSSION

A. Analysis of IFAS (Internal Factors Analysis Summary) or IFE (Internal Factor Evaluation)

IFAS matrix is a formulation for internal environmental analysis. The calculation of the matrix is a calculation to determine the weight, rating, and score. The total weight is not more than 1.00, the rating value is calculated by giving a score of 1. This provides a summary and evaluation of the main strengths and weaknesses in MFI development. The following are some strengths and weaknesses as their weights, ratings, and scores.

The analysis results of the IFAS matrix revealed that the main factor in the strengths of MFIs in Sinjai Regency is its location which is close to farmers/breeders. This is because the purpose of MFI services is to reach the lower-class communities in rural areas, [18] find that for nonprofit MFIs charge lower interest rate. Therefore, the close location between MFI and farmers makes it easier for the farmers to obtain financial services in accordance with their business needs. The close location between the MFIs and farmers, supported by the members who know each other will provide flexibility in obtaining financing services. These key factors make it very easy for farmers to finance the purchase of business inputs because they already have trust capital and close emotional relationships. Social capital such as trust plays a role in reducing the possibility of bad loans occurring in MFIs in rural areas [19] explaining the strengthening of social capital [20] confirming that the higher the intensity of social capital is positively related to microfinance performance in Europe. Other find that internal social relations is an important thing in a beef cattle farmer group that supports rural development [21]. This can have an indirect impact on the development of microfinance because its members are generally members of farmer groups as well. [22] find that human capital and structural capital have a significant impact on microfinance institution performance.

The number and types of MFIs have grown rapidly in the last few decades. The rapid development of MFIs is supported by Indonesia's increasing economic growth and MFIs have been proven to help reduce poverty in rural areas which are dominated by agricultural activities [4], [23] find that role of Islamic micro finance institutions is reducing poverty in the country.

Since it is also supported by the principle of mutual cooperation in rural communities, this socio-cultural factor can also guarantee the existence of MFIs constantly develop. In addition, the easy financing mechanism is another key strength factor for MFIs.

The biggest weakness factor in developing MFIs, especially in the context of supporting the beef cattle business, is the low managerial ability of MFI management. This condition is in accordance with the low capacity of MFI human resources as the second weakness factor. The low managerial ability can be

influenced by the education level of the managers of MFIs. The analysis results of these weaknesses do not only occur in MFIs in Sinjai Regency, but also in other areas. Good quality and human resource management will affect the performance of the MFI positively. In addition, another research project was done by [22] finding that when MFIs have good human resource management, they will be able to improve their performance, self-actualization, and practical work abilities so that they can support the productivity at [26] allow smooth operations. In line with the research of [24] that managerial ability is a crucial factor for financial performance of the MFIs. Another recommendation according to [25] is that men as managers and loan officers at MFIs are more effective than women because of cultural limitations and safety obstacles, especially in the process of collecting payment arrears.

Furthermore, the weakness factor in the form of potential moral hazard from MFI customers deserves attention although it had relatively small score (0.18). Dishonest customers in giving information and reporting their business developments affect the asymmetric information received by the MFI management. This condition can result in the risk of default which can harm the manager as well as reduce the quality and performance of the MFI. In line with [26] that the level of capital kept by MFI should be dependent on loan portfolio quality. Other find that if the firm is operating efficiently, the firm tends to be less prone to failure in procedure, systems, and policies [27]. In addition [28] and [29] discovered evidence that MFIs that implement a profit-sharing system are more prone to suffering from moral hazard, compared to MFIs that do not implement a profit-sharing system. In addition to dishonesty or information manipulation, moral hazard can occur if breeders who are also MFI customers have low educational levels and lack planning and experience in running their businesses[30].

TABLE II
EVALUATION RESULTS OF EXTERNAL FACTOR (IFAS) OF MFIS IN SINJAI REGENCY

No.	IFAS	Weight	Rating	Score
Strength				
1.	The location is close to farmers/breeders	0.08	4	0.32
2.	MFI members know each other	0.07	4	0.28
3.	MFI members have the same goal	0.07	4	0.28
4.	The principle of mutual cooperation in rural areas is still strong	0.07	4	0.28
5.	The loan procedure is not long	0.07	4	0.28
6.	Collateral/guarantee is not needed	0.07	4	0.28
7.	Affordable installments	0.07	4	0.28
8.	Adhering to, by, and for its members	0.07	4	0.28
9.	Its role is strategic to alleviate poverty	0.07	4	0.28
Total Strength		0.64		2.56
Weakness				
1.	The managerial ability of MFI is still low	0.07	4	0.28

2.	Low capacity of MFI human resources	0.07	3	0.21
3.	Low member support and participation	0.07	3	0.21
4.	The potential for moral hazard exists (for example, deviate behavior which contains risks and harms other parties, for example: intentionally not paying installments, using funds not in accordance with the target, etc.)	0.06	3	0.18
5.	Minimum availability of capital	0.07	3	0.21
Total Weakness		0.34		1.09
Total Internal Factors (IFAS)		0.98		3.65

However, this potential moral hazard does not only come from the customer side. MFIs that do not require collateral, weak customer selection processes, and the application of high loan interest rates also have the potential to receive moral hazard [26]. Behavioral bias of individuals has a significant impact on the decision-making process of individuals or household members who are microfinance clients in designing financial capability [31]. One way that needs to be done to avoid moral hazard is to increase frequency and interaction with borrowers, in line [32] that group meeting frequency and borrowers will increase repayment performance in Microfinance because it can stimulate social capital among microcredit borrowers.

B. Analysis of EFAS (External Factors Analysis Summary) or EFE (External Factor Evaluation)

The EFAS matrix was used to summarize the opportunities and threats encountered by an MFI. The analysis of EFAS matrix was carried out in the same way as the IFAS matrix, which is by calculating the weight and rating of each factor.

TABLE III
EVALUATION RESULTS OF THE EXTERNAL FACTORS (EFAS) OF MFIS IN SINJAI REGENCY

No.	EFAS	Weight	Rating	Score
Opportunities				
1.	Supported by the government	0.18	4	0.72
2.	Availability of capital from third parties	0.17	3	0.51
3.	Implementing a profit-sharing system	0.18	4	0.72
Total Opportunities		0.53		1.95
Threats				
1.	When funds/capital are not available from third parties	0.16	3	0.48
2.	The existence of loan sharks	0.15	3	0.45
3.	There is an issue shift that MFIs are not legal	0.16	3	0.48
Total Threats		0.47		1.41
Total External Factor (EFAS)		1.00		3.36

Great support from the government is the highest opportunity factor in developing MFIs (Table 3.). In addition to

support in the form of regulation, which is the issuance of various laws and regulations regarding MFIs, the government can also play a role in improving the provision of extension services to farmers so that they are able to access microcredit facilities. Farmers' access to extension services positively affects their decision to access financing services, so there is an urgent need for both the government and the private sector to provide informal education such as training and technical information [1], [5]. Extension services are an important resource for many farmers and breeders in rural areas that can link them to sources of credit and may change attitudes of those who currently do not access agricultural credit [33]. In addition, another form of government support proposed by [34] was providing grants to increase the financing to selected MFIs through a long and strict mechanism.

Another opportunity factor obtained from the EFAS evaluation of MFI's is the application of profit and loss sharing. Such a profit-sharing system is known to MFIs that run business activities based on Islamic (sharia) principles. MFIs that implement a profit-sharing system are considered to have a good reputation, apply justice and solidarity, and manage charity-based funds (zakat and alms) so that they can distribute funds to the poorest communities [34], [35]. The application of such a profit-sharing system creates great opportunities, especially for rural Muslim communities who reside dominantly in this area.

The highest threat factor in MFI development is when the funds/capital from third parties are not available. These third party funds come from outside the MFI, such as from banks. The difficulty and lack of priority for MFIs to obtain funds from third parties are because MFIs financed the high-risk sectors. Others found that the capital-to-asset ratio had an impact on inefficient use of [36].

The presence of moneylenders still becomes a threat to MFIs development in Sinjai Regency. Although MFIs have provided easy credit requirements, do not require collateral, and so on, there are farmers and breeders who still prefer to solve their financial problems by borrowing from moneylenders. Apart from the low level of education among rural communities, in line with [37] that the level of education affects the community in perceiving MFIs, especially Islamic Microfinance. [38] explained that positive effects on schooling to high-skill work increases. [33] find that socio-economic demographic characteristics of smallholder farmers is one of determinants of smallholder farmers' access to microfinance credits in the district.

Various other findings show that the procedure for borrowing from moneylenders is more flexible than the existing procedures for informal MFIs. Moneylenders dare to provide cash fastly, available at any time, blend in with the community, simple administration process, serve small loans in short terms, and offer daily repayments [5], [39]. In line with [40] that the decision to enter an MFI depends on existing informal loans, and [41] that interest rates are one of the impacts of competition between MFIs and money lenders on market outcomes. As a result, poor people who are involved in moneylender loans are limited in participating and benefiting from the development opportunities [4], [34].

TABLE IV
IE MATRIX OF MFI DEVELOPMENT IN SINJAI REGENCY

Score

		Strong 3.00 - 4.00	Average 2.00 - 2.99	Weak 1.00 - 1.99
32	High	I	II	III
Total	3.00 - 4.00			
weighted	Medium	IV	V	VI
EFAS	2.00 - 2.99			
score	Low	VII	VIII	IX
	1.00 - 1.99			

The total weight score of internal factors (IFAS) is 3.65, while the external factors' (EFAS) is 3.36. These scores were then processed into the internal and external analysis (IE) as presented in Table 4. The results of this matching stage place the development of MFIs in Sinjai Regency in the cell I (Grow and Build). This indicates that the actual condition of MFIs in Sinjai Regency had greater strengths and opportunities factors compared to their existing weaknesses and threats factors, hence the development process can maximize the strengths and opportunities.

C. Analysis of SWOT (Strength Weakness Opportunity Threat)

After performing the IFAS and EFAS analysis, the next step is to analyze the results using SWOT matrix. The SWOT matrix analysis aims to formulate alternative strategies that can be applied based on a combination of external key factors (opportunities and threats) and internal key factors (strengths and weaknesses). Alternative SWOT analysis strategies for MFI development are SO, WO, ST, and WT strategies as presented in Table 5.

TABLE V
SWOT MATRIX OF MICROFINANCE INSTITUTION DEVELOPMENT STRATEGY IN SUPPORTING BEEF CATTLE BUSINESS IN SINJAI REGENCY

	Strengths	Weakness
SWOT MATRIX	1. The location is close to farmers/breeders	1. The managerial ability of MFI is still low
	2. MFI members know each other	2. Low capacity of MFI human resources
	3. MFI members have the same goal	3. Low member support and participation
	4. The principle of mutual cooperation in rural areas is still strong	4. The potential for moral hazard exists (for example, deviate behavior which contains risks and harms other parties. for example: intentionally not paying installments. using funds not in accordance with the target. etc.)
	5. The loan procedure is not long	5. Minimum availability of capital
	6. Collateral/guarantee is not needed	
	7. Affordable instalments	
	8. Adhering to, by, and for its members	
	9. Its role is strategic to alleviate poverty	

Opportunities	SO (Aggressive)	WO (Diversification)
1. Supported by the government	1. Strengthening the role and position of MFIs in alleviating poverty and as informal financing institutions	1. Improving the capacity of MFI managers through training.
2. Availability of capital from third parties	2. Expanding savings and financing services with better service standards.	2. Improving the supervision function of risk management by improving the Standard Operating Management and Standard Operating Procedures
3. Implementing a profit-sharing system		
Treaths	ST (Differentiation)	WT (Differentiation)
1. When funds/capital are not available from third parties	1. Actively participating in finding and increasing access to capital	1. Increasing the capital from basic savings and mandatory member savings
2. The existence of loan sharks	2. Increasing the positive image of the MFI in the community, both through promotion and socialization.	2. Developing coaching for members and customers so that they remain loyal
3. There is an issue shift that MFIs are not legal		

Improving the supervision function of risk management by improving the Standard Operating Management and Standard Operating Procedures (SOP)	5.37	6
Actively participating in finding and increasing access to capital	4.99	7
Increasing capital from basic savings and mandatory savings for members	4.70	8

Efforts in the form of guidance for farmers who become the members and customers of MFIs in rural areas is important to maintain their loyalty in facing institutional challenges [42]. Another study reported by [43] in Limpopo Province, South Africa revealed that an important effort to overcome barriers to beef cattle production development in facing the institutional challenges is to build strong relationships between the financial institutions and farmers. The guidance provided to the members and customers can be in the forms of training, improving management skills, as well as provision of financial literacy and financial management knowledge. Furthermore, [44] explains that microfinance banks have a good impact on small and medium enterprises through training activities. This method is eventually a collaborative effort to develop MFIs and to increase credit financing for beef cattle farmers in order to create economic empowerment for rural communities [30], [43].

Furthermore, another strategy that can be done by MFIs in Sinjai Regency is in the form of fixing the operational challenges in the aspect of human resource management. The strategies that have been created to overcome this challenge are to improve service standards, increase the capacity of MFI managers, and strengthen the supervision function of the risk management. If these operational challenges can be overcome, it will be easier for MFIs to expand their services in order to reach lower levels of society. In addition, [45] explain the relationship between increased profitability and expansion of the microfinance branch, [46] study on microfinance market opportunities in Indonesia showed that MFIs have the potential of having around 50 million household customers so that MFIs can take advantage of the large segmentation in the microfinance sector. This study is in accordance with the data at 80% to 90% of national beef cattle farming business come from smallholder farmers in rural areas [47], [48] Therefore, the financial support provided by MFIs to farmers in rural areas will strengthen the backbone of the economy so that it can reduce the poverty levels, and [49] that microfinance help to improve long-term food security. However, the limited sources of MFI funds require support from third-party [28] the form of capital sources and grants from the government. and formulate the suitable for MFIs and borrowers friendly policy [50] Other find by [51], [52] that the presence of women in microfinance management tends to reduce the use of debt. This is because women are more careful in using money and managing debt.

20 D. Analysis of QSPM (Quantitative Strategic Planning Matrix)

The QSPM matrix is a tool to determine the prioritized strategy from alternative strategies obtained from the SWOT matrix. There were eight alternative strategies analyzed by determining the attractiveness score (AS) of each strategy which was multiplied by the weight of the significance of the internal and external variables so as to produce the total attractiveness score (TAS) of each strategy. The sum of the total attractiveness scores will determine the rank of the formulated strategy. AS and TAS scores were obtained based on the assessment of 64 respondents who were also informants of this study. Based on the results of the QPSM calculations and analysis, the rank of strategic priorities is obtained as shown in Table 6.

TABLE VI
STRATEGY FOR DEVELOPING MICROFINANCE INSTITUTIONS IN SUPPORTING BEEF CATTLE FARMING IN SINJAI REGENCY BASED ON THE QSPM MATRIX

Alternative Strategies	TAS Score	Priority Rank
Strengthening the role and position of MFIs in alleviating poverty and as informal financing institutions	6.14	1
Develop coaching for members and customers so that they remain loyal	6.08	2
Expanding savings and financing services with better service standards	5.91	3
Improving the positive image of the MFI in the community, both through promotion and socialization	5.61	4
Improving the capacity of MFI managers through training	5.44	5

21 IV. CONCLUSION

Based on the research findings, it can be concluded that the presence of MFIs can improve the performance and sustainability of the beef cattle business in rural areas. On the other hand, MFIs also encounter static development and encountered obstacles in expanding their financing services to the lower classes of society. The close location between MFIs and farmers/breeders, socio-cultural capital, and the flexible

financing procedures are the most important strengths of MFI. Although MFI encounters weaknesses in the form of low quality of human resources and the amount of capital ownership, this can be overcome with the synergy of government support, financial services authorities, and the provision of capital from third parties. Given that strengths and opportunities outweigh weaknesses and threats, the strategy for building and developing an MFI will focus on these strengths and opportunities. The results of the QSPM analysis showed that the prioritized alternative strategy of MFIs is by strengthening their role and position in alleviating poverty and as an informal financing institution. Likewise, coaching the members and customers as well as expanding MFI financing services to reach a good standard will eventually assist the rural communities to increase their economic growth. Other findings show that, to ensure the sustainability of the microfinance sector, it is necessary to increase the supervisory capacity of regulators.

REFERENCES

- [1] T. N. Linh, H. T. Long, L. van Chi, L. T. Tam, and P. Lebailly, "Access to rural credit markets in developing countries, the case of Vietnam: A literature review," *Sustainability (Switzerland)*, vol. 11, no. 5, MDPI, Mar. 01, 2019. doi: 10.3390/su11051468.
- [2] A. Asnawi, S. Nurlaelah, and A. Abdullah, "Constraints and role of women in beef cattle farming to access financing in South Sulawesi, Indonesia," in *IOP Conference Series: Earth and Environmental Science*, 2020, vol. 492, no. 1, p. 12145.
- [3] A. Belek and A. N. Jean Marie, "The impact of microfinance services on the efficiency of family farms in Sub-Saharan Africa: the case of Cameroon," *Agricultural Finance Review*, vol. 81, no. 1, pp. 21–38, Jan. 2021, doi: 10.1108/AFR-02-2019-0021.
- [4] A. Fithria, M. Sholihin, U. Arief, and A. Anindita, "Management ownership and the performance of Islamic microfinance institutions: a panel data analysis of Indonesian Islamic rural banks," *International Journal of Islamic and Middle Eastern Finance and Management*, vol. 14, no. 5, pp. 950–966, Nov. 2021, doi: 10.1108/IMEFM-05-2020-0257.
- [5] C. N. Gichuki and C. W. Kamau, "Financing Agribusiness: Potential Determinants of Financial Inclusion for Smallholder Rural Farming Communities in Kenya," *International Journal of Rural Management*, 2021, doi: 10.1177/09730052211034350.
- [6] A. Asnawi, A. A. Amrawaty, and Nirwana, "A Study of Effect Agribusiness Micro Finance for Beef Cattle Farmers in South Sulawesi Indonesia," in *IOP Conference Series: Earth and Environmental Science*, 2019, vol. 334, no. 1, doi: 10.1088/1755-1315/334/1/012052.
- [7] A. K. F. Silong and Y. Gadanakis, "Credit sources, access and factors influencing credit demand among rural livestock farmers in Nigeria," *Agricultural Finance Review*, 2019.
- [8] Darwanto, W. Roessali, N. Woyanti, A. N. Salam, and P. B. Santosa, "Sharia Microfinance Institutions Financing Model for Strengthening Agricultural Sector," in *IOP Conference Series: Earth and Environmental Science*, 2019, vol. 292, no. 1, doi: 10.1088/1755-1315/292/1/012016.
- [9] G. Dorfleitner, E. M. Oswald, and M. Röhe, "The access of microfinance institutions to financing via the worldwide crowd," *Quarterly Review of Economics and Finance*, vol. 75, 2020, doi: 10.1016/j.qref.2019.03.010.
- [10] B. Nguyen, "The relative importance of regional institutions and external finance for small business investment: Evidence from Vietnam," *Journal of Institutional Economics*, vol. 16, no. 6, 2020, doi: 10.1017/S174413742000017X.
- [11] B. Nguyen and N. P. Canh, "Formal and informal financing decisions of small businesses," *Small Business Economics*, vol. 57, no. 3, 2021, doi: 10.1007/s11187-020-00361-9.
- [12] E. Y. Yunus, A. Asnawi, and A. A. Amrawaty, "Accessibility of beef cattle farmers for formal financing institutions in Bontomarannu District, Gowa Regency, South Sulawesi," in *IOP Conference Series: Earth and Environmental Science*, 2020, vol. 492, no. 1, doi: 10.1088/1755-1315/492/1/012152.
- [13] A. Asnawi and A. A. Amrawaty, "A Study of Effect Agribusiness Micro Finance for Beef Cattle Farmers in South Sulawesi Indonesia," in *IOP Conference Series: Earth and Environmental Science*, 2019, vol. 334, no. 1, p. 12052.
- [14] B. Jatmiko, U. Udin, R. Raharti, T. Laras, and K. F. Ardhi, "Strategies for MSMEs to Achieve Sustainable Competitive Advantage: The SWOT Analysis Method," *Journal of Asian Finance, Economics and Business*, vol. 8, no. 3, 2021, doi: 10.13106/jafeb.2021.vol8.no3.0505.
- [15] M. Rakhmansyah, T. Wahyuningih, A. D. Srenggini, and I. K. Gunawan, "Small and Medium Enterprises (SMEs) with SWOT Analysis Method," *International Journal for Applied Information Management*, vol. 2, no. 3, 2022, doi: 10.47738/ijaim.v2i3.37.
- [16] H. Asheghi-Oskooee and M. Ramezanzadeh, "Religious Tourism Development Strategies in Qom Province: Using and Comparing QSPM and Best Worst Methods," *International Journal of Religious Tourism and Pilgrimage*, vol. 8, no. 8, 2021.
- [17] S. K. Mallick, S. Rudra, and R. Samanta, "Sustainable ecotourism development using SWOT and QSPM approach: A study on Rameswaram, Tamil Nadu," *International Journal of Geoheritage and Parks*, vol. 8, no. 3, 2020, doi: 10.1016/j.ijgep.2020.06.001.
- [18] R. de O. Leite, L. dos S. Mendes, and L. C. Sacramento, "To profit or not to profit? Assessing financial sustainability outcomes of microfinance institutions," *International Journal of Finance and Economics*, vol. 24, no. 3, 2019, doi: 10.1002/ijfe.1718.
- [19] Arifin, A. Suman, M. Ekawaty, and D. Kaluge, "The role of microfinance institutions in eradicating poverty in fishmonger communities in Makassar, Indonesia.," *Revista Espacios*, vol. 41, no. 40, 2020.
- [20] G. Chmelíková, A. Krauss, and O. Dvoutěý, "Performance of microfinance institutions in Europe—Does social capital matter?," *Socioecon Plann Sci*, vol. 68, 2019, doi: 10.1016/j.seps.2018.11.007.
- [21] R. Rustinsyah, "The significance of social relations in rural development: A case study of a beef-cattle farmer group in Indonesia," *Journal of Co-operative Organization and Management*, vol. 7, no. 2, 2019, doi: 10.1016/j.jcom.2019.100088.
- [22] S. Barpanda, "Role of human and structural capital on performance through human resource practices in Indian microfinance institutions: A mediated moderation approach," *Knowledge and Process Management*, vol. 28, no. 2, pp. 165–180, Apr. 2021, doi: 10.1002/kpm.1666.
- [23] A. S. Ali, "Islamic Microfinance Services in Ethiopia: Performances and Implications for Financial Inclusion and Poverty Alleviation," *International Journal of Commerce and Finance*, vol. 6, no. 2, 2020.
- [24] H. Banna, M. S. Rana, I. Ismail, and N. Ismail, "Quantifying the Managerial Ability of Microfinance Institutions: Evidence from Latin America," *J Int Dev*, vol. 31, no. 7, 2019, doi: 10.1002/jid.3419.
- [25] M. A. Mia, L. Dalla Pellegrina, and W. Wong, "Female participation and financial performance of microfinance institutions: Evidence from transition economies," *Development Policy Review*, 2021, doi: 10.1111/dpr.12602.
- [26] G. A. Afrifa, E. Gyapong, and A. M. Zalata, "Buffer capital, loan portfolio quality and the performance of microfinance institutions: A global analysis," *Journal of Financial Stability*, vol. 44, 2019, doi: 10.1016/j.jfs.2019.100691.
- [27] A. Karimu, S. Salia, J. G. Hussain, and I. Tingbani, "Are competitive microfinance services worth regulating? Evidence from microfinance institutions in Sub-Saharan Africa," *International Journal of Finance and Economics*, vol. 26, no. 1, 2021, doi: 10.1002/ijfe.1800.
- [28] M. Adusei, "Interest rate and the social performance of microfinance institutions," *Quarterly Review of Economics and Finance*, vol. 80, pp. 21–30, May 2021, doi: 10.1016/j.qref.2021.01.009.
- [29] B. A. Fianto, H. Maulida, and N. Laila, "Determining factors of non-performing financing in Islamic microfinance institutions," *Heliyon*, vol. 5, no. 8, p. e02301, 2019.
- [30] L. S. Khalaf and N. I. Saqfalthait, "The effect of microfinance institutions activities on economic growth in Arab countries," *Academy of Accounting and Financial Studies Journal*, vol. 23, no. 1, 2019.
- [31] M. Chidambaramathan and S. Guha, "Can behavioral biases improve the financial capability of microfinance clients in the tribal states of India?," *Strategic Change*, vol. 29, no. 5, 2020, doi: 10.1002/jsc.2367.
- [32] L. D. Pellegrina, A. de Michele, G. di Maio, P. Landoni, and S. Parravicini, "Group Meeting Frequency and Borrowers' Repayment Performance in Microfinance: Evidence from a Quasi-natural Experiment in South Africa," *J Afr Econ*, vol. 30, no. 5, 2021, doi: 10.1093/jae/ejab004.
- [33] N. Ouattara, X. Xueping, T. B. A. Y. BI, L. Traoré, J. K. Ahiakpa, and O. A. Olounlade, "Determinants of smallholder farmers' access to microfinance credits: A case study in Sassandra-Marahoué District, Côte d'Ivoire," *Agricultural Finance Review*, vol. 80, no. 3, pp. 401–419, Jun. 2020, doi: 10.1108/AFR-07-2019-0075.

- [34] E. G. S. Félix and T. F. Belo, "The impact of microcredit on poverty reduction in eleven developing countries in south-east Asia," *Journal of Multinational Financial Management*, vol. 52–53, Dec. 2019, doi: 10.1016/j.mulfin.2019.07.003.
- [35] B. A. Fianto, "Islamic microfinance institution: Survey data from Indonesia," *Data Brief*, vol. 28, 2020, doi: 10.1016/j.dib.2019.104911.
- [36] R. P. Sinha and P. Pandey, "Efficiency of Microfinance Institutions in India: A Two-Stage DEA Approach," *International Journal of Rural Management*, vol. 15, no. 1, 2019, doi: 10.1177/0973005219832494.
- [37] A. A. Maikabara, A. M. R. Aderemi, and S. Maulida, "Demographics Differences in the Microfinance Clients' Perception Towards Islamic Microfinance: The Case Of Nigeria," *Li Falah: Jurnal Studi Ekonomi dan Bisnis Islam*, vol. 5, no. 2, 2020, doi: 10.31332/lifalah.v5i2.2260.
- [38] A. Adukia, S. Asher, and P. Novosad, "Educational investment responses to economic opportunity: Evidence from Indian road construction," *Am Econ J Appl Econ*, vol. 12, no. 1, 2020, doi: 10.1257/app.20180036.
- [39] T. Titissari, P. McCann, N. Hernes, and V. Venhorst, "Financial Inclusion and Inclusive Development in Indonesia," in *Challenges of Governance: Development and Regional Integration in Southeast Asia and ASEAN*, Springer Nature, 2021, pp. 161–181.
- [40] M. Suesse and N. Wolf, "Rural transformation, inequality, and the origins of microfinance," *J Dev Econ*, vol. 143, 2020, doi: 10.1016/j.jdeveco.2019.102429.
- [41] S. Sangeetha and K. Chitra, "SOLVENCY AND SURVIVAL OF MICROFINANCE INSTITUTIONS: AN INDIAN SCENARIO-POLICY IMPLICATIONS TO IMPROVE ENDURANCE," *Indian Journal of Finance and Banking*, vol. 5, no. 2, 2021, doi: 10.46281/ijfb.v5i2.1097.
- [42] C. Milana and A. Ashta, "Microfinance and financial inclusion: Challenges and opportunities," *Strategic Change*, vol. 29, no. 3, 2020, doi: 10.1002/jsc.2339.
- [43] O. Mapiye, G. Makombe, C. Mapiye, and K. Dzama, "Limitations and prospects of improving beef cattle production in the smallholder sector: a case of Limpopo Province, South Africa," *Trop Anim Health Prod*, vol. 50, no. 7, pp. 1711–1725, 2018.
- [44] O. Aladejebi, "The Impact of Microfinance Banks on the Growth of Small and Medium Enterprises in Lagos Metropolis," *European Journal of Sustainable Development*, vol. 8, no. 3, 2019, doi: 10.14207/ejsd.2019.v8n3p261.
- [45] S. Chikalipah, "Does the Geographic Expansion of Microfinance Branches Affect Profitability? Panel Data Evidence from Sub-Saharan Africa," *J Int Dev*, vol. 31, no. 5, 2019, doi: 10.1002/jid.3410.
- [46] N. Widyaningrum, M. Bhat, and W. Lee, "Microfinance in India, Indonesia, and the United States: Implications for social work," *Int Soc Work*, vol. 62, no. 2, 2019, doi: 10.1177/0020872817746226.
- [47] P. Dawuni, F. N. Mabe, and O. D. Tahidu, "Effects of village savings and loan association on agricultural value productivity in Northern Region of Ghana," *Agricultural Finance Review*, vol. 81, no. 5, 2021, doi: 10.1108/AFR-02-2020-0024.
- [48] J. A. Peprah, C. Oteng, and J. Sebu, "Mobile Money, Output and Welfare Among Smallholder Farmers in Ghana," *Sage Open*, vol. 10, no. 2, 2020, doi: 10.1177/2158244020931114.
- [49] S. Kianersi, R. Jules, Y. Zhang, M. Luetke, and M. Rosenberg, "Associations between hurricane exposure, food insecurity, and microfinance; a cross-sectional study in Haiti," *World Dev*, vol. 145, 2021, doi: 10.1016/j.worlddev.2021.105530.
- [50] A. Khan and R. Gulati, "Efficiency of microfinance institutions of South Asia: A bootstrap DEA approach," *International Journal of Computational Economics and Econometrics*, vol. 11, no. 1, 2021, doi: 10.1504/IJCEE.2021.111717.
- [51] M. Adusei and B. Sarpong-Danquah, "Institutional quality and the capital structure of microfinance institutions: The moderating role of board gender diversity," *Journal of Institutional Economics*, vol. 17, no. 4, 2021, doi: 10.1017/S1744137421000023.
- [52] M. Adusei and E. Y. T. Obeng, "Board gender diversity and the capital structure of microfinance institutions: A global analysis," *Quarterly Review of Economics and Finance*, vol. 71, 2019, doi: 10.1016/j.qref.2018.09.006.

Strategy in Developing Microfinance Institution to Support Beef Cattle Farming Business in Rural Areas

ORIGINALITY REPORT

11 %
SIMILARITY INDEX

%
INTERNET SOURCES

9 %
PUBLICATIONS

7 %
STUDENT PAPERS

PRIMARY SOURCES

1 Submitted to Universitas Brawijaya **1** %
Student Paper

2 Submitted to School of Business and Management ITB **1** %
Student Paper

3 Aslina Asnawi, Andi Amidah Amrawaty, Nirwana. "Comparative Analysis of Beef Cattle Farms Performance Before and After the Existence of Microfinance Institutions", IOP Conference Series: Earth and Environmental Science, 2020 **1** %
Publication

4 Submitted to University of Colorado, Denver **1** %
Student Paper

5 A Asnawi, A A Amrawaty, Nirwana. "A Study of Effect Agribusiness Micro Finance for Beef Cattle Farmers in South Sulawesi Indonesia", IOP Conference Series: Earth and Environmental Science, 2019 **1** %
Publication

6	Submitted to Universitas Mataram Student Paper	1 %
7	Submitted to Saint Leo University Student Paper	1 %
8	Submitted to Charles Sturt University Student Paper	<1 %
9	Submitted to Sriwijaya University Student Paper	<1 %
10	Amin Karimu, Samuel Salia, Javed G. Hussain, Ishmael Tingbani. "Are competitive microfinance services worth regulating? Evidence from microfinance institutions in Sub - Saharan Africa", International Journal of Finance & Economics, 2019 Publication	<1 %
11	N'Banan Ouattara, Xiong Xueping, Trazié Bertrand Athanase Youan BI, Lacina Traoré et al. "Determinants of smallholder farmers' access to microfinance credits", Agricultural Finance Review, 2020 Publication	<1 %
12	Bach Nguyen, Nguyen Phuc Canh. "Formal and informal financing decisions of small businesses", Small Business Economics, 2020 Publication	<1 %
13	Submitted to Baker College Online Student Paper	

<1 %

14

Malek Abazari, Davoud Adham, Abedin Saghafipour, Zahra Taheri-Kharameh, Amin Babaei Pouya, Javad Asadollahi, Eslam Moradi-Asl. "Health Behaviors of Livestock Industry Workers Regarding Crimean-Congo Hemorrhagic Fever in Northwest of Iran", Research Square, 2020

Publication

<1 %

15

Sri Handayani, Irmayani Noer, Rini Desfaryani. "Development Strategy of Organic Rice in Lampung Selatan Regency", IOP Conference Series: Earth and Environmental Science, 2022

Publication

<1 %

16

Endah Utami, Muhammad Tidar, Sudarmaji. "Business Strategy Formulation Using the SWOT Method for Rona Coffee", International Journal of Economics, Business and Management Research, 2022

Publication

<1 %

17

Donghuo Zeng, Jianming Wu, Bo Yang, Tomohiro Obara, Akeri Okawa, Nobuko Iino, Gen Hattori, Ryoichi Kawada, Yasuhiro Takishima. "SHECS: A Local Smart Hands-free Elderly Care Support System on Smart AR Glasses with AI Technology", 2021 IEEE

<1 %

International Symposium on Multimedia (ISM), 2021

Publication

18

Submitted to Colorado Technical University
Online

Student Paper

<1 %

19

Godfred Adjapong Afrifa, Ernest Gyapong,
Alaa Mansour Zalata. "Buffer capital, loan
portfolio quality and the performance of
microfinance institutions: A global analysis",
Journal of Financial Stability, 2019

Publication

<1 %

20

Jolyanis Lainawa, Paulus Kindangen, Tri Oldi
Rotinsulu, J.F. Alfa Tumbuan. "Strategy for
Beef Cattle Agribusiness Development in
North Sulawesi", International Journal of
Applied Business and International
Management, 2019

Publication

<1 %

21

Submitted to Nazarbayev University

Student Paper

<1 %

22

Submitted to Republic of the Maldives

Student Paper

<1 %

23

Submitted to uu

Student Paper

<1 %

24

Submitted to Fakultas Ekonomi dan Bisnis
Universitas Gadjah Mada

<1 %

25

Gregor Dorfleitner, Eva-Maria Oswald, Michaela Röhe. "The access of microfinance institutions to financing via the worldwide crowd", *The Quarterly Review of Economics and Finance*, 2019

Publication

<1 %

26

Hasanul Banna, Md. Sohel Rana, Izlin Ismail, Nazari Ismail. "Quantifying the Managerial Ability of Microfinance Institutions: Evidence from Latin America", *Journal of International Development*, 2019

Publication

<1 %

27

Submitted to University of South Australia

Student Paper

<1 %

28

Asif Khan, Rachita Gulati. "Efficiency of microfinance institutions of South Asia: a bootstrap DEA approach", *International Journal of Computational Economics and Econometrics*, 2021

Publication

<1 %

29

Submitted to Texas A & M University, Kingville

Student Paper

<1 %

30

Submitted to Universiti Teknologi MARA

Student Paper

<1 %

31

Lucia Dalla Pellegrina, Angela De Michele, Giorgio Di Maio, Paolo Landoni. "Fostering

<1 %

savings by commitment: Evidence from a quasi-natural experiment at The Small Enterprise Foundation in South Africa", World Development, 2021

Publication

32

Submitted to Troy State University (main campus)

Student Paper

<1 %

Exclude quotes On

Exclude matches < 9 words

Exclude bibliography On