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

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***Abstract*— Microfinance Institution (MFIs) as informal financing institution has a big role in supporting the farmers' access to finance. This research was conducted to analyze the strategy for developing MFIs to support beef cattle farming. The instrument employed was a questionnaire delivered through a google form. In addition to questionnaires, interviews were also performed directly with key informants. Furthermore, FGDs and online seminars were conducted to formulate strategies for developing MFIs which were attended by stakeholders, including relevant government agencies, the Head of the Agricultural Extension Center, the Head and members of Gapoktan, extension workers, farmers, and academics representations. Data were 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, has simple procedures, does not require collateral, and is located in a rural area. The strategy that should be applied is increasing the role of members with psychological and demographic relationships and the spirit of mutual cooperation 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.**

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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 farmers' obstacles in 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 lenders [2], [3].

According to the Asian Development Bank (ADB), Microfinance Institution (MFIs) is defined as an institution that provides services of deposits, loans, 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 [4] 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 [5]. Previous research carried out by MFIs proved that the capacity building of rural communities significantly affects the decision to access credit finance for agricultural and livestock production [1], [6]. These capacity buildings can be mentoring, guidance, technical information provision, and counseling. Furthermore, according to Asnawi, Amrawaty, and Nirwana [7], MFI provides working capital whose amount is under the needs of breeders in rural areas. Indirectly, this capital can help increase the business scale 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 obtain wealth [6], [8], [9]. Previous scientific findings have also confirmed that the role of MFIs is significantly important for developing smallholder beef cattle farming because it can provide the financial support farmers need. MFIs have provided several 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 Dorfleitner, Oswald, and Röhe [10], MFIs prefer the source Kiva instead of another cheap funding source. On the other hand, according to Nguyen [11], one of the company's determinants is external financing, which is very important for small business investment, evidenced in 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 owners.

The obstacle farmers encounter 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. Three levels classify small businesses' financing decision determinants: individual, organizational, and contextual [12]. The low accessibility of farmers to formal financing institutions is related to research by Yunus, Asnawi, and Amrawaty [13]. According to Fithria [5], such conditions drive the micro business actors to prefer MFI services 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 trust between MFI managers and their members as debtors. Furthermore, due to their close location, there is also a psychological relationship between MFI and farmers, so 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. It was found that breeders appreciate Agribusiness MFI in rural areas because the information is easily obtained. It has been socialized in advance that the requirements for savings and loans are easy, and the procedure for borrowing is easy and fast. It overcomes financing constraints and has helped increase the members' beef cattle farming business capacity. Such positive responses indicate that rural communities can accept the presence of Agribusiness Microfinance Institutions (MFIA) in rural areas. Therefore, the potential and motivation of MFIA must be continued to reduce breeders' obstacles to accessing financing [14].

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, several MFIs established and have 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. This research aimed 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 workers, a 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 the 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 using soap or hand sanitizer after interacting. The collected data were then analyzed using descriptive, SWOT, and QSPM analyses.

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 for developing MFIs in rural areas. By conducting a 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) [15]

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 IFAS matrix analysis aims to identify 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 EFAS matrix analysis aims to identify 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 the range of 0.00 to 1.00 of the S, W, O, and T factors. 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 conducted to formulate the factors of the 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] [16], which is applied to the company. For more details, the strategies that have been prepared can be seen in Table 1.

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

EFAS / **IFAS**	**Strength (S)** Determining 5-10 factors of internal strengths	**Weakness (W)** Determining 5-10 factors of internal weaknesses
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 a threat	W-T strategy Minimizing weakness and avoiding a 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 [17], [18]. The stages of creating QSPM are:

- Make a list of the key factors of external opportunities and threats and 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 the company should consider implementing.
- Determining the attractiveness score (AS) is a number indicating each strategy's relative attractiveness 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 matrix is a calculation to determine the weight, rating, and score. The total weight is not more than 1.00, and the rating value is calculated by scoring 1. This provides a summary and evaluation of the main strengths and weaknesses in MFI development. The following are 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 close to farmers/breeders. This is because MFI services aim to reach lower-class communities in rural areas. Leite, Mendes, and Sacramento [19] found that nonprofit MFIs charge lower interest rates. Therefore, the close location between MFI and farmers makes it easier for them to obtain financial services for their business needs. The close location between the MFIs and farmers, supported by the members who know each other, could 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, reduces the possibility of bad loans occurring in MFIs in rural areas. Arifin et al. [20] explain the strengthening of social capital, Chmelíková, Krauss, and Dvouletý [21] confirm that the higher intensity of social capital is positively related to microfinance performance in Europe. Rustinsyah [22] found that internal social relations are important in a beef cattle farmer group supporting rural development. This can indirectly impact the development of microfinance because its members are generally members of farmer groups as well. Barpanda [23] found that human capital and structural capital significantly impact microfinance institution performance.

The number and types of MFIs have grown rapidly in the last few decades. Indonesia's increasing economic growth supports the rapid development of MFIsnd MFIs and has been proven to help reduce poverty in rural areas dominated by agricultural activities [5], [24]. The role of Islamic microfinance institutions is to reduce poverty in the country. Since it is also supported by the principle of mutual cooperation in rural communities, this sociocultural 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 in developing MFIs, especially in supporting the beef cattle business, is the low managerial

ability of MFI management. This condition is under the low capacity of MFI human resources as the second weakness factor. The education level of the managers of MFIs can influence the low managerial ability. These weaknesses' analysis results occur not only 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 done by Barpanda [23] found 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 productivity and allow smooth operations. In line with Banna et al. [25] 's research, managerial ability is a crucial factor in the financial performance of MFIs. Another recommendation, according to. Mia, Pellegrina, and Wong [26], men as managers and loan officers at MFIs are more effective than women because of cultural limitations and safety obstacles, especially in collecting payment arrears.

Furthermore, the weakness factor in the form of potential moral hazard from MFI customers deserves attention, although it had a 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 and reduce the quality and performance of the MFI in line with Afrifa, Gyapong, and Zalata [27] that the level of capital kept by MFIs should be dependent on loan portfolio quality. Others found that if the firm is operating efficiently, the firm tends to be less prone to failure in procedures, systems, and policies [28]. In addition, Adusei [29] and. Fianto, Maulida, and Laila [30] discovered evidence that MFIs that implement a profit-sharing system are more prone to suffering from moral hazard compared to MFIs that do not. 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 [31].

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, deviant behavior that contains risks and harms other parties. for example: intentionally not paying installments. using funds not under 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 [27]. Individuals' behavioral bias significantly impacts the decision-making process of individuals or household members who are microfinance clients in designing financial capability [32]. One way that needs to be done to avoid a moral hazard is to increase the frequency and interaction with borrowers, in line Pellegrina et al. [33] 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 can 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], [6]. 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 the attitudes of those who currently do not access agricultural credit [34]. In addition, another form of government support proposed by Félix and Belo [35] 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 [35], [36]. The application of such a profit-sharing system creates great opportunities, especially for rural Muslim communities that reside dominantly in this area.

The highest threat factor in MFI development is when the funds/capital from third parties are unavailable. 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. Sinha and Pandey [37] found that the capital-to-asset ratio impacted inefficient use.

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, some farmers and breeders still prefer to solve their financial problems by borrowing from moneylenders. Apart from the low level of education among rural communities, in line with Maikabara, Aderemi, and Maulida [38] that the level of education affects the community in perceiving MFIs, especially Islamic Microfinance. Adukia, Asher, and Novosad [39] explained that positive effects on schooling to high-skill work increases. Ouattara et al. [34] found that the socio-economic/demographic characteristics of smallholder farmers is one of the determinants of smallholder farmers' access to microfinance credits in the district.

Various other findings show that borrowing from moneylenders is more flexible than the existing procedures for informal MFIs. Moneylenders dare provide cash fast, available at any time, blend in with the community, simple administration process, serve small loans in short terms and offer daily repayments [6], [40]. Suesse and Wolf [41] decided to enter an MFI depending on existing informal loans, and Sangeetha and Chitra [42] that interest rates are one of the impacts of competition between MFIs and money lenders on market outcomes. As a result, poor people involved in moneylender loans are limited in participating and benefiting from the development opportunities [5], [35].

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

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, and Threat)

After performing the IFAS and EFAS analysis, the next step is to analyze the results using a 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 2. MFI members know each other 3. MFI members have the same goal 4. The principle of mutual cooperation in rural areas is still strong 5. The loan procedure is not long 6. Collateral/guarantee is not needed 7. Affordable installments	1. The managerial ability of MFI is still low 2. Low capacity of MFI human resources 3. Low member support and participation 4. The potential for moral hazard exists (for example, deviant behavior that contains risks and harms other parties. for example: intentionally not paying installments. using funds, not under the target. etc.)

	8. Adhering to, by, and for its members 9. Its role is strategic to alleviate poverty	5. Minimum availability of capital
Opportunities 1. Supported by the government 2. Availability of capital from third parties 3. Implementing a profit-sharing system	**SO (Aggressive)** 1. Strengthening the role and position of MFIs in alleviating poverty and as informal financing institutions 2. Expanding savings and financing services with better service standards.	**WO (Diversification)** 1. Improving the capacity of MFI managers through training. 2. Improving the supervision function of risk management by improving the Standard Operating Management and Standard Operating Procedures
Threats 1. When funds/capital are not available from third parties 2. The existence of loan sharks 3. There is an issue shift that MFIs are not legal	**ST (Differentiation)** 1. Actively participating in finding and increasing access to capital 2. Increasing the positive image of the MFI in the community through promotion and socialization.	**WT (Differentiation)** 1. Increasing the capital from basic savings and mandatory member savings 2. Developing coaching for members and customers so that they remain loyal

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. Eight alternative strategies were analyzed by determining each strategy's attractiveness score (AS), which was multiplied by the weight of the significance of the internal and external variables 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 QPSM calculations and analysis results, 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
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 guidance for farmers who become members and customers of MFIs in rural areas are important to maintain their loyalty in facing institutional challenges [43]. Another study reported by Mapiye et al. [44] in Limpopo Province, South Africa, revealed that an important effort to overcome barriers to beef cattle production development in facing 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 form of training, improving management skills, and providing financial literacy and financial management knowledge. Furthermore, Aladejebi [45] explains that microfinance bank positively impacts small and medium enterprises through training activities. This method is eventually a collaborative effort to develop MFIs and increase credit financing for beef cattle farmers creating economic empowerment for rural communities [31], [44].

Furthermore, another strategy that MFIs can do 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 risk management. If these operational challenges can be overcome, it will be easier for MFIs to expand their services to reach lower levels of society. In addition, Chikalipah [46] explain the relationship between increased profitability and expansion of the microfinance branch. Widyaningrum, Bhat, and Lee [47] study on microfinance market opportunities in Indonesia showed that MFIs have the potential to have 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 businesses come from smallholder farmers in rural areas [48], [49]. 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 [50] that microfinance help to improve long-term food security. However, the limited sources of MFI funds require support from third-party in the form of capital sources and grants from the government. And formulate suitable for MFIs and borrowers-friendly policies [51]. The presence of women in microfinance management tends to reduce the use of debt [52], [53]. This is because women are more careful in using money and managing debt.

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 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 to strengthen 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. To ensure the sustainability of the microfinance sector, it is necessary to increase the supervisory capacity of regulators.

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