



STRATEGY DEVELOPMENT FOR THE AGRIBUSINESS MICROFINANCE INSTITUTION (LKMA) IN KENDAL REGENCY

Edy Purwanto^{1)*}; Ari Dwi Astono²⁾; Wahyu Imam Santoso³⁾

^{1),2)} Department of Management, Faculty of Economics and Business, University
Muhammadiyah of Semarang, Semarang, Indonesia

³⁾ Department of Agribusiness, Faculty of Economics and Business, University Muhammadiyah
of Semarang, Semarang, Indonesia

* Corresponding Author: edypurwanto@unimus.ac.id

ABSTRACT

Agribusiness Microfinance Institutions (LKMA) are micro-scale financial institutions prioritized for farmers initiated by the Ministry of Agriculture of the Republic of Indonesia. The number of LKMA in Kendal Regency in 2015 was 277 in 20 sub-districts. In 2022, there were 28 active LKMA and 249 inactive LKMA. Many inactive LKMA are due to poor LKMA governance, so farmers cannot access financing for their business capital. This study uses a qualitative case study approach. The population in this study consisted of all LKMA leaders in Kendal Regency, and the sampling technique used was purposive sampling. The number of samples was the Head of LKMA Blorok, LKMA Anugerah Tani Makmur, LKMA Mekar Arum, LKMA Sendangmulyo, LKMA Sido Makmur, LKMA Sukma Sejahtera, LKMA Bina Tani, LKMA Tanam Sari, LKMA Gondang and LKMA Karang Sari Sejahtera. Data analysis includes data reduction, data presentation, and conclusions using data validity techniques, namely data triangulation. The results of the study stated that the condition of LKMA in Quadrant I is growth with strategies that must be implemented, namely increasing capital through cooperation with the private sector and the government, the need for Regional Government regulations on LKMA governance, increasing Soft skills and Managerial in LKMA management, and providing agricultural insurance for

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LKMA members. This study implies that the Kendal Regency Government can make Regional Regulations on LKMA management guidelines to be used as guidelines in implementing LKMA governance for the sustainability of LKMA and improving the economy of farmers in Kendal Regency.

Keywords: *LKMA sustainability, microfinance institutions, rural agribusiness*

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INTRODUCTION

The agricultural sector has a strategic role in the national economy through its contribution to capital formation, provision of food, industrial raw materials, feed and bio-energy, absorbing labour, a source of foreign exchange, a source of community income, as well as playing a role in preserving the environment through environmentally friendly agricultural cultivation practices (Ministry of Agriculture, 2016). In 2021, the agricultural sector grew by 1.84% (yoy) and contributed 13.28% to the national economy. Furthermore, in Q2-2022, the agricultural sector consistently grew by 1.37% (yoy) and contributed 12.98% to the national economy. This positive trend also helps maintain the welfare of farmers, with the highest Farmer Exchange Rate (NTP) achieved in March 2022, namely 109.29, while the NTP in July 2022 was recorded at 104.25 (Limanseto, 2022).

Common problems farmers face include the inability to access capital (Hermawan & Andrianyta, 2012). This is caused by a lack of information regarding the various financing schemes that farmers can access. On the other hand, financing institutions still consider the agricultural sector less attractive because it is considered very risky (high risk), depending on the season and guaranteed uncertain prices. Seeing the existing problems, the Ministry of Agriculture issued a Rural Agribusiness Empowerment (PUAP) program aimed at farmers. PUAP is a Ministry of Agriculture program facilitating business capital assistance for member farmers, sharecroppers, farmer-owners, farming households and farm workers to overcome poverty and create jobs in rural areas (Nasriah et al., 2019). PUAP is a business capital facility for farmers coordinated by an association of farmer groups (Gapoktan), including farmers, farmers, farmers and poor rural households. This program provides business capital for farmers, both land owners or cultivators and farm laborers (Supriatna, 2012). The PUAP program has a positive influence on the community, especially in the field of capital for farming communities (Siregar et al, 2013). So this program plays a

role in improving farmer welfare. (Triyanto & Arani, 2018; Harahap, 2018; Sidhi & Samurti, 2018; Maulidia & Yulistiyono, 2020; Mahdalena et al., 2021; Astuti & Pantaya, 2022).

The existing Gapoktan still has several shortcomings, so it has not been able to increase farmers' income significantly (Hanggana, 2018). Hermanto & Swastika (2011) concluded that strengthening farmer groups still really needs to be done through several efforts, including (1) encouraging and guiding farmers to be able to collaborate in the economic sector as a group, (2) developing farmer groups through increasing the facilitation of assistance and access to capital, increasing bargaining positions, increasing facilitation and guidance for group organizations, and increasing the efficiency and effectiveness of farming businesses, and (3) increasing the human resource capacity of farmers through various mentoring and training activities specifically designed for administrators and members. Technically, Field Agricultural Extension Officers (PPL) carry out efforts to strengthen farmer groups.

The Agribusiness Microfinance Institution (LKM-A) is the empowerment of Gapoktan as a recipient of Community Direct Assistance for Rural Agribusiness Development (BLM PUAP) funds. The Ministry of Agriculture formed LKM-A to provide solutions for farmers so that they could get easier access to finance and improve their businesses (Hermawan & Andrianyta, 2012). The existence of LKMA is one solution in financing the agricultural sector in rural areas because it has a strategic role as a liaison in the economic activities of farming communities. LKMA also plays a role in strengthening farmer institutions in developing agribusiness, which cannot be separated from the weak access of farmers to various productive resources, namely capital, technology, and market information (Hanafie, 2010).

Kendal Regency is one of the regions that also implements the LKM-A Gapoktan program. The number of LKMAs during 2008-2015 reached 277 Gapoktan spread across 20 sub-districts. In 2022, 249 LKMAs are no longer active; the remaining 28 LKMAs are still active, and 14 are legal entities (Kendal District Agriculture and Food Service, 2022). As a result, many LKMAs are inactive, causing farmers/farmer groups unable to access financing for their business capital. The large number of LKMAs that are inactive and have not yet been incorporated have obstacles from both internal and external factors. Internal factors include several aspects, including management not achieving fund distribution, fund collection not going well, and mastery of the bookkeeping system still weak. The disbursement of funds to farmers by the association of farmer groups (GAPOKTAN) was late; Gapoktan still did not understand how to make reports/fill in the available report forms, and the Poktan chairman did not distribute all the funds to members for fear that members would not want to pay. Even Gapoktan administrators think that if LKMA is formed, the role of Gapoktan itself will disappear – due to a lack of

skills or expertise in bookkeeping according to official financial institution standards.

Meanwhile, external factors include the misunderstanding that BLM PUAP funds are free (do not need to be returned like BLT). Pasaribu & Tarigan (2015) stated that agribusiness institutions in LKMA are still weak, especially in terms of (1) compatibility between the organizational structure built and the roles or functions that must be carried out; (2) availability of clear and transparent rules of the game; (3) efforts to improve technical skills and managerial capabilities; (4) entrepreneurial spirit of implementing business activities; and (5) wider business networking. This shows a gap in LKM-A governance, so there is a need to improve governance in LKMA to support sustainable agricultural financing..

RESEARCH METHOD

This research was carried out using a case study method (observational case study) with a qualitative approach where this research is to study an event, situation, incident or what is called a social phenomenon, which aims to reveal the specificity or unique characteristics contained in the case studied (Harahap, 2020). The population in this study were all LKMA leaders in Kendal Regency. The sampling technique used in this research was purposive sampling, with respondents having the criteria, namely having LKMA governance, being a legal entity, and LKMA having assets above IDR 200,000,000. The number of samples is 1). Head of LKMA Blorok; 2). LKMA Anugerah Tani Makmur; 3). LKMA Mekar Arum; 4). LKMA Sendangmulyo; 5). LKMA Sido Makmur; 6). LKMA Sukma Sejahtera; 7). LKMA Bina Tani; 8). LKMA Tanam Sari; 9). LKMA Gondang; and 10). LKMA Karang Sari Sejahtera. Meanwhile, sources were selected based on interviews with the Head of the Department and the Head of Facilities and Infrastructure at Kendal Regency Agriculture and Food Service. Data analysis consists of four activity streams, namely: (1). data collection through (a). literature study with literature, magazines, articles, journals, reports, statistical data, policies and legal regulations that support this research; (b). unstructured interviews; (c). Observation; and (d). Documentation. (2). data reduction; (3) data presentation; and (4). concluding. The validity of the data in this research uses data triangulation. According to Moleong (2007), data triangulation is a data validity checking technique that utilizes data other than the data for checking purposes or as a comparison. Triangulation as a data examination technique is divided into four types: triangulation of sources, methods, researchers and theories and determining the direction of LKMA development through SWOT analysis. Sugiyono (2015), SWOT analysis is a method for identifying and analyzing strengths, weaknesses, opportunities and threats (internal and external) that are relevant in a context, helping to formulate appropriate strategies. The first stage is carried out in a SWOT analysis by

determining the IFAS factor (Internal Factor Analysis Strategy) and EFAS (External Factor Analysis Strategy). The second stage is the IFAS factors, and EFAS will be included in the table, which will be used later in weighting IFAS scores and EFAS. The third stage is determining the grand strategy, then the sum of the EFAS weights and IFAS will be used to determine where the weight will be if entered in the Internal External Matrix. The fourth, determining the Grand Strategy with The SWOT matrix, will be the strategy formulation.

RESULT AND DISCUSSION

Analysis of LKMA Performance in Kendal Regency

The number of LKMAs in Kendal Regency that still active today is 28, and 14 have legal entities. Performance assessments are grouped into clusters A, B, C and D. Cluster A is assessed for good LKMA governance, having a legal entity and assets above IDR 200,000,000, namely 14 LKMA; Cluster B is considered to have good governance but does not yet have a legal entity and assets above IDR 100,000,000,- namely 10 LKMAs; Cluster C is assessed as having low governance and no legal entity and assets below Rp. 100,000,000, namely 46 LKMAs and Cluster D, were assessed for lousy governance, 157 LKMAs. This data shows that the governance of LKMA in Kendal Regency still needs to be improved for its sustainability.

The capital performance of LKMAs in Kendal Regency is obtained from principal, mandatory, and special savings. 5 LKMAs have an average capital above ten million, and 19 LKMAs are still below ten million. The most significant LKMA assets are owned by LKMA Anugerah Tani Makmur (ATM) Tampingwinarno Village, Sukorejo District, namely over 2 billion, and the rest is still under five hundred million rupiah. In the aspect of voluntary savings, it was found that the average voluntary savings were still under ten million. At the same time, funds were distributed to LKMA members around 50% to 80%. In the aspect of non-performing loans, the problem rate was 35%. This is demonstrated by the high percentage of non-performing loans (NPL). This figure is far above the NPL set by Bank Indonesia, which is 5 per cent. This data is enough to illustrate the poor financial performance of LKMA in Kendal Regency. The factors that influence bad credit include: (1) Lack of awareness of members in paying loans; (2) Business failure; (3) There are no incentives and sanctions for violations; (4) Lack of supervision/control by management; (5) There are no clear rules; and (6) Deviations in the use of funds by members. Therefore, one effort to reduce the NPL presentation is restructuring and credit risk management.

IFAS and EFAS Analysis

The ranking in the internal matrix refers to how strong or weak each factor is in the LKMA. The numbers range from 1 to 4, where 1 means the least strength and 4 means the greatest strength. The ranking in the external matrix refers to

how effectively the company's current strategy responds to opportunities and threats. Numbers range from 4 to 1, where 4 means a superior response, 3 is an average response above, 2 is an average response and an inferior response. Ratings, as well as weights, are given subjectively to each factor.

The weight and score in the strength indicator are determined based on the existing level of performance; the greater the performance, the greater the points and vice versa. Meanwhile, weaknesses are determined based on performance weaknesses. The greater the weakness, the greater the weight and score obtained. Meanwhile, the opportunity indicator is determined by the potential, which is easy to obtain on the LKMA; the greater the potential, the higher the weight and score and vice versa. Meanwhile, threat indicators are determined by the level of risk that will occur. The greater the risk, the higher the weight and score and vice versa.

IFAS Matrix

Internal factors are factors that come from within the group itself. The internal factors in LKM-A Gapoktan in Kendal Regency are as follows.

Table 1. Description of Strengths of LKMA in Kendal Regency

	Strengths
Sufficient capital	Each LKM-A Gapoktan receives PUAP funds of IDR 100,000,000 for capital.
Good organizational structure	It has guidelines that regulate the structure of the LKMA, namely the manager, treasurer, sections, and supervisory board of the LKM-A Cooperative.
Easy service	Services are provided 24 hours a day using a pick-up system. This loan system only requires filling out a loan form without collateral until consultations for member business assistance are received.
Strong government support	The Central Government and the Kendal Regency Government have implemented many policies/regulations and provided assistance to support the success of LKMA and improve farmer welfare.
Good institutional cooperation	The LKMA development cooperation is accompanied by the Kendal Regency Agriculture and Food Service with related services, the Ministry of Finance, Banking and Educational Institutions.
Has an LKMA Association	There is an LKMA association in Kendal Regency named Paguyuban. Mr Mutamaqin chaired the

Strengths	
	LKMA Kendal Regency, a forum for communication and consolidation in developing LKMA in the Kendal Regency.
LKMA is a legal entity	There are 14 LKMAs with legal status, and the relevant agencies also facilitate their legal permits and legal status.

Table 2. Description of Weaknesses of LKMA in Kendal Regency

Weaknesses	
Bad credit	Lack of members' awareness in paying loans and misappropriation of funds by members.
Limited human resources	Many LKMAs only have three administrators and hold dual positions.
A little knowledge about LKMA	LKMA administrators are still novices in financial institutions; many are over 40.
No credit insurance	Many members are experiencing bad debts, but LKMA does not yet have regulations for dealing with bad debts, including credit insurance.
LKMA governance is weak	The limitations of LKMA administrators in terms of knowledge and experience in financial institutions mean that LKMA governance is still manual and as is.

The LKMA Internal Strategic Factor Analysis Summary (IFAS) Matrix in Kendal Regency is as follows:

Table 3. IFAS Matrix

Strengths	Weight	Ratings	Score
Sufficient capital	0.11	4	0.44
Good organizational structure	0.06	2	0.12
Easy service	0.07	3	0.21
Strong government support	0.12	4	0.48
Good institutional cooperation	0.09	3	0.27
Has an LKMA Association	0.08	3	0.24
LKMA is a legal entity	0.1	4	0.4
Sub-Total	0.63		2.16
Weaknesses	Weight	Ratings	Score
Bad credit	0.1	4	0.4
Limited human resources	0.08	3	0.24

Strengths	Weight	Ratings	Score
A little knowledge about LKMA	0.06	3	0.18
No credit insurance	0.04	2	0.08
LKMA governance is weak	0.09	3	0.27
Sub-Total	0.37		1.17
Total	1.00		

EFAS Matrix

External factors are factors that come from outside the group itself. The internal factors in LKM-A Gapoktan in Kendal Regency are as follows.

Table 4. Description of Opportunities of LKMA in Kendal Regency

Opportunities	
Increase capital/members	The company will have the opportunity to add new members with easy service, market development, and capital assistance from the government and private sector.
Third party collaboration	Implementation of cooperation for the development of LKMA, including: 1). educational institutions with training, consultation and internships; 2). financial institutions for benchmarking and fund management; 3). Government with training, certification, policies and legal assistance.
Managerial training	LKMA administrators can attend training/workshops to improve their knowledge and skills in LKMA management, especially managerial training.
Demand for good agricultural produce	Many of Kendal Regency's superior products are agricultural products spread across Central Java and the Nation.
Regional government regulations	The government or related agencies can make a policy that the Chairperson of the LKMA must have cooperative manager competency and that each LKMA must have good SOPs.
Large market reach	Active LKMAs can collaborate in the areas of inactive LKMAs to add new markets and

Opportunities	
	members outside their areas or do so through mergers.
Agricultural insurance	Preparing insurance on credit can mitigate bad credit. This can be done with government assistance or by cooperating with credit insurance companies.

Table 5. Description of Threats of LKMA in Kendal Regency

Threats	
Business competition	The large number of financial institutions in the LKMA work area is challenging.
Risk of Agricultural Product Failure	Uncertain seasonal and natural conditions can cause agricultural products to fail.
Hr regeneration	The old LKMA management can provide opportunities for members who have the competence to continue their business.
Unstable climate	An unstable climate can cause members' agricultural output to experience the impact of bad credit.
Infrastructure support	LKMA administrators can collaborate and support the government and private sector in obtaining infrastructure.

The LKMA External Strategic Factor Analysis Summary (EFAS) Matrix in Kendal Regency is as follows.

Table 6. EFAS Matrix

Opportunity	Weight	Ratings	Score
Increase capital/members	0.11	4	0.44
Third party collaboration	0.08	3	0.24
Managerial training	0.1	4	0.4
Demand for good agricultural produce	0.09	3	0.27
Regional government regulations	0.12	4	0.48
Large market reach	0.07	3	0.21
Agricultural insurance	0.05	3	0.15
Sub-total	0.62		2.19
Threats	Weight	Ratings	Score

Opportunity	Weight	Ratings	Score
Business competition	0.1	4	0.4
Risk of agricultural product failure	0.04	2	0.8
HR regeneration	0.06	3	0.18
Unstable climate	0.08	3	0.24
Infrastructure support	0.09	3	0.27
Sub-Total	0.38		1.53
Total	1.00		

Determination of Grand Strategy

Furthermore, the confirmation of position in the Cartesian diagram is between strengths and weaknesses as well as opportunities and challenges, which are all depicted in positive and negative lines. In the coordinate equation it can be calculated as follows:

1. The internal analysis coordinates are $(2.16-1.17): 2 = 0.5$
2. The external analysis coordinates are $(2.19-1.53): 2 = 0.3$

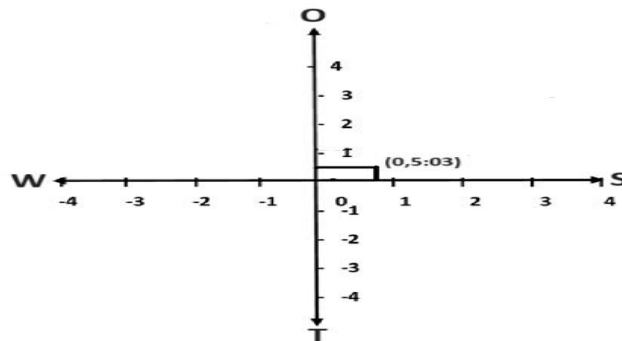


Figure 1.
LKMA Matrix Quadrants in Kendal Regency

Based on these calculations, it is in quadrant I position, which means that the condition of LKMA in Kendal Regency is in the growing and developing category.

SWOT Matrix

The following are the results of the LKMA SWOT matrix in Kendal Regency, is presented in Table 7.

LKMA Development Strategy in Kendal Regency

Based on the results of IFAS and EFAS estimation. The condition of LKMA in Kendal Regency is in quadrant I, which means it is in the growth and

development category. So the strategy that needs to be implemented is the SO strategy, namely:

Increasing Capital through Collaboration with the Private Sector and the Government (S1, S5, 01, 02)

Based on the results of IFAS and EFAS estimation. The condition of LKMA in Kendal Regency is in quadrant I, which means it is in the growth and development category. So, the strategy that needs to be implemented is the SO strategy, namely.

Increasing Capital through Collaboration with the Private Sector and the Government (S1, S5, 01, 02)

Capital in LKMA has come from member savings, mandatory savings, voluntary savings and business profits. To increase capital, LKMA must be able to collect and collect funds sourced from its members. The more members who become borrowers at the LKMA, the more capital the LKMA will obtain. In order to increase capital, policies are needed, including: (1). increase in the amount of funds originating from members; (2). building social capital, namely social institutions involving networks, norms and social trust, encouraging social collaboration for the common good (Daulay (2011)); and (3) creating cooperative capital savings through capital participation from banks, private companies and the government. Gunawan et al. (2023) that the existence of LKMA is getting better through collaboration and the role of policy makers, namely the government needs to take policies to strengthen LKM-A as a financial institution used by vulnerable communities, especially farmers. Meanwhile, Utami (2015) stated the need to build linkages with the banking sector for capital loans, marketing through partners of the Regency promotion unit, processing of agricultural products through cooperation with the Regency SME service and universities.

Table 7. LKMA SWOT Matrix in Kendal Regency

Internal	Strength (S)	Weakness (W)	
	Sufficient capital Good organizational structure Easy Service Strong Government Support Institutional cooperation is good Has an LKMA Association LKMA is a legal entity	Bad credit Limited human resources A little knowledge about LKMA No credit insurance LKMA governance is weak	
External	Opportunity (O)	SO Strategy	WO Strategy
Increase capital/members	Collaborating with the private sector and the government can increase capital (S1, S5, O1, O2).	LKMA governance training for administrators and debtor assistance (W1, W3, W5, O1, O3, O4, O6).	
Third party collaboration	Regional Government regulations regarding LKMA governance are needed (S2, S6, S7, O3, O5).	Recruitment of young human resources at LKMA (W2, O2).	
Managerial Training	Increasing Soft and Managerial Skills for LKMA administrators (S3, O3, O4, O5).	Cooperation with the Government in preparing agricultural insurance (W4,O7).	
Demand for agricultural products is good Regional Government Regulations Large market reach Agricultural Insurance	Provision of agricultural insurance for LKMA members (S4, O7).		
Challenge (T)	ST Strategy	WT Strategy	
Business competition	Innovation in promotions, services and affordable flowers (S1, S2, S3, T1).	Resolving bad debts through credit restructuring (W1, T1, T2, T3, T4).	
Risks of agricultural products	Collaborating with the Government in assistance and training in agricultural product processing (S4, S5, S7,T2, T4).	Assistance with LKMA governance through government and private support (W2, W3, W4, W5, T2, T5).	
HR regeneration	Human resource development and recruitment through the LKMA community (S6, T3).		
Unstable climate Infrastructure support			

The Need for Regional Government Regulations Regarding LKMA Governance (S2, S6, S7, O3, O5)

The government's role in LKMA is to foster and support its development. Efforts have been made by issuing several guidelines and regulations governing the formation, growth, and development of LKMA, which were carried out by the Ministry of Agriculture of the Republic of Indonesia. However, the journey and implementation in the regions have different phenomena, so regional government efforts are needed to support the development of LKMA. The Kendal Regency Government, with the existing LKMA phenomenon, is expected to be able to make regulations regarding LKMA governance in order to improve the performance and sustainability of LKMAs

Increasing Soft and Managerial Skills for LKMA Administrators (S3, O3, O4, O5)

Most LKMA managers in Kendal Regency have primary and secondary education. This condition makes them have less knowledge, so the managerial system has not been implemented well because management is based on previous experience. Efforts can be made to improve the soft skills of LKMA administrators and managers through internal training and external training held by the government, universities or other institutions. Internal training can be done through internships, employee education, member business assistance and work operations. Meanwhile, external training can include financial risk management, use of business technology, legal entities, human resource development and competency certification for cooperative/LKMA administrators and managers and realize good Corporate Governance with mechanisms including (1) internal mechanisms by the Board of Commissioners (assisted by the Audit Committee) and (2) external mechanisms, namely supervision by the market and the applicable legal system (regulation) (Denis and McConnell, 2003). Of course, by paying attention to Law Number 25 of 1992 concerning Cooperatives (Government of Indonesia, 1992). and Law Number 1 of 2013 concerning Microfinance Institutions (Government of Indonesia, 2013).

Provision of Agricultural Insurance for LKMA Members (S4, O7)

The advantage of LKMA is that the loan system is quite adequate, and there is no collateral, only trust capital. If there is insufficient credit, the manager and Gapoktan resolve it in a family manner. Meanwhile, the LKMA has not yet established a sanctions mechanism for creditors who are in default. This is certainly a concern and requires appropriate mitigation for LKMA managers for business sustainability. Efforts that can be made include credit restructuring, payment rescheduling and realignment. However, this cannot be used as complete collateral, so LKMA managers should register insurance to protect if the debtor cannot repay the loan. This insurance can be carried out in

collaboration with a credit insurance company or with assistance from the government.

The results of this study are in line with Nilasari & Noviningtyas (2020) who stated that the quality of human resources of LKM-A Gapoktan can still be improved through the implementation of training for members, including: 1). Manager Management (Saleh et al., 2012); 2). preparation of financial reports (Dwimanur & Wibowo, 2014); and 3). technical skills and managerial capabilities of administrators, improving the entrepreneurial spirit of administrators and members, and building a wider network (Saptana et al., 2013). Meanwhile, Nugroho et al. (2018) Steps to improve LKMA include supervision and assistance of LKM-A; control of bad debts; selection of types of LKM-A businesses, and encouraging LKMA to become legal entities. Meanwhile, Puarada et al. (2023) stated that the strategy for developing LKMA in Gunung Kidul Regency is 1). Procurement of a special secretariat to serve borrowers/customers; 2). Ease of licensing towards legal entities; 3). Increasing the amount of independent capital; 4). Implementation of a sanction system for undisciplined borrowers; and 5). Financial reporting training Hilal et al. (2014) also stated that several important factors that must be considered in the LKMA development strategy in Pandeglang Regency are emphasizing the profitability aspect in the formation of LKMA, improving the quality of Gapoktan HR and LKMA managers, increasing the role of PMT in mentoring, strengthening funding and partnerships, and increasing production and ease of marketing production results.

Best LKMA in Kendal Regency

LKMA Anugerah Tani Makmur (ATM) Tampingwinarno Village, Sukorejo District, Kendal Regency will become a National Pilot LKMA in 2022. Mr Widiyanto, as LKMA manager, stated that the success of LKMA ATM cannot be separated from the openness system with members and administrators, implementation of Standard Operating Procedures (SOP) and existing regulations; providing business assistance to farmers/members, ease of service; savings and instalments are served 24 hours; study and comparative studies among financial institutions, agricultural entrepreneurs and academics; as well as carrying out several collaborations in the development of LKMA..

Sustainability Concept LKMA in Kendal Regency

Zeller & Meyer (2002), in the book "The Triangle of Microfinance: Financial Sustainability, Outreach and Impact", explains that successful (sustainable) financial institutions run 3 (three) sides of the triangle, namely, managing affordability problems. Poor people both in terms of number and level of poverty), financial sustainability (covering operational costs in the long term), and impact (having a tangible impact on the quality of life of customers). Ledgerwood (2013) stated that the institutional management structure to achieve

sustainability is divided into 2 (two) parts, namely: (1) Monitoring, Financial Management and Social Performance, and (2) Governance and operational management.

1. To build a sustainable LKMA, it can be done using 2 (two) approaches, namely:
2. Institutional, operational and financial strengthening. This effort can be done by placing the LKMA Anugerah Tani Makmur (ATM) in Tampingwinarno Village, Sukorejo District, Kendal Regency, which can be proposed as a reference LKMA to be used as a pilot project in management governance, service systems and LKMA financial systems.
3. Government Policy. This effort can be carried out with a Kendal Regency Regional Government Regulation to regulate the management and supervision of LKMA.

CONCLUSION AND SUGGESTION

Conclusion

Based on the results of the SWOT analysis, it can be concluded that the condition of LKMA in Kendal Regency is in Quadrant I, the growth category, with the strategy that must be implemented is increasing capital through collaboration with the private sector and the Government; the need for Regional Government regulations regarding LKMA governance; improving Soft and Managerial skills in LKMA administrators; and providing agricultural insurance for LKMA members.

Suggestion

The Kendal Regency Government can determine the ATM LKMA to be used as a pilot project in improving the management of other LKMAs and have a Kendal Regency Regional Government Regulation that regulates the management of LKMAs for the success of LKMAs.

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