

Developing The Sustainability Model of BMTs: Empirical Approach

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Abstract

Maintaining the sustainability of microfinance institutions such as BMT is a must because this financial institution is badly needed by the community who do not want to be involved with usury practices. Efforts to build sustainability with a variety of approaches, especially from a more Islamic management approach are needed. This study aims to build a model of sustainability in BMT based on growth in the financing, community support, fraud, Islamic human capital, and Islamic leadership. This research was conducted using a quantitative approach (multiple linear regression with stepwise methods) to get the best model by developing moderating variables. While sampling uses a non-random sampling technique with a purposive sampling method. The number of samples used was 105 respondents collected from 35 BMT's spread across the Semarang and Pekalongan Residency, Central Java, Indonesia. Based on the results of the study, to build BMT sustainability requires financing growth, support from the community, and good Islamic human capital. An interesting finding is that fraud does not affect the sustainability of BMT, this is possible because the fraud that occurs is still in low intensity. Islamic leadership and Islamic human capital are also unable to moderate the influence of fraud on the sustainability of BMT.

Keywords: BMT sustainability, Financing growth, Community support, Fraud, Islamic human capital, Islamic leadership.

INTRODUCTION

Building the sustainability of Islamic Microfinance Institutions (IMFIs) such as BMT is the first step towards a better Indonesian economy. Baitul Maal wat Tamwil (BMT) is present to help the economy of the lower classes (micro) with two main functions namely Baitul Maal as a fund-raising house for Zakat, Infaq, Sadaqah, and Waqf (ZISWAF) and Baitul Tamwil as a business house



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that distributes financing funds for micro-enterprises (Hosen and Syukriyah S, 2012). The presence of BMT is predicted to help alleviate poverty that occurs (Widiyanto, 2019); (Sari and Widiyanto, 2019); (Rahman, Al Smady, and Kazemian, 2015). Thus maintaining the existence and sustainability of this institution becomes a necessity especially to provide usury-free services to the community. Responding to this, some researchers suggested doing further research, especially to maintain the sustainability of BMT (Widiyanto, 2019); (Sari and Widiyanto, 2019) because along with the development of similar institutions, the issue of discussing the sustainability of microfinance institutions is still being debated until now (Fersi and Boujelbene, 2016).

In maintaining BMT sustainability, financing growth is a factor that is very attached to this institution because it becomes a core business to generate profits through profit-sharing programs. An appropriate and productive financing structure can help the sustainability of IMFIs financially (Bayai and Ikhide, 2016). But related to finance, in fact, almost all financial institutions have not been able to escape the problem of fraud. Fraud still causes many problems and can cause harm to all institutions (Chiezey and Onu, 2013). In the context of BMT as an Islamic service entity, it has not guaranteed that this institution can escape fraud. It is important to know the level of fraud that occurs in BMT in the context of further handling in the future.

Previous research illustrates the sustainability of IMFIs through productive financial and social programs (Ascarya, 2014), financial sustainability, outreach, and impact on the quality of life of clients (Zeller and Meyer, 2002), good governance (Kassim, Hassan, and Nadhirah, 2018), social capital and spiritual well-being (Rahman, Al Smady, and Kazemian 2015), quality of service (Nurfadilah, Samidi, and Subagja, 2018) and capital intensity and a higher number of human resources (Mia, Nasrin, and Cheng, 2016). However, the research still focuses on financial and social sustainability to assess the sustainability of IMFIs. Other important aspects are still overlooked and have not received attention from previous research, namely the human aspect. Fersi and Boujelbene (2016) & Widiyanto (2019) explained that the sustainability of BMTs can be maintained through organizational performance that is assessed through the quality of human capital that carries out the institution's internal activities. Quality Human Resources (HR) and understanding Islamic principles will be able to maintain the existence and sustainability of BMT (Zubair, 2016). HR that implements Islamic values will also avoid all forms of activities that can cause harm to the institution where it works including fraud. In addition to the quality of

human resources, another factor worthy of attention is community support in the form of material and non-material trust that is channeled to help the development of BMTs. Therefore, this research is here to complement the gaps missed by previous research by presenting quality human resources, appropriate Islamic leadership criteria, and community support as new approaches and strategies for maintaining BMT sustainability.

The purpose of this research is to identify the factors that influence the sustainability of BMT and then develop a new model to predict the sustainability of BMT from the factors mentioned including the growth of financing, community support, fraud, Islamic human capital, and Islamic leadership.

LITERATURE REVIEW

BMT Sustainability

Sustainability as an organization's ability to maintain incoming resources, resource conversion, resource outflows, and resource exchange processes which important for the long-term functioning and survival of the organization as an open system (Sanchez, Galbreath, and Nicholson, 2017). The IMFI sustainability model that can meet the needs of microbusinesses must have prominent characteristics such as financial sustainability, impact sustainability, and high external change sustainability (Ascarya, 2014). Wediawati, B., Effendi, N., Herwany, A., & Masyita (2018) explained that the goal in the sustainability of IMFI is regarding the achievement of financial and social performance. Zeller and Meyer (2002) revealed that the preservation of microfinance institutions into financial sustainability (related to the ability to meet organizational operational costs), outreach (depth in reaching poor people), and the real impact on improving the quality of life of clients. More complete Fersi and Boujelbene (2016) assesses that organizational / management sustainability, financial sustainability, and social sustainability are important to achieve IMFI sustainability Therefore, financial and social sustainability can be assessed through BMT profitability, micro-business profitability, increasing number of members, Non-Performing Financing, and social care shown through ZISWAF, Qardul Hasan fund distribution, and social activities (Ismail and Widiyanto, 2009; Fianto, Maulida, and Laila, 2019). The sustainability of BMT is an issue that must be studied in a relevant and in-depth manner related to factors that can guarantee its existence.

Financing Growth

Fianto, Gan, and Hu (2019) explained that financing is one of the IMFIs products that is promoted by using an alternative for interest, namely the principle of profit sharing and non-profit sharing. The MFI aims to help alleviate poverty so that the MFI should avoid usury, which makes it more difficult for the poor. The presence of BMT significantly impacts the development of Islamic finance in Indonesia (Antonio, 2011). Financing is an important factor to help the growth of micro-enterprises in their operational activities (Muridan and Ibrahim, 2016). Productive micro-enterprise will increase profit-sharing value for BMT. Thus, this will have an impact on BMT's ability to meet financial needs on an ongoing basis. Khalily (2004) states that the sustainability of IMFIs can be achieved by increasing the volume of financing channeled to micro-enterprises. The greater the number of members served, the amount of fund mobilization raised and financing provided will also be greater to encourage BMT performance to be more efficient (Zubair, 2016). Based on this discussion, the growth of financing in this study was measured by adding to the number of members financed and the number of funds channeled.

H1. Financing growth has a positive effect on BMT sustainability.

Community Support

Community support is a form of public trust in using services offered by BMT. This support can be interpreted as a form of public awareness to help develop BMT. The trust given by the community can be in the form of their willingness to become a member and invest or save their funds in BMT. BMT is an Islamic microfinance institution established under the auspices of a cooperative legal entity. As a cooperative-based institution, membership is the most important element to support BMT sustainability. BMT was built based on the support of the local community as a member. This member support is an integral part of community support. The more members, the higher the community support. As a cooperative, BMT was established by and for the community. BMT members are service owners and users. As owners and members, they are obliged to participate in equity participation, pay deposits, conduct supervision, and enjoy the facilities, services, and services provided by BMT. Thus, the more members, the more financial support will be given to BMT. Increasing financial support will have an impact on increasing capital. According to Majid (2003), a small number of members is one of the causes of liquidity problems in financial institutions. Furthermore, Branch and Klaehn

(2002) stated that the higher the number of members, the better the liquidity condition of the institution. This means that a higher number of members will have an impact on increasing financial capital. Zubair (2016) explains that BMT financial capital is all funds originating from donations and deposits of BMT members who are then reinvested in BMT members, and this is one of the factors that affect BMT sustainability. This will certainly help achieve the goal of the BMT, which is to provide sustainable financial services for lower-class people who are struggling to obtain funds from banks. Said, Annuar, and Hamdan (2019) stated that financial sustainability is a way for microfinance institutions to be able to survive and continue to provide long-term services for their customers/members. The discussion above shows that community support in the form of member participation and savings fund contributions has an important role in increasing the ability of BMTs to sustain life as long as possible (sustainable). From the discussion above, the assessment of community support in this paper can be done through an increase in savings funds and the number of savings members (Branch and Klaehn, 2002).

H2. Community support has a positive influence on BMT sustainability.

Fraud

Fraud has become an international phenomenon that occurs in almost all industries (Effiok, Ojong, and Usang, 2012). Fraud from an organizational perspective is seen as a form of employee dishonesty that causes harm to the organization (Sama and Niba, 2016). All forms of fraud are confidential activities carried out by employees for direct or indirect financial gain and cause the institution to lose revenue, and value assets (Sama and Niba, 2016). Ijeoma and Aronu (2013) argued that the cost of fraud would be passed on to the public in the form of increased customer inconvenience, opportunity costs, high prices for goods and services, and criminal activities funded by fraudulent profits. He further explained that what is managed effectively with components that are successfully balanced, will significantly reduce the losses and social costs associated with fraud (Ijeoma and Aronu 2013). Chiezey and Onu (2013) found that fraud activities pose severe difficulties for financial institutions and their consumers. However, different results from Effiok, Ojong, and Usang (2012) found that fraud and financial abuse did not significantly influence organizational performance. The categories of unethical behavior in financial institutions are deceptive government, bribery of public officials, insider trading, bribery of citizens, discrimination, socially questioned activities, bad judgment in management decisions,

corporate politics, unfair trade practices, industrial espionage, environmental damage, safety, conflicts of interest, and invasion of privacy (Chiezey and Onu, 2013). From the discussion above, fraud in this study was measured through fraudulent opportunities, rationality, fraud in accounting practices, procedural fraud, weak internal control systems (Albrecht *et al.*, 2015; Effiok, Ojong, and Usang 2012; Sama and Niba 2016; Chiezey and Onu 2013).

H3. Fraud has a negative influence on BMT sustainability.

Islamic Human Capital

Human capital is described as individual knowledge, ideas, and skills acquired through activities such as formal education, off-the-job training, and workplace training that are useful in creating value in an organization that can differentiate from other competitors (Rafiki, AlKhalifa, and Buchari, 2014). Rafiki, AlKhalifa, and Buchari (2014) argued that with an Islamic approach, personal development is more than just providing choices for material life that are better implemented by an organization but also serves human needs spiritually. It is related to the ethical behavior of the employee or owner-manager that needs to be considered and must be following sharia compliance due to certain business cases and violations in general (Rafiki, AlKhalifa, and Buchari, 2014). Furthermore, according to Ahmed (2002), Islamic moral teachings make beneficiaries a better debtor because they consider repayment of the debt as a religious obligation. The effect of this social orientation induced social capital is an increase in the profitability and viability of IMFI. This happens because, on the one hand, there is an increase in employee productivity (ie. Reducing costs), and on the other hand, it is reducing the level of defaults (eg, increasing income) (Ahmed, 2002). Thus, Islamic human capital is predicted to improve IMFI's performance. Widiyanto (2019) explained that Islamic human capital became one of the supporters of BMT preservation because it contained aspects of faith which naturally made humans able to give the best to the organization as a form of worship and responsibility to Allah Almighty. Supported by Farace and Mazzotta (2015) who found that the characteristics of human capital can increase the tendency to innovate. From this discussion, the Islamic human capital in this study was measured by skill, knowledge about work, leadership, group work effectiveness, Islamic work motivation, and akhlak (Rafiki, AlKhalifa, and Buchari, 2014; Farace and Mazzotta, 2015; Widiyanto, 2019).

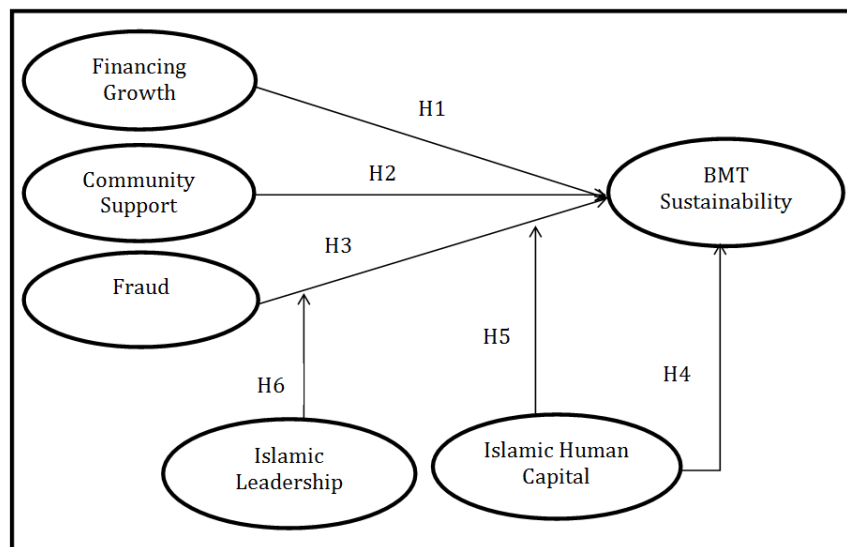
H4. Islamic human capital has a positive influence on BMT sustainability
H5. Islamic human capital weakens the effect of fraud on BMT sustainability.

Islamic Leadership

Leadership in Islam is the practice of leadership of Islamic moral values in managing an organization, such as the nature of trust (trustworthy), “is (justice), shura” (consultation) and others (Jumaing *et al.*, 2017). Hakim (2012) explained that leadership creates a dynamic vision of the organization that can provide impetus to have new creations and innovations. Leadership can inspire employees to have a sense of admiration, pride, and loyalty so they can be motivated to do more than expected. Leadership is under great criticism for being responsible for ethical and commercial failures. This criticism is justified because it is leadership that can help organizations get out of the prevailing ethical dilemma where profitability overrides some very important elements of the human role (Hakim, 2012). In the Islamic context, leadership means guiding organizations towards the realization and achievement of shared goals and to create a system where there is satisfaction, or *alfalah*, for everyone (Jamil, 2015). Jumaing *et al.* (2017) found that Islamic leadership can significantly influence the improvement of morality and HR performance in an organization. This aspect of morality will strengthen the willingness of HR not to carry out various activities that can cause harm to the organization where they work. From the discussion above, Islamic leadership in this study will be measured through: honest, trustful, intelligent, fair, solution provider, good communication, role model (Hakim, 2012; Abbasi, Rehman, and Abbasi, 2010; Jumaing *et al.*, 2017; Jamil, 2015).
H6. Islamic leadership weakens the influence of fraud on BMT sustainability.

Based on the description of the theoretical study and research gap above, the BMT sustainability model in this research involves several aspects including; financing growth, community support, fraud, Islamic human capital, the moderation of fraud and Islamic human capital, and the moderation of fraud and Islamic leadership, which will be explained in the following figure.

Figure 1.
Conceptual Framework



RESEARCH METHOD

This study uses explanatory research to test and explain the theory/hypothesis of the relationship between research variables. Data needed to assist research in outlining variables related to BMT sustainability is taken from primary data sources (directly taken from respondents) and secondary data sources (obtained from other sources). The population in this study includes all BMTs that are members of the Indonesian BMT Association (PBMTI) in the Central Java region. While sampling uses a non-random sampling technique with a purposive sampling method where this method applies certain criteria as a sampling guide that is all BMTs that are members of PBMTI Central Java who are willing to fill in the research questionnaire. Based on these criteria, 35 BMTs were obtained from the Semarang and Pekalongan Recidency by taking one administrator and two managers per BMT as respondents to get clear results regarding the supporting aspects of BMT sustainability. So the number of samples used was 105 respondents.

The data collection method uses a questionnaire with a Linkert Scale to find out respondents' perceptions of the variables studied. The following are detailed operational definitions and measurement indicators for each variable

BMT Sustainability

BMT's ability to survive continuously in combining organizational, social and financial performance in a balanced manner and being able to provide

benefits and services to the community by Islamic rules. Indicators of BMT sustainability (Ismail and Widiyanto, 2009; Fianto, Maulida, and Laila , 2019) are (i) Increasing the number of members, (ii) NPF (Non-Performing Financing), (iii) BMT profitability, (iv) Micro-enterprises profitability, and (v) Social Care.

Financing Growth

The number of funds provided and offered by Islamic financial institutions to those in need by adhering to Islamic principles. Indicators of growth in financing (Zubair, 2016) are (i) Increase in disbursed funds, (ii) increase in the number of funded members.

Community Support

Community support referred to in this study is the involvement of the community to become BMT members as sharia cooperatives, so that the indicators of community support (Branch and Klaehn, 2002) are (i) an increase in the number of members, (ii) an increase in the number of members' savings funds.

Fraud

High and low levels of illegal actions carried out by manipulating and dishonest in carrying out their responsibilities to obtain benefits/benefits and harm the organization they adhere to. Indicators of fraud (Albrecht *et al.*, 2015; Effiok, Ojong, and Usang, 2012; Sama and Niba, 2016; Chiezey and Onu, 2013) are (i) fraudulent opportunities, (ii) rationality, (iii) misappropriation of accounting practices, (iv) diversion procedures, (v) weak internal control system.

Islamic Human Capital

The combination of competence and the concept of monotheism that is owned by someone so that it can help achieve the goals of an organization. Indicators of Islamic human capital (Rafiki, AlKhalifa, and Buchari, 2014; Farace and Mazzotta, 2015; Widiyanto, 2019) are as follows: (i) skills, (ii) Knowledge of work, (iii) Leadership, (iv) Effectiveness of group work, (v) Islamic Work Motivation, (vi) morals (akhlak).

Islamic Leadership

The ability of a person to influence and move other people/subordinates to work together to achieve a goal while still based on the Qur'an and hadith.

Indicators of Islamic leadership (Jamil, 2015; Jumaing *et al.*, 2017) are (i) honest, (ii) trustworthy, (iii) smart, (iv) fair, (v) solution provider, (vi) good at communicating, (vii) role model.

Furthermore, the analysis technique in this study uses multiple linear regression analysis with Stepwise Regression Method where this method will enter the variables that have the highest and significant correlation to the dependent variable after certain variables enter the model, then other variables in the model are evaluated, if there are insignificant independent variables, they will be automatically excluded from the model. This method produces the best model from existing models (Draper and Smith, 1998). The stages in managing data can be explained as follows:

1. Instrument testing is carried out through validity and reliability testing. Validity test measures the level of accuracy or validity of a questionnaire with the provisions that if r count is greater than r table then the instrument is said to be valid, or vice versa. The reliability test measures the level of consistency or stability of the measurement results if it is carried out repeatedly on the same symptoms and the same measuring instrument with the provisions that if Croancbach alpha is greater than 0.6 then the instrument is reliable or consistent
2. Then the classic assumption test which consists of a normality test (knowing the regression model is normally distributed or not), a multicollinearity test (knowing the presence or absence of correlation between independent variables), and a heteroscedasticity test (knowing the presence or absence of variance inequality).
3. After meeting the instrument test requirements and strict classical assumption tests, the data can be further analyzed using the stepwise regression method.

The multiple linear regression equation used in this study is as follows:

$$S = a + b_1FG + b_2CS + b_3F + b_4IHC + b_5F IHC + b_6F IL + e$$

Where:

S	= Independent variable (BMT Sustainability)
a	= Constant number
b_1, b_2, \dots, b_4	= Line direction coefficient
FG	= Financing Growth
CS	= Community Support
F	= Fraud

IHC = Islamic human capital
 IL = Islamic Leadership
 e = Error term

RESULTS

Demographics of Respondents

The BMT selected in this study is a BMT that has an operating period of more than 5 years so as to enable the retrieval of relevant data, especially in outlining the supporting aspects of BMT sustainability. Based on the search results, the majority of BMTs are in the range of 16-20 years (65.7% of the total sample). This shows BMTs in Semarang and Pekalongan Karisidenan have the experience, ability in management, and can survive in facing the challenges of the times.

Demographics of respondents in this study will be illustrated through several characteristics, namely gender, age, status, last education, and tenure with 105 respondents (3 respondents from each BMT). While those who represented BMT in filling out the questionnaire were one administrator and two managers. The explanation is as follows.

Table 1.
Demographics of Respondents

No	Characteristic	Criteria	Total	Explanation
1	Gender	Male	66 (69.9 %)	Administrator and managers have high flexibility, especially in terms of time and energy which will certainly benefit the BMT
2	Age	31-40 years	41 (39%)	Administrator and managers are at a productive age
3	Status	Married	87 (82.9%)	Administrator and managers already have family responsibilities

4	Last Education	Bachelor	77 (73.3%)	Administrators and managers have qualified knowledge in their fields. But for the future, it needs to be increased again to a higher level of education that is postgraduate
5	Tenure	0-10 years	60 (57.1%)	The change of the next generation of human resources, many new people are starting to be interested in helping to keep BMT sustainable

Source: Primary Data Processed, 2019

Descriptive Statistics

Based on responses from 105 respondents, there is a need for a general description of the question items about each variable. Therefore the researcher will describe in detail the respondents' answers which are grouped by determining the overall average class, as follow.

Table 2.
Variable Description

No.	Name of Variable	Explanation
1	Financing Growth	In a number of periods, the majority of BMT financing growth was reflected in the number of funds disbursed and the number of financing members in good condition.
2	Community Support	The enthusiasm of the community as reflected in the number of depositors and depositors' funds, has increased significantly from the previous period.
3	Fraud	Opportunities, reasons for justification of fraudulent actions (rationalization), fraud in accounting practices, fraud in procedures, and weak internal control systems that occur in BMT are still in low to moderate intensity (can still be controlled).

4	Islamic Human Capital	Human resources at BMT have sufficient skills, knowledge of good work, leadership traits, effective group work, Islamic work motivation, and good morals.
5	Islamic Leadership	Criteria agreed as BMT leaders are someone who must have high honesty, a trustful attitude towards everything that is mandated, have intelligence in their fields, be fair, provide solutions to problems encountered in BMT, be good at communicating, and able to be role models for human resources the other.
6	BMT Sustainability	Over several BMT periods, the number of members increased, the NPF value was below the maximum standard, the increase in profit earned by BMT, profits obtained by micro-businesses that were financed and the implementation of social concerns such as zakat distribution, Qard al-Hasan distribution, and increased social activities.

Source: Primary Data Processed, 2019

Instrument Test Results

Based on the results of the study it can be concluded that the questionnaire distributed met the requirements of the validity and reliability tests. Regarding the results of the validity test, the value of r count (each indicator variable growth of financing, public support, fraud, Islamic human capital, Islamic leadership, and sustainability of BMT) is greater than the r table (0.192). So this shows that the questionnaire used in this study proved to be valid, meaning that the questionnaire was able to measure the variables used in this study. Regarding the reliability test results, the Cronbach Alpha value (variable growth in the financing, community support, fraud, Islamic human capital, Islamic leadership, and BMT sustainability) is greater than 0.6. So this shows that the questionnaire used in this study can be trusted or relied on, meaning that the research will remain consistent even if done repeatedly to the subject and under the same conditions.

Multiple Linear Regression Test Results

Before the multiple linear regression test conducted, this study was preceded by classic assumption test (namely normality test, multicollinearity test, and

heteroscedasticity test). Following are the results of multiple linear regression tests using **the stepwise regression method**:

Table 3.
Results of Estimation of Multiple Linear Regression Coefficients

No	Dependent Variable	Independent Variable	B	T count	Sign	Explanation
	BMT Sustainability	Constanta	1.336	4.280		
		Financing Growth	0.206	3.200	0.002	S*
		Community Support	0.184	2.968	0.004	S*
		Fraud	-0.018	-0.212	0.883	NS
		Islamic human capital	0.274	3.302	0.001	S*
		Fraud*Islamic human capital	-0.018	-0.150	0.815	NS
		<i>Fraud*Islamic Leadership</i>	-0.012	-0.234	0.881	NS
	F Count	28.095				S*
	R ²	0.439			0.000	
	Durbin Watson	1.287				

S* : significance at $\alpha = 1\%$, with T table = 2.363

NS : Not significant and automatically removed from the model

Source: Regression output with the stepwise method, 2019

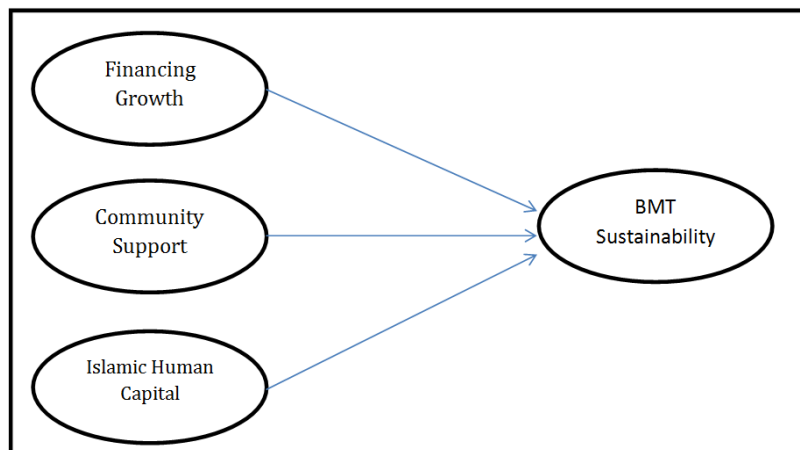
Based on Table 3. it can be illustrated that the growth of financing, community support, and Islamic human capital has a positive and significant influence on the sustainability of BMTs. The t value of the calculated variable growth in the financing, community support, and Islamic human capital is greater than t table with a significance value smaller than α (0.01). This means H1 (financing growth has a positive effect on BMT sustainability), H2 (community support has a positive influence on BMT sustainability), and H4 (Islamic human capital has a positive effect on BMT sustainability) are accepted in this study. Whereas fraud, moderation of fraud and Islamic human capital, moderation of fraud and Islamic leadership have no influence on the sustainability of BMT. The values of t count for these variables are all smaller than t tables with a significance value greater than α (0.01). So

that H3 (Fraud has a negative influence on BMT sustainability), H5 (Islamic human capital weakens the influence of fraud on BMT sustainability), and H6 (Islamic leadership weakens the influence of fraud on BMT sustainability) are rejected and automatically excluded from the model.

Furthermore, from the F test results obtained f count value of 28,095 which is greater than f table (3.98) with a significance value of $0.000 < 0.01$, so it can be concluded that the model in this study is feasible to be used to predict the sustainability of BMT through the growth of financing, community support, and Islamic human capital. R square value = 0.439 shows that the variation of BMT sustainability of 43.9% is influenced by fluctuations in the growth of financing, community support, and Islamic human capital while 56.1% is influenced by other variables not examined.

Based on the results of the strict statistical test as carried out above, the final model can be obtained to predict the sustainability of BMT, namely through the involvement of the aspects of financing growth, community support, and Islamic human capital while other variables are automatically excluded from the model, which is described as follows.

Figure 2.
Final Model of BMT Sustainability



Financing that grows well will increase the ability of BMT to serve the user community (micro business) sustainably. The increase in the number of members financed will have an impact on increasing BMT membership (total number of members) and increasing the number of funds channeled will increase the ability of BMT to channel social activities, BMT profitability,

the profitability of micro-enterprises, and reduce NPF to below the maximum standard. The findings of this study support the findings of Ascarya (2014) & Khalily (2004) which state that the sustainability of IMFIs can be achieved by increasing financing in terms of volume and productive programs. Financing grows from productive micro-enterprises (reflected in a high share of value). Receiving high profit-sharing values can enhance the ability of BMTs to fulfill their operational activities sustainably. Thus, the sustainability of BMTs and micro-enterprises must be achieved simultaneously to encourage the improvement of people's welfare through reducing poverty levels and the high level of social care activities channeled (expanding the contribution of ZISWAF funds and financing). Thus, the sustainability of BMT, micro business, and community welfare must be achieved in tandem (Ismail and Widiyanto, 2009) for a better Indonesian economy.

DISCUSSION

The next finding is that community support to entrust their funds and become members can improve BMT's ability to survive. The increasing number of depositors has an impact on increasing financial support given to BMTs, which in turn has an impact on financial stability and increasing operational efficiency of BMTs. These results are in line with the findings of Zubair (2016) who found that the sustainability of BMTs can be assessed through the amount of capital that is reflected in the increase in the number of funds and depositors. Thus, this will indirectly help achieve the objectives of the BMT namely to provide sustainable financial services for the lower classes and unbanked communities. Said, Annuar, and Hamdan (2019) argued that financial sustainability is a way for microfinance institutions to be able to survive and continue to provide services for customers/members in a sustainable manner. Public support, both material and non-material, is a very influential factor in the sustainability of BMTs, especially in terms of financial and adequate service delivery to the community (feedback). So that it can be concluded that the productive feedback results in harmony between community support, BMT sustainability, and community welfare simultaneously.

Human capital dedicated to implementing Islamic values will be able to improve the sustainability of BMTs through a well operating and management system. As an institution with shariah entities, it is only natural that human resources owned by BMT represent Islamic values. Islamic human capital can increase members' trust in BMT so that it can increase

the participation of BMT members through good morals implementation. Whereas with Islamic work motivation, skill quality, knowledge about work, group work effectiveness, and good leadership will have an impact on the internal quality of BMT, namely increasing awareness of BMT (social orientation), the profitability of BMT, the profitability of micro-enterprises, and NPF which are below the maximum standard. These findings are in line with the findings of Adnan, Widarjono, and Anto (2003); Rafiki, AlKhalifa, and Buchari (2014) which state that the sustainability of BMT is influenced by the operational quality of the institution and Islamic human capital has a significant influence on the performance of the institution. Islamic human capital encompasses a wider part than just skill and productivity, namely the factor of faith that will bring humanity to work harder, produce high values of creativity and innovation and fulfill balanced responsibilities to Allah SWT and the organization (Widiyanto, 2019).

Interesting findings in this study indicate that fraud does not affect the sustainability of BMTs even at an intensity that is still low (can be controlled). These results oppose the opinion of Sama and Niba (2016) that IMFI is still indicated to be a negative influence of fraud. Nevertheless, this study found BMT internal control systems under moderate conditions. If this is ignored, it will harm BMT's financial and social performance in the future, such as decreasing BMT membership (total membership), BMT social care, BMT profitability, the micro-enterprises profitability, and NPF above the standard. Prevention measures are important in the future risk management of these institutions. Unfortunately, the role of Islamic human capital and Islamic leadership in helping to reduce fraud in this study cannot be proven empirically. These results contradict Jumaing *et al.* (2017) who found that Islamic leadership can improve the morality and performance of organizational HR. Regarding this, the already low condition of fraud and the assessment of Islamic leadership which is still limited to criteria (not yet practical implementation) causes the empirical results of the influence of Islamic human capital and Islamic leadership to be revealed as a whole. However, the findings of Islamic leadership criteria in research that are still important for BMT implementation are a leader who has an honest, trustful, intelligent, fair attitude, solution provider, is good at communicating, and can be a role model for his subordinates. The quality of Islamic leadership as a tool in helping organizations to continue to interact with stakeholders build new partnerships and identify future opportunities and develop capabilities to improve organizational performance (Daud, Rahim, and Nasurdin, 2014).

CONCLUSION

As an Islamic microfinance institution that is the foundation of the underprivileged, BMT in operational implementation is demanded to maintain its sustainability. Therefore, this study tries to build a model of BMT sustainability by involving several variables, namely the growth of financing, community support, fraud, Islamic human capital, and Islamic leadership. Some conclusions obtained from this study are as follows; First, that to build sustainability in BMT requires the growth of productive financing, support from the community, and the implementation of Islamic human capital. Therefore, community support and financing for members must be grown and BMT needs to develop Islamic human capital to increase Islamic values needed on an ongoing basis. BMT has an important role to provide direction and supervision of the members (both depositors and borrowers) to achieve productivity financing and education for clients.

Second, BMT must always control the occurrence of fraud in its operations, even though the results of this study do not prove that fraud negatively affects the sustainability of BMT, because fraud that occurs is still at a low level (can be controlled). However, control of fraud must still be done so as not to lose the participation/support of the community that can cause the sustainability of BMT threatened. This research proves that fraud indirectly influences the number of members and funds raised. So that if there is a crisis of confidence, this will directly weaken the existence of the BMT.

Third, Islamic human capital and Islamic leadership can prevent fraud. Although this research is unable to prove the cause of the lack of overall Islamic leadership assessment and the low level of fraud. However, BMT is expected to continue to pay attention to the quality of adequate resources and Islamic principles and apply the concept of Islamic leadership to create an Islamic environment in BMT. Future research is advised to take samples with a wider area. Other essential variables such as fraud prevention (as part of risk management) and human capital development carried out by BMT need to be involved in the analysis of aspects supporting BMT sustainability in the future.

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