SUMMARY

ADISTIAR PRAYOGA. Competitiveness of Baitul Maal wat Tamwil and Agricultural Financing Strategies in Rural Areas in East Java. Supervised by IDQAN FAHMI dan ALLA ASMARA.

Inefficiency of production due to problems of farming capital, allegedly became the trigger of the condition. This condition is one of argument about low contribution of agriculture sektor (14 percent) to Indonesia’s gross domestic product during the period of 2004-2013. East Java Province as one of the national rice granaries is also faced with the classical problems related to capital constraints and low access to formal capital resources. The existence of Baitul Maal wat Tamwil (BMT) is expected to be an alternative in capital problem, especially for micro/small farmers in rural areas in East Java. The BMT’s contribution can be analyzed from the institutional competitiveness of BMT as a sharia microfinance. BMT shows the performs structural functions as financial service institutions and cultural functions as social institutions for Muslim wealth redistribution.

This research was used mixed method of case study with descriptive analysis. The study was conducted in November 2016-February 2017 in Surabaya, Tulung Agung, Pasuruan, and Gresik in East Java using primary and secondary data. The level of competitiveness shown by BMT’s competitiveness matrix. The forming of BMT’s competitiveness matrix by ranking on secondary data sourced. This data captured from normalization data of BMT’s financial report during 2013-2015. Furthermore, an analysis of the factors that allegedly affect the competitiveness of BMT, along with the conditions associated with the distribution of agricultural financing. This technique uses the Porter’s Diamond Model approach. Components of competitiveness in the Porter’s Diamond Model can be used to describe the internal and external conditions of the institution. Then, it is possible to be utilized in the preparation of institutional strategies on agricultural financing with the SWOT approach.

The case study results show that BMTs (object of research) have high competitiveness, both structurally and culturally. Therefore, BMT can act aggressively or intensively in formulating strategic and tactical programs, especially the development of aqad qardhul hasan model. Further programming can involve external parties such as: government, Islamic boarding schools and Islamic organizations, corporations and capitalists, and college. The synergism between the national entities will realize the optimization of agricultural financing distribution.

Keywords: baitul maal wat tamwil, competitiveness, agricultural financing, institutional strategy