

SHARIA MICROFINANCE MODELS: A GRAMEEN BANK APPROACH FOR SUSTAINABLE CONSTRUCTION AND WELFARE ENHANCEMENT

Ade Ananto Terminanto, Abdul Hamid, Euis Amalia

*Faculty of Economics and Business, UIN Syarif Hidayatullah
Ir. H. Juanda Street No.95, Tangerang Selatan, Banten 15412, Indonesia*

✉ Corresponding Author:

Author's Name: Ade Ananto Terminanto

E-mail: adeanantoterminanto@uinjkt.ac.id

Abstract

This research aims to build a model for strengthening Sharia microfinance through an adapted Grameen Bank replica based on the pillars of leadership, collaboration, spirituality, and women's freedom. This research used a quantitative method to analyze a Grameen Bank replica or build a model for strengthening Sharia microfinance. It provides an early description of the model's independent and dependent variables using Path Investigation and Structural Equation Modeling (SEM). Data were gathered through participatory observation methods, interview techniques, and the distribution of SEM questionnaires to MFI managers and beneficiary customers. The findings indicate a link between the influence of the Grameen Bank-based Islamic Microfinance Institution system on partners in terms of leadership, cooperation, economy, community, and spirituality, as well as alternative strategies for strengthening Grameen Bank-based MFIs in improving the welfare of women's microbusiness groups. This research encourages more attention and implementation of Islamic microfinance models in an effort to improve social and economic welfare, especially among vulnerable groups such as women micro-entrepreneurs.

Keywords: *Grameen Bank; Sharia Microfinance; Strengthening Models; Structural Equation Modelling*

Abstrak

Penelitian ini bertujuan untuk membentuk konstruksi model penguatan keuangan mikro syariah melalui replika Grameen Bank yang diadaptasi, dalam pilar-pilar kepemimpinan, kerja sama, spiritualitas dan pemberdayaan perempuan. Penelitian ini dianalisis menggunakan pendekatan kuantitatif untuk menganalisa replika Grameen Bank atau mengkonstruksi model penguatan keuangan mikro syariah. Analisis untuk memberikan gambaran awal terhadap independent dan dependent variables yang digunakan dalam model dengan menggunakan Structural Equation Modeling/SEM) dan Path Analysis. Data dipilah menjadi data primer dan data sekunder. Data dikumpulkan dengan teknik observasi-partisipatif, teknik wawancara, penyebaran kuesioner untuk SEM kepada



pengurus LKMS dan nasabah penerima manfaat. Hasil analisis menunjukkan bahwa adanya hubungan pengaruh sistem Lembaga Keuangan Mikro Syariah berbasis Grameen Bank terhadap mitra dari sisi kepemimpinan, kerja sama, ekonomi, masyarakat, dan spiritualitas, serta alternatif strategi yang dapat memperkuat LKM berbasis Grameen Bank dalam meningkatkan kesejahteraan kelompok usaha mikro perempuan. Penelitian ini mendorong untuk lebih memperhatikan dan mengimplementasikan model-model keuangan mikro syariah dalam upaya meningkatkan kesejahteraan sosial dan ekonomi, terutama di kalangan kelompok rentan seperti perempuan usaha mikro.

Kata kunci: Grameen bank; Keuangan Mikro Syariah; Model Penguatan; Structural Equation Modelling

INTRODUCTION

Microfinance has strategic significance in alleviating poverty and improving the country's development, considering that its scope is not limited to financial and social intermediation (Dhaoui, 2015; Niaz & Iqbal, 2019; Yasin, 2020). It is possible because microfinance is very closely related to the local wisdom of the community that has been carried out for generations (Rambu Atahau et al., 2020; Sultana et al., 2017). However, most microfinance activities have not been able to contribute widely to community empowerment (Sutiyo et al., 2020; Swain, 2006; Takahashi et al., 2010). In fact, microfinance offers higher interest rates than banking (Asian Development Bank, 2016). In addition, coaching to recipients of business funds has not been carried out optimally (Nawawi et al., 2022), so there are some entrepreneurs who have to close their businesses because they cannot survive various problems in running their businesses. Meanwhile, Yunus (2004) introduced a microfinance development model through Grameen Banks. This model involved direct engagement with poor communities and the development of microeconomic concepts. This concept was first applied by utilizing the unoptimized land potential and expertise of the local community and overcoming several obstacles faced by the community, such as poverty and hunger conditions (Amalia, 2016; Hasan et al., 2019; Mughni & Afriadi, 2019; Sengupta & Aubuchon, 2008; Shukran & Rahman, 2011).

Grameen Bank was initially developed to provide financing for the agricultural sector, and later expanded its services to include micro-business financing (Wahid & Hsu, 2000). This strategy was pursued because capital was a major problem in society at that time, forcing them to owe money lenders or loan sharks with suffocating interest rates. Grameen Bank's financing payment system through instalments and savings for the group members' deposits (Amalia, 2016). The strengthening of Islamic microfinance through



the Grameen Bank pattern differs from the conventional banks' pattern because the relationship between the bank and its prospective members is based on a strong emotional connection (Ashrafi et al., 2020). Grameen Bank provides loans, especially to women who are considered effective in improving the community's economy because women have excellence in financial management (Inayatul Faizah & Ahmad Husaeni, 2019; Wahid, 1999). The crediting process begins with counselling, education (including teaching reading and writing), business introduction, and training (Barua & Khaled, 2023; Khandker, 1996; Sarker, 2001). Most of Grameen Bank's customers already have skills in certain business fields, such as household crafts, agriculture, animal husbandry, and trade. Members with this skill will help other members in their group or even other groups learn the skill. In this case, the emotional approach is more important than the purely economic approach (Amalia, 2016).

The main problems in developing countries are poverty, unemployment, health, and education, which make women as family members play a dizzy role in transferring microcredit to their families (Aini, 2019). According to Moser (1992), women are the most impoverished group in terms of development. In urban areas of Indonesia, households headed by women have a higher poverty rate than those headed by men (Purnomo, 2018; Rahmitha et al., 2016). Additionally, there is a prevailing belief that men are responsible for family honor, which limits women's decision-making power and their ability to contribute to the family's economy (Ahriani, 2020). Therefore, providing access to resources can help free women from poverty. To eradicate poverty, providing wider access to credit for people experiencing poverty is a very important program (Ampah et al., 2017), especially considering the barriers often faced by people experiencing poverty to access other banking systems or institutions. Darwis (2004) suggests that when households are unable to access and benefit from livelihood assets, this can be a contributing factor to the emergence of poverty in households.

The problems faced by women from low-income groups, in particular, arise because they are related to access that is culturally restricted due to their status as women (Osmani, 1998). Hence, it needs attention to increase women's participation through socio-economic development (Sajogyo & Pudjiwati, 2007). There are several programs that the government has carried out in the context of empowering women. To increase women's role, the government targets four main sectors: education (compulsory education for 12 years, KIP and PKH programs), health, labour, and its relation to violence prevention (Coordinating Ministry of PMK, 2019). However, if you pay attention, the program has yet to have implications for women. In Indonesia,



the existence of women who are greater than men makes the empowerment approach considered a strategy that sees women as potential that must be utilized. Women have the same rights, obligations, and opportunities as men to participate in all activities. This leadership also does not deprive women of their rights in various aspects, including the right to own private property and manage it even without the husband's consent. Some previous studies (Mubarok, 2017; Aini, 2019; Hasan et al., 2019; Marwanti & Astuti, 2012; Zuhri et al., 2019; Zunaidi & Maghfiroh, 2021) also showed that women in poor groups also have a role in supporting their family's economic needs, where the Grameen Bank concept is considered suitable to be applied but requires more attention to operational risks.

Uddin (2014), Ranabahu & Wickramasinghe (2022) and Indah & Hakim (2023) suggest that the success of Grameen Bank in empowering women is strongly influenced by leadership roles that exhibit vision, commitment, honesty, and create a healthy environment for program implementation within each empowerment group. Fuddin (2018), Handayani et al. (2020) and Bayulgen (2008) suggest that cooperation among members can remind each member of their responsibilities and help solve problems, playing a crucial role in the sustainability of empowerment. Additionally, Ozorak (1996), Njoh & Akiwumi (2012) and Fedele & Knibbe (2013) have suggested that spirituality validates the value of traditional intentions for women in managing the burden of improving family welfare. However, in this study, the object that is prioritized is the group of women who are members of the target group membership of the implementation of the Grameen Bank model by Sharia Microfinance Institutions (MFIs) so that the focus in this study is more to see the potential for strengthening Islamic microfinance based on Grameen Bank and describe the influence of the microfinance institution system on partners (where partners here are women's groups who are members of the target group membership implementation) both in terms of leadership, cooperation, spirituality and women's empowerment itself. Based on the background of the above problems, this study aims to compile a model construction of strengthening Islamic microfinance through an adapted replica of Grameen Bank in the pillars of leadership, cooperation, spirituality and women's empowerment. To what extent strengthening the Grameen Bank model can increase women's empowerment in MFIs can be seen.

The research is expected to provide theoretical benefits as a comparison between theories and facts in the field and provide an alternative model of strengthening Islamic microfinance through a replica of Grameen Bank. In addition, this research is also expected to be able to provide practical benefits such as developing the mindset of students in applying the knowledge



obtained to the community, used as recommendations for the birth of government policies through the Ministry of Cooperatives, and used as indifference and evaluation material for the government. This result directly involves the women who "must be empowered" with the strengthening model by replicating this Grameen Bank.

LITERATURE REVIEW

Islamic financial institutions are engaged in finance, collecting, managing, and financing activities based on Islamic laws (Iqbal & Llewellyn, 2002; Khasanah & Wicaksono, 2021). One of the dominant Sharia laws is the absence of interest, called *riba*, which is punished as haram in Islam (Tatiana et al., 2015). The implementation of Grameen Bank in Indonesia has been carried out but has yet to be guided by the adaptation of Islamic laws (Faza, 2022). Grameen Bank is a microfinance institution that serves individuals living in rural areas and who are classified as poor (R. Rahman & Nie, 2011; Rouf, 2015a). Borrowers must form a group of four to five people and attend a week-long training session conducted by Grameen Bank officials in order to receive a loan from Grameen Bank (Ahmed, 2002). The training session aims to help new members understand the rules and regulations of Grameen Bank (Indah & Hakim, 2023), including the purpose and procedures of banking, group responsibilities, the role of the group leader and head of the central group, group savings programs, health, children's education, and other community development programs (Guo, 2018; Matsui & Tsuboi, 2015; Rouf, 2015a).

Poverty alleviation programs organized by the Indonesian government have largely implemented some elements of the Grameen Bank system (Arifa, 2021; Saputri, 2018), such as forming customer groups and unsecured loans (Faza, 2022). Many public parties and private banks have also adopted the Grameen Bank model with legal entities such as Rural Banks, Cooperatives and other financing institutions (Abdullah et al., 2017). The implementation of Grameen Bank requires a high level of discipline for the formation and maintenance of customer groups (Fuddin, 2018; Yaron, 1994), including strict selection criteria for poor households eligible for group membership, a consistent seating arrangement at each meeting, and the recitation of customer commitments at each group meeting.

Grameen Bank's model approach is oriented towards women's development and empowerment (Hasan et al., 2019; Morshed, 2014; A. Rahman, 2019), including welfare, access, critical awareness, participation, and control (Kartika, 2019; Rouf, 2015b). These five dimensions of



empowerment are analytical categories that are interrelated and dynamic. Each dimension synergistically reinforces and complements the others, creating a hierarchical relationship. The five dimensions also function as levels that move in a circular, spiral pattern. As the level of equality increases, so does the level of empowerment (Tri Sakti & Sugiarti, 2002). Moreover, the level of gender equality is positively correlated with the level of women's empowerment and development (Ioannidou et al., 2014; Mohapatra, 2014; Sundar, 2017; Sen, 2019).

To implement empowerment, leaders must be highly motivated to lead and exhibit behaviors based on believing their actions are part of worship (Aruna & Naidu, 2014; Rouf, 2012). Leaders typically exhibit behaviors such as prudence, respect for time, frugality, productivity, and a broadened sense of human affection (Hackett & Wang, 2012; Krapfl & Kruja, 2015). It will ensure that the implementation of women's empowerment through Grameen Banks is well-controlled and successful (Rouf, 2015a). In addition, teamwork is essential for implementing empowerment (Berber et al., 2020; Matsui & Tsuboi, 2015). Cooperation stimulates emotional involvement and encourages individuals to contribute to the group (Griessmair & Hippmann, 2022; Madgwick & Wolf, 2020). It makes achieving group goals easier and relieves the burden of individual responsibilities. Additionally, Individuals can use spirituality as a guide to determine important aspects of life (Reissmann et al., 2021; Singh & Hira, 2017). It acknowledges the value of life and emphasizes the importance of living it. The repetition of the same sentence should be avoided, it acknowledges the value of life and emphasizes the importance of living it, when individuals incorporate spirituality into their economic empowerment efforts, it may find that their efforts are more effective and efficient.

The strengthening of microfinance has formed a map of the scope of research. However, there are still untouched study sidelines. Previous studies focused more on analysis related to group financing for microfinance using the concept of Grameen Bank. This study is oriented to areas that have yet to be done in previous research by explaining how Grameen Bank can alleviate poverty. Considering the evidence that has been presented in this literature, the proposed hypothesis seems to have strong support. However, further research is needed to test this hypothesis further and expand our understanding of the relationship between the Grameen bank-based MFIs and other factors. Then the Figure 1 shows the path model and its hypothesis.

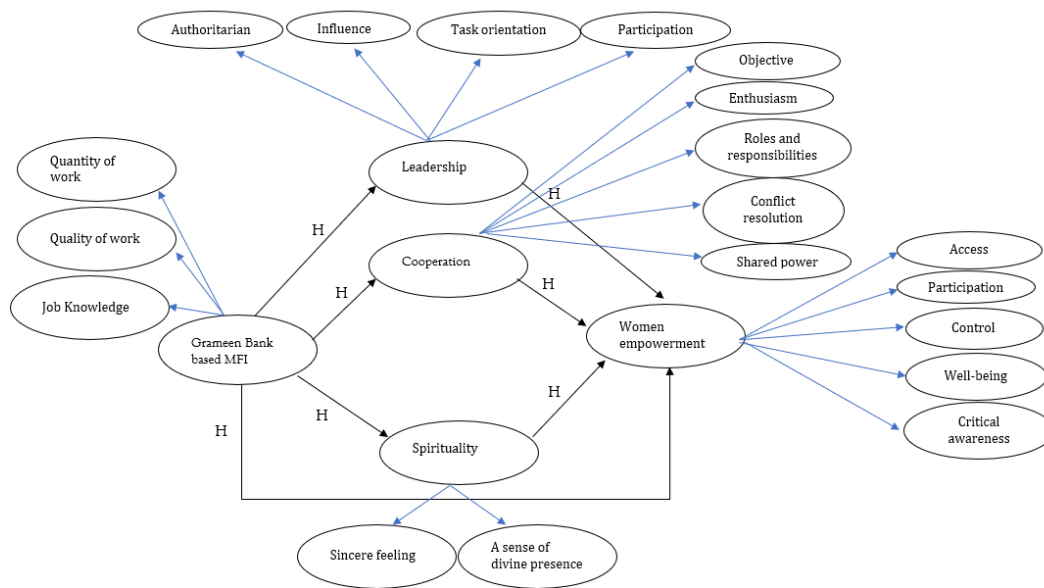


Figure 1. Path model diagram
Source: Data processed (2023)

- H1: Grameen bank-based MFIs have an effect on women's empowerment.
- H2: Grameen bank-based MFIs influence leadership.
- H3: Grameen bank-based MFIs influence cooperation.
- H4: Grameen bank-based MFIs influence Spirituality for Partners.
- H5: Leadership influences women's empowerment.
- H6: Collaboration has an effect on women's empowerment.
- H7: Spirituality for partners influences women's empowerment.

METHOD

The approach used in this study is quantitative (causality). This study seeks to confirm a model to examine factors affecting women's empowerment through Grameen Bank Replicas at Sharia Microfinance Institutions (MFIs) in Bogor Regency and Tangerang Regency in women's empowerment. The unit of analysis in this study is the organization. The sample studied was Grameen bank-based MFI management and women's groups as MFI customers. This research was conducted around Bogor and Tangerang, especially in Nanggung District, West Bogor District, Mega Mendung District, Jambe District, and Pinang District, where the location was chosen because the location of MFI operations adopted the grameen bank concept developed by Muhammad Yunus.

This research uses primary data types, where the primary data used are obtained from questioner. The respondents selected were partner mothers



who are members of the target group membership of the implementation of the Grameen Bank model by MFIs and administrators of Grameen bank-based MFIs. The respondents were selected using purposive sampling based on specific criteria such as capacity, credibility, authority, and capability, as well as the length of MFI operations. A total of 200 samples were obtained from five MFIs namely, Koperasi Karya Usaha Mandiri Syariah, Koperasi Baytul Ikhtiar Syariah, Koperasi Mitra Dhuafa, and Baitul Tamkin Tazkia.

There are five variables used in this study are grameen bank-based MFIs, leadership, cooperation, spirituality and women's empowerment. The definitions and indicators of these research variables are described detail in Table 1.

Table 1. Research Variables and Indicators

Latent Variables	Indicator	Definition	Source
Grameen Bank based MFI			
	Quantity of work	The amount of work done in a specified period	(Alhifni & Huda, 2015)
	Quality of work	Activities that include ways to improve the quality of life by creating pleasant or unpleasant situations for employees	
	Job Knowledge	Knowledge regarding work obligations to be carried out	
Leadership			
	Authoritarian	An understanding where individuals have power over other individuals	(Alhifni & Huda, 2015)
	Influence	The power that arises from something that will shape a person's character, beliefs, or actions	
	Task orientation	Providing new employees with background information needed to perform a job satisfactorily	
	Participation	Participating in an activity or taking part in an activity	
Cooperation			
	Objective	An effective team has a goal and all team members know exactly what goals the organization wants to achieve.	(Hidayat et al., 2019)
	Enthusiasm	High enthusiasm can be aroused if working conditions are also pleasant. Team members are not afraid to express their opinions, they are also given the opportunity to show their skills by being themselves, so that the contribution they make can also be optimal.	
	Roles and responsibilities	Each team member must have a clear role and responsibility. The aim is for them to know what contribution they can make to support the achievement of previously determined shared goals.	
	Conflict resolution	In achieving goals there may be conflicts that must be faced. If a conflict occurs, it	



	should not be ignored or avoided but it needs to be controlled immediately	
Shared power	Each team member needs to be given the opportunity to be a "leader", showing their "power" in the area of their respective expertise and responsibility. So that they feel partly responsible for the success of achieving common goals	
Spirituality		
Sincere feeling	Ikhlas adalah melakukan sesuatu tanpa mengharapkan sesuatu yang lain. Dalam hal ini melakukan sesuatu semata-mata hanya karena Allah SWT.	(Soedarso, 2013)
A sense of divine presence	A Muslim's awareness that he is always being watched by Allah at all times. He felt that God always saw him, knew his secrets and all his deeds, and observed him, and whatever his body members did, physically and mentally.	
Women empowerment		
Access	Equal rights in accessing productive resources in the environment	(Handayani & Sugiarti, 2008)
Participation	Participation in utilizing limited assets or resources	
Control	Men and women exercise control over resource utilization	
Well-being	Conditions where all physical and spiritual needs of the household can be met according to the level of living	
Critical awareness	Understanding and analyzing the causal relationships by which humans find themselves 'in a situation'	

This study employs the Structural Equation Modelling (SEM) method to investigate the relationship between Grameen Bank-based MFIs and women's empowerment, with Leadership, Cooperation, and Spirituality as intervening variables. The selection of SEM is based on its ability to estimate and test the relationship between observed and latent variables (Akinyode, 2016), SEM models data in a structured manner (Tomarken & Waller, 2005), and can measure complex models while taking into account measurement errors inherent in indicators (Hair et al., 2021). In the first phase of this study, convergent validity was tested on outer loading with a tolerance limit of > 0.5 (Tentama & Nabilah, 2020). Then, reliability and validity tests were conducted using the Composite Reliability > 0.6 (Hair et al., 2020) and Average Variance Extracted > 0.5 (Schuberth, 2021). The discriminant validity testing will be conducted using the Fornell-Larcker Criterion. This criterion requires that the correlation values between variables are higher than the variable correlation with each other, in order to meet the Fornell-Larcker Criterion test criteria (Fornell & Larcker, 1981). To assess model fit, tests were performed using



Standardized Root Mean Square Residual (SRMR), Squared Euclidean Distance (d_ULS), Geodesic Discrepancy (d_G), Chi-square, and Normed Fit Index (NFI) (Schuberth et al., 2023). Hypothesis testing was then performed based on direct and total influence. Finally, the model's Goodness of Fit was tested using the R-square value.

RESULTS AND DISCUSSION

The data analysis model used to prove the hypothesis proposed in this study is Structural Equation Modeling (SEM) with PLS analysis tools where PLS is a component- or variant-based Structural Equation Modeling. Based on endogenous and exogenous variables of research, a structural model is built to answer the research objectives. The measurement model aims to describe how well each indicator can be used as a latent variable measurement instrument by testing the validity and reliability of the indicators and dimensions of the research variable.

Convergent validity test uses the loading factor value. All indicator items have a loading factor value greater than 0.7, so the indicator is declared to meet convergent validity. Furthermore, the discriminant validity test uses the Fornell-Larcker Criterion. The results of discriminant validity testing through the Fornell-Larcker Criterion (Table 2) show that the latent variable can explain the relationship better from the indicator than its relationship with other latent variables. This means that if the correlation value between variables is higher than the variable correlation with each other, the variables involved are considered to have met the criteria that pass the Fornell-Larcker Criterion test.

Table 2. Fornell-Larcker Criterion Values

Variable	Leadership	Cooperation	Grameen Bank based MFIs	Women empowerment	Spirituality for partners
Leadership	0.875				
Cooperation	0.734	0.853			
Grameen Bank based MFI	0.576	0.582	0.797		
Women empowerment	-0.554	-0.584	-0.451	0.885	
Spirituality for partners	0.532	0.580	0.458	-0.557	0.979

Source: Data processed (2023)

Table 3 shows that the Average Variance Extracted (AVE) value of all constructs used is more than 0.50, and the Composite Reliability value of all



constructs used is more than 0.7. So, all variables have high reliability. The test results show that all variables have passed the test threshold at AVE values > 0.5 and Composite Reliability > 0.7. This means that all variables are reliable and can be tested at the next stage.

Table 3. SmartPLS Algorithm Outputs

Variable	AVE	Composite Reliability	Information
Grameen bank-based MFI	0.759	0.901	Reliable
Leadership	0.865	0.962	Reliable
Cooperation	0.643	0.876	Reliable
Spirituality	0.886	0.940	Reliable
Women empowerment	0.912	0.976	Reliable

Source: Data processed (2023)

A structural model is a model in which the Model fit for the inner model can be proven by examining the effect of each exogenous latent variable on the endogenous latent variable. Model testing in this study must meet the assumption of multivariate normality, and all data must be declared normally distributed. Based on the results of the fit model analysis, it is known that there is a match between the saturated model and the estimated model. It indicates a match between the hypothesis. As stated in Table 4, SRMR has met the criteria of $0.079 < 0.08$. Similarly, the value in d_{ULS} is considered to meet the criteria because it has a value greater than the Cut-Off Value of 0.05 ($0.954 > 0.05$), d_G has a value greater than the Cut-Off Value of 0.05 ($0.787 > 0.05$) so that it shows a good model. The Normed Fit Index (NFI) has an output value of $0.779 > 0.90$, indicating a suitable model. Because most model suitability criteria have been met, the model produced in the research is likely good.

Table 4. Overall Model Fit Test

GOF	Cut off Value	Saturated Model	Estimated Model	Information
SRMR	$SRMR \leq 0.08$	c	0.220	Good: good fit
d_{ULS}	$d_{ULS} > 0,05$	0.961	7.375	Marginal fit
d_G	$d_G > 0,05$	n/a	n/a	Good: good fit
Chi-square	Preferably smaller than Df	infinite	infinite	Good: good fit
	$NFI \geq 0.90$	n/a	n/a	Good: good fit

Source: Data processed (2023)

In PLS, they are testing each relationship using simulations with the Bootstrapping method on the sample. This test aims to minimize the problem of abnormalities in research data. The results of testing with the Bootstrapping method from PLS analysis are shown in Figure 2.

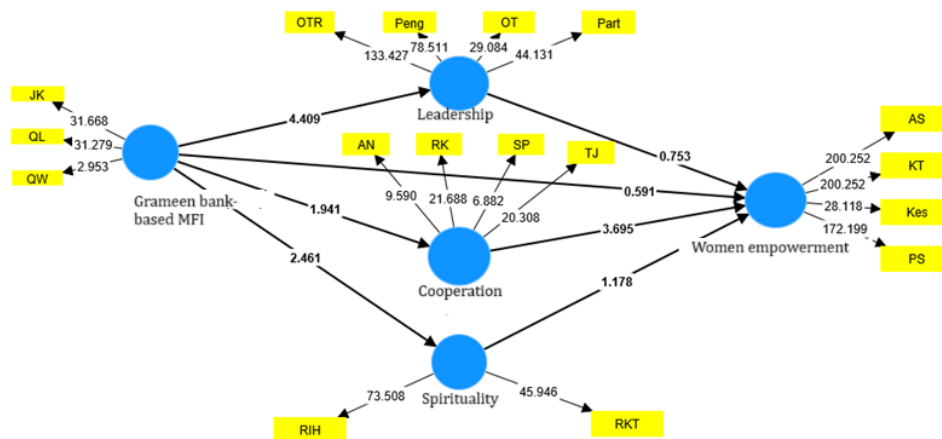


Figure 2. Bootstrapping Output (t-value)
Source: Data processed (2023)

The significance of the prediction model in structural model testing can be seen from the t-statistical value between the independent variable and the dependent variable in the direct influence table (path coefficient). Table 5 shows the results of hypothesis testing of structural models in research. Based on the results of hypothesis testing, four of the seven hypotheses are accepted.

The results of the Goodness of Fit test (Table 6) indicate that the interaction of independent variables can directly or indirectly explain all dependent variables. The R-square value based on the cut-off of value disclosure ranges from 0.210 in the dependent variable Spirituality to 0.435 in the dependent variable Women Empowerment. (Gamil & Abd Rahman, 2023).

Table 5. Hypothesis Testing Results

Hypothesis	Path	Value t-calculate 5% (≥1.96)	Influence		Hypothetical Conclusion
			Direct	Total	
H1	LKM→PP	0.591	0.081	0.081	Rejected
H2	LKM→KP	4.409	0.463	0.463	Accepted
H3	LKM→KS	1.941	0.294	0.294	Rejected
H4	LKM→SPR	2.461	0.314	0.314	Accepted
H5	KP→PP	0.753	-0.088	-0.088	Rejected
H6	KS→PP	3.695	-0.499	-0.499	Accepted
H7	SPR→PP	1.178	-0.182	-0.182	Accepted
Total Influence				0.383	

Source: Data processed (2023)

Table 6. Goodness of Fit

Variable	R-square	Cut-Off	Information
Leadership	0.332	< 0.1	Not Fit Medium Fit
Cooperation	0.338	0.1 - 0.25	Low Fit Medium Fit
Women empowerment	0.435	0.25 - 0.36	Medium Fit High Fit
Spirituality	0.210	> 0.36	High Fit Low Fit

Source: Data processed (2023)



Discussion

Based on the analysis results, Grameen bank-based MFIs do not influence women's empowerment. The effect of Grameen Bank-based MFIs on women's empowerment is because, in its application in Indonesia, Grameen Bank, which was first implemented in Bangladesh, needs to be fully emulated because it has to adjust to the country's application. It is what causes the effect of Grameen bank-based MFIs on women's empowerment. In addition, this Grameen bank-based loan is not followed by good education, and it is useless to increase income if the desire is not managed properly. With education, it seems strange if their needs still need to be met. Therefore, education can be carried out jointly involving religious leaders and community leaders so that there is no waste on things that are not necessary, meaning they are not economically valuable.

An indication of the insignificance of Grameen bank-based MFIs on Women's Empowerment in this study is that field employees (community officers/account officers) and partners (women/mothers) need more understanding regarding the overall goals and benefits of financing. In addition, routine activities, namely once every one week or once every two weeks, are only used for payment processing, so the essence of the business direction process, capital utilization and capital development is still lacking so that customers are less likely to obtain the needed empowerment.

Women's empowerment oriented towards the ability to help family welfare, business, and independence must certainly be built based on individual character and the process of forming groups that truly follow the objectives of empowering women. So, the partner group's initial stage (survey) must be carried out strictly and according to the predetermined capacity. Field officers' roles and responsibilities are crucial because they will greatly determine the sustainability of these financing activities.

As for the services provided, it can be assumed that Grameen Bank-based MFIs in this study adhere to the paradigm of financial self-sustainability (increasing women's access to microfinance services will lead to economic empowerment, welfare, and socio-political of individuals). It can be seen from the focus of services only aimed at increasing the economic capacity of partners/customers. MFIs emphasize empowerment in the development of the business sector that is run so that the influence of women's empowerment is not proven. This condition illustrates that the Grameen Bank-based MFIs in this study are not as ideal as the experts say. It is because it takes time for microfinance institutions where the target of empowerment is those at the bottom of the social layer who still need basic services to meet their daily needs.

Based on the analysis results, it is known that the value of Grameen bank-based MFIs influences leadership. The influence of Grameen bank-based MFIs on leadership is due to the Grameen bank aspects that have contributed to success assessed from development activities and leadership training received (Hassan, 2002). Grameen Bank is important in empowering women and promoting women's leadership in microfinance. It can be attributed to her unique approach to lending to women in groups and providing them with



financial and non-financial services to support their economic empowerment (Yunus, 2004). The same thing was expressed by Kumudini (2015) and Shahi (2015), who said that Grameen Bank has been a pioneer in empowering women and promoting their leadership in the microfinance sector. Its focus on group lending and the provision of financial and non-financial services have resulted in better economic opportunities and greater gender equality.

Grameen-based MFIs do not influence cooperation. The influence of Grameen bank-based MFIs on cooperation is because the purpose of Grameen banks is to provide cooperation to help, especially in lending activities carried out in groups (Hamzah, 2007). The results of this study show the opposite. It is indicated that there still needs to be more cooperation between various parties directly involved in financing activities, Especially the cooperation built by partners with field officers and vice versa. It is often found that partners at the meeting are absent, do not pay instalments on time, and do not want to help other members who have difficulty paying instalments (solidarity system) as agreed at the beginning of the disbursement. Vice versa, field officers must respond to this matter firmly so that the partner's attitude does not rub off on other partners. It often occurs due to the need for stricter implementation of procedures by group leaders and field officers. The principle that must be built is the principle of help and a strong attitude of solidarity so that each partner does not feel disadvantaged or harm other group members.

The value of Grameen bank-based MFIs influences spirituality for partners. Grameen bank-based MFIs influence spirituality for partners because Islamic microfinance institutions, through capital, can increase the spirituality of administrators and customers (Divisi Keuangan Mikro Syariah, 2019). Spirituality for partners reflects an understanding of the importance of financing following Sharia principles, where the awareness that to achieve the welfare of the world and the hereafter must be with the aim of every step taken by Allah SWT so that partners (women/mothers) make Grameen-based MFIs alternative banks in accessing financing that suits their needs and capacity.

In addition, this Grameen Bank-based MFI applies Sharia principles, which certainly makes it able to minimize various negative things such as fraud, usury, coercion and deception because they feel directly supervised by Allah SWT. It can be driven by the leader's spirituality, which impacts the members' spirituality (Saputra, 2021)

Leadership does not influence women's empowerment. The influence of leadership on women's empowerment is not influential because, in practice, a leader must have leadership capabilities that can affect poverty reduction and welfare improvement (KemenPPPA, 2016). The desired goals will only be achieved if these capabilities are met. Women's empowerment is built in many aspects. At the same time, the leadership in this study does not affect women's empowerment because most women in Indonesia still need to fill in life, such as education, economic and social levels. If this gap can be overcome, the right leadership can improve women's empowerment.

The impact of leadership on women's empowerment may be limited due to several factors, including lack of political determination, resistance to



community cultural norms and beliefs, systemic barriers, and limited resources. Some leaders may need more commitment to implement policies that promote women's empowerment. At the same time, gender stereotypes and strong cultural beliefs in certain communities may make it difficult for leaders to bring about significant change. In addition, structures and systems that maintain gender gaps can also be challenging for leaders seeking to make sustainable change. Finally, leaders may also need more workforce constraints to implement initiatives supporting women's empowerment.

Women's leadership is, in fact, essential for the welfare of the nation and even the world (KemenPPPA, 2021). The lack of representation of women as leaders makes organizations and institutions need more women's perspectives. It also indirectly affects the formulation of policies that favour women and impacts the low gender equality index. The World Bank agreed in 2012 that when women and men have equal opportunities to be politically active and make various decisions and policies, more representative and inclusive policies will emerge to achieve better development (World Bank, 2012).

In Grameen Bank-based MFIs, policies, regulations, and programs for women must be tailored to the needs of women's empowerment. It has been done in part such as with field officers who are also women so that they can understand the women who are their partners, but this is still not enough if the reality in the field of field officers is only as a means of grabbing the ball, before entering the community that is the target of financing, namely female partners (mothers), Grameen Bank-based MFIs must first install MFI values to their officers so that there are no gaps in understanding related to women's empowerment.

Cooperation influences women's empowerment. Cooperation influences women's empowerment can be based on the involvement of various parties, meaning that women's empowerment must be through a group approach, as done by Grameen-based MFIs. Between partners (mothers), build a group to obtain financing where the group guarantees the principle of trust provided by Grameen Bank-based MFIs. Cooperation is born from mutual trust in each other. Therefore, if the cooperation built is good, then the expected results lead to good things, such as women's empowerment. It is also supported by research by Ismail et al. (2015), which explains that MFIs based on the Grameen model positively impact teamwork and collaboration among members, as these institutions encourage group-based lending and members to work together to repay their loans. Yunus (2004) writes about the importance of teamwork and collaboration in the success of microfinance programs and the potential of microfinance to create positive social change.

In addition, the variables of cooperation in this study illustrate how the roles and responsibilities and the distribution of tasks in each group synergistically can realize the expected empowerment of women. It is shown that in one group, there are chairpersons and partner members, where the group leader directly collaborates with field officers so that his group can get access to financing sustainably by implementing good cooperation with Grameen Bank-based MFIs. However, cooperation that does not follow



procedures can also reduce its influence on women's empowerment because there are indications of fraud, negligence, and error.

Spirituality for partners influences women's empowerment. The influence of spirituality on empowerment because spirituality can encourage the performance of an organization to be better by finding goals to be achieved (Neck & Milliman, 1994). Kabeer (2012) stated that spirituality can positively impact women's empowerment by providing a sense of purpose and self-worth, building community support, promoting gender equality and social justice, and cultivating resilience and inner strength to overcome challenges and pursue personal and collective goals.

Spirituality for partners is related to the principle of life, so when spirituality goes on the path, it should bring good to those who live it. Therefore, Grameen Bank-based MFIs that follow the spiritual principles of each partner, in this case, Sharia principles, certainly influence the goal of helping to empower women, namely achieving prosperity. Vice versa, if implementing partners and MFIs based on Grameen Bank is not appropriate, it can reduce its influence on women's empowerment.

The influence of spirituality on women's empowerment aims to prioritize the common benefit of each group. Therefore, it is very important for each partner that the financing provided is a mandate and must be used for business purposes so that the benefits can continue to be felt. In contrast, if the financing provided is not for business interests, the level of spirituality becomes biased because it does not hold the mandate of the MFI. Therefore, Grameen Bank-based MFIs must carefully determine their partners who are really in running a business to achieve empowerment.

CONCLUSION

The research is expected to provide theoretical benefits as a comparison between theories and facts in the field and provide an alternative model of strengthening Islamic microfinance through a replica of Grameen Bank. In addition, this research is also expected to provide practical benefits such as developing a mindset in applying the knowledge obtained to the community, used as recommendations for the birth of government policies through the Ministry of Cooperatives, and used as indifference and evaluation material for the government. This result directly involves the women who "must be empowered" with the strengthening model by replicating this Grameen Bank.

Based on the results of the analysis, it is known that Grameen bank-based MFIs have an influence on leadership partner spirituality but do not have an influence on Women's Empowerment and cooperation variables. Leadership variables do not influence women's empowerment. Grameen Bank-based MFIs have greater potential in line with the community's needs in improving welfare and awareness of easy access to financing per Sharia principles.



Suggestions that can be given to policymakers and further research are: 1) Grameen Bank-based MFIs are expected to be able to implement procedures in financing that are needed by partners fully, especially for field officers who directly communicate and carry out financing activities with partners. The main process is a survey and assessment of partners, and 2) Grameen-based MFIs increase the level of financing by not only focusing on lending and collection activities. Weekly meetings evaluate whether the partner's business is still running or if there are obstacles. It requires more competent human resources and understanding of their duties and responsibilities (adequate operational assistance and standardization).

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