

## Documents

Martiana, A.<sup>a b</sup>, Kassim, S.<sup>a</sup>, Zakariyah, H.<sup>a</sup>

**Risk Mitigation Strategy for Agency Problems in Micro Business Financing of Baitul Maal Wa Tamwil: A Qualitative SWOT Analysis**

(2024) *Contributions to Management Science*, Part F2529, pp. 615-626.

DOI: 10.1007/978-3-031-48770-5\_49

<sup>a</sup> Institute of Islamic Banking and Finance, International Islamic University of Malaysia, Selangor, Malaysia

<sup>b</sup> Departement of Sharia Economics, Universitas Muhammadiyah Yogyakarta, Yogyakarta, Indonesia

**Abstract**

Baitul Maal wa Tamwil (BMT) as an official Islamic microfinance institution in Indonesia with a dual function, namely, a commercial function and a social function in empowering the poor, has several issues and challenges related to agency problems that occur in micro business financing. By using SWOT analysis, this study aims to explore the strengths, weaknesses, opportunities, and challenges faced by BMTs in mitigating risks related to agency problems in micro business financing to further develop mitigation strategies for these risks. In-depth interviews with five experts from academics and practitioners in the field of Islamic microfinance were used to obtain the data. All interviews were recorded for verbatim transcription to be coded in several stages and then analyzed. This study finds that the agency problem risk mitigation strategy in micro business financing in BMT can be seen through five lenses, namely, contract implementation, guarantee systems, selection procedures, supervision and monitoring systems, and human resource capacity building programs. Future research can focus on the effectiveness of BMT strategy implementation to be able to provide strategic policy direction in mitigating the risk of agency problems in micro business financing in BMT. © The Author(s), under exclusive license to Springer Nature Switzerland AG 2024.

**Author Keywords**

Agency problems; Baitul Maal wa Tamwil; Micro business financing; Risk mitigation strategies; SWOT analysis

**Correspondence Address**

Martiana A.; Institute of Islamic Banking and Finance, Malaysia; email: andri.martiana@umy.ac.id

**Publisher:** Springer Science and Business Media Deutschland GmbH

**ISSN:** 14311941

**Language of Original Document:** English

**Abbreviated Source Title:** Contrib. Manag. Sci.  
2-s2.0-85191355784

**Document Type:** Book Chapter

**Publication Stage:** Final

**Source:** Scopus