

**MICRO-BUSINESS TRANSFORMATION: PRODUCT
DIVERSIFICATION AFTER OBTAINING CAPITAL LOAN
FROM PNM MEKAAR**

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ABSTRACT

This research explores the implementation of the Permodalan Nasional Madani (PNM) Mekaar program in supporting the development of Micro, Small, and Medium Enterprises (MSMEs) in the Ternate Baru District. The focus is on the challenges faced by business owners, especially those related to obstacles in obtaining funding during their business operations. The study is centered on the experiences of women who are MSME entrepreneurs in Ternate Baru and how they access business capital through the PNM Mekaar program, a non-bank financial institution committed to serving women entrepreneurs with a joint responsibility system. The research method used is qualitative descriptive, with data collected from primary sources through observation, interviews, and documentation, supported by secondary data. Data analysis includes the processes of reduction, presentation, and deduction of conclusions. Six informants participated in this study. The research results show positive business growth among participants in the regular Mekaar program. However, challenges such as payment arrears from customers and delays in implementing the PNM Mekaar program remain significant issues that need to be addressed in efforts to support the development of MSMEs in the area.

Keywords: Implementation; Micro; Capital.

INTRODUCTION

The development of Micro, Small, and Medium Enterprises (MSMEs)/ (UMKM) plays a central role in the current global economy. Amidst these dynamic changes, various non-bank financial institutions such as Permodalan Nasional Madani (PNM) Mekaar have introduced programs aimed at providing funding to MSME players, especially female entrepreneurs (Tarigan et al., 2022). However, there are still several challenges hindering their business progress, particularly in terms of access to and management of business funds. Therefore, a further examination of the implementation of the PNM Mekaar program in fostering MSMEs in the Ternate Baru Sub-district is a pressing need. This research will highlight the experiences and challenges faced by female entrepreneurs who have accessed funding services from PNM Mekaar.

Various efforts to support the growth of MSMEs, such as Permodalan Nasional Madani (PNM) launching the PNM Mekaar program specifically aimed at facilitating funding for female entrepreneur (Ramadhan, 2022). This program is expected to provide easier access to funding and support the growth of micro-businesses, especially in the Ternate Baru Sub-district. However, alongside the implementation efforts of this program, several challenges related to funding aspects have emerged, hindering the full potential for MSMEs growth.

Although the PNM Mekaar program has been implemented to support MSMEs in the Ternate Baru Sub-district, there are still some aspects that have not been thoroughly explored. Gaps in existing research include a limited focus on specific constraints in accessing funding. Information regarding challenges such as payment delays and capital deposit postponements needs further investigation to understand their root causes and potential solutions. Additionally, despite reports of business growth after participating in the PNM Mekaar program, the specific

impacts generated by the program have not been deeply explored. A more detailed study is needed to understand business growth, income improvement, and socio-economic changes occurring at the individual and community levels.

Furthermore, the aspect of business sustainability is another important focus that needs to be studied further. Information regarding the factors that influence the sustainability of MSMEs after participating in the program is still limited (Harto et al., 2019; Marlinah, 2020; Raharja & Natari, 2021). In fact, business sustainability is very important to ensure the long-term impact of the PNM Mekaar program. Finally, previous studies have not fully explored the income diversification that MSME entrepreneurs may experience after participating in this program (Nurlaila, 2022; Santoso & Mujayana, 2021). A more in-depth study of income diversification is crucial to understanding the contribution of the PNM Mekaar program in expanding business and income diversity in Ternate Baru District.

This article provides a deeper insight into the implementation of the PNM Mekaar program in the Ternate Baru Sub-district, with a focus on the issues faced by business actors, especially those related to funding access. The successes and challenges encountered in the program's execution are the primary focus, aiming to provide a more profound understanding of the impacts and obstacles that occur in the efforts to develop MSMEs in this area.

METHODS

The research method employed in this study is a qualitative descriptive method, consisting of several steps to obtain a comprehensive understanding of the implementation of the Permodalan Nasional Madani (PNM) Mekaar Program and the challenges faced by MSME entrepreneurs in the Ternate Baru Sub-district. This method enables researchers to explore in-depth the understanding, perspectives, and

experiences of the research subjects, namely, female MSME entrepreneurs who have participated in the PNM Mekaar program. With a focus on these key informants, qualitative research can capture essential aspects not limited to quantitative data but also involving narratives, perceptions, and the context of their daily lives in running businesses and participating in funding programs.

First, this research will select research subjects (informants) comprising female MSME entrepreneurs who have participated in the PNM Mekaar program. Next, data collection will be carried out using several methods. Observation will be utilized to directly observe the implementation process of the program and the business situations in the field, while in-depth interviews will be conducted with selected informants (Indra, 2019; Moleong, 2021). These interviews will focus on their experiences in accessing and utilizing funds from the PNM Mekaar program, as well as any challenges they may encounter in business development. Data will also be collected through documentation, including documents related to the PNM Mekaar program, financial records, and other relevant information.

After the data collection process is complete, data analysis will be performed through specific steps. Data reduction will involve grouping and simplifying data from interviews, observations, and collected documents to facilitate further analysis. Subsequently, data presentation will involve organizing information into narratives, quotations, or structured frameworks. Drawing conclusions will be the final stage, involving the interpretation of results obtained from data analysis to map the findings back to the research objectives.

RESULTS AND DISCUSSION

PNM Mekaar Program

Based on research involving six customer informants, it is found that they choose to use loans from PNM Mekaar by utilizing the Regular Mekaar Program. The average loan amount taken by customers ranges from 3 million to 5 million.

The parties involved in the program implementation, such as the Head of the Mekaar Unit from PNM Mekaar Unit Singkil and the Account Officers (collectors) from PNM Mekaar, also confirmed that the program run in the Ternate Baru Sub-district is the Regular Mekaar Program. This confirms the consistency of the information found in the research with the ongoing implementation. It shows that the Regular Mekaar Program is the primary choice for participants in the Ternate Baru Sub-district, with loan amounts varying between 3 million and 5 million, and is supported by the official acknowledgment from the relevant authorities at PNM Mekaar.

Regarding PNM Mekar Plus, the results of the conducted research reveal that in the Ternate Baru Sub-district, the Mekar Plus Program from PNM Mekaar has not been implemented. This is due to the limitations in the distribution of this program in the Singkil area, where the implementation of PNM Mekaar has only reached the Regular Mekar Program stage.

The PNM Mekaar customers in the Ternate Baru Sub-district, based on an average observation period of 3 to 4 years since the program received approval from the sub-district, have participated in this program. Although the program has been running for a significant period, information indicates that the implementation focus is still centered on the Regular Mekaar Program. This signifies that even though the program has been ongoing for several years and has received approval support from the sub-district, the expansion of the program to the Mekaar Plus stage has not yet

occurred in the Ternate Baru Sub-district. This can be understood as a challenge or constraint in the expansion of the PNM Mekaar program in that area, which has not reached the implementation stage of Mekaar Plus to date.

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PNM Mekar Development

In the development of Micro, Small, and Medium Enterprises (MSMEs), there are eight recognized development efforts. One of these eight efforts is the provision of Capital Assistance. In this context, PT Permodalan Nasional Madani (PNM) Mekaar aligns with the effort to provide capital assistance to underprivileged women who are entrepreneurs.

Based on research results involving customers as informants, the six customer informants revealed that they have obtained loans from PT PNM Mekaar. These six customers explained they applied customers explained they applied for capital loans to develop the businesses they are currently running.

In essence, the existence of PT PNM Mekaar as a provider of capital assistance appears to make a positive contribution to customers who are engaged in micro-businesses, especially underprivileged women. The loans provided by PNM Mekaar are used by customers to expand the scale or capacity of their businesses, making a significant impact on the development of MSMEs at the local level.

In the concept of capital indicators introduced by Endang Purwanti, one key point is to leverage additional capital from various sources, including from the government through financial institutions, both banks and non-bank financial institutions. In the conducted research, five out of six customer informants who are the subjects of this study utilized additional capital obtained from PNM Mekaar, a non-bank financial institution. This additional capital was used to expand their businesses, consequently enhancing the capacity and profit potential of their operations.

The women, who are MSME entrepreneurs in the Ternate Baru Sub-district and customers of PNM Mekaar, reported a significant improvement in their businesses after receiving capital assistance and utilizing additional capital from PNM Mekaar. Customer informants stated that before, the quantity of goods they sold was limited, but after receiving capital assistance from PNM Mekaar, the quantity of goods they sold increased substantially. In this research, five out of six informants acknowledged this change.

Several business development indicators, as outlined by Agustina, involve increased income and the number of customers. Based on the results, at least five PNM Mekaar customer informants stated that their businesses have experienced development, particularly with an increase in the quantity of goods sold. This directly has a positive impact on the income generated by these women engaged in

business. The increase in the quantity of goods sold also has the potential to boost the number of customers, reflecting significant growth in the micro-businesses they operate.

Based on the research results regarding the development of micro-businesses in Ternate Baru Sub-district, it can be concluded that the PNM Mekaar program significantly contributes to the growth of its customers' businesses. Out of the six customer informants who were subjects of the study, five of them utilized additional capital obtained from PNM Mekaar to expand their businesses. They reported a substantial increase in the scale of their operations, particularly in the quantity of goods sold. Using additional capital from PNM Mekaar provides a strong boost to their business growth.

There are indications that customers also feel positive changes in their business environment. The increase in the quantity of goods sold has a direct impact on the income generated by these MSME entrepreneurs. An increase in product variety or service quality is also an essential factor in their business development.

However, the research also highlights certain challenges or obstacles faced by the customers. Market access constraints, business competition, and operational issues may be factors influencing the progress of their business. Besides the increase in the quantity of goods sold, PNM Mekaar customer informants also highlight the success in expanding the variety of products or services they offer. Some of them state that, thanks to the additional capital assistance from PNM Mekaar, they can develop new and attractive products or services, adding value to their businesses.

Furthermore, the role of mentoring and training from PNM Mekaar in assisting customers is also revealed in this research. Customer informants

acknowledge that the business management, financial, and marketing strategy training provided by PNM Mekaar has helped them in effectively managing their businesses, improving operational efficiency, and enhancing the competitiveness of their micro-businesses in the local market.

Although there are challenges in some cases, such as intense market competition or operational issues, customers indicate that assistance and mentoring from PNM Mekaar helps them better navigate these challenges. This suggests that the program not only provides capital but also holistic support to assist micro-entrepreneurs in overcoming the obstacles they face.

From interviews with PNM Mekaar customer informants, it is revealed that the additional capital obtained from this non-banking financial institution is not only used to expand businesses to increase inventory or product variety, but also to enhance business infrastructure. Some customers use the capital for investments in advanced technology, such as purchasing modern equipment or more efficient inventory management systems. This illustrates that the use of additional capital is not limited to production aspects but also extends to the development of infrastructure that supports the long-term growth of their micro-businesses.

Furthermore, the research results also highlight the crucial role of sustainability in micro-business development. Some customer informants emphasize they plan to use the additional capital they receive to expand their businesses sustainably, considering environmentally friendly practices or the adoption of cleaner technologies. When sustainability is a global concern, micro-entrepreneurs who are customers of PNM Mekaar demonstrate awareness of the importance of developing their businesses responsibly towards the environment.

Discussion

PNM Mekaar has been a crucial milestone in supporting the development of micro-businesses across various regions in Indonesia. In Ternate Baru Sub-district, this program serves as a foundation with the potential to transform the economic landscape, particularly for women engaged in micro-businesses. In her research, Endang Purwanti highlights the essence of capital in running a business. The study found that the women who are customers of PNM Mekaar in Ternate Baru Sub-district possess strong business potential but are hindered by a lack of capital to expand their enterprises.

The PNM Mekaar program, with a focus on empowering women, presents an innovative approach. Mekaar Reguler and Mekaar Plus are initiatives specifically designed to provide access to women who aim to start or expand their businesses. Through the provision of business capital, training, and mentoring, the program aims not only to inject financial support but also to enhance knowledge and skills in managing businesses more effectively.

Capital can be one of the key elements in business activities (Prasetyo et al., 2018; Sofia, 2017). In the researcher conducted, it was found that the women who are customers of PNM Mekaar are engaged in businesses but face a shortage of capital to operate and expand their ventures. All customer informants expressed that their primary reason for participating in the PNM Mekaar program is to acquire additional capital to manage their businesses.

PNM Mekaar is a capital assistance program focused on women who wish to start or develop businesses, employing a group-based approach. The program is divided into two parts: the Regular Mekaar program and the Mekaar Plus program.

The primary goal of both programs is to provide financial support to women, enhancing the sustainability and growth of their businesses.

Through PNM Mekaar, participants in the program, who are predominantly women, can access business capital more easily. This program not only facilitates access to capital but also offers training, mentoring, and other support to ensure that participants have a better understanding of managing their businesses effectively and sustainably.”

Table 1.
Utilization of Loan Capital obtained from the Mekaar Program

| Nasabah | Jenis Usaha | Sebelum melakukan peminjaman | Setelah melakukan peminjaman |
|----------------|-------------------------------|--|---|
| LK | Pickled papaya (Gohu Pepaya) | Before applying for a business capital loan from PNM Mekaar, the business was limited to only producing pickled papaya (gohu pepaya) | After obtaining a business capital loan from PNM Mekaar, the business has developed by adding product variations, particularly in selling a variety of ices. |
| IDL | Small Shop (Warung kecil) | Before obtaining a business capital loan from PNM Mekaar, the quantity of goods sold in the small shop was limited. | After obtaining a business capital loan from PNM Mekaar, the shop experienced an increase in the variety of products sold. Products that were not available before have now been added to the list of items for sale, including flip-flops. |
| SK | Chicken Porridge (Bubur Ayam) | Before obtaining a business capital loan from PNM Mekaar, the business was | After obtaining a business capital loan from PNM Mekaar, the business underwent an addition |

| | | | |
|----|--------------------------|---|--|
| | | limited to selling chicken porridge only. | of products for sale, such as chicken porridge, fried rice, and green bean porridge. |
| OM | Skincare | Before obtaining a business capital loan from PNM Mekaar, the business was limited to selling skincare products only | After obtaining a business capital loan from PNM Mekaar, the business that previously only sold skincare products has now expanded with the addition of new products, such as selling skincare and bed sheets. |
| ML | Toast (Roti Bakar) | Before obtaining a business capital loan from PNM Mekaar, the business only focused on selling toasted bread. | It has expanded into two small branches of toasted bread. |
| SB | Side dishes (Ikan Masak) | Before obtaining a business capital loan from PNM Mekaar, the business was limited to selling side dishes (Ikan masak). | After obtaining a business capital loan from PNM Mekaar, the business has expanded with the addition of products, namely selling side dishes and fried snacks. |

Source: Interview analysis

There is a clear pattern of business transformation before and after obtaining a capital loan from PNM Mekaar. Previously, these businesses were limited to specific products or services, such as selling skincare products, selling toast, or even just making pickles or selling chicken porridge. However, after receiving funding from PNM Mekaar, there is an increase in the variety of products sold. For example,

from selling only skincare products to adding the sale of bed sheets or from selling toast to selling side dishes and fried snacks. This shows that the capital loan from PNM Mekaar allows micro-business owners to diversify their businesses, add product variations, and overall expand the reach and offerings to customers. These changes can be considered as indicators of the success of the PNM Mekaar capital program in boosting the development of micro-businesses in the community.

The increase in product variety can also imply a higher chance of achieving more stable income (Supeno, 2017), as product diversification can reach a broader customer base and provide more alternatives (Machmud, 2021). Through increased product variety, micro-business owners can explore new markets and enhance their competitiveness amid intensifying competition (Firdausya & Ompusunggu, 2023).

In conclusion, PNM Mekaar's role in providing capital loans not only has financial impacts but also significantly contributes to the development of micro-businesses at the local level. With this support, micro-business owners can enhance the quality of their businesses, develop the products they offer, and overall increase their contribution to the local economy.”

CONCLUSION

The PNM Mekaar program, which occurs in Ternate Baru District, is a Regular Mekaar program which is attended by all informants who are customers. In its implementation, several problems emerged, such as delays in installment payments and customers falling behind. However, efforts have been made to address this issue, including rescheduling and follow-up visits. Based on the results of interviews, one in six customer informants experienced difficulties in the installment payment process. The businesses performed by MSME women who are PNM Mekaar customers in Ternate Baru District have experienced development

after taking out loans through the Regular Mekaar program. In this research, at least five out of six PNM Mekaar customer informants in Ternate Baru District reported that their business was making progress

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