

# Evaluation of the Effectiveness of Weekly Group Meetings on the Quality of Post-Pandemi Covid-19 Financing at PT Permodalan Nasional Madani Branch Jakarta and Tangerang

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**Abstract:-** The Covid-19 pandemic that hit all countries in the world caused many companies to experience a decline in performance. This also affects companies in Indonesia, including PT Permodalan Nasional Madani (PNM), which focuses on Ultra Micro financing. The quality of PNM Mekaar's financing has deteriorated significantly since the beginning of the Covid-19 pandemic in mid-March 2020. PT PNM has made various efforts and strategies to increase productivity and improve the quality of this financing. However, the current recovery has not returned to its full potential as in the previous condition, this is due to the Weekly Group Meetings (PKM), which are one of the most important factors in group financing (group lending), which have not yet been fully implemented. Perceptions of PNM Mekaar Account Officers of the Tambora DKI Jakarta Branch regarding the importance of PKM having an impact on the effectiveness and improvement of the quality of financing need to be further understood.

**Keywords:-** Covid-19 Pandemic, Weekly Group Meetings (PKM), Quality of Financing.

## I. INTRODUCTION

UMi Financing (Ultra Micro) continuation program from social assistance program to business independence aimed at Usama micro at the lowest level who have not been able to get banking facilities through the People's Business Credit (KUR) program. UMi distributes a maximum financing facility of IDR 10 million per customer through Non-Bank Financial Institutions (LKBB). PT Permodalan Nasional Madani which is part of the Ultra Micro holding is a special financial institution formed by the government on June 1, 1999 which aims to develop, emerge and empower micro, small and medium enterprises. One of the products offered by PT Permodalan Nasional Madani is PNM Mekaar. In 2016, PNM launched a capital loan facility for underprivileged women doing Ultra-micro businesses through the PNM Mekaar (Fostering a Prosperous Family Economy) program. PNM Mekaar is strengthened by business assistance activities and is carried out in groups through Weekly Group Meetings (PKM) which is the soul of the group lending system. PNM Mekaar is present for underprivileged women who have knowledge and skills in doing business but due to limited access to financing, these skills are underutilized, such as: business scale, formality constraints and lack of collateral. In 2019 the World Health

Organization (WHO) announced to the world that there was a new virus known as Covid-19 at the end of December 2019 which resulted in a worldwide pandemic. The emergence of the Covid virus that occurred in 2019 or covid-19 is an infectious disease that attacks the human respiratory system. The first case of Covid-19 was found in China in November 2019, to be precise, in the city of Wuhan. This virus spread quickly throughout the world, including Indonesia. The World Health Organization (WHO) declared the 2019-2020 coronavirus outbreak a Public Health Emergency International (PHEIC) on January 30, 2020, and a pandemic on March 11, 2020. The first Covid-19 reported in Indonesia on March 2, 2020 a total of two cases. On March 31, 2020 there were 1,528 confirmed cases with 136 deaths and with a mortality rate of 8.9%, making Indonesia the highest in Southeast Asia (Susilo et al., 2020).

The impact of the Covid-19 Pandemic has affected companies in Indonesia, including PT Permodalan Nasional Madani (PNM), which focuses on Ultra Micro financing. The quality of PNM Mekaar's financing has experienced a very significant deterioration since the beginning of the Covid-19 pandemic in mid-March 2020. It was recorded that in terms of quality PNM Mekaar experienced a deterioration in May 2020 Portfolio at Risk (PAR) to 23.56% from previously only 1.45% (PNM internal data 2020, 2021, 2022). PT Permodalan Nasional Madani DKI Jakarta and Tangerang Branches were one of the first branches to be greatly affected at the start of the Covid-19 pandemic, the PAR figure was recorded in May 2020 of 53.82% from the previous 0.15%.

From the presentation of the quality of PNM Mekaar financing above, if it is related to the Covid-19 pandemic that has hit Indonesia since 2020, it is necessary to pay attention to whether the PNM Mekaar Weekly Group Meeting (PKM) activities as the main activity in the customer assistance process can be carried out effectively. Before further discussing how the Weekly Group Meeting activities can be carried out effectively, we will present several theories according to experts. Abdurahmat in Othenk (2008), effectiveness shows success in terms of whether or not the goals that have been set are achieved. If the results of activities are getting closer to the target, it means the higher the effectiveness. Effectiveness is related to the implementation of all main tasks, achievement of goals, timeliness, and active participation of members and is a link

between stated goals and results, and shows the degree of conformity between the stated goals and the results achieved. Sondang in Othenk (2008), effectiveness is the use of resources, facilities and infrastructure in a certain amount that is consciously determined beforehand to produce a number of goods for the services of the activities it carries out. Based on the description that has been presented above, the authors are interested in conducting research and analyzing the effectiveness of PNM Mekaar's Weekly Group Meetings (PKM) on the quality of post-pandemic Covid-19 financing. Moleong (2014) research focus is the core obtained from the experience of researchers or through knowledge obtained from scientific literature studies. Meanwhile, according to Sugiyono (2012), one of the assumptions about symptoms in qualitative research is that an object is holistic (comprehensive and inseparable), so that qualitative researchers are not only based on research variables but the entire social situation studied which includes aspects of place. (place), actor (actor), and activity (activity). Rina Hayati (2021), research objectives are part of the existence of a statement regarding the research carried out. In writing research objectives it is very possible to identify concepts in order to explain or make predictions for situations or solutions that indicate the studies carried out. According to Creswell, (2016) the purpose of research is to ask questions about why you want to do research and what you want to achieve. Sugiyono (2011) the benefits of research are answers to research objectives in order to obtain a knowledge system to solve, understand, and anticipate problems that have been formulated on the research topic.

**II. LITERATURE REVIEW**

*A. Financing*

Definition of financing according to Bank Indonesia Regulation No. 9/19/PBI/2007, financing is the provision of funds or claims or receivables that can be equated with that based on an agreement or agreement between the bank and another party that requires the party being financed to return the money or claim after a certain period of time in return or profit sharing. in simple terms, financing is the provision of funds from an institution to another party that requires a deficit of units or funds to support a planned investment with a payback period of a certain time plus the amount of interest, compensation, or profit sharing.

*B. Elements of Financing & Financing Purpose*

Funding is basically given on the basis of trust. Thus, providing financing is giving trust. On this matter, it can be said that the achievement given must really be believed to be able to be returned by the recipient of the financing according to the agreed time and conditions (Ali 2008). The main purpose of providing financing loans, among others, is to seek profit (profitability) security, namely security to help the customer's business to help the government.

*C. Weekly Group Meeting (PKM) on Civil National Capital*

According to the Mekaar Policy Book number PNM.MKR.01.01/03 PT Permodalan Nasional Madani). Weekly Group Meetings (PKM) are activities every week with a predetermined schedule, and must be attended by Mekaar customers to carry out installment payment

activities, receiving and taking deposits , early repayment, disbursement of financing for new customers and advanced customers, receiving and returning Accountability Money (UP), as well as mentoring activities to develop customer business capacity.

*D. Theoretical Framework*

Based on these theory above, it could be described a theoretical framework for these titles as follows:

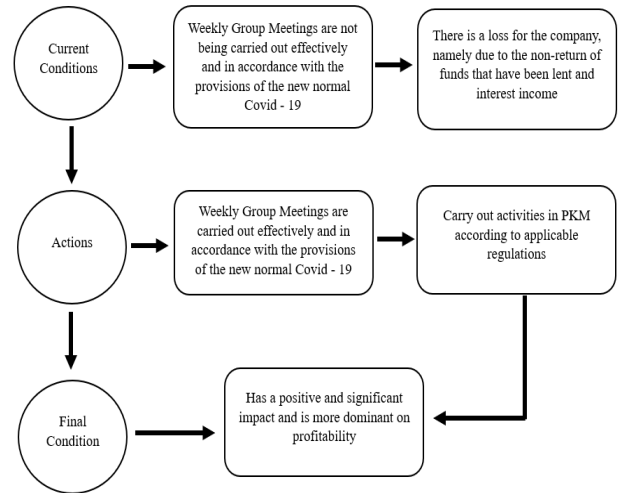


Fig. 1: Theoretical Framework

**III. METHODOLOGY**

This study uses a qualitative descriptive research method. Djaman Satori conveyed that qualitative research was carried out with the condition that the researcher wanted to explore phenomena that could not be quantified in a descriptive nature such as a process: a formula for a recipe, work steps, understanding of a variety of concepts, characteristics of goods and services, pictures, styles, procedures for a product. cultural and physical model of an artifact and others.

Sugiono (2012), qualitative research as a research method based on postpositivism philosophy and used to examine the condition of natural objects where the researcher is the key instrument, data collection techniques are triangulation, data analysis is inductive or qualitative and qualitative research results emphasize meaning compared to generalization.

Nana Syaodih Sukmadinata (2011), descriptive research does not provide treatment, manipulation or changes to the variables studied but instead describes the conditions as they are.

Based on the information above, if it is associated with the level of effectiveness of Weekly Group Meetings (PKM) on the quality of financing after the Covid-19 pandemic at PT. Civil National Capital for the DKI Jakarta and Tangerang branches, which the author compiled, the research design used indicators for maintaining the quality of Mekaar's financing, including the success rate of installment payments, PAR and NPL figures.

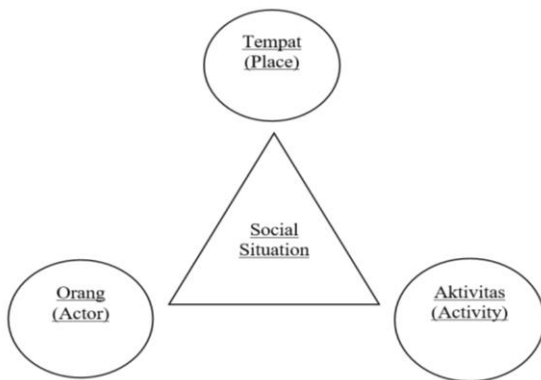


Fig. 2: Social Situation of Research Object

#### IV. RESULTS AND DISCUSSIONS

Funding distribution activities by financing institutions will be a source of income for the company. However, this activity is prone to risks that can not only harm the company but also affect shareholders. Therefore the company must be able to make considerations in financing activities so that there are no irregularities and problems in financing. In this case, the company supervises financing activities by assessing the quality of financing (Agustina, 2010). Quality of financing is an assessment or tool of a company to assess the collectibility or ability to pay for financing by customers. Where the criteria for assessing the quality of financing are based on business prospects, customer performance, and ability to pay (Bank Indonesia). In addition to the quality of financing needed to achieve revenue effectiveness, companies/financial institutions must also improve the quality of human resources who will later organize and carry out activities in accordance with the principles of financing in accordance with the provisions, so that there is a need to increase the quality and number of reliable human resources, where the criteria in assessing the quality of human resources, namely based on physical and health quality, intellectual quality (knowledge and skills), spiritual quality (Danim, 1995). For Mekaar PNM customers there is a change in the effectiveness of payments caused by restrictions on space for movement (social distancing) and this directly impact the quality of PNM Mekaar's financing. The direction of company policy is urgently needed to avoid conditions that cannot be calculated in the future. This is proven by the research that I conducted through Focus Group Discussions (FGD) where technical discussions are designed to bring up information about participants' wants, needs, points of view, beliefs and experiences. Focus Group Discussion (FGD) is a qualitative data collection technique that is widely used, especially by decision makers or researchers, because it is relatively quick to complete and less expensive. The Focus Group Discussion (FGD) technique makes it easier for decision makers or researchers to understand attitudes, beliefs, expressions and terms commonly used by participants regarding the topics discussed, so it is very useful for understanding the reasons that are not revealed behind the participants' responses, Astridya Paramita & Kristina Lucy, (2013).

Focus Group Discussion with Account Officer respondents for DKI Jakarta and Tangerang branches, a total of 10 respondents who experienced changes in the management of Weekly Group Meetings as a result of the Covid 19 pandemic. Can the New Normal policy be able to improve the quality of financing and increase the productivity of account officers through questions raised in FGDs? . After the 1998 and 2008 economic crises hit this country, once again (Micro, Small and Medium Enterprises) MSMEs were tested as a bumper for the national economy. Having passed as an economic dynamic during previous crises, the pandemic has become their toughest test. The Asian Development Bank (2020) in the results of a survey on the impact of Covid-19 in Indonesia, Thailand, the Philippines and Laos stated that as many as 48.6% of MSMEs in Indonesia were forced to close their businesses. Most of this was due to declining domestic demand (30.5%), delivery delays (13.1%), order contract cancellations (14.1%), production and distribution constraints (19.8%).

This condition causes 52.4% of MSMEs to run out of cash and savings and therefore do not have the capital to continue their business, while the other 32.8% only have spare money in the next month. To provide the necessary working capital to get back up and running again, they borrow from family and relatives (39%), use their own funds (24.6%), borrow from non-bank financial institutions (10.5%) and only 1% are successful. borrow from banks. The increasingly massive spread of the Corona virus or COVID-19 during the new normal era has had a huge impact on various aspects including the macro and micro economy. Many companies have felt the effects of the Corona pandemic and have had to face a crisis for their companies. Seeing these conditions, HR must have a very important and crucial role in the new normal era.

HR must align the organization and protect their assets to keep them safe and secure. HR Challenges and Strategies to Face the New Normal during the COVID-19 Pandemic.

#### V. CONCLUSION AND SUGGESTIONS

##### A. Conclusion

The results showed that there was a decline in the quality of financing for Mekaar customers, including the Mekaar DKI Jakarta and Tangerang branches during the Covid-19 pandemic. The results of the study show that the decline in quality has occurred due to a number of things, but based on the mapping of the impact of the declining quality of Nasbaah PNM Mekaar financing due to the non-functioning of the Weekly Group Meetings (PKM), which is the lifeblood of the group lending financing model. Installment payments for Mekaar PNM customers, which are activities of the Weekly Group Meeting (PKM), cause the Account Officer to collect installment payments door to door (individually) to the customer's home or place of business. Given the importance of PKM to the quality of financing, it is necessary to increase management's firmness in returning the PKM function.

### *B. Implications*

The non-running of Weekly Group Meetings (PKM) during the Covid-19 pandemic had implications for the worsening quality of Mekaar Customer financing, even after the Covid-19 Pandemic PKM had not fully started at the Mekaar units DKI and Tangerang Branches causing the level of Non-Performing Loans (NPL) to increase significantly.

### *C. Suggestions*

Implementation of Weekly Group Meetings (PKM) must be a priority for PNM Mekaar in order to restore the quality of financing. PNM Management must make PKM more attractive to Customers and Account Officers so that Customer presence and PKM activities can resume fully, for example Reward and punishment for PKM must be implemented, competitions or branch grading based on attendance of Weekly Group Meetings so that each branch competes to return PKM.

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