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Misuse of PNPM Mandiri Rural Loan Funds (Case Study in Jorong Lubuak Batingkok)

Sukma Indah Darianti*, Asyari, Hesi Eka Putri, Rusyaida

Universitas Islam Negeri Sjech M. Djamil Djambek Bukittinggi, Bukittinggi, Indonesia

* sukmaidahdarianti@gmail.com

Abstract

Purpose – This study examines the misuse of revolving loan funds in the National Program for Community Empowerment in Rural Areas (PNPM Mandiri Perdesaan) within the Women's Savings and Loans Group (SPP) Usao Amai, Lima Puluh Kota Regency, and identifies contributing factors.

Design/methodology/approach – A qualitative descriptive approach was employed, utilizing observation, semi-structured interviews, and documentation involving group members, administrators, and community leaders.

Findings/Results – Revolving funds were primarily used for consumptive purposes—household expenses, education, medical costs, and debt repayment—rather than productive business activities. Despite this misuse, repayment rates remained stable due to strong social solidarity and mutual trust. Key factors contributing to misuse include weak supervision, low financial literacy, unstable household economies, and misperceptions of the program as flexible government assistance rather than business capital.

Originality/Value – From an Islamic economics perspective, fund misuse deviates from principles of amanah (trustworthiness) and responsibility in managing qardh (loans), though members' commitment to repayment reflects enduring moral values. The study

recommends strengthening supervision, providing financial literacy training, and integrating Islamic economic principles into community empowerment programs.

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INTRODUCTION

Poverty is one of the most complex and multidimensional problems faced by many developing countries, including Indonesia (Efendi, 2022). Poverty not only describes the inability of individuals to meet basic needs such as food, shelter, education, and health, but also reflects social inequality, injustice in the distribution of resources, and limited access to decent economic services (Sa'diyah El Adawiyah, 2020). Therefore, poverty alleviation is a strategic agenda in national development and requires a comprehensive and sustainable approach (Efendi, 2025).

4 One of the approaches that is considered quite successful in intervening in community-based poverty is the National Program for Rural Independent Community Empowerment (PNPM Mandiri Perdesaan) (Soesanta, 2013). This program is a derivative of the village community development policy that prioritizes the principles of participation, transparency, and accountability (Hadi, 2025). Since its national launch in 2007, PNPM Mandiri Perdesaan has reached thousands of villages across Indonesia, with the main goal of creating the independence of the poor through empowerment and access to development resources.

4 One of the important pillars in PNPM Mandiri Rural is the Women's Savings and Loan (SPP) component (Efendi, 2025). This scheme is specifically designed to provide access to capital to women's groups, especially those from poor households, so that they can develop productive businesses independently. The funds distributed through SPP activities

are revolving and interest-free, which are managed by the Activity Management Unit (UPK) together with the local community. It is hoped that this activity can not only increase household income, but also strengthen the economic and social position of women at the village level (Radlyah Hasa, 2023).

However, the implementation of this program in various regions does not always go according to the ideal plan. ⁴ One of the problems that has begun to emerge is the misuse of loan funds by some beneficiaries (Efendi, 2025). Funds that should be used to support productive businesses, in practice, are actually used for consumptive needs such as paying old debts, education costs, medical treatment, or even daily household needs. This phenomenon shows that the success of the program is not only determined by the availability of funds and distribution mechanisms, but also depends heavily on the understanding, awareness, and moral responsibility of the beneficiaries.

This kind of case of misuse of funds also occurred in Jorong Lubuak Batingkok, Harau District, Fifty Cities Regency. In this area, there is a SPP group called Usao Amai which is part of the implementation of the PNPM Mandiri Rural program. This group consists of women from lower middle economic backgrounds who have received revolving loan funds since 2020. Based on the results of initial observations and interviews, it is known that most of the members no longer use loan funds for productive business purposes as originally intended, but divert the funds for other consumptive purposes.

Although most members continue to pay their installment obligations on time, irregularities in the use of these funds remain a serious problem. ² In the context of community empowerment, the success of the program is not only measured by the return of loan funds, but also by the real impact on the social and economic changes of the beneficiaries. If funds only circulate without producing an increase in welfare or economic productivity, then the essence of the empowerment program is questionable.

Furthermore, this phenomenon of misuse of funds also shows that there is a gap between program planning and the reality on the ground, where economic pressure, weak internal group supervision, and low public financial literacy are the dominant factors. Not

infrequently, beneficiaries consider the funds received as a form of grant assistance or government money that can be used freely as long as they are able to return it. This view is certainly contrary to the basic spirit of the PNPM Mandiri Rural program which emphasizes the value of trust, collective responsibility, and sustainability.

In the perspective of Islamic economics, the practice of borrowing (qardh) is not just a financial transaction, but contains high spiritual and social values. ¹ The principles of honesty, responsibility, and usefulness to the community must be the main foothold in every loan fund management (Kamal, 2023). Therefore, the misuse of funds, although it does not cause bad credit, is still categorized as a form of moral and social deviation that ² needs to be watched out for and prevented.

Despite the long-standing implementation of PNPM Mandiri Perdesaan as a poverty alleviation and community empowerment program, evidence from field observations indicates that the utilization of revolving loan funds in the Usao Amai SPP group has shifted away from its intended productive purposes. However, there is still limited empirical research that specifically explains how and why this deviation occurs at the micro-group level, particularly in relation to the interaction between financial behavior, social dynamics, and program governance in rural women's savings and loan groups. This gap highlights the need for a more context-specific investigation of fund misuse within local implementation settings.

This study is therefore important and urgent to be conducted at this ¹ time because the continuation of improper fund utilization if left unaddressed may weaken the core objectives of PNPM Mandiri Perdesaan, namely sustainable economic empowerment and poverty reduction. In the long term, such conditions can lead to the normalization of consumptive borrowing behavior, reduced effectiveness of revolving fund schemes, and the potential weakening of public trust in community-based financial empowerment programs. Therefore, this research aims to (1) identify the forms of misuse of loan funds, (2) analyze the factors driving such misuse, and (3) evaluate preventive and corrective efforts to improve the effectiveness of revolving fund management in the future.

By addressing these issues, the study is expected to contribute to the strengthening of more accountable, transparent, and value-based community empowerment policies, including those grounded in Islamic economic principles.

METHODOLOGY

This study uses a qualitative approach with a descriptive method (Efendi, 2025). The goal is to deeply understand the misuse of revolving funds by **3** members of the Usao Amai Women's Savings and Loan (SPP) group in the PNPM Mandiri Rural program in Jorong Lubuak Batingkok, Harau District, Fifty Cities Regency (Feny Rita Fiantika, 2022). The focus of the research is to explore the factors that cause the irregularities in **1** the use of funds and how Islamic values are reflected in their management practices (Almizan, 2026). The research location was chosen with the consideration that the area is **4** one of the recipients of the Rural Mandiri PNPM program and shows indications of misuse of funds, even though the loan repayment remains smooth (Mustika, 2025). The informants consist of administrators and **3** members of the SPP group, community leaders, and other related parties such as state officials (Efendi, 2025).

Data were collected through observation, semi-structured interviews, and documentation (Efendi, 2026). Observations were carried out to see firsthand the group's activities, while interviews aimed to explore information related to the behavior of using funds (Bayu Fitra, 2021). Documentation includes group archives as well as other supporting data.

Data analysis was carried out using the Miles and Huberman model which includes three stages: data reduction, data presentation, and drawing conclusions (Hadi, 2026).

Reduction is carried out to filter relevant data, then presented in the form of a narrative, and finally conclusions are drawn based on the pattern of findings (Sarajjudin Shaleh, 2017). Through this method, the research is expected to **2** be able to fully describe the factors that cause the misuse of funds for the Rural Independent PNPM Program.

RESULTS AND DISCUSSION

The Usao Amai Women's Savings and Loan Group (SPP) in Jorong Lubuak Batingkok was formed in 2020 as part of the implementation of the National Program for Rural Empowerment (PNPM). This group consists of 26 women, the majority of whom come from middle-to-lower economic families with livelihoods as farmers, small traders, and housewives who have side businesses. This program aims to provide access to capital through interest-free revolving funds to support the development of productive businesses of women in rural areas.

In practice, the loans provided range from IDR 2,000,000 to IDR 5,000,000 according to the needs of members and the results of group deliberations. In the initial stage, the implementation of the program went quite well with orderly administration and relatively smooth loan repayment. However, based on the results of observations and interviews, it was found that ¹ there was a shift in the use of funds that were no longer fully used for productive activities as the initial goal of the program.

Forms of Misuse of Rural Mandiri PNPM Funds

Based on the results of the research, several forms of misuse of loan funds were found by ³ members of the Usao Amai SPP group, which are as follows:

1. Use of funds for consumptive needs

Based on the results of an interview with a member of the Usao Amai SPP group, it was found that most of the loan funds were used to meet the consumptive needs of households. These needs include the purchase of basic materials, payment of children's education fees, medical expenses, and other daily needs. The family's unstable economic conditions cause members to prioritize urgent needs over ¹ the use of funds for productive business activities. According to Nurhamimma (2026), loan funds are often used to buy household needs because family income is insufficient to meet daily needs. This phenomenon shows that PNPM Mandiri Rural funds are understood by some members as economic assistance that can be used flexibly according to family needs. In practice, members feel that ¹ the use of funds for daily needs can still be justified as long as loan installments are paid on time. Sintia Wahyuni (2026) explained that group

administrators rarely conduct direct checks on the use of funds after disbursement is made, so members are free to determine the priority of using the funds.

In addition to economic factors, members' low understanding of the main objectives of the program also affects the pattern of using funds. Some members do not understand that the revolving fund should be used to increase productive businesses and strengthen the family economy in the long run. As a result, more funds are used for consumptive needs that are only temporary. According to an interview with Nurhamimma (2026), members feel that daily needs are more urgent than starting or developing a business whose results are not necessarily immediately felt.

From the perspective of community empowerment, ¹ the use of funds for consumptive needs shows that the program has not fully achieved its main objectives. Funds that should be productive capital are actually more dominant to be used to cover short-term economic needs. Nevertheless, members still have a high commitment to repaying loans so that the group continues to run stably and does not experience serious bad loans (Sintia Wahyuni, 2026).

2. Use of funds to pay off previous debts

The results of the study showed that some members used PNPM Mandiri Rural loan funds to pay off previous debts. The debt comes from loans to neighbors, cooperatives, and other financial institutions. Difficult economic conditions make members use PNPM funds as a quick alternative to reduce the financial pressures they are facing. According to Nurhamimma (2026), some members use loan funds to pay off old installments so that they do not continue to be burdened by accumulated debt.

¹ The use of funds to pay off debts shows that group members prioritize household economic stability over the development of productive businesses. Under certain conditions, members feel the need to complete old obligations first before starting a new business. This is influenced by ⁸ concerns about the interest burden of other loans as well as social pressure from the surrounding environment if the debt is not paid immediately. Sintia Wahyuni (2026) explained that this condition is quite common because

some members do have irregular incomes.

In addition, the lack of business assistance and low financial literacy also cause members to have difficulty managing loan funds productively. Members prefer to use the funds to solve urgent economic problems rather than take the risk of opening new businesses. According to Nurhamimma (2026), some members feel that they do not have enough ability or experience in running a business, so the use of funds to pay debts is considered the safest option.

This phenomenon shows a shift in the function of the PNPM Mandiri Rural fund from economic empowerment capital to a short-term household economic rescue tool. Although administratively the loan continues to run smoothly, **1** the use of funds that is not in accordance with the purpose causes the productive economic impact of the program to be less optimal. However, members still show responsibility in returning installments so that social relations in the group are well maintained (Sintia Wahyuni, 2026).

3. Transfer of funds to other parties

Based on the results of the interview, it was found that **1** there was a practice of transferring loan funds to other parties, such as husbands, children, and other family members. In some cases, group members borrow in personal behalf, but the funds are not used directly by the borrower. According to Nurhamimma (2026), the diversion of funds occurs **4** due to the need of families who are considered more urgent and must be assisted immediately.

This practice suggests that the decision to use funds **2** in the family is not entirely in the hands of group members as authorized borrowers. Family culture factors and a high sense of social responsibility in the family cause members to prefer to help the needs of other family members rather than using funds for personal businesses. Sintia Wahyuni (2026) explained that this condition often occurs because most members have very close family relationships and are economically dependent on each other.

In addition to family factors, weak supervision of the use of funds is also the cause of the transfer of funds. After the loan is disbursed, the group management does not exercise

intensive control over who actually uses the funds. As a result, members feel they have complete freedom in determining the use of loan funds. According to Nurhamimma (2026), as long as the installments are still paid on time, the group management does not have too much of a problem with **1 the use of** funds by other parties.

Although this practice does not correspond to the program's initial objectives, the group can still run stably as members remain responsible for loan payments. The high level of trust between members makes the practice of transferring funds not cause internal conflicts within the group. However, this condition shows that the goal of women's economic empowerment has not been fully achieved because the benefits of funds are not fully felt directly by group members as program recipients (Sintia Wahyuni, 2026).

4. Use of funds for social needs and celebrations

The results of the study showed that some members used loan funds to meet social needs and family celebration expenses. The funds are used for weddings, thanksgiving, family assistance, and other social activities that are considered important in people's lives. According to Nurhamimma (2026), **1 the use of** funds for celebrations is carried out because the cost of social activities in the community is quite large and difficult to meet if you only rely on daily income.

In the life of rural communities, social activities and celebrations have high cultural value so they are often prioritized by the community. Group members feel that maintaining social relationships and fulfilling customary obligations is important that cannot be ignored.

Therefore, loan funds are often used to support these social needs. Sintia Wahyuni (2026) explained that members prefer to use funds for celebrations because these activities are considered urgent and related to family honor in the community.

1 The use of funds for social needs shows that members view PNPM funds as a flexible source of assistance for various daily life needs. The lack of supervision and the absence of evaluation of the use of funds makes members feel free to use the funds according to their needs. According to Nurhamimma (2026), group members have never received special checks regarding **1 the use of** funds after the loan has been disbursed.

Even though the use of these funds is not in accordance with the **2** terms of the program, social relations within the group are maintained because members remain committed to repaying the loan on time. **5** The absence of internal conflict shows the strong value of kinship and social solidarity among group members. However, this condition also shows that the main goal of the program as a means of productive economic empowerment has not been implemented optimally because funds are more used for temporary social needs (Sintia Wahyuni, 2026).

Factors Causing Misuse of Funds

The results of the study show that there are several main factors that cause the misuse of Rural Mandiri PNPM funds in the Usao Amai SPP group, namely:

1. Weak supervision and assistance

Based on the results of the study, **4** one of the main factors that caused the misuse of PNPM Mandiri Rural funds in the Usao Amai SPP group was the weak supervision and assistance after the funds were disbursed. The group management and the Activity Management Unit (UPK) do not have a clear monitoring mechanism regarding **1** the use of funds by members. After the loan is given, members are not required to make a report on the use of funds or the progress of the business being run. According to Sintia Wahyuni (2026), the management only focuses on recording administration and returning installments without conducting an audit of the use of funds directly.

This lack of supervision allows members to have complete freedom in determining **1** the use of loan funds. In practice, funds are used more for personal and consumptive needs because there is no strict control from the program manager. Nurhamimma (2026) explained that as long as members continue to pay installments on time, group administrators rarely question what the funds are used for. This condition shows that the success of the program is measured more by the smooth repayment of loans than by the productive economic impact produced.

In addition, weak business assistance is also a factor that strengthens the misuse of funds. Group members do not receive business training, financial management coaching, or

direction on productive business development after receiving loans. As a result, members run businesses simply without clear planning, and some even do not use funds for business at all. According to Sintia Wahyuni (2026), **5** the absence of routine evaluations makes members feel that they do not have the responsibility to utilize funds according to the program's goals.

This condition shows that supervision and assistance are important elements in the success of community empowerment programs. Without ongoing control and coaching, revolving funds are vulnerable to being used outside of the program's objectives.

Therefore, a more active monitoring system and regular business assistance are needed so that **1** the use of funds can run in accordance with the principles of community economic empowerment (Nurhamimma, 2026).

2. Low financial literacy and business understanding

The results of the study show that low financial literacy and business understanding are **4** one of the factors causing the misuse of PNPM Mandiri Rural funds. Most of **3** the members of the Usao Amai SPP group do not have the ability to manage business and household finances properly. This condition causes members to have difficulty distinguishing between consumptive needs and productive needs. According to Nurhamimma (2026), many members directly use loan funds for daily needs without considering the long-term benefits of business capital.

Lack of experience in running a business also affects the pattern of fund utilization by group members. Some members feel that they do not have the skills or courage to start a new business because they are afraid of losing money. As a result, funds that should be business capital are used more to meet household needs that are considered safer and more urgent. Sintia Wahyuni (2026) explained that some members have never received training on business management or simple financial recording.

In addition, the low level of education and limited access to information also affect members' understanding of **9** the concept of economic empowerment. Many members do not understand that PNPM funds aim to increase family economic capacity through

productive activities. In practice, members focus more on the ability to pay installments rather than how the funds can generate economic benefits. According to Nurhamimma (2026), members feel that as long as the loan can be repaid, **1** the use of funds for other needs is not a big problem.

This phenomenon shows that the success of community empowerment programs does not only depend on the provision of capital, but also on increasing the capacity of human resources. Low financial literacy causes revolving funds to not be used optimally for productive business development. Therefore, continuous financial training and education are needed so that members are able to manage loan funds more effectively and productively (Sintia Wahyuni, 2026).

3. Household economic pressures

Household economic pressure is the dominant factor that causes group members to use PNPM funds not in accordance with the program's objectives. Most of **3** the members of the Usao Amai SPP group come from families with irregular incomes that depend on agricultural produce, small trade, or other day jobs. Unstable economic conditions cause members to prioritize basic needs over long-term business development. According to Nurhamimma (2026), loan funds are often used to buy household needs because the family's income is insufficient.

In certain situations, urgent economic needs leave members with no other choice but to use funds for consumptive needs. **7** The cost of children's education, medical treatment, debt payments, and daily necessities is considered more important because they are directly related to the survival of the family. Sintia Wahyuni (2026) explained that some members use loan funds as a temporary solution to overcome the economic difficulties they are facing.

In addition, income uncertainty makes members feel hesitant to use funds as productive business capital. They are worried that the business they run will not provide quick results or even suffer losses. Therefore, **1** the use of funds for needs that are directly felt by the benefits is considered safer than business investments that require processes and risks.

According to Nurhamimma (2026), members prefer to meet urgent needs rather than take the risk of opening a new business that is not necessarily successful.

This condition shows that economic factors have a great influence on the behavior **6** of **the use of** community empowerment program funds. The pressure of living needs makes it difficult to achieve the goal of long-term economic empowerment optimally. Therefore, the revolving fund program **2** **needs to be** accompanied by a strategy to strengthen the family economy and business assistance so that members have better readiness to use funds productively (Sintia Wahyuni, 2026).

4. Misunderstanding of program objectives

Based on the results of the interview, it was found that some members had an inappropriate understanding of the objectives of the PNPM Mandiri Rural program. Loan funds are seen as government assistance that can be used freely as long as installments are paid on time. This understanding causes members to feel less guilty when using funds for needs outside of productive endeavors. According to Nurhamimma (2026), some members consider the fund as an important form of social assistance to help the family's economic needs.

The lack of socialization about the goals and rules of the program is **4** **one of the** causes of the emergence of this misunderstanding. After the group was formed and the funds were disbursed, there was not much further explanation about the importance of using funds for productive activities. **6** **As a result,** members better understand the program as a non-interest loan that can be used according to personal needs. Sintia Wahyuni (2026) explained that some members have not fully understood **9** **the concept of** economic empowerment which is the main goal of PNPM Mandiri Perdesaan.

In addition, the social culture of the community which emphasizes more on smooth payments than **1** **the use of** funds also influences the mindset of group members. As long as there is no bad loan, **the use of** funds for other needs is considered not a big problem. This condition makes the program's goal as a means of improving economic welfare through productive efforts less considered. According to Nurhamimma (2026), members

are more focused on the obligation to pay installments rather than thinking about long-term business development.

This phenomenon shows that the success of the empowerment program is greatly ⁵ influenced by the community's understanding of the program's goals themselves. If members do not understand the function of the fund as productive business capital, then the program tends to turn into short-term consumptive assistance. Therefore, more intensive and sustainable socialization is needed so that members have a correct understanding of the goals, benefits, and responsibilities in managing PNPM Mandiri Rural funds (Sintia Wahyuni, 2026).

Social Dynamics of the Group

The results of the study showed that despite the misuse of funds in the Usao Amai SPP group, social relations between members continued to run harmoniously and conducive.

³ The members of the group have a strong family relationship because most of them have known each other in daily life in the community of Jorong Lubuak Batingkok. This social closeness fosters mutual trust and mutual understanding between group members. According to Nurhamimma (2026), group members rarely have problems with ¹ the use of funds by other members as long as the obligation to pay installments is still fulfilled properly.

The high sense of social solidarity makes the group prioritize the harmony of relationships rather than debating the use of funds that are not in accordance with the program's objectives. In some cases, members actually understand the economic conditions of fellow members who are experiencing difficulties so that the use of funds for urgent needs is considered a natural thing. Sintia Wahyuni (2026) explained that family culture in the group causes members to prefer to maintain good relations rather than give harsh reprimands to other members.

In addition, open communication and deliberation are important factors in maintaining group stability. When ⁷ there is a delay in installment payments, members usually convey their conditions directly to the group management. These problems are then resolved

through communication and mutual agreement without causing serious conflicts. According to Nurhamimma (2026), members who experience payment difficulties still show responsibility by coming in person to ask the group management for payment time adjustments.

This condition shows that the success of the Usao Amai tuition group is more supported by social capital in the form of trust, solidarity, and family relationships than the success of productive economic empowerment. Although the program has not fully succeeded in improving the economic efforts of members, the group has survived because of the strong social commitment among members. However, this condition also shows that community empowerment programs need to strengthen productive economic aspects without eliminating the value of togetherness and social solidarity that has developed within the group (Sintia Wahyuni, 2026).

Analysis in Islamic Economic Perspective

In the perspective of Islamic economics, the practice of borrowing or qardh is not only understood as a purely financial relationship, but also contains the value of worship, trust, and social responsibility. The loan funds given to 8 members of the Usao Amai SPP group should be used according to the program's initial purpose, which is to support productive business activities and improve the economic welfare of the community. 1 The use of funds outside the agreement, even if they are still returned, can be categorized as a form of deviation from the principle of trust in Islam. As explained by Kamal et al. (2023), the main principle in the management of loan funds in Islam is honesty and responsibility for the mandate that has been given.

The results of the study show that some members use funds for consumptive needs, paying debts, and other social needs. In the view of Islamic economics, this condition reflects the lack of optimal implementation of the value of responsibility in the management of people's funds. Although economic needs are the main reason for 1 the use of these funds, Islam still emphasizes the importance of utilizing the mandate in accordance with mutually agreed goals. According to Nurhamimma (2026), some members understand that

the fund is assistance that can be used flexibly as long as installments are still paid on time. **2** This kind of understanding shows that there is still a lack of awareness of moral and spiritual values in loan management.

However, this study also found that **7** there is a positive value that is still strong in the community, namely the high commitment of members in repaying loans according to obligations. Group members still try to pay installments on time even though the funds are used for needs outside of productive business. This attitude reflects the value of responsibility and shame if they do not fulfill their obligations to the group. Sintia Wahyuni (2026) explained that group members have high enough social awareness to maintain trust and good relationships between members in the group.

2 In the context of Islamic economics, this condition shows that community empowerment programs are not enough to provide capital assistance, but also need to be accompanied by moral and spiritual guidance to the beneficiary communities. Values such as trust, honesty, discipline, responsibility, and productive work need to be instilled in a sustainable manner so that revolving funds truly provide long-term economic benefits. Thus, the PNPM Mandiri Rural program is not only successful **2** in terms of administrative refunds, but also able to realize Islamic economic goals that are oriented towards the benefit and welfare of the community in a sustainable manner (Kamal et al., 2023).

CONCLUSION AND SUGGESTION

Based on the results of research conducted on the Usao Amai Women's Savings and Loan (SPP) group in Jorong Lubuak Batingkok, it can be concluded that the implementation of the revolving fund program which is part of PNPM Mandiri Rural is still facing various challenges in its implementation. Administratively, this program seems to be running well because the funds are distributed and the rate of return is relatively smooth. However, when viewed **2** in terms of the use of funds and their impact on women's economic empowerment, there are many deviations and inconsistencies between the initial goals and practices in the field.

Most **3** members of the group do not use funds for productive activities as they should, but rather to meet consumptive needs such as paying school fees, buying household necessities, or paying off old debts. The inappropriate use of funds shows that there are still many members who do not have the readiness to manage loans, both **2** in terms of business knowledge and mental readiness to be responsible for the mandate given. In addition, low understanding of **9** the concept of capital and lack of business experience are the main factors why funds are used without a clear direction. **5** The absence of advanced training, weak assistance from UPK management, and lack of supervision make members run alone without adequate control. Group dynamics also tend to be passive after the disbursement of funds, without periodic meetings, business evaluations, or continuous guidance. This weakens the spirit of mutual cooperation and togetherness which should be the main strength in group-based empowerment. However, despite the misuse of funds, this group can still run stably, because members are committed to returning installments on time. There is no conflict or tension in the group regarding **1** the use of funds, because the social norms that are formed are more concerned with family relationships and mutual understanding between members. High social trust between members allows the group to survive without major problems despite irregularities in the use of funds.

This condition shows that the success of the program can not only be **6** measured by the smooth return of installments, but also must be seen from its impact on the economic capacity building of members, which unfortunately has not been seen significantly. **1** The use of more consumptive funds and the lack of assistance for business management make this program not fully achieve the expected economic empowerment goals.

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