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Strategies for Strengthening MSMEs Through Community Development and Empowerment: A Case Study of Central Halmahera Regency

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ABSTRACT

Despite driving regional economic growth, mining activities do not necessarily generate inclusive local development, particularly for MSMEs in surrounding communities. This study aims to identify the forms of Community Development and Empowerment Program (PPM) strategies used to strengthen MSMEs in the mining communities of Central Halmahera Regency, Indonesia. A qualitative case study was conducted using observations, interviews, questionnaires, and document analysis involving 25 purposively selected informants. Data were analyzed using the Miles, Huberman, and Saldaña interactive model with thematic content analysis and triangulation. The findings identify five main strategies: capacity-building training, capital and business-facility assistance, business mentoring, market-access support, and company-MSME partnerships. These strategies provided initial benefits but remained constrained by limited mentoring continuity, follow-up financing, market expansion, and institutionalized partnerships. The study provides practical evidence that the five strategies should be implemented as an integrated business-development pathway. Conceptually, it offers a framework linking company support, MSME capability, market access, and business independence.

Keywords: Community Development and Empowerment; Local Economic Development; MSMEs; Mining Communities; Sustainable Development

JEL Classification: L26; O18; Q32; R11

INTRODUCTION

Mining has become one of the most important drivers of regional economic change in several resource-rich areas of Indonesia. In Central Halmahera Regency, the rapid expansion of nickel-related industrial activity has stimulated infrastructure growth, labor mobility, local purchasing power, and new business opportunities around mining operations. However, the presence of an extractive industry does not automatically create inclusive local development. Economic benefits may concentrate around large companies and their supply chains, while surrounding communities remain positioned mainly as labor suppliers, informal traders, or recipients of short-term assistance. This situation creates a development paradox: mining accelerates regional economic output, yet many local micro, small, and medium enterprises (MSMEs) in mining ring areas continue to experience weak access to capital, limited managerial capacity, low product innovation, and narrow market linkages (Kumar et al., 2022; Muhammad et al., 2024; Wilson, 2022).

MSMEs are expected to bridge mining-led growth and community welfare because they absorb local labor, circulate income within villages, and create opportunities for economic diversification beyond extractive activity. In practice, however, MSMEs around mining areas often remain fragile because of limited internal capability, restricted access to finance, narrow market networks, and weak institutional support. Recent evidence shows that MSME performance is influenced by entrepreneurial leadership, organizational capability, government support, and the ability to convert resources into sustainable business capability (Bangguiyac & Castañeda, 2025; Nguyen et al., 2021; Pauceanu et al., 2021).

In Indonesia, mining companies are required to implement Community Development and Empowerment Programs, commonly known as *Program Pengembangan dan Pemberdayaan Masyarakat* (PPM). PPM is intended to improve the quality of life of communities around mining operations through economic, educational, health, social, cultural, environmental, and institutional initiatives. Within the economic pillar, MSME strengthening has become a dominant strategy because it is directly connected to household income and community resilience. Nevertheless, the effectiveness of PPM remains contested. Some programs are perceived as administrative compliance or corporate social responsibility activities that prioritize visible outputs, such as the number of training sessions or recipients, rather than long-term business outcomes. This concern is particularly relevant in Central Halmahera, where the scale of mining expansion demands a stronger mechanism for transforming local economic capacity (Kumar et al., 2022; Muhammad et al., 2024; Wilson, 2022).

Previous studies on mining-area development have discussed corporate social responsibility, community welfare, labor absorption, local economic resilience, and MSME competitiveness (Kumar et al., 2022; Muhammad et al., 2024; Wilson, 2022). These studies provide valuable insights, but several limitations remain. First, many evaluations focus on whether programs were implemented, while fewer studies explain how PPM strategies build the internal capabilities of MSMEs. Second, studies on MSMEs often emphasize capital, promotion, or entrepreneurial competence without connecting these factors to the governance of empowerment programs in extractive regions. Third, theoretical perspectives are commonly used separately; Local Economic Development (LED) theory explains multi-stakeholder collaboration, the Resource-Based View (RBV) explains internal business capability, and Dependency Theory explains structural reliance on external actors, yet the interaction among these perspectives has rarely been integrated in one analytical framework. These gaps limit the ability to understand why

PPM may generate short-term benefits but fail to create independent local enterprises (Badri & Amrina, 2023; Nandya et al., 2024; Widyastuti et al., 2025).

This study addresses these gaps by examining PPM as a strategic mechanism for strengthening MSMEs in the mining-ring areas of Central Halmahera Regency. Its novelty lies in the integrated use of three analytical perspectives. LED is used to interpret collaboration and place-based economic potential. The RBV is used to understand the development of MSME capabilities, including managerial skills, innovation, financial literacy, production quality, and market networks. Dependency Theory is used to interpret the risk that entrepreneurs may remain reliant on company assistance and mining-related demand. Together, these perspectives provide an interpretive framework for explaining the relationship among program strategy, MSME capability, market access, and business independence in the Central Halmahera context (Barney, 1991; Dos Santos, 2019; Frank, 1967; Kumar et al., 2022).

This study aims to: (1) identify the forms of PPM strategies implemented to strengthen MSMEs in the mining-ring areas of Central Halmahera Regency; (2) identify the supporting and inhibiting factors affecting their implementation; and (3) explain the implications of these strategies for LED and MSME independence. The study's primary contribution is empirical and practical because it identifies the strategies experienced by local MSME actors and clarifies the gap between initial assistance and the need for continuous support. Conceptually, LED, the RBV, and Dependency Theory are used as interpretive perspectives for understanding the relationship among company support, capability development, market access, and business independence. The conceptual contribution is therefore contextual and interpretive rather than a test or extension of theory.

LITERATURE REVIEW

Theoretical Framework

LED in Mining Areas

LED refers to a place-based development approach that mobilizes local resources, institutions, and stakeholders to improve community welfare. Unlike a growth-centered approach that relies mainly on macroeconomic indicators, LED emphasizes endogenous potential, community participation, institutional coordination, and inclusive economic opportunity. In mining regions, LED is particularly important because extractive activity can generate both opportunities and distortions. The opportunities include local procurement, wage income, infrastructure improvement, and the growth of trade and services. The distortions include enclave economies, unequal benefit distribution, land-use change, and dependence on a single dominant industry (Kumar et al., 2022; Wilson, 2022).

From the LED perspective, PPM can become a mechanism for connecting the economic power of mining companies with community-based development. The key issue is whether program design enables local actors to participate meaningfully in identifying needs, selecting economic sectors, strengthening institutions, and monitoring outcomes. If PPM is planned without adequate community participation, it may produce programs that are administratively successful but economically weak. Conversely, when PPM is embedded in local economic planning and supported by government, business associations, financial institutions, and community organizations, it can strengthen local value chains and create more inclusive development outcomes (Kumar et al., 2022; Muhammad et al., 2024).

RBV and MSME Capability Building

The RBV explains that sustainable competitiveness depends on the ability of an organization to develop resources that are valuable, rare, difficult to imitate, and organized effectively. For MSMEs, strategic resources are not limited to financial capital. They include entrepreneurial knowledge, product quality, production skills, bookkeeping ability, digital marketing competence, customer relationships, certification, business networks, and collective institutions. In mining ring areas, these resources are often unevenly distributed. Some MSMEs can respond to new demand created by mining activity, while others remain informal, low-productivity, and dependent on temporary assistance (Barney, 1991; Hassan et al., 2024).

The RBV is useful for evaluating PPM because it shifts attention from the amount of assistance delivered to the capabilities developed. Training should not be assessed only by participant numbers, but also by improvements in bookkeeping, cost calculation, product quality, innovation, marketing, and customer relationships. Recent studies show that marketing capability, financial literacy, and entrepreneurial competence are associated with MSME growth and sustainability (Anshika & Singla, 2022; Joensuu-Salo et al., 2023; Rifani et al., 2025; Widyastuti et al., 2025).

Dependency Theory and the Risk of Assistance-Based Empowerment

Dependency Theory highlights how communities or peripheral regions may remain subordinated when their economic structure relies heavily on external actors. In the context of mining areas, dependence can occur when local businesses grow only because of company assistance, worker consumption, or procurement opportunities controlled by the mining firm. Although such dependence may increase short-term income, it limits community autonomy and increases vulnerability when commodity cycles, company policies, or operational needs change (Dos Santos, 2019; Frank, 1967; Wilson, 2022).

This theoretical perspective is important for understanding the ambiguity of PPM. A program that provides repeated assistance without strengthening entrepreneurship, institutions, and market diversification may unintentionally reproduce dependency. By contrast, empowerment should gradually reduce dependence by enabling MSMEs to access wider markets, manage internal resources, and collaborate with actors beyond the mining company. Thus, PPM should be evaluated not only by its immediate economic benefits but also by its contribution to community autonomy (Kumar et al., 2022; Wilson, 2022).

Previous Studies and Research Gap

Recent MSME studies emphasize the importance of financial literacy, market orientation, entrepreneurial leadership, digitalization, and institutional support. Digitalization can expand trade participation, strengthen innovation, and improve business resilience, although its adoption is shaped by location, human resources, strategy, and the business environment (Galindo-Martín et al., 2023; Hassan et al., 2024; Higón & Bonvin, 2024; Holl & Rama, 2024; Mishrif & Khan, 2023; Sagala & Őri, 2024). Other previous studies also demonstrate the relevance of competitive strategy, digital marketing, financial literacy, and government support for MSME performance and sustainability (Badri & Amrina, 2023; Jadhav et al., 2023; Nandya et al., 2024; Rifani et al., 2025; Widyastuti et al., 2025).

However, prior research remains fragmented. Mining studies commonly focus on corporate social responsibility, community relations, and benefit distribution, whereas MSME studies focus on business capability, marketing, finance, and digitalization.

Research on mining communities shows that program effectiveness depends on stakeholder engagement, benefit monitoring, and alignment with local needs (Kumar et al., 2022; Muhammad et al., 2024; Wilson, 2022). This study connects these areas by examining the forms of PPM strategies experienced by MSME actors and applying three theoretical perspectives as an interpretive framework.

Conceptual Framework

The conceptual framework of this study places the PPM strategy as the main intervention variable. PPM strategy consists of program planning, capital and equipment support, entrepreneurship training, mentoring, market facilitation, institutional strengthening, and monitoring. These strategies influence MSME strengthening through improved managerial capability, innovation, product quality, financial access, digital marketing, and business networks. The relationship is shaped by supporting factors, such as community participation, company commitment, government coordination, and local economic potential, as well as inhibiting factors, such as short-term orientation, weak post-program assistance, limited market integration, and dependency on mining demand. The expected outcome is sustainable LED characterized by independent MSMEs, diversified village economies, increased income, and reduced reliance on extractive activities (Barney, 1991; Dos Santos, 2019; Frank, 1967; Kumar et al., 2022).

Table 1. Synthesis of Theories and Analytical Use

Theory	Core assumption	Use in this study	Relevant indicator
Local Economic Development (LED)	Development is stronger when local resources and stakeholders are mobilized collectively.	Explains the role of collaboration among mining companies, government, communities, and MSMEs.	Participation, multi-stakeholder coordination, local value chains, place-based potential.
Resource-Based View (RBV)	Business competitiveness depends on strategic internal resources and capabilities.	Explains how PPM should strengthen MSME capacity beyond capital assistance.	Managerial skills, innovation, product quality, finance, digital marketing, networks.
Dependency Theory	Peripheral communities may remain dependent when development is controlled by external actors.	Explains the risk that PPM assistance may reproduce reliance on mining companies.	Assistance dependency, market concentration, business autonomy, diversification.

Table 1 presents the synthesis of the theoretical foundations underpinning this study. Three complementary perspectives, LED, RBV, and Dependency Theory, are integrated to provide a comprehensive analytical framework for evaluating the effectiveness of the PPM in strengthening MSMEs within mining communities. Each theory contributes a distinct analytical lens by explaining stakeholder collaboration, organizational capability development, and the potential risks of long-term dependency on external support. The table also summarizes the core assumptions of each theory, their specific application in this study, and the key indicators used in the analysis.

RESEARCH METHOD

Research Design

This study used a qualitative case study design. The design was selected because the research problem concerns process, meaning, strategy, and institutional interaction rather than the measurement of causal effects. A case study approach allows an in-depth understanding of how PPM is implemented in a specific mining ring context and how local MSME actors experience its benefits and limitations. The study was not designed as library research. Literature was used only to support conceptual framing, compare findings, and strengthen interpretation. The empirical basis of the study consisted of field observation, interviews, questionnaires, documentation, and relevant program records (Mills et al., 2013).

The case was Central Halmahera Regency, an area experiencing rapid economic change due to mining and nickel-related industrial activity. The unit of analysis was the PPM strategy for MSME strengthening in Ring 1, Ring 2, and Ring 3 communities around mining activity. Ring 1 refers to communities located closest to mining operations and therefore most directly affected by company-community interaction. Ring 2 and Ring 3 refer to communities that are less directly affected but remain connected to the regional economic changes generated by mining.

Population, Informants, and Sampling

The study population included stakeholders involved in or affected by PPM-based MSME development in Central Halmahera Regency. Informants were selected using purposive sampling because the study required participants with direct knowledge, experience, or involvement in PPM implementation and MSME activities. A total of 25 informants participated, consisting of MSME actors, village government representatives, customary leaders, community representatives, and stakeholders associated with PPM implementation (see Table 2). The selection criteria were involvement in MSME activities, residence or institutional role in Ring 1, Ring 2, or Ring 3 areas, familiarity with PPM activities, and willingness to provide information (Mills et al., 2013).

Table 2. Informant Composition

Informant Group	Number	Selection Rationale
MSME actors from Ring 1 communities	8	Direct recipients or potential recipients of PPM and closest to mining operations.
MSME actors from Ring 2 and Ring 3 communities	7	Represent broader community business conditions affected by mining-related economic change.
Village and sub-district government representatives	4	Provide information on local economic planning, program coordination, and community needs.
Customary and community leaders	3	Provide social and institutional perspectives on community acceptance and local priorities.
PPM-related stakeholders and local facilitators	3	Provide information on program design, implementation, monitoring, and constraints.
Total	25	Purposively selected informants with direct relevance to the case.

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Data Collection

Data were collected through four techniques. First, field observation was conducted to understand the business environment, visible MSME activities, local market conditions, and the relationship between community economic activity and mining operations. Second, in-depth interviews were used to explore informants' experiences of PPM, perceived benefits, constraints, business needs, and expectations for future empowerment. Third, a short questionnaire was used to record basic information about informant roles, business characteristics, and perceived program relevance. Fourth, documentation and literature review were used to examine PPM-related reports, local economic documents, journal articles, and regulations relevant to community development in mining areas (Mills et al., 2013).

Interview questions focused on five themes: forms of PPM support received or observed, changes in MSME capacity, obstacles to business sustainability, patterns of dependence on mining companies, and expectations for more effective empowerment. The use of multiple data sources allowed triangulation and reduced the risk of relying on a single perspective.

Data Analysis

Data were analyzed using the interactive model of Miles et al. (2014), which consists of data condensation, data display, and conclusion drawing or verification. In the condensation stage, interview notes, observation records, questionnaire summaries, and documents were selected according to the research focus. In the display stage, data were organized into matrices covering PPM strategy, MSME capacity, supporting factors, inhibiting factors, and local economic implications. In the verification stage, emerging conclusions were compared across informant groups and data sources (Mills et al., 2013).

Content analysis was also used to identify recurring patterns, categories, and meanings. The coding process produced several analytical themes: assistance orientation, capacity building, market access, institutional coordination, post-program mentoring, local economic diversification, and dependency reduction. Data validity was strengthened through source triangulation and method triangulation. Source triangulation compared information from MSME actors, village officials, community leaders, and PPM-related stakeholders. Method triangulation compared interviews, observations, questionnaires, documents, and literature (Miles et al., 2014; Mills et al., 2013).

Table 3. Research Design Summary

Component	Description
Approach	Qualitative case study.
Location	Mining ring areas of Central Halmahera Regency, Indonesia.
Focus	PPM strategies for strengthening MSMEs and their implications for sustainable LED.
Data sources	Field observation, in-depth interviews, short questionnaires, documentation, and literature.
Sampling technique	Purposive sampling based on knowledge, experience, and involvement in PPM or MSME activities.
Informants	25 informants from Ring 1, Ring 2, and Ring 3 communities and related institutions.
Validity strategy	Source triangulation and method triangulation.
Analysis technique	Miles, Huberman, and Saldana interactive model supported by content analysis.

Table 3 provides a comprehensive overview of the research design employed in this study. It synthesizes the key methodological components, including the research approach, study setting, research focus, data collection methods, sampling strategy, informant selection, validity procedures, and analytical framework. This summary demonstrates the methodological rigor adopted to examine the implementation of the PPM in strengthening MSMEs and promoting sustainable LED.

RESULTS

Forms of PPM Strategy for MSME Strengthening

The interview findings identified five principal PPM strategies for strengthening MSMEs in the mining-ring areas of Central Halmahera: capacity building through training, capital and business-facility assistance, business mentoring, market-access support, and partnerships between mining companies and local MSMEs. These strategies were intended to improve business knowledge, production capacity, market reach, and the economic independence of local entrepreneurs. The empirical evidence also showed that the strategies were interrelated: training created basic knowledge, capital and equipment supported operations, mentoring helped entrepreneurs apply new skills, market facilitation expanded visibility, and partnerships offered the prospect of more stable demand. Table 4 summarizes the observed implementation, benefits, and limitations of these strategies.

Training was the most frequently recognized capacity-building intervention. Participants reported learning basic financial management, product processing, packaging, and customer service. However, the training was usually delivered as a short activity and was not consistently followed by mentoring. One culinary-business owner explained,

> “We participated in training organized by the company. From the training, we learned how to manage business finances and serve customers better. However, the activity was conducted only once” (R1, MSME actor; translated from Indonesian).

Another participant emphasized the need for continuity,

> “The training was good, but after it ended, we returned to running the business on our own. It would be better if a mentor visited regularly to monitor the development of our business” (R2, MSME actor; translated from Indonesian).

Capital and business-facility assistance also generated immediate operational benefits. Participants used the support to purchase equipment, increase inventories, and start or expand business activities. As one respondent stated,

> “The capital provided by the company greatly helped us purchase business equipment. Previously, we worked with very basic tools; now the work can be completed faster” (R3, MSME actor; translated from Indonesian).

A second participant added,

> “The capital assistance was not large, but it was sufficient to help us start the business and increase our stock of goods” (R4, MSME actor; translated from Indonesian).

These quotations indicate that financial and material assistance can reduce initial business constraints, although respondents also expected access to follow-up financing as their enterprises developed.

Table 4. Empirical Findings on PPM Strategy

PPM Component	Observed Implementation	Strength	Limitation
Capacity-building training	Training in basic financial management, product processing, packaging, and customer service.	Improved participants' knowledge and awareness of more professional business practices.	Usually conducted only once and not consistently followed by mentoring.
Capital and business facilities	Provision of small-scale capital, equipment, and support for inventories or production.	Helped MSMEs start businesses, increase stock, and work more efficiently.	The amount was limited and follow-up financing was not yet available.
Business mentoring	Consultation and monitoring intended to support business development.	Could help entrepreneurs address marketing, bookkeeping, and product-quality problems.	Not implemented regularly or comprehensively.
Market-access support	Participation in exhibitions, product promotion, and limited marketing facilitation.	Increased product exposure and created short-term sales opportunities.	Activities were occasional and did not establish continuous market channels.
Company-MSME partnership	Potential use of local food, catering, retail, and service businesses in company procurement.	Could create predictable demand and encourage higher product standards.	Partnership opportunities were still limited and not yet institutionalized.

Table 4 shows that PPM has addressed several stages of MSME development, but the interventions have not yet formed a fully integrated and continuous pathway. Training and material assistance created initial benefits, whereas mentoring, sustained marketing support, and company-MSME partnerships remained less developed. The table therefore indicates that the main challenge is not the absence of intervention, but the limited continuity and connection among the program components.

Business mentoring emerged as the main need after training and capital assistance. Participants expected mentors to help solve practical problems in marketing, financial records, and product improvement. One respondent stated,

> "What we need now is not only training, but someone who can assist us when we experience difficulties in developing the business" (R5, MSME actor; translated from Indonesian).

Another explained,

> "With a mentor, we could ask about marketing, financial recording, or how to improve product quality" (R6, MSME actor; translated from Indonesian).

These accounts demonstrate that one-off training is unlikely to produce lasting capability without regular monitoring and problem-solving support.

MSME Capacity Conditions in Mining Ring Areas

The interview evidence indicates that local MSMEs have strong entrepreneurial potential but continue to face interconnected capability constraints. Participants benefited from introductory training and material assistance, yet many still required practical support in financial management, service quality, product improvement, marketing, and business expansion. These conditions show that the effectiveness of PPM depends on whether entrepreneurs can apply the knowledge and resources received in daily business operations. Table 5 groups the recurring capability issues into financial, managerial, product, market, institutional, and dependency-related themes.

Market access was a particularly important constraint. PPM had facilitated occasional exhibitions and promotional activities, but participants considered these opportunities too limited to establish continuous sales channels. One respondent observed,

> "We once participated in a product exhibition, but it was only occasional. We hope the company can help market our products continuously" (R7, MSME actor; translated from Indonesian).

Another added,

> "Our products are actually good, but they are not widely known outside Central Halmahera" (R8, MSME actor; translated from Indonesian).

These statements indicate that promotion should be connected to broader buyer networks, digital marketing, and regular distribution channels rather than isolated events. The interviews also identified company-MSME partnerships as a potential mechanism for creating more predictable demand. Participants expected local food, catering, retail, and service businesses to receive opportunities within company procurement. One respondent stated,

> "If the company purchases products from the community, our businesses will certainly grow because there will be a clear market" (R9, MSME actor; translated from Indonesian).

Another explained,

> "We hope that food stalls, catering businesses, and other local enterprises are given the opportunity to become company partners" (R10, MSME actor; translated from Indonesian).

This evidence shows that partnership is valued not merely as assistance, but as a route toward stable market access and higher product standards.

Table 5. Thematic Matrix of MSME Capacity Issues

Theme	Evidence from Field Synthesis	Interpretation
Financial Capability	Capital assistance helped participants buy equipment and stock, but respondents requested follow-up financing.	Financing should be staged and linked to business progress.
Managerial Capability	Training introduced financial management and customer service, but the activity was generally conducted only once.	Training requires regular mentoring to support consistent application.
Product and Service Quality	Participants wanted guidance on improving product quality and customer service.	Technical assistance should be tailored to specific business needs.
Market Access	Exhibitions and promotional activities were occasional, and products remained little known outside Central Halmahera.	PPM should establish continuous digital and external market channels.
Institutional Partnership	Local entrepreneurs expected food, catering, retail, and service businesses to become company partners.	Transparent local-procurement pathways are needed.
Dependency Pattern	Beneficiaries continued to rely on company-led training, promotion, and assistance because independent support channels were limited.	PPM should build autonomy through mentoring, broader markets, and diversified finance.

As summarized in Table 5, the identified constraints are mutually reinforcing. Limited financial capability restricts business expansion; insufficient mentoring weakens the application of training; limited product and service improvement reduces competitiveness; and narrow market access keeps enterprises dependent on occasional exhibitions or company support. The findings therefore support an integrated capability-building approach in which training, mentoring, financing, product development, and market linkage are delivered as a connected sequence.

Taken together, the interview excerpts show that respondents did not reject PPM assistance; rather, they requested a more continuous development process. The recurring message was that initial training and capital support should be followed by routine mentoring, access to follow-up financing, sustained promotion, and concrete partnership opportunities. This sequence would enable MSMEs to convert short-term assistance into durable business capability.

Supporting Factors

Four supporting factors emerged from the interviews. First, participants showed a strong willingness to improve their businesses and apply knowledge gained from training. Second, the mining companies possessed resources to provide training, capital, equipment, promotion, and potential procurement opportunities. Third, local MSMEs already produced goods and services that could serve community and company demand. Fourth, the expectation of formal partnerships created incentives for entrepreneurs to improve product quality and business management. These factors provide a practical foundation for strengthening PPM-based MSME development.

Inhibiting Factors

The principal inhibiting factors were the short duration of training, limited post-training mentoring, unequal access to program benefits, insufficient follow-up financing, and narrow marketing networks. The findings also indicate that exhibitions and promotional events were conducted only occasionally, while partnerships with local MSMEs had not yet become a systematic procurement mechanism. Consequently, some beneficiaries received useful inputs without the continuing support needed to consolidate business growth.

The combined statements of R2, R5, R6, and R7 provide direct evidence of this continuity gap: participants consistently requested regular mentoring, practical consultation, and sustained marketing assistance after the initial intervention. This pattern strengthens the conclusion that program success should be evaluated not only by the number of activities or recipients, but also by the continuity of support and subsequent business progress.

Implications for LED

The findings indicate that PPM contributes to LED when its five strategies operate as an integrated pathway. Training develops basic knowledge; capital and facilities improve production capacity; mentoring supports application and problem solving; market facilitation expands customer reach; and partnerships create more stable demand. If these elements remain separate or occasional, PPM may generate only temporary gains. Table 6 synthesizes the main empirical findings and their implications for a more sustainable strategy.

Table 6. Main Findings and Implications

No.	Finding	Implication
1	Training improved basic financial-management and customer-service knowledge.	Training should be repeated and followed by mentoring.
2	Capital and equipment improved operational capacity and business start-up conditions.	Follow-up financing should be linked to verified business progress.
3	Business mentoring was strongly requested but remained limited.	Regular mentoring should become a core PPM component.
4	Promotional events provided exposure but did not create continuous sales channels.	Digital marketing, buyer linkage, and distribution support are required.
5	Company-MSME partnerships were viewed as a source of stable demand.	Local procurement should be formalized through transparent partnership criteria.
6	Program benefits were not yet fully continuous or evenly experienced.	Beneficiary mapping and multi-year development pathways are needed.
7	The five strategies were most effective when understood as an integrated sequence.	Monitoring should measure capability, market growth, and business independence.

Table 6 directly addresses the research objectives by identifying the five implemented strategies, their principal limitations, and their implications for LED. The synthesis demonstrates that effective empowerment requires a staged transition from initial training and assistance to mentoring, market integration, partnership development, and measurable business independence.

The central empirical conclusion is that PPM has created a useful foundation for MSME strengthening, but its effectiveness is constrained by limited continuity. The respondents' accounts show that local entrepreneurs require a progression from introductory support toward sustained mentoring, wider markets, follow-up financing, and structured company partnerships. Progress should therefore be assessed through observable outcomes such as improved financial records, product and service quality, sales growth, repeat customers, market expansion, and participation in company or external supply chains.

DISCUSSION

Interpreting PPM Through LED

From an LED perspective, the findings show that the presence of multiple organizations is not equivalent to effective collaboration. PPM becomes strategic only when companies, local governments, village institutions, financial organizations, and business groups share beneficiary data, define complementary responsibilities, and monitor the same enterprise outcomes. This interpretation supports earlier evidence that community-oriented mining programs require institutional coordination, but it extends that argument by identifying sequencing and shared accountability as the mechanisms that connect collaboration with MSME development (Kumar et al., 2022; Wilson, 2022).

The findings on one-off training, limited mentoring, and occasional promotion reveal a continuity gap in program implementation. From an LED perspective, fragmented support is insufficient to build a functioning enterprise ecosystem. Training should be connected with financing, mentoring, market expansion, and procurement partnerships so that initial knowledge gains can develop into measurable business growth.

Interpreting MSME Capability Through the RBV

From the RBV, the central issue is how external assistance is converted into internal capability. Capital, equipment, and training are not strategic resources by themselves. They become productive when MSME owners integrate them with bookkeeping, cost calculation, production discipline, product quality, innovation, certification, digital marketing, and customer relationships. In this study, the RBV helps interpret MSME capability as an outcome shaped by interaction between entrepreneurs and external institutions that provide training, finance, mentoring, and market access (Bangguiyac & Castañeda, 2025; Barney, 1991; Rifani et al., 2025).

This capability-conversion perspective explains why one-off training and equipment distribution produced limited outcomes. Enterprises at different development stages require different interventions. Start-ups need basic business literacy and market testing; growing enterprises need bookkeeping, production control, marketing, and access to finance; and more established enterprises need innovation, digitalization, and buyer relationships. This interpretation is consistent with studies on dynamic capabilities and MSME resilience that emphasize strategic adaptation and business-model innovation (Huang & Ichikohji, 2024; Mishrif & Khan, 2023).

Balancing Empowerment and Independence: An Integrated Perspective

Dependency Theory provides a complementary interpretation of respondents' expectations for follow-up assistance, company-supported marketing, and procurement opportunities. Such reliance does not necessarily indicate entrepreneurial passivity; it also reflects limited access to alternative finance, mentoring, and markets. PPM should therefore transform assistance-based relationships into capability- and partnership-based relationships so that company support gradually produces wider market access and stronger business independence.

The integration of LED, the RBV, and Dependency Theory provides a more complete interpretive perspective on the findings. The three perspectives indicate that sustainable empowerment requires ecosystem coordination, conversion of assistance into enterprise capability, and a gradual reduction in reliance on company-controlled support and markets. Weakness in one element limits the others. Training without market access produces underused skills; market access without internal capability produces inconsistent quality; and capability building without diversification leaves enterprises vulnerable to changes in mining-related demand. The study's conceptual contribution lies in connecting these perspectives to interpret PPM in Central Halmahera rather than in testing or extending the theories themselves.

Practical Implications for PPM Development

Table 7. Proposed Conceptual Framework for PPM Development

No.	Stage	Strategic Focus	Main Activities	Outcome Indicator
1	Diagnosis	Identify real MSME needs and local potential.	Business mapping, beneficiary profiling, value-chain analysis.	Accurate program targeting.
2	Capability Building	Strengthen internal resources.	Bookkeeping, cost calculation, product innovation, production skills.	Improved business management.
3	Market Integration	Expand demand beyond local and mining-related markets.	Packaging, certification, digital catalogues, exhibitions, buyer linkages.	Sales growth and broader customers.
4	Institutional Strengthening	Build collective economic capacity.	Cooperatives, business groups, village enterprise coordination.	Functional local business institutions.
5	Sustainability Monitoring	Measure autonomy and long-term impact.	Tracking sales, profit, survival, market access, and reduced aid dependence.	Evidence-based PPM improvement.

The conceptual framework in Table 7 summarizes a proposed PPM development pathway through five stages: diagnosis, capability building, market integration, institutional strengthening, and sustainability monitoring. The framework is derived from a synthesis of the interview findings and relevant literature and is intended to guide programs from initial assistance toward more sustainable business development. Because it has not been tested longitudinally or comparatively, it should be treated as a conceptual proposal requiring further empirical validation.

Table 7 should be interpreted as a recommended transition framework. Diagnosis improves targeting; capability building strengthens internal resources; market integration reduces dependence on occasional promotional events; institutional strengthening supports collective services and bargaining power; and sustainability monitoring tracks enterprise development. These stages do not constitute a validated model but provide a basis for future research and more structured PPM design.

Practically, companies and local governments should replace output indicators, such as the number of participants or items distributed, with outcome indicators that include business survival, monthly sales trends, product certification, repeat orders, non-company customers, bookkeeping quality, digital adoption, and participation in functioning business institutions. Financial literacy and inclusion are particularly important because stronger financial capability is associated with MSME sustainability (Widyastuti et al., 2025).

Policy alignment is also necessary. Company-funded training should connect directly with district licensing services, product certification, financial institutions, procurement opportunities, digital-market onboarding, and village economic planning. This integrated pathway can prevent PPM from operating as an isolated annual corporate program and can increase the probability that enterprise development continues after direct assistance declines.

CONCLUSION

This study identified five PPM strategies for strengthening MSMEs in the mining-ring areas of Central Halmahera: capacity-building training, capital and business-facility assistance, business mentoring, market-access support, and company-MSME partnerships. These strategies provided initial benefits, but their effectiveness was constrained by short-term implementation, limited post-training mentoring, lack of follow-up financing, narrow market networks, and the absence of institutionalized local procurement partnerships.

The study's main contribution is empirical and practical. It shows that MSME strengthening requires more than one-off assistance and should instead connect training, finance, mentoring, market access, and partnerships within a continuous business-development pathway. Conceptually, the study offers a contextual interpretive perspective linking local economic coordination, capability development, market access, and business independence.

Mining companies and local governments should provide regular mentoring, develop follow-up financing schemes, expand digital and external market access, and establish transparent procurement partnerships for local MSMEs. Program performance should be assessed through specific business outcomes, including improved financial records, product and service quality, sales growth, wider market reach, and participation in company or external supply chains.

LIMITATION

This study has four limitations. First, the qualitative case-study design provides contextual depth but does not support statistical generalization to all mining regions. Second, the findings reflect the experiences of 25 purposively selected informants in Central Halmahera. Third, the study did not measure changes in household income, enterprise profit, gender outcomes, environmental impacts, or detailed procurement performance. Fourth, the cross-sectional design cannot determine whether participating MSMEs become more independent over time. Future research should use longitudinal, mixed-method, or comparative designs to test the proposed framework with objective business-performance data.

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DECLARATION OF CONFLICTING INTERESTS
The authors declare that there is no conflict of interest regarding the research, authorship, or publication of this manuscript.

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