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The Influence of Product Knowledge and Brand Image on the Decision to Participate in the Program with Brand Trust as A Mediating Variable in the Mekaar Product of PNM Sukabumi 2

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A R T I C L E I N F O

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A B S T R A C T

This study aims to analyze the effects of Product Knowledge and Brand Image on the Decision to Participate in the Program, with Brand Trust as a mediating variable at PNM Mekaar Sukabumi Branch 2. This research employed a quantitative approach using a survey method involving Mekaar customers selected through purposive sampling. Data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS 4. The results indicate that Brand Image has a positive and significant effect on Brand Trust and the Decision to Participate in the Program. Brand Trust also has a positive and significant effect on the Decision to Participate in the Program. Furthermore, Product Knowledge has a positive and significant effect on both Brand Trust and the Decision to Participate in the Program. The indirect effect analysis shows that Brand Trust positively and significantly mediates the effects of Brand Image and Product Knowledge on the Decision to Participate in the Program. These findings highlight the importance of improving customers' understanding of financing mechanisms and benefits, strengthening brand image, and maintaining consistent service quality to build customer trust and encourage participation in the Mekaar program

INTRODUCTION

Empowering the community's economy by increasing access to financing for micro and ultra-micro entrepreneurs is a crucial element in fostering local economic independence. Micro and ultra-micro business actors frequently encounter substantial obstacles, such as limited capital, restricted access to formal banking systems, and a lack of clear information regarding financing facilities that match their operational scale. Consequently, the existence of microfinance institutions that not only offer capital but also deliver continuous guidance and empowerment becomes highly essential, particularly for women managing ultra-micro enterprises.

PT Permodalan Nasional Madani (PNM) addresses this critical need through the Membina Ekonomi Keluarga Sejahtera (Mekaar) program. This initiative targets women entrepreneurs by utilizing a group-based financing approach combined with regular group meetings, capacity-building training, and direct operational assistance. Therefore, PNM Mekaar is viewed not merely as a conventional credit provider, but as a comprehensive socioeconomic empowerment platform.

In a competitive microfinance landscape, a customer's choice to engage with a specific program is driven by factors beyond immediate financial needs. Prospective clients must thoroughly evaluate product features, procedural terms, repayment obligations, and the institution's overall credibility. One fundamental cognitive factor shaping this evaluation is Product Knowledge. When clients possess deep knowledge regarding financing mechanisms, group responsibilities, and program rewards, they can better assess whether the service fits their business model.

Concurrently, Brand Image acts as a powerful external cue. The collective corporate reputation, service transparency, and public perception of PNM Mekaar form an image that consumers use to evaluate the institution's long-term value. However, prior literature reveals inconsistent findings regarding how brand image influences final behavioral outcomes, with some researchers noting that a positive image does not automatically guarantee usage unless it successfully builds a deeper psychological anchor, namely Brand Trust. In high-risk financial services characterized by recurring group obligations, clients must trust that the institution will consistently protect their interests and deliver on its promises.

While previous microfinance studies heavily document operational growth, there remains an empirical and theoretical gap regarding how localized behavioral constructs work together to drive final participation decisions within ultra-micro female segments. This research addresses this gap by examining the direct impacts of Product Knowledge and Brand Image on the Decision to Participate, while evaluating Brand Trust as a vital mediating mechanism at PNM Mekaar Sukabumi 2.

LITERATURE REVIEW

Grand Theory: Theory of Planned Behavior (TPB)

The structural framework of this study is grounded in the Theory of Planned Behavior (TPB) developed by Ajzen. TPB posits that human behavior is directly preceded by behavioral intention, which is collectively determined by three foundational elements: attitude toward the behavior, subjective norms, and perceived behavioral control. In consumer research, TPB serves as an overarching umbrella theory to explain the cognitive and psychological stages that individuals go through before executing a final consumption or participation choice. Within this study's context, the decision to join the PNM Mekaar program represents a deliberate conscious behavior resulting from a detailed assessment process. Before committing to the program, clients absorb product information (Product Knowledge) and process corporate reputations (Brand Image) to form favorable cognitive attitudes and trusting beliefs, which eventually manifest as an actual participation decision.

Ajzen (2022) explains that behavioral intention captures the motivational factors that influence a behavior, indicating how hard a person is willing to try and how much effort they plan to exert. As a general rule, the more favorable the attitude and subjective norm, and the greater the perceived behavioral control, the stronger the intention to perform the behavior. These three determinants rest on underlying beliefs: behavioral beliefs about the likely outcomes of the behavior, normative beliefs about the expectations of important referents, and control beliefs about the factors that may facilitate or impede performance. Perceived behavioral control reflects a person’s confidence in their ability to carry out the behavior and, where actual control is adequate, can contribute directly to the behavior itself.

Product Knowledge

Product knowledge represents the depth of understanding an individual holds regarding a specific product or service platform, encompassing its primary attributes, functional benefits, and underlying operational risks. According to Kotler, Keller, and Chernev, consumers utilize internal knowledge structures as critical filters to assess alternative market offerings during the pre-purchase stage. In group lending frameworks, this knowledge extends to comprehension of meeting frequencies, joint liability rules, and financial counseling benefits. Higher product knowledge reduces consumer confusion and strengthens the customer's perceived capability to comply with institutional requirements.

Peter and Olson (2010) describe knowledge as a structure of meanings stored in memory and argue that consumers interpret a product at several levels: its concrete attributes, the functional and psychosocial consequences those attributes produce, and the personal values those consequences serve. Applied to microfinance, a client who only knows the nominal loan amount holds shallow knowledge, whereas a client who links the installment schedule, group responsibility, and training sessions to business continuity and family welfare holds a richer knowledge structure that supports better evaluation.

Brand Image

Brand image is defined as the holistic cluster of perceptions, mental associations, and emotional impressions anchored within a consumer's memory regarding a specific brand name. Keller emphasizes that a robust brand image provides market differentiation, conveys institutional credibility, and significantly reduces the consumer's perceived intangible risks during service evaluations. For ultra-micro borrowers, the image of PNM Mekaar is continuously shaped by the professionalism of field officers, community feedback, and the observed social impact of the empowerment programs.

In the customer-based brand equity framework, Keller (2013) treats brand image as the perceptions of a brand reflected by the associations held in consumer memory. These associations differ in type (attributes, benefits, and attitudes) and in their favorability, strength, and uniqueness. A brand that holds strong, favorable, and unique associations is better positioned to differentiate itself from competitors. This view corresponds closely to the indicators used in this study, namely corporate credibility, program uniqueness, public reputation, and social value.

Brand Trust

Brand trust reflects the psychological willingness of a consumer to rely on an entity, driven by the firm belief that the brand possesses the required capability, corporate integrity, and benevolence to fulfill its promised performance. Delgado-Ballester conceptualizes brand trust across two main operational dimensions: brand reliability, which reflects the brand's capacity to meet consumer needs consistently, and brand intention, which captures the brand's dedication to prioritizing consumer well-being. Trust serves as a critical safety mechanism that minimizes perceived financial and social vulnerabilities in long-term group contracts.

Delgado-Ballester (2004) defines brand trust as the confident expectation that a brand is reliable and acts with the consumer's interests in mind, particularly in situations that involve risk for the consumer. The brand reliability dimension concerns whether the brand fulfils its promises and consistently meets the needs it claims to satisfy. The brand intention dimension concerns whether the brand can be expected to put consumer welfare first, even when unforeseen problems arise and the consumer is vulnerable. The conceptualization is relevant to microfinance because clients are exposed to financial and social risk, and the two dimensions map directly onto whether the institution delivers its services as promised and whether it treats borrowers fairly.

Because trust becomes salient only under uncertainty, it is expected to matter more in group lending than in routine low-risk purchases. Trust is also shaped by what the consumer knows and perceives about the brand. Product knowledge supplies the factual basis against which reliability can be judged, and brand image supplies the associations from which perceptions of the brand's competence and good intentions are formed. This positions brand trust as a natural intermediary between these two antecedents and the final decision.

Decision to Participate in the Program

Adapting standard consumer purchase theories to developmental service platforms, the decision to participate represents the final behavioral outcome where a client formally elects to enroll in, utilize, and sustain a relationship with a specific institutional program. This multi-stage process requires checking personal needs, processing market info, and evaluating organizational trustworthiness before selecting the program over alternative financial choices.

METHODS

This study adopts a causal-explanatory quantitative design to map out the relationships among the proposed behavioral constructs. The primary unit of analysis consists of active female entrepreneurs enrolled in the PNM Mekaar Sukabumi 2 program. A sample of target respondents was gathered using a purposive sampling approach to ensure that the participants possessed sufficient borrowing experience to evaluate the variables.

Data collection was executed through structured questionnaires designed with closed-ended items. The operationalized variables were measured using a multi-item scale adapted from established behavioral literature:

- Product Knowledge was operationalized via indicators measuring customer clarity on program criteria, operational steps, rewards, and compliance obligations.
- Brand Image was captured through dimensions representing corporate credibility, program uniqueness, perceived public reputation, and social value.
- Brand Trust focused on the dual dimensions of brand reliability and institutional benevolence.
- Decision to Participate was measured using indicators for initial selection confidence, need alignment, and an ongoing commitment to remain in the program.

Structural relationships, direct path coefficients, and indirect mediation effects were analyzed simultaneously via Structural Equation Modeling based on Partial Least Squares (SEM-PLS) utilizing the SmartPLS 4 platform.

RESULTS

Evaluation of the Measurement Model (Outer Model)

The outer model assessment was executed to confirm the validity and reliability of the measurement instruments. Convergent validity was established as all operational item indicators demonstrated robust loading factors onto their respective latent constructs, exceeding accepted psychometric thresholds. Furthermore, the Average Variance Extracted (AVE) values for Product Knowledge, Brand Image, Brand Trust, and Decision to Participate all safely exceeded the standard benchmark, ensuring that the latent variables captured a substantial portion of indicator variance.

Discriminant validity was verified using cross-loading matrices and standard criteria, confirming that each latent construct shares more variance with its own assigned indicators than with any other variable in the model. Finally, construct reliability was fully supported as both Cronbach's Alpha and Composite Reliability measures for all variables fell well within the optimal range, demonstrating exceptional internal consistency.

Evaluation of the Structural Model (Inner Model) and Hypothesis Testing

The structural inner model was evaluated via bootstrapping procedures to assess path direction, statistical significance, and explanatory power.

Table 1. Structural Path Coefficients and Hypothesis Summary

Hypothesis Path	Path Direction	P-Value	Empirical Conclusion
Product Knowledge → Decision to Participate	Positive	< 0.05	Supported (Significant)
Brand Image → Decision to Participate	Positive	< 0.05	Supported (Significant)
Product Knowledge → Brand Trust	Positive	< 0.05	Supported (Significant)
Brand Image → Brand Trust	Positive	< 0.05	Supported (Significant)
Brand Trust → Decision to Participate	Positive	< 0.05	Supported (Significant)
Product Knowledge → Brand Trust → Decision	Positive	< 0.05	Supported (Significant Mediation)
Brand Image → Brand Trust → Decision	Positive	< 0.05	Supported (Significant Mediation)

DISCUSSION

The structural path analysis reveals that Product Knowledge exerts a direct positive influence on the Decision to Participate. This path highlights that when micro-entrepreneurs clearly comprehend interest rates, loan terms, and group meeting expectations, their cognitive barriers are reduced. This understanding gives them the confidence to choose the program, knowing they can meet its rules.

Similarly, Brand Image directly shapes the final Participation Decision. A positive corporate identity and localized community presence serve as powerful assurances of stability, encouraging women to join the program.

Crucially, the statistical results uncover the significant role of Brand Trust as a vital mediating variable. The relationship shows that while product literacy and favorable brand perceptions directly drive consumer action, their impact is significantly magnified when they pass through a trust-building phase. Product Knowledge builds trust because transparent information shows organizational honesty and reliability.

In tandem, a respectable Brand Image signals corporate capability and benevolence. In a group-lending environment where customers face social risks like joint liability, intellectual awareness and corporate image must transform into deep relational trust. Once this Brand Trust is established, clients feel safe from exploitation, which strongly secures their final decision to participate in the program.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

This study confirms that Product Knowledge, Brand Image, and Brand Trust are critical drivers of group-based microfinance participation at PNM Mekaar Sukabumi 2. Both Product Knowledge and Brand Image possess direct positive paths to final participation choices. Moreover, Brand Trust functions as a powerful intervening variable, successfully mediating the indirect paths of both independent constructs onto the dependent variable. Ultimately, sustaining high participation requires a dual strategy: improving customer product literacy and protecting corporate reputation to build strong brand trust.

Recommendations

1. Enhance Localized Product Literacy: Field officers should conduct simplified, highly transparent information sessions during weekly group meetings. These sessions should clearly explain joint liability rules, payment steps, and capacity-building rewards to eliminate client anxiety.
2. Strengthen Corporate Image and Community Relations: Management should highlight the socio-economic success stories of local borrowers through grassroots community events to boost corporate reputation and goodwill.
3. Maintain High Service Reliability: To protect and grow Brand Trust, PNM Mekaar must ensure field officers stay consistent, maintain transparent communication, and deliver financial training on time.

FURTHER STUDY

Future researchers should consider expanding this structural framework by introducing localized cultural variables, such as community group dynamics, or examining these paths across a larger, multi-branch regional sample over longer periods.

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