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Development of the Pertamina pinky movement program through the design thinking approach

Meidina Arimbi Rushartami^{*1}, Joyo Winoto¹, Suprehatin Suprehatin²

¹School of Business, IPB University Jl. Raya Pajajaran, Bogor 16151, Indonesia

²Department of Agribusiness, Faculty of Economics and Management, IPB University, Jl. Kamper Wing 4 Level 5, IPB Campus Dramaga, Bogor 16680, Indonesia

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ABSTRACT

Implementing Social and Environmental Responsibility (TJSL) is an obligation for State-Owned Enterprises (BUMN). To increase value for the Company, implementing TJSL should be carried out with the Company's business approach. Pertamina, one of the BUMNs, is implementing the TJSL program with this approach through the pinky movement program. This program is a funding and business development program for Micro, Small, and Medium Enterprises actors with the primary objective of switching from the use of subsidized LPG to non-subsidized LPG, which is right on target and provides access to the marketing of non-subsidized LPG for the community. This program has been running since 2020, but program development is still needed so that the conversion of subsidized LPG to non-subsidized LPG is optimal. This study aims to formulate a strategy for developing the Pinky Movement program. The research method used qualitative methods for data collection to formulate strategies using design thinking methods. The results at the final stage state that the proposed program development is feasible to run to optimize the program.



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Corresponding Author:

Meidina Arimbi Rushartami,
IPB University, Indonesia
Email: meidina.arimbi@gmail.com

Introduction

Corporate Social and Environmental Responsibility (TJSL) is carried out consistently, focusing on sustainable development and community welfare beyond compliance, where organizational activities must pay attention to ethical aspects and provide social and economic value and stakeholders. TJSL has a positive effect on increasing the financial and non-financial factors of the Company Daniri (2021). Furthermore, according to Daniri (2021), TJSL activities can create value for society, the environment, business, and all stakeholders in the long term. This value-creation approach is known as Creating Shared Value (CSV).

CSV can be a valuable tool for higher long-term profitability where profits and social goals combine. The basic idea of CSV comes from the need for an alternative view of business strategy to respond to business conditions that must be oriented to social, environmental, governance, and profit (Porter and Kramer 2011). Provisions for running the TJSL program are regulated in the Regulation of the Minister of State-Owned Enterprises of the Republic of Indonesia Number PER-1/MBU/03/2023 Concerning Special Assignments and Social and Environmental Responsibility Programs for State-Owned Enterprises. The Ministerial Regulation

also explains that the implementation of TJSL must be closer to the business processes of companies implementing TJSL as stated in Article 14.

Pertamina is a state-owned company that runs the TJSL program with the CSV concept. In program design, the CSR program with the CSV concept must integrate social issues and challenges into creating economic value. Pertamina has the most complete business processes, from upstream to downstream. In downstream business processes, a direct approach to consumers is the main thing, one of which is the sale of LPG, both subsidized and non-subsidized. As an educational effort to use subsidized LPG on target and to familiarize non-target people with the use of non-subsidized LPG, as well as in line with the CSV concept, through a focus on empowering MSEs, Pertamina created the Pinky Movement program.

The Pinky Movement program is a TJSL program with the CSV concept. In practice, this program provides business loan funds to micro and small business actors (UMK) in the trading sector, namely LPG outlets and the culinary sector. In addition, program participants are also given business development coaching. Program participants must commit to selling non-subsidized LPG for the trade sector and using non-subsidized LPG for the culinary sector, and this is done to increase added value for the Company. The name Pinky Movement comes from the color of the non-subsidized LPG cylinder, which is pink (pink). Movement means movement. This program's purpose is to use non-subsidized LPG that is right on target and the development of sales of non-subsidized LPG.

Implementing the pinky movement program can contribute to creating value for the Company. The results of the Social Return on Investment (SROI) calculation that Pertamina has carried out that the SROI value will increase in 2022 to 2.02 compared to 2021, which is 1.15. In addition, based on Pertamina's Sustainability report (2021), the Pinky Movement is Pertamina's business continuity strategy as well as TJSL's flagship program in terms of fulfilling social, environmental, and business aspects such as meeting non-subsidized LPG stocks as people's daily needs, utilization of gas fuel, help increase business revenue, as well as help solve social problems through increasing the productivity of MSEs. Thus, it is necessary to formulate a strategy for developing the Pinky Movement program to be more optimal.

Method

In formulating the strategy for developing the Pinky Movement program, this study used design thinking and qualitative methods to collect data through interviews, observations, and focus group discussions (FGD). The process begins with the empathize stage. This stage is a crucial initial stage in design thinking. The approach in this stage is human-centered, by understanding the physical conditions and emotional needs that impact the program. The empathize stage is used to understand the problem through observing, engaging in conversations, and in-depth interviews (Hasso Plattner Institute of Design, 2017). The output in this stage is an empathy map (Figure 1) containing six indicators: seeing, saying and doing, thinking and feeling, hearing, risks and benefits (Bland 2012).

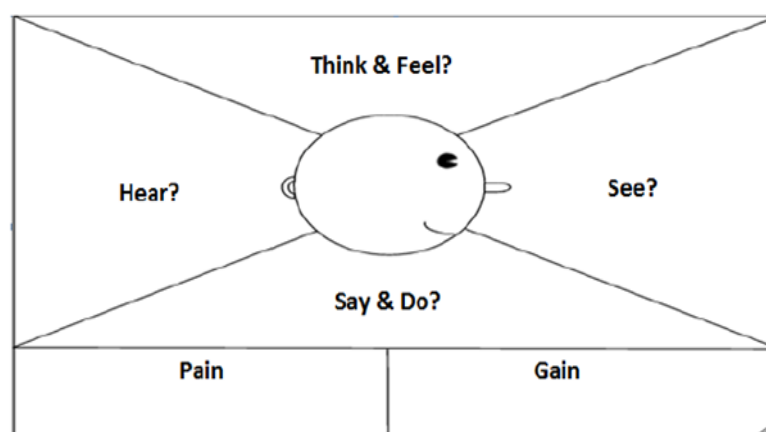


Figure 1. Empathy map (modified from Ferreira et al. (2015), Designing Personas with Empathy Map)

The next stage is define, School (2004) explains that this stage focuses on problems and sets boundaries, as well as the need for resolution. Thus this stage describes Pertamina's needs for the sustainability of the Pinky Movement program. The next stage used by the writer is ideate. The ideate stage is a search for ideas to solve problems (Aranha et al. 1, 2021). At this stage, ideas are collected through FGD activities. FGD participants were representatives from companies as program owners who were divided into representatives from the

business owner function, namely the PSO & Non-PSO LPG Sales function, as many as two people, as well as the PUMK program implementing a function, namely the Small Medium Enterprise Partnership Program (SMEPP) function, as many as two people. Representatives of program participants who are still active as Pertamina's fostered partners and have received business loans and program coaching are five people. The total number of FGD participants was nine.

The next stage is the prototype. Yuwono and Indrajit (2020) argue that the prototype stage helps know the response of solution users so that it can then be improved to produce the next prototype. Furthermore, the definition of the prototype is the process of issuing ideas and entering the physical dimension. Hussein (2018) explains that techniques can be used in the prototyping stage, one of which is Low-fidelity Prototyping. This technique writes illustrations of ideas that have been outlined in the ideate stage. In this technique, an illustration of the proposed development of the Pinky Movement program will be carried out through the Business Model Canvas (BMC) as a detailed framework.

The final stage of the design thinking stage is to do a test. In this study, the test used in the development of the Pinky Movement program is the innovation feasibility test, which is an activity of evaluating, analyzing, and assessing the feasibility of an innovation or not. In general, the purpose of conducting due diligence, especially for investors, is to avoid significant investments or investments in a business or business activity whose results are unprofitable (Afiyah et al. 2015). There are several aspects of business due diligence. These aspects are flexible depending on the organization's needs (Bakti, 2023). In this study, the aspect used to test the feasibility of innovation is the economic aspect by calculating the Net Present Value (NPV). The NPV value calculation is based on a discount rate of 5%, which refers to the Minimum Acceptable/Attractive Rate of Return (MARR) in Indonesia, namely the SBI rate. If the NPV is positive, that is, greater than 0. Then innovation is feasible. The NPV calculation is carried out until the third year.

Results and Discussions

Empathize is the first stage in design thinking. In this study, 2 (two) stages of activity were carried out. The first was interviews with program participants and the company. The second is to put the results of the interviews in an empathy map as output at this stage. The program participants conducted interviews through open questions submitted through a questionnaire. On the company side, interviews were conducted with TJSL implementing workers, especially the PUMK section of the Small Medium Enterprise Partnership Program (SMEPP) function, as well as the business owner function related to the sale of non-subsidized LPG PSO & Non-PSO LPG Sales functions.

The output in this stage is an empathy map containing six indicators: seeing, saying and doing, thinking and feeling, hearing, risks and benefits (Bland 2012). The interview results are outlined in the empathy map presented in Figure 2.

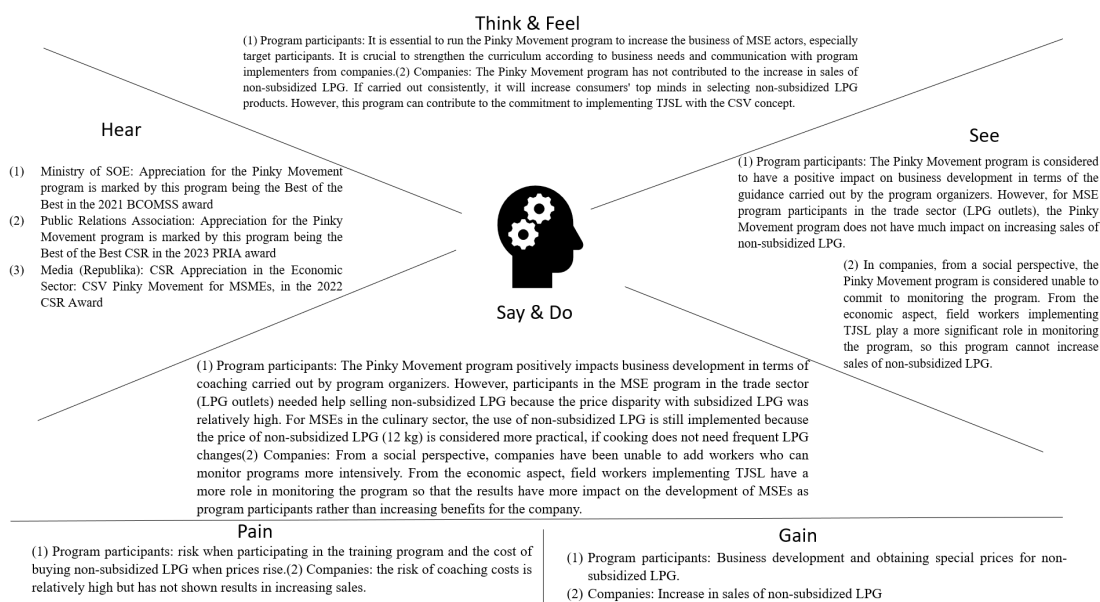


Figure 2. Empathy map (in the context of research interviews)

The next stage is defined, describing Pertamina's needs for the sustainability of the Pinky Movement program, which is aligned with Pertamina's interests as the program owner and the implementation of TJSL as the main foundation of the Pinky Movement program. At this stage, the focus is on Pertamina's core needs and expectations. The technique used in this stage is SCOPES analysis, with the analysis results presented in table 1.

Table 1. SCOPES Analysis

Scopes	Informations	Observation results
Situation	The Effectiveness of the Pinky Movement towards Pertamina	Since 2020, Pertamina has implemented the implementation of TJSL with the CSV concept, called the Pinky Movement. This program is a funding and business development program for Micro, Small, and Medium Enterprises actors with the primary objective of switching from the use of subsidized LPG to non-subsidized LPG, which is right on target and provides access to the marketing of non-subsidized LPG for the community.
Constrains	The Pinky Movement would be influential if the program could play a dual role, namely creating economic and social value together (shared), without either being prioritized or sidelined. In the third year, no empirical studies prove that economic and social values impact not only the company but also the beneficiaries.	1. Until the third year, there has been no empirical study that proves that the Pinky Movement is one of the programs that can increase the number of Company profitability bases 2. In the second year, several Pinky Movement participants participated in the Pertamina UMK Coaching program. However, no empirical studies prove that the program can increase participants' capacity, productivity, and income.
Objective and Outcomes	Formulate a strategy for developing the Pinky Movement program.	The Pinky movement is one of Pertamina's flagship TJSL programs, so further development is required in its implementation to produce a program that follows the CSV concept.
People	Company and program targets	Pertamina as the owner of the program. MSME actors who use LPG, namely the culinary sector and MSEs for LPG distributors (LPG base/agent).
Estimation	Estimated costs required for program development	The cost components required for program development include: 1. Monitoring and evaluation of programs in order to generate value for Pertamina. 2. Guidance for MSE actors following the targets.
Scope	1. Implementation of Pertamina's TJSL with the CSV concept 2. Pertamina's downstream sector, Non-Subsidized LPG	1. It is a Micro and Small Business Funding program with the target being MSME actors with the scope of business loans and business development 2. To participate in the PUMK program, MSE actors must be committed to using non-subsidized LPG

After carrying out the SCOPES analysis at the define stage, the next stage used is ideate. At this stage, ideas were gathered through FGD activities with program-implementing participants and MSMEs as the target audience. Discussions were carried out to find solutions that match the main problems that have been defined in the define stage. Then, the incoming ideas will be evaluated and selected to suit the program's objectives. At this stage, FGD activities were carried out, involving representatives from the Company as the program owner, namely VP CSR & SMEPP Management, in this case, represented by the Manager of the Small Medium Enterprise Partnership Program (SMEPP), the SMEPP Team from the commercial & trading sub-holding of PT Pertamina Patra Niaga, and a team from the PSO & Non-PSO LPG Sales function. To strengthen the program's needs to align with the needs of the program's target recipients, the authors invite 5 (five) UMK actors who are

Pertamina's fostered partners in the Pinky Movement program. The technique used in the FGD activities was brainstorming, which was carried out for one hour. In brainstorming, the ideas gathered at this stage are to ensure that program implementation can run according to the CSV concept so that the Pinky Movement program runs effectively from the perspective of program participants and companies.

Based on the results of the FGD evaluation of the program that has been implemented, it is considered not optimal in terms of coaching MSEs because coaching is carried out online. At the same time, business actors have limitations regarding quota and internet connection. The proposal put forward is that assistance is needed that can assist intensively so that solutions to business difficulties can be consulted directly with the companion. The following evaluation is related to the redemption of non-subsidized LPG. Monitoring that has not been maximized from Pertamina has resulted in many program participants not having purchased non-subsidized LPG so that the economic value from the company's point of view, as well as the program's objectives for the transition from using subsidized to non-subsidized LPG, has not been seen.

From the results of the evaluation, so that the program runs effectively by the CSV concept, the following is the result of input from the FGD program participants regarding the program: From the perspective of program participants, it is necessary to commit to participating in the program in order to apply good knowledge and knowledge in running a business as well as a commitment to use non-subsidized LPG to support the use of subsidized LPG on target. From the company side, to increase the company's social value, it must carry out intensive business assistance by maximizing direct assistance that is carried out offline so that participants can consult and communicate related to business development directly with the assistants. In order to increase economic value, the company must adequately monitor the use of non-subsidized LPG so that program participants refrain from using subsidized LPG again. Supervision can be in the form of recording purchases of non-subsidized LPG by program participants, supported by field teams of the PSO & Non-PSO LPG Sales functions.

Next in the define stage is prioritization. According to Yayici (2016), solution ideas must be prioritized according to two main criteria: value proposition and implementation difficulty (difficulties in implementation). Thus ideas with high-value propositions and low implementation difficulties become high priority (high), whereas ideas with a low-value proposition and high difficulty of implementation are given low priority. The following is a prioritization map from the brainstorming results presented in Figure 3.

<i>High</i>	
<i>Value proposition</i>	The commitment of participants in using non-subsidized LPG
	The company's commitment to carrying out intensive business assistance with measurable results
<i>Low</i>	The company's commitment to properly monitor the use of non-subsidized LPG so that participants do not return to using subsidized LPG
	The commitment of participants to follow the program <u>in order</u> to apply good knowledge and knowledge in running a business
<i>Low</i>	
<i>Implementation difficulty</i>	

Figure 3. Prioritization map (modified by Yayici (2016) Design Thinking: Business Innovation)

Figure 2 shows that the sequence of priorities that are the focus in developing the Pinky Movement program is for high priority the company's commitment to carrying out intensive business assistance, then the second priority is the commitment of program participants to participate in the program, the third priority is the commitment of program participants to use non-refined LPG. The subsidy, the last priority, is the company's commitment to properly supervise the use of non-subsidized LPG so that program participants refrain from using subsidized LPG again. The next stage is the prototype. Yuwono and Indrajit (2020) argue that the prototype stage helps know the response of solution users so that it can then be improved to produce the next prototype. Furthermore, the definition of a prototype is the process of generating ideas and entering the physical dimension (Hussein 2018).

Referring to the Letter of the Minister of SOEs No.S-721/MBU/11/2022, November 10, 2022, regarding the Collaboration Program for Micro and Small Business Funding, the implementation of PPUMK, which was initially channeled business funds to MSEs directly from SOEs, in this case Pertamina, became through the

BUMN Bank which has been appointed by the Ministry of BUMN, with the source of funds from Pertamina. A description of the flow before and now of PPUMK in synergy with the Bank appointed by the Ministry of BUMN is presented in Figures 4 and 5.

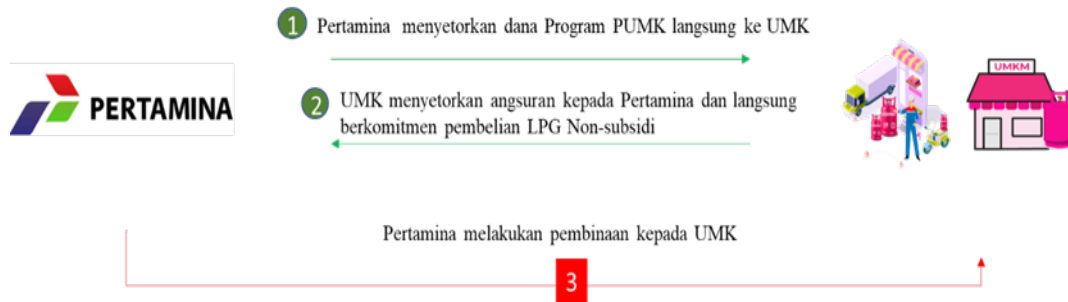


Figure 4. PPUMK Scheme before Ministerial Letter No. S-721 in 2022 (modified from Pertamina's presentation material regarding PUMK socialization)

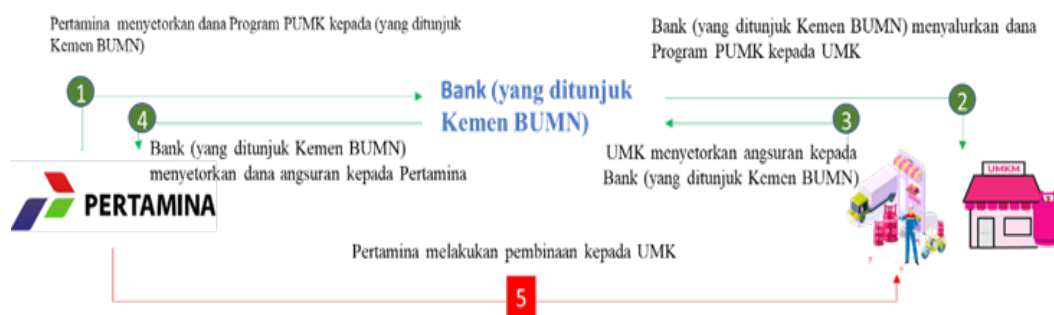


Figure 5. PPUMK Scheme after Ministerial Letter No. S-721 in 2022 (modified from Pertamina's presentation material regarding PUMK socialization)

Based on the results of the ideate process accompanied by directions from the Ministry of BUMN regarding implementing the PUMK distribution section, a proposal was obtained for implementing the development of the Pinky Movement with a mechanism, as shown in Figure 6.

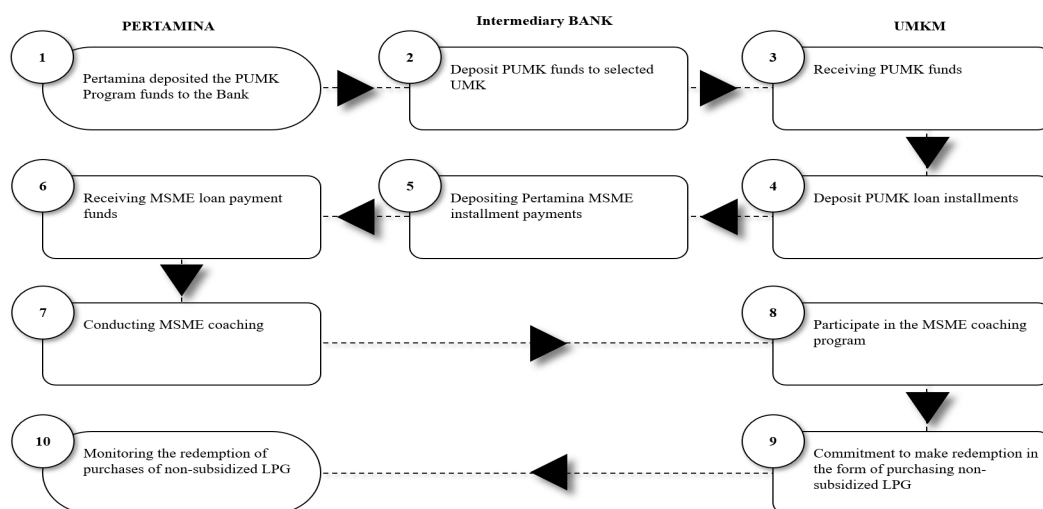


Figure 6. Proposed Pinky Movement Development Flow

Figure 6 section 7, regarding MSME coaching, is proposed to run coaching for program participants in the trade and culinary sectors. The trade sector, namely MSEs for LPG distributors (LPG bases/agents), forms of coaching by carrying out.

Appreciation for program participants who consistently use non-subsidized LPG, such as providing outlet staff and delivery officer uniforms



Figure 7. Outlet staff uniform (modified from Pertamina Presentation Material related to PUMK)



Figure 8. Delivery officer uniform (modified from Pertamina Presentation Material related to PUMK)

Annual award with the most sales (trade sector) and repeat orders (culinary sector) of non-subsidized LPG. Providing market expansion through providing recommendations for program participant LPG outlets in the MyPertamina application.

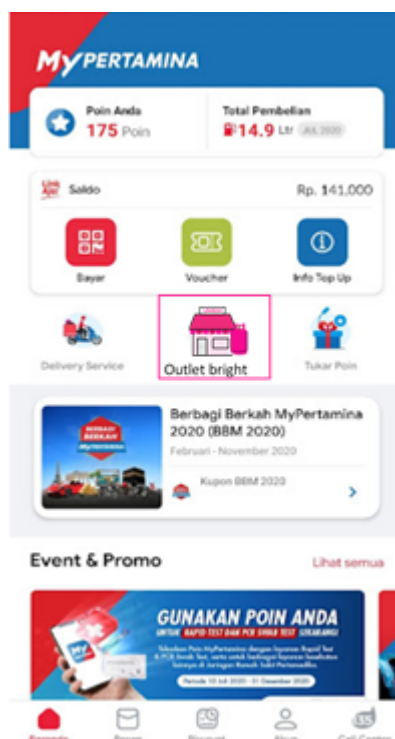


Figure 9. Recommendations for LPG outlets for program participants in the MyPertamina application

In the culinary sector, coaching is carried out through strengthening the curriculum for MSMEs, namely:

The stages of coaching are as follows:

All fostered partner participants can access free of charge materials related to business development with Askes: <https://www.belajarumkm-pertamina.com/>. The MSME learning website is a development of MSME coaching which aims to make it easier for Pertamina-assisted MSMEs to access coaching materials with a curriculum that has been made according to MSME needs. The appearance of the website is presented in Figure 10.

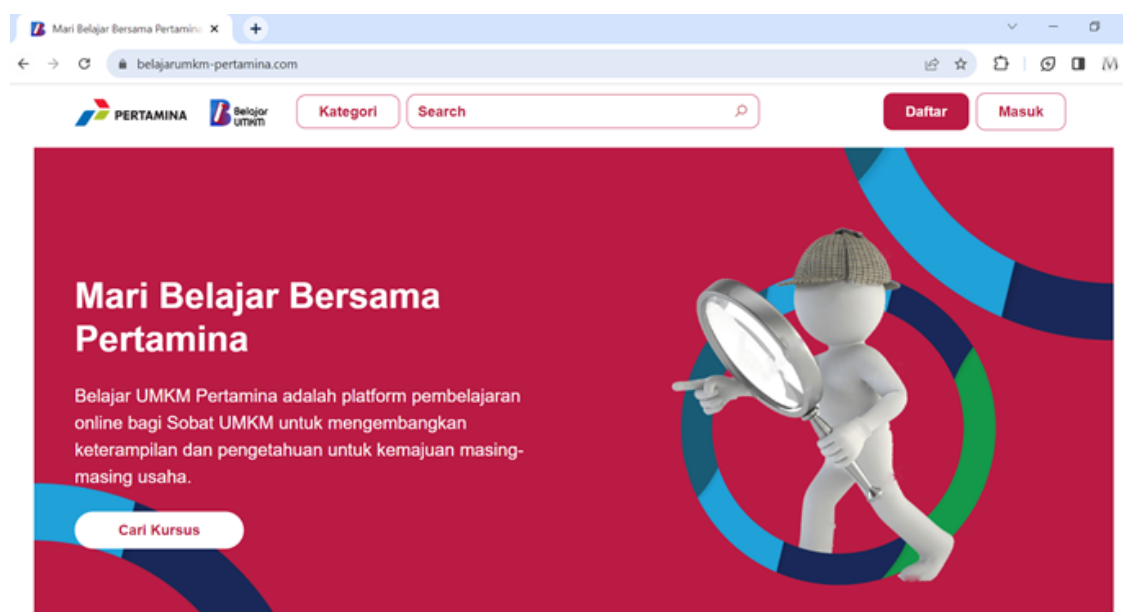


Figure 10. Pertamina MSME learning website (adapted from Pertamina MSME learning website)

Participants who will take part in the advanced stages of coaching must complete the module to obtain a certificate through e-learning for UMKM learning and make a commitment to redeem non-subsidized LPG. Pertamina makes a curriculum that is grouped per class based on field implementers, curriculum, and follow-up needs, including: (1) Implementing Pertamina operating units: Class 1, Curriculum: knowledge related to entrepreneurship, local exhibitions, non-subsidized LPG product knowledge, and the use of non-subsidized LPG from the HSSE aspect. Grade 2, Curriculum: digital marketing training, partner visits by UMK assistants who have been appointed by Pertamina, local exhibitions, local news; (2) Pertamina Executor (Central) Grade 3, curriculum: halal certification, National exhibition, National level reporting. 4th grade, Curriculum: certification related to culinary export activities, international exhibitions, national level reporting.

Support for the non-subsidized LPG business owner function to carry out monitoring through visits to program participants or using special digital applications to monitor purchases of non-subsidized LPG to check the consistency of non-subsidized LPG use.

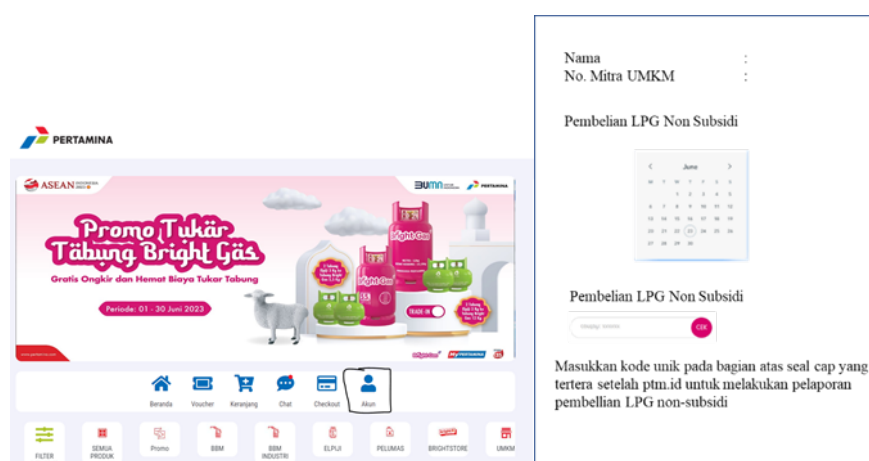


Figure 11. Recommendations for Specific Applications for Reporting Non-Subsidized LPG purchases

Illustration of the proposed development of the Pinky Movement program through the Business Model Canvas (BMC) as a detailed framework. BMC has nine elements which include customer segments, value proposition, channels, customer relationships, revenue streams, key resources, key activities, key partnerships, and cost structure (Osterwalder and Pigneur 2014). Innovation in the development of the Pinky Movement program contained in the BMC is in the form of developing digital applications as an effort to monitor the purchase and sale of non-subsidized LPG by program participants. The BMC of the Pinky Movement is shown in Figure 12.

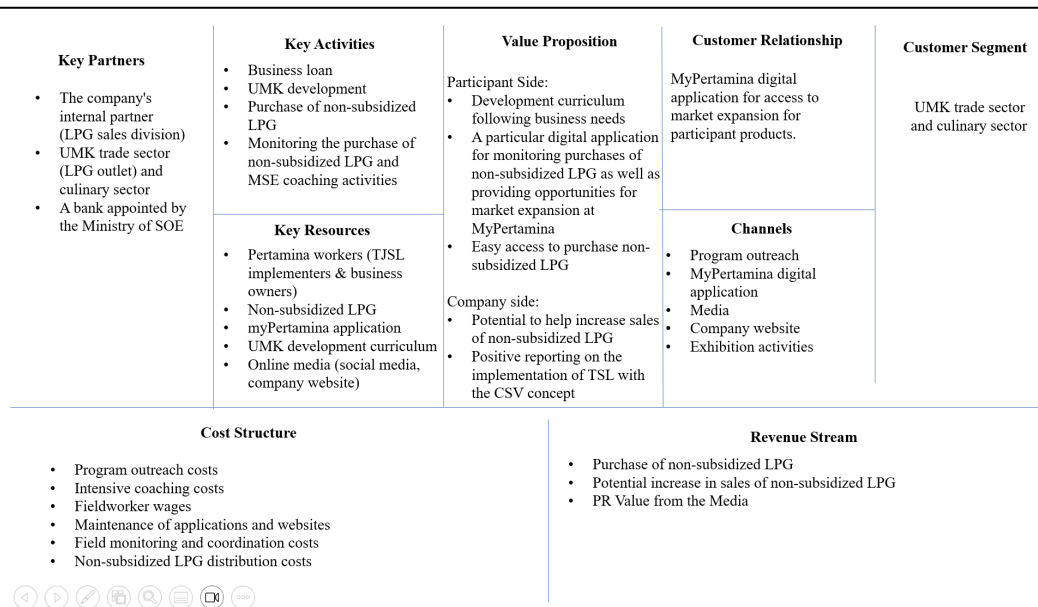


Figure 12. Business Model Canvas (BMC) program development Pinky Movement

The final stage of the design thinking stage is to do a test. In this study, the test used in the development of the Pinky Movement program is the innovation feasibility test. The aspect used to test the feasibility of innovation is the economic aspect by calculating the Net Present Value (NPV). The NPV calculation is based on calculations with a discount rate of 5% which refers to the Minimum Acceptable/Attractive Rate of Return (MARR) in Indonesia, namely the SBI rate. If the NPV is positive, that is, greater than 0, then innovation can be said to be feasible. The NPV calculation is carried out until the third year.

The NPV calculation begins with the calculation of net cash flow which is calculated based on estimated purchases of non-subsidized LPG and repeat orders for non-subsidized LPG purchases. Expenditures consist of social investment costs, namely the cost of adding manpower for coaching and mentoring activities, development of training programs, namely uniforms for outlet officers and delivery, MSME development programs, monitoring purchases of non-subsidized LPG through digital applications and publication costs. The NPV calculation is presented in the table 2.

Table 2. Net Present Value (NPV)
Pinky Movement Development Program

Year	Net Cash Flow	DF (5%)	PV Cash Flow
1	Rp 34.216.052.406	0,95	Rp 32.505.249.785
2	Rp 38.052.191.044	0,9	Rp 34.246.971.939
3	Rp 52.344.800.596	0,85	Rp 44.493.080.506
Total Present Value Cash Flow			Rp 111.245.302.231
Initial capital			Rp 54.150.000.000
NPV calculation			
Formula			Total PV Cash Flow - Initial Capital
Results			Rp 57.095.302.231

The NPV value based on calculations with a discount rate of 5% indicates that the NPV value is positive, which is greater than 0, Rp. 57,095,302,231, meaning that social investments made over the next three years have a present value benefit of Rp. 57,095,302.23 so that the proposed development of the Pinky Movement program is feasible to run. Support for the non-subsidized LPG business owner function to carry out monitoring through visits to program participants or using special digital applications to monitor purchases of non-subsidized LPG as an effort to check the consistency of non-subsidized LPG use.

Conclusions

The obligation to carry out social and environmental responsibility programs with the CSV concept raises the need to develop the Pinky Movement program. The development of the Pinky Movement program can be used as a recommendation for developing the implementation of social and environmental responsibility with the CSV concept. The program development process using the design thinking method is used to handle the development of the Pinky Movement effectively by understanding the needs of the Company as the program owner, target program recipients, and other affected stakeholders. The use of the design thinking method is also able to test the feasibility of program development through NPV calculations. Thus, the proposed program development is feasible to run, referring to the positive test results in the innovation feasibility test.

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