

Business Management Training and Assistance Towards Bankable MSMEs in Malaysia

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ABSTRACT

Micro, Small and Medium Enterprises (MSMEs) play an important role in a country's economy. MSMEs are the most strategic economic sector and concern the livelihoods of many people so they can become the backbone of the country's economy. Despite having an important role in the economy, many MSMEs in Malaysia still face challenges in improving their business management capabilities and meeting the requirements as MSMEs that meet the standards for obtaining funding from banks. One of the efforts made to help MSMEs in Malaysia is by holding a Business Management Training and Assistance program towards Bankable MSMEs. This program is designed to help MSMEs improve their skills and knowledge in managing their business more effectively and efficiently, as well as fulfill the requirements as bankable MSMEs so they can access financing sources more easily. Apart from that, the important role of technology in increasing business scale is also the main thing in this training. Business and financial governance is also an important part in raising the level of MSME business. By maximizing the function of technology and increasing capacity in business governance, MSMEs can reach a wider range of consumers and provide maximum service to their customers. In this way, MSMEs in Malaysia can grow to a larger scale. This international service activity was carried out on 23-24 July 2023 in Johor Bahru, Malaysia. During this offline implementation, the service team held training and handed over meat grinding equipment.

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INTRODUCTION

Micro, Small and Medium Enterprises (MSMEs) play an important role in the economy of a country, one of which is Malaysia. It cannot be denied that MSMEs are the most strategic economic sector and concern the livelihoods of many people so they can become the backbone of the country's economy. According to the 2020 Malaysian Economic Statistics Report by the Department of Statistics Malaysia, approximately 98.5% of the number of companies in Malaysia are MSMEs and the MSME sector contributes 38.9% to the country's GDP [1]. Despite having an important role in the economy, many MSMEs in Malaysia still face challenges in improving their business management capabilities and meeting the requirements as bankable MSMEs [2].

The main challenge faced by MSMEs in Malaysia is limited access to financing. Many banks and traditional financial institutions consider MSMEs to be high credit risks and less attractive for financing [1].

Therefore, MSMEs often have difficulty gaining access to the financing sources needed to develop their businesses.

One of the efforts made to help MSMEs in Malaysia is by holding a Business Management Training and Assistance program towards Bankable MSMEs. This program is designed to help MSMEs improve their skills and knowledge in managing their business more effectively and efficiently, as well as fulfill the requirements as bankable MSMEs so they can access financing sources more easily.

Apart from that, the Business Management Training and Mentoring program towards Bankable MSMEs is also designed to help MSMEs in Malaysia utilize digital technology to increase business efficiency. Digital technology can help MSMEs improve operational efficiency, optimize inventory management, and expand market reach [3]. Thus, this program is also expected to help MSMEs improve their business competitiveness.

One of the MSMEs that is a bankable target in this program is Bakso Abg Zainul which is located on Jln. Yusuf Taha No.4 Johor Baru, Malaysia. The owner of this MSME is Mr. Samsul Muarif, the business has been running for two years, namely since 2021. The description of the location of Abg Zainul's Bakso business is as follows:

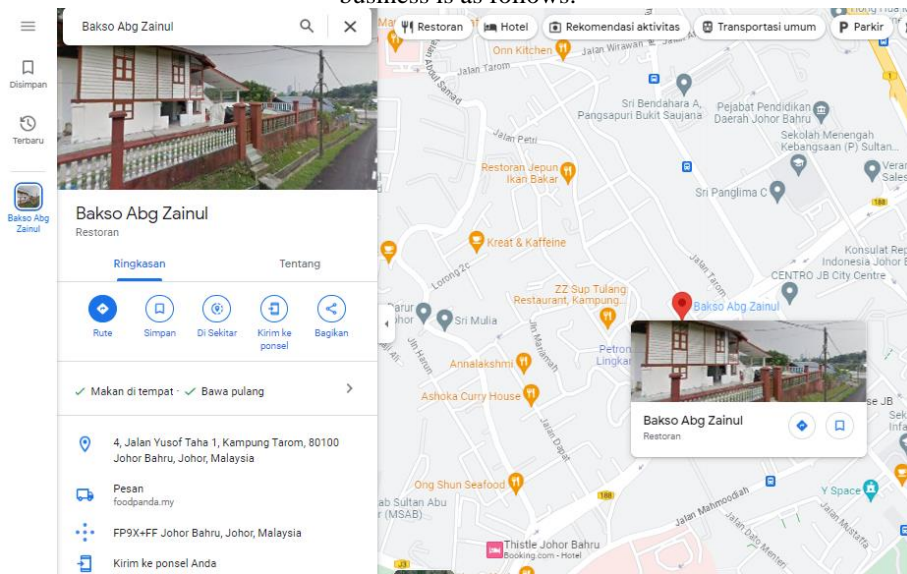


Figure 1. Location of Bakso Abg Zainul's business

Abg Zainul's Bakso business products are still classified as a home industry. Marketing is still online via the Grabfood and foodpanda applications.

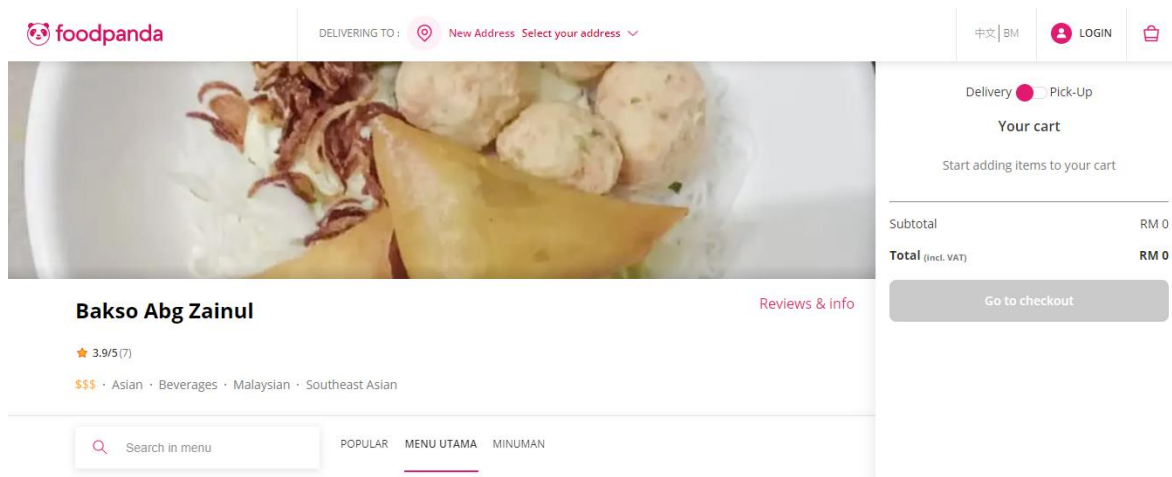


Figure 2. Abg Zainul's Bakso menu in e-commerce

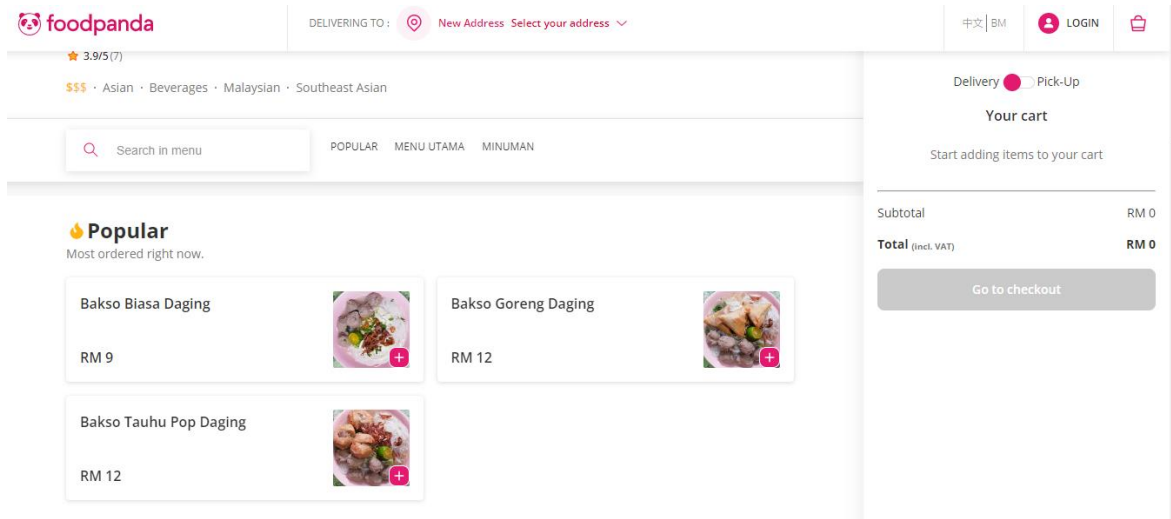


Figure 3. Popular Bakso Abg Zainul menu in e-commerce

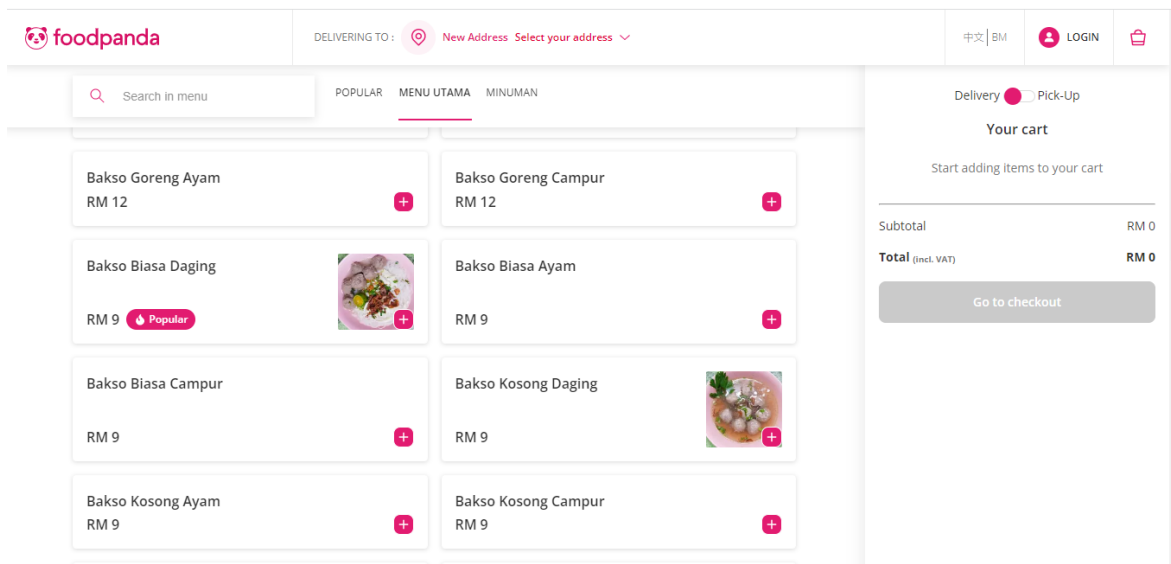


Figure 4. Various types of Bakso Abg Zainul Bakso in e-commerce

Figure 2, Figure 3 and Figure 4 are the menu of Bakso Abg Zainul. The price range starts from RM 9 to RM 12. The photos used are still rudimentary, there are even several menus for which catalog photos are not yet available. The price is still relatively affordable for around Johor, Malaysia.

The opportunity faced by Bakso Abg Zainul is that it has its own market. Requests via the Grabfood application are always available every day. However, the problems faced by partners or in this case the Bakso business actor Abg Zainul are (1) not having sufficient capital for business development; (2) limitations in managing social media or e-marketing; and (3) there is no clear bookkeeping.

Apart from that, even though Bakso Abg Zainul is a home industry, this business already has four employees. According to Mr. Samsul as the business owner, there are two staff in the meatball production department, one operational person and one delivery person.

The problem solutions that will be presented in this international service activity are in accordance with the study program's road map, namely poverty alleviation and independence. Based on the partner problems described in the introduction, the solution to the problem proposed by the implementer are (1) By holding a Business Management Training and Assistance program towards Bankable MSMEs. This program is designed to help partners improve their skills and knowledge in managing their business more effectively and efficiently, as well as fulfill the requirements as bankable MSMEs so they can access financing sources more easily; (2) By holding training and mentoring programs in utilizing digital technology to increase business efficiency. Digital technology can help partners improve operational efficiency, optimize management and expand market reach [5]. Thus, it is also hoped that this service program can help partners increase their business competitiveness; (3) By holding training and mentoring programs in the form of bookkeeping or financial

records between personal and business funds, with the aim of partners becoming more advanced and developing MSMEs. Thus, it is hoped that this service program can maximize the opportunity for Bakso Abg Zainul's business to become more bankable.

METHOD

This service will be carried out offline and online in two different semesters for 1600 minutes. Thus, the activity method is based on partner problems and solutions, so several stages of the implementation method that can be carried out are:

1. Carry out training and mentoring so that you can have sufficient capital to develop your business so that it becomes a bankable MSME
2. Conduct training and mentoring on digital technology such as social media management to increase sales conversions
3. Conduct training and mentoring for business and financial governance. Business governance is carried out starting from the initial business system, such as determining the basic price and selling price, halal products, managing human resources or employees, etc. Furthermore, financial governance can be carried out starting from how to manage business finances, such as orderly and clear bookkeeping, being able to differentiate between personal funds and business funds, as well as a measurable employee compensation process.

Thus, this service uses training and mentoring methods as well as analysis of results before and after the program/activity. The training and mentoring in this service is to manage partner businesses towards bankable MSMEs.

RESULTS

This community service aims to improve and maximize Bakso Abg Zainul's business management capabilities to make it more bankable. Mitra Bakso Abg Zainul has participated in activities 1 and 2 online, namely: (1) Training and mentoring activities to have sufficient capital for business development so that it becomes a bankable MSME and (2) Carrying out training and mentoring on digital technology such as social management media to increase sales conversions. Where service activities will be held on 23-24 July 2023 in Johor Bahru, Malaysia.



Figure 6. Digital technology training and mentoring

Figure 6 is a series of service activities in the form of digital technology training such as social media management in increasing sales conversions. In this section, Bakso Abg Zainul partners receive assistance in the form of optimizing promotions on Instagram and Grabfood. Mitra admits that Instagram management is less than optimal. Based on the results of discussions and assistance, Bakso Abg Zainul partners need to improve content and be consistent in posting. Content that needs to be uploaded to the Instagram feed needs to apply several compositions, such as soft selling and hard selling. Bakso Abg Zainul needs to strengthen its branding through its advantages and what differentiates it from other meatballs in general. Bakso Abg Zainul has the advantage of the composition of the meatballs used, namely healthy homemade meatballs and no preservatives. So we emphasize carrying out promotions by strengthening the advantages we have. In this way, Bakso Abg Zainul can reach a wider audience.

Apart from that, business owners need to carry out other business strategies such as communicating special menus, asking customers to leave reviews, and carrying out special promotions and discounts. Collaboration with local culinary influencers can also increase promotions and sales conversions and can help

expand the reach and increase branding awareness of Bakso Abg Zainul. Through smart online and offline marketing strategies, Bakso Abg Zainul can increase its competitiveness in the market and achieve success as a bankable MSME.



Figure 7. The picture of Bakso Abg Zainul

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Thus, the results of this activity include increasing partners' knowledge and skills in the field of business management and optimizing sales conversions through social media. Meanwhile, training in the following semester will be held online regarding business and financial governance. So it is hoped that partners will have a better opportunity to gain access to financing from financial institutions, because they can prepare better financial reports and have a more solid business plan. It is hoped that this will increase the productivity of Bakso Abg Zainul as an MSME, create new jobs and support local economic growth. Thus, this service has significant benefits in helping MSMEs become bankable, which will contribute to sustainable economic and social development at the local and regional levels.

The service team also provided support in the form of handing over milling machines with a maximum milling capacity of 80 kg in one mill. This milling machine tool is one form of solution to the problems experienced by partners, in the form of limited milling machine tools resulting in less than optimal production. Thus, with this milling machine, it is hoped that it will be able to maximize partner productivity levels so that it can increase sales conversion and expand market share. We send the meat grinder machine via Indonesia because the price is more affordable.

CONCLUSION

This International PkM activity was held offline on Sunday and Monday 23-24 July 2023 in Johor, Malaysia. Community service activities with the theme "Business Management Training and Assistance Towards Bankable MSMEs", this activity was attended by seven participants consisting of the owner of the Bakso Abang Zainul business and employees who work at Bakso Abang Zainul. The resource persons for this activity consisted of academics from the Faculty of Economics and Business (Development Economics and Accounting) and the Faculty of Islamic Religion (Sharia Banking). This community service activity is carried out offline while adhering to safety and health protocols.

To increase the scale of business in a business, training and mentoring are needed. Apart from that, supporting things such as equipment used to support the business also need to be provided. So that business activities can run well, it is supported by complete equipment. In this case, the equipment in question is an electric Meat Grinder Machine. This machine can grind up to 80 kg of meat per day. With the availability of this meat grinding machine, it is hoped that Bakso Abang Zainul can produce more meatballs, so that it can increase sales, both in quality and quantity.

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