

## ENHANCING PRODUCT LAUNCH SUCCESS AMONG INDONESIAN SME IMMIGRANTS IN PENANG: A COMMUNITY-BASED APPROACH

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### ABSTRACT

Accounting is vital for novice entrepreneurs, given the many roles they must undertake during business growth. Competence in accounting allows entrepreneurs to evaluate company performance, identify which aspects are thriving and worth investing in, and pinpoint areas that require improvement or are unprofitable. This community engagement program aims to educate small and medium-sized entrepreneurs, particularly Indonesian immigrants affiliated with the Indonesian Community Organization (PERMAI) in Pulau Pinang, Malaysia, on specific aspects of decision-making in Management Accounting. Understanding these aspects is essential for the sustainability of businesses and serves as a crucial strategic tool, enabling small business entrepreneurs to make real-time projections and predictions. The program contributes to developing decision-making skills in creating innovative products through knowledge of CVP analysis. We use case studies to discuss the implementation of CVP Analysis. Implementing the "Cost Volume Profit Analysis: Building Innovative Products" program is expected to yield tangible outcomes, including the emergence of new innovative products, job creation, and local business growth. Furthermore, by fostering collaboration and knowledge-sharing, it aims to build an ecosystem supportive of entrepreneurship and innovation in Penang, ultimately contributing to the region's sustainable development. In conclusion, this program positively impacts the development of SME entrepreneurs' financial decision-making skills.

**Keywords:** entrepreneurship, cost-volume-profit analysis, innovative products, decision making, business growth.

### INTRODUCTION

According to research conducted by (Albaz et al., 2020), small and medium-sized enterprises (SMEs) contribute to productivity problems (Wen et al., 2023) (Lewis et al., 2020). Incomparable sectors or economies of similar magnitude, the disparity in productivity between large enterprises and SMEs can exhibit significant variation, often reaching twofold or more. For instance, within the construction industry, the productivity gap between SMEs and giant corporations stands at twenty-six percent in France, forty-one percent in Germany, and fifty-four percent in Italy (Barbosa et al., 2017). Similarly, Italy demonstrates a narrower productivity differential within the food services and accommodation sector, registering at 29 percent, while France and Germany exhibit gaps of 39 percent and 41 percent, respectively (Bugamelli et al., 2018). In numerous sectors, these productivity differentials escalate substantially, reaching 60 percent in Turkey and 80 percent in Greece (Macadangdang & Maximiliano, 2020). Notably, a considerable proportion of the global workforce consists of SME workers, ranging from 50 percent to a maximum of 90 percent of the labor force, depending on the country (Richardson & Antonello, 2022). Improving the productivity of SMEs is, therefore, a worthwhile endeavor. Indeed, SMEs can spur a country's growth for two reasons.

First, integrating proven practices and technologies is faster and safer than testing new ones. SMEs have an extensive adoption gap to close in the same way high-income markets operate by adopting the latest technology (Kayaga Nsubuga-Mugoa, 2019),(Satar & Alarifi, 2022). SMEs can grow faster by adopting larger enterprises' proven technologies and practices (Martinsuo & Luomaranta, 2018),(Nkwinka & Akinola, 2023).

Second, start-ups, a critical subsegment of SMEs, have become essential sources of innovation (Patil et al., 2022); because they are unhindered by legacy systems and outdated strategies, new market entrants often can rethink established practices and cut through traditional industry boundaries (Lorenzo et al., 2019).

### Situation Analysis

In the vibrant city of Penang, Malaysia, lies a community of Indonesian immigrants who have significantly contributed to the local economy. Among them is PERMAI, an organization representing Indonesian immigrants engaged in various economic activities, particularly .

**Partner Profile: PERMAI**

PERMAI (Pertubuhan Masyarakat Indonesia) in Malaysia is a community-based organization comprised of Indonesian immigrants residing in Penang. With a diverse range of members from different regions of Indonesia, PERMAI serves as a platform for community engagement, support, and empowerment. The organization focuses on economic initiatives to uplift its members through entrepreneurship and skill development.

**Existing Conditions:**

*Upstream:* PERMAI members face various challenges in their entrepreneurial endeavors, including limited access to capital, language barriers, and unfamiliarity with local business regulations. Many immigrants also lack formal education or training in entrepreneurship, hindering their ability to manage a business.

*Downstream:* On the downstream side, PERMAI members encounter difficulties in accessing mainstream markets, establishing business networks, and competing with established local businesses. Discrimination and xenophobia may also pose barriers to their integration into the broader Penang community, impacting their social and economic opportunities.

To address these priority problems effectively, the Community Engagement Program with PERMAI Penang proposes the following solutions:

**1. Language and Cultural Integration:**

- Offer language classes and cultural orientation sessions to help Indonesian immigrants improve their proficiency in English and better understand Malaysian culture, norms, and business practices.
- Facilitate networking events, cultural exchange programs, and community activities that promote interaction and collaboration between PERMAI members and the broader Penang community, fostering mutual understanding and respect.
- Provide translation and interpretation services for essential documents, meetings, and interactions, ensuring effective communication and reducing language barriers for PERMAI members.

**2. Combatting Discrimination and Social Exclusion:**

- Launch awareness campaigns and advocacy initiatives to combat stereotypes, prejudices, and discrimination against Indonesian immigrants, promoting diversity, inclusion, and social cohesion in Penang.
- Partner with local authorities, NGOs, and community organizations to develop anti-discrimination policies and support mechanisms that protect the rights and interests of PERMAI members and other marginalized communities.
- Establish support groups, counseling services, and peer mentoring programs to provide emotional support, empowerment, and resilience-building strategies for PERMAI members facing discrimination or social exclusion.

**3. Building Business Skills and Knowledge:**

- Designed and delivered tailored entrepreneurship **training programs and capacity-building** workshops that address the specific needs and challenges PERMAI members face, focusing on business planning, marketing strategies, financial management, and legal compliance.
- Provide mentorship, coaching, and business advisory services from experienced entrepreneurs, industry experts, and academic professionals to guide PERMAI members in developing and implementing their business ideas effectively.

Foster peer learning and knowledge-sharing networks within the PERMAI community, where members can exchange experiences, insights, and best practices, empowering each other to succeed in their entrepreneurial endeavors.

**Purpose of the Activity and Relation to IKU, and Focus of Service:**

The proposed activity, "Entrepreneurship Empowerment Program for Indonesian Immigrants in Penang," aims to address the challenges faced by PERMAI members and empower them to succeed in their entrepreneurial ventures. This initiative aligns with the Key Performance Indicators (IKU) by promoting economic inclusivity and social integration. Service focuses on providing PERMAI members with the necessary knowledge, skills, and resources to establish and grow their businesses in Penang. By offering tailored training programs, mentorship opportunities, and access to financial support, we seek to support participants with the tools they need to overcome barriers and thrive in the local economy.

**METHOD**

The implementation method for addressing the priority problems faced by PERMAI Penang partners is structured into stages to ensure the effective execution of solutions. The technique is designed to accommodate partners engaged in

a productive economy and leading to a productive economy and partners who are not economically or socially productive. We use a case study issued by the Institute of Management Accountants (IMA) titled "The Chicken or the Egg: Hatching a New and Innovative Product" (Robert Rankin & Martin Stueb, 2017) to explain the concepts.

### **For Partners Engaged in a Productive Economy:**

#### **1. Problem Area: Building Business Skills and Knowledge**

- **Stage 1: Curriculum Development:** Design a comprehensive entrepreneurship training curriculum covering key topics such as business planning, marketing strategies, financial management, and legal compliance.
- **Stage 2: Training Delivery:** Conduct interactive training sessions and workshops tailored to the needs of PERMAI members. Invite guest speakers, industry experts, and successful entrepreneurs to share their experiences and insights.
- **Stage 3: Follow-up and Mentorship:** Offer follow-up sessions and one-on-one mentorship to reinforce learning and provide personalized guidance. Create a peer support network where participants can continue to exchange ideas and support each other.

### **For Partners Not Economically/Socially Productive:**

#### **2. Problem Area: Language and Cultural Integration**

- **Stage 1: Language Classes:** Organize English language classes targeting Indonesian immigrants with limited proficiency. Collaborate with language instructors and volunteers to deliver engaging and interactive lessons.
- **Stage 2: Cultural Orientation Sessions:** Conduct cultural orientation sessions to familiarize participants with Malaysian customs, traditions, and business etiquette. Include practical scenarios and role-playing exercises to facilitate learning and application.
- **Stage 3: Community Integration Activities:** Organize community events and activities that promote interaction and collaboration between PERMAI members and the wider Penang community. Encourage participation in local festivals, volunteer projects, and cultural exchanges.

#### **3. Problem Area: Combatting Discrimination and Social Exclusion**

- **Stage 1: Awareness Campaigns:** Develop multimedia campaigns to raise awareness about discrimination and social exclusion faced by Indonesian immigrants. Utilize social media, posters, and community events to disseminate messages of inclusion and diversity.
- **Stage 2: Advocacy and Support Services:** Establish a support hotline or counseling service for PERMAI members experiencing discrimination or social isolation. Provide legal assistance, advocacy, and referrals to relevant resources and agencies.

### **Partner Participation:**

Partners will actively participate in program implementation through various roles, such as attending training sessions, participating in language classes, and engaging in community events. The participant's feedback and input were solicited at every stage to ensure the program meets their needs and expectations.

### **Program Evaluation and Sustainability:**

The Community Program implementation and sustainability evaluation was conducted through quantitative and qualitative methods, including surveys, interviews, focus groups, and performance metrics. The program's sustainability will be assessed based on the continued impact of interventions, stakeholder engagement, and the establishment of long-term partnerships.



Figure 1. The Community Service Program in PERMAI, Penang Malaysia

## RESULTS AND DISCUSSION

### Results of Community Service Implementation:

#### Discussion:

- The needs assessment surveys provided valuable insights into the specific needs and priorities of PERMAI members, guiding the design and implementation of targeted interventions.
- The establishment of microfinance initiatives enabled PERMAI members to access much-needed capital for business development, leading to increased economic empowerment and sustainability.
- Entrepreneurship training workshops and language classes equipped PERMAI members with essential skills and knowledge, enhancing their business acumen and social integration.
- Awareness campaigns and community integration activities contributed to raising awareness about discrimination and social exclusion issues, fostering a more inclusive and supportive environment for PERMAI members.

#### Evaluation:

- Evaluation of Year 1 activities indicated positive outcomes regarding increased access to resources, improved business skills, and enhanced social integration among PERMAI members.
- Key performance indicators such as the number of microfinance loans disbursed, the percentage increase in English proficiency, and the reduction in reported incidents of discrimination were used to measure the effectiveness of interventions.

PERMAI members' and stakeholders' feedback was solicited through surveys, focus group discussions, and interviews to assess the activities' impact and identify areas for improvement.

#### Relationship with Learning and Output Achievements:

- The activities contributed to achieving the learning outcomes outlined in the program objectives, including increased awareness of entrepreneurship principles, improved language proficiency, and enhanced understanding of cultural norms and practices.
- Output achievements such as the number of microfinance loans disbursed, the participation rate in training workshops, and the reach of awareness campaigns demonstrated progress towards program goals and objectives.
- Learning from Year 1 activities informed subsequent program planning and implementation, allowing for continuous improvement and adaptation to the evolving needs of PERMAI members and the community.

#### Strengths and Weaknesses of the Community Program:

In evaluating the alignment of the outcomes or primary focus of the community engagement activity with the local community's conditions, it is imperative to assess its strengths and weaknesses. The strengths of the outcomes or primary focus lie in their relevance to the specific needs and challenges faced by the community in the location where the community engagement activity is conducted. These outcomes may address pressing issues identified through thorough needs assessments or community consultations. Additionally, they may leverage existing resources, expertise, or infrastructure within the community, maximizing the potential for sustainable impact. Conversely, weaknesses may arise from insufficient consideration of the community's unique socio-economic, cultural, or environmental context. This lack of contextual understanding could result in ill-suited interventions or failure to

address the community's needs effectively. Additionally, challenges may emerge from logistical constraints, including limited access to resources, inadequate infrastructure, or bureaucratic hurdles, which can impede the implementation of the activities. Regarding the level of difficulty in executing the activities, including training, mediation, and consultation, several factors may influence the process. These may encompass logistical challenges, such as coordinating schedules, securing venues, or mobilizing resources. Moreover, the complexity of the subject matter or the diversity of participants' backgrounds may pose challenges in delivering practical training or facilitating meaningful discussions. Language barriers, power dynamics, or cultural differences may necessitate tailored approaches to ensure the engagement activities are inclusive and accessible to all community members.

## CONCLUSION

In conclusion, assessing the suitability of community engagement activities following the local context requires thoroughly examining their strengths, weaknesses, and implementation challenges. The strengths lie in their potential to address specific community needs and leverage existing resources for sustainable impact. However, weaknesses may arise from a lack of contextual understanding or logistical constraints. Regarding implementation difficulty, logistical challenges and the complexity of the subject matter may pose hurdles. A nuanced understanding of these factors is essential for designing and executing effective community engagement initiatives that genuinely resonate with and benefit the local community.

## ACKNOWLEDGMENT

We would like to express our sincere gratitude to all individuals and organizations who contributed to the success of this community engagement initiative. We are incredibly grateful to the local community members in Penang, Malaysia, whose active participation, and valuable insights were instrumental in shaping the outcomes of our activities. We also sincerely appreciate the support and collaboration extended by PERMAI and the Consulate General of the Republic of Indonesia in Penang, Malaysia, whose partnership facilitated the implementation of our programs. Additionally, we extend our heartfelt thanks to the dedicated team of volunteers and staff members whose tireless efforts ensured the smooth execution of the activities. Finally, we acknowledge the financial support provided by LPPM Universitas Mercu Buana, Jakarta, Indonesia, which made this endeavour possible. Your collective contributions have made a meaningful difference in empowering and enriching the lives of individuals within the community.

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