


Managing Finances and Securing Strategic Investment for Indonesian MSME's in Malaysia

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INFO	ABSTRACT
<p>Submitted: 12-08-2024, Revised: 26-08-2024, Accepted: 03-09-2024 Available Online: 09-09-2024</p> <p>Copyright ©2024 by Journal of Judikultura (s) This work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.</p>  <p>Keywords: SMEs, financial literacy, investment readiness, migrant entrepreneurs, community service,</p>	<p><i>Micro, Small and Medium Enterprises (MSMEs) play a pivotal role in Indonesia's economy, contributing over 60% to the national GDP and employing 97% of the workforce. Despite this strategic importance, many MSMEs, particularly those managed by Indonesian Migrant Workers (PMI) abroad, face persistent challenges in financial management and investment readiness. This community service (PkM) program was designed to enhance the financial literacy and investment presentation skills of PMI and micro-entrepreneurs in Kuala Lumpur, Malaysia. Employing a participatory, experiential learning approach, the program consisted of interactive workshops, pitching training, group mentoring, and investment simulations. The evaluation used pre-test and post-test assessments, along with direct observations. The findings indicate a significant improvement in participants' understanding of basic financial concepts, with an average increase of 42% in post-test scores. Additionally, 100% of participants successfully prepared a simple cash flow statement, and 80% were able to develop and present an investment pitch deck. Qualitative feedback showed that the program enhanced confidence, strategic thinking, and investor-readiness among participants. The results affirm the effectiveness of experiential and context-based learning methods in building entrepreneurial capacity. This program also highlights the need for sustainable follow-up interventions and multi-stakeholder collaboration to strengthen the entrepreneurial ecosystem for marginalized and overseas SME actors.</i></p>

INTRODUCTION

Small and medium enterprises (SMEs) are an important pillar in the Indonesian economy. Based on data from the Ministry of Cooperatives and SMEs of the Republic of Indonesia (2023), SMEs contribute more than 60% to the national Gross Domestic Product (GDP) and absorb around 97% of the workforce. However, in the midst of this strategic role, SMEs still face various fundamental challenges, especially in terms of financial management and investment strategies. Around 70% of SMEs in Indonesia do not have an adequate financial management system, hindering them from accessing formal funding sources such as banks or institutional investors (Kemenkop UKM, 2023).

Weak financial management can lead to inefficiencies in cash management, difficulty in preparing transparent financial reports, and inability to develop long-term business projections. This is certainly an obstacle in establishing strategic partnerships and attracting investors, both domestic and international. According to Gitman & Zutter (2015), a good financial management

system not only helps make rational and measurable decisions, but also increases business credibility in the eyes of investors. Therefore, SMEs must be equipped with knowledge and practical skills in modern financial management in order to compete in an increasingly competitive and digitalized business climate.

In addition, investment security strategies are also a crucial aspect in maintaining business sustainability, especially for SMEs engaged in technology and innovation-based sectors. In this context, businesses must understand investment risks and ways to mitigate them, such as through asset diversification, wise debt management, and the use of financial technology (fintech) to increase efficiency. OECD (2022) emphasizes the importance of financial literacy and adaptive investment strategies in promoting SMEs' resilience amid global market dynamics.

Responding to these problems, this community service activity is designed to provide applicable education and training on financial management and investment security strategies. The main focus of the activity is aimed at technology and innovation-based SMEs that have the potential to grow but do not yet have strong managerial capacity. It is hoped that through this activity, participants can improve their understanding and skills in preparing financial reports, designing the right investment strategy, and building a transparent and sustainable business.

LITERATURE REVIEW

Financial management is the process of planning, controlling, and evaluating financial resources to support business sustainability. According to Gitman and Zutter (2021), systematic financial planning can improve operational efficiency and minimize business risks. Fatoki (2019) also asserts that many MSMEs fail to thrive due to weak cash management and lack of separation between personal and business finances. Strategic investment refers to funds invested to support business growth with long-term returns. Investors tend to favor ventures that have a clear vision, professional management structure, and transparent financial statements (Zhang et al., 2023). The existence of pitch decks, business model canvas, and valuation values are key in the investment decision-making process. Financial literacy has a positive correlation with the ability of business actors to access capital (Putri & Widodo, 2021). Continuous education and mentoring can improve the readiness of business actors to receive investment and expand the network of strategic partnerships.

METHODS

This Community Service (PkM) activity was carried out on August 26-28, 2023 with two main locations, namely Shelter Binaan (SB) Sentul in Kuala Lumpur, Malaysia, which is a training center for the Indonesian Migrant Worker (PMI) community, as well as institutional benchmarking activities to three universities in Malaysia, namely Universiti Malaya (UM), Universiti Kebangsaan Malaysia (UKM), and INTI International University & Colleges. The method of implementing this PkM activity uses a participatory and applicative approach, with the main objective of increasing the financial capacity and business presentation skills of the participants. The forms of activities carried out include:

Interactive Workshop

Participants were trained on the basics of simple bookkeeping, including how to record cash flow, manage profit and loss statements, and become familiar with simple accounting software such as Wave Accounting or Acacia. This workshop was based on the experiential learning approach, where participants not only received theoretical material, but also practiced it directly (Kolb, 1984).

Figure 1. Interactive Workshop Session



Pitching Training

Participants are taught how to develop an attractive and convincing pitch deck for potential investors. The material covers the structure of an effective pitch deck, from problem identification, solutions, business models, to financial projections and exit strategies. This training is important to prepare participants to access investment opportunities, in accordance with the entrepreneurial finance approach (Leach & Melicher, 2018).

Figure 2. Pitching Training Session



Group Mentoring

After the training, participants were grouped and assisted in preparing basic financial statements and business projections for one year. This process uses the coaching method, where the facilitator acts as an active guide in helping participants apply the knowledge gained in accordance with their respective business contexts (Whitmore, 2017).

Investment Simulation

To conclude the activity, participants make a presentation to a panel of mentors who act as potential investors. This simulation mimics a real situation in the process of pitching for venture capital, which aims to hone participants' business communication skills and argumentation abilities. This practice follows the concept of learning by doing, which has been proven effective in entrepreneurship education (Neck et al., 2014).

Textual Research

Evaluation of the implementation of activities was carried out quantitatively and qualitatively to obtain a complete picture of the impact of the program. Quantitative evaluation was conducted through pre-test and post-test to measure the improvement of participants' knowledge in financial management and business pitching. The analysis was conducted by calculating the difference in average scores between before and after the training. Meanwhile, qualitative evaluation was conducted through direct observation of participants' engagement during the training and simulation sessions. Aspects observed included active participation, ability to prepare financial reports, and confidence when pitching. This assessment provided important information on the extent to which the program succeeded in transforming participants' capacity in a practical and sustainable manner.

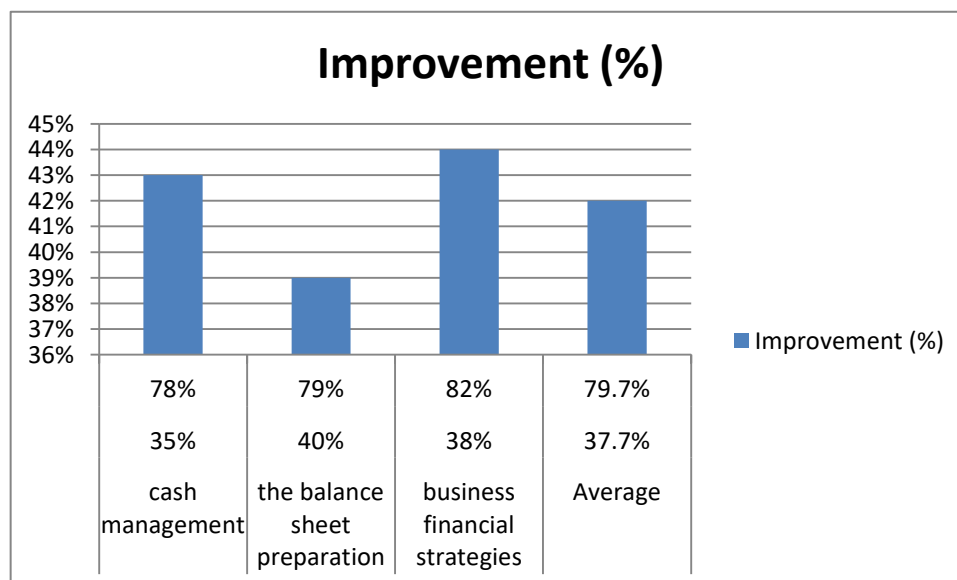
RESULTS AND DISCUSSION

Participants' Level of Understanding

One of the main indicators of the success of this community service program is the increase in participants' understanding in the field of basic financial management, especially related to cash management and preparation of business balance sheets. Based on the results of the initial evaluation through the pre-test, it is known that as many as 65% of participants do not have an adequate understanding of the basic concepts of cash flow and balance sheet structure. This condition indicates a financial literacy gap among informal business owners, which is in line with the findings of Lusardi and Mitchell (2014) that low financial literacy is a major obstacle to rational economic decision-making among working people and micro business owners.

However, after the three-day interactive workshop and mentoring session, there was a significant improvement in the post-test results, with the average score of participants increasing by 42%. This increase shows the effectiveness of the practice-based learning method used in the activity, which emphasizes learning by doing and a participatory approach (Kolb, 1984). This increased understanding is expected to encourage participants to be more confident in managing business finances and attracting investors' attention through the presentation of transparent and accountable financial information.

Figure 3. Improvement of Participant Understanding Based on Pre-test and Post-test



Training Output

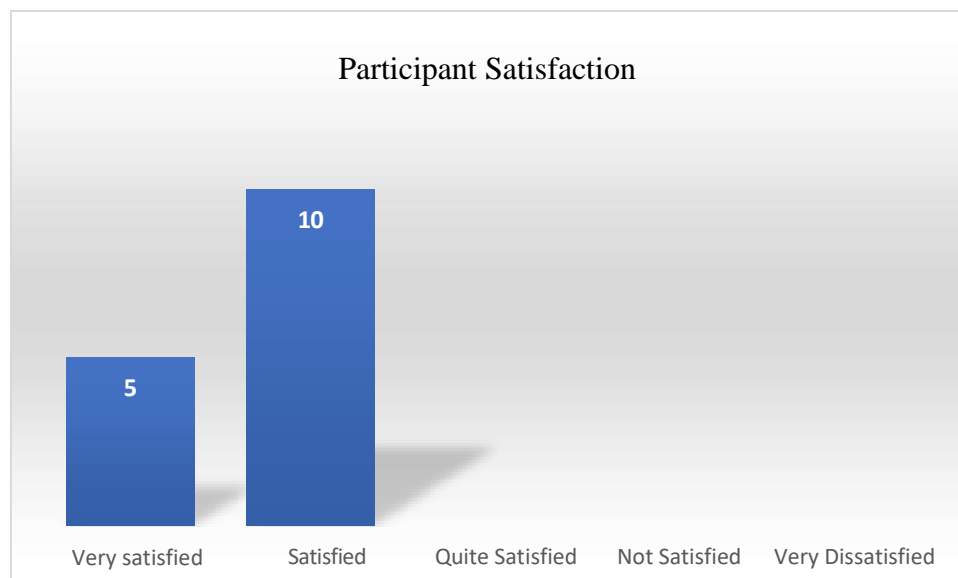
The output of the training activities showed encouraging results. All participants (100%) were able to prepare a simple cash flow statement using manual format and basic application assistance. In addition, 80% of the participants were able to compile a pitch deck and make a presentation in front of a panel of mentors with a good business narrative structure, including problem identification, solutions, business models, and growth strategies. This shows that participants not only understand the theory, but are also able to communicate the value of their business to potential investors, an important skill in the modern entrepreneurial ecosystem (Hisrich, Peters, & Shepherd, 2017).

Furthermore, 60% of participants received concrete feedback from mentors and panelists on aspects that could be improved in their financial strategies, such as cash flow projections, break-even point calculations, and debt management. This feedback was valuable as it provided guidance that was contextualized and applicable to the real conditions of participants' businesses.

Participant Responses

Participant responses to this activity were very positive. The majority of participants stated that the training had opened new insights into the importance of financial readiness and structured business presentations as key to attracting investors and scaling up. Some participants even mentioned that this was their first experience interacting directly with a business presentation format and pitching simulation. This result reinforces Neck et al. (2014) that direct experience in entrepreneurial activities can significantly improve individual competencies. Participants also suggested that activities like this be carried out regularly, not only in the form of training, but also in the form of thematic follow-up assistance, such as debt management, tax planning, or product development.

Figure 4. Participant Satisfaction



CONCLUSION

The community service activities carried out have made a significant contribution in increasing the capacity of financial literacy and investment readiness for participants, especially the Indonesian Migrant Worker (PMI) community and micro business actors abroad. Based on the results of quantitative and qualitative evaluations, it can be concluded that this program

succeeded in increasing participants' understanding of the importance of healthy and structured financial management as the main foundation for business sustainability and growth. Through an educational approach that combines theory and hands-on practice, participants gained not only conceptual knowledge, but also applicable technical skills, such as compiling cash flow statements, creating a business pitch deck, and presenting to a panel of investors.

The experiential learning process applied proved effective in facilitating the transformation of participants' understanding into real competencies. This is in line with Kolb's (1984) view that learning based on direct experience is able to produce long-term impacts in participants' behavior and mindset. The increase in post-test scores by an average of 42% is also a quantitative indicator of the success of this learning approach. In addition, the positive response from participants who proposed the continuation of the program indicates the real need in the field for entrepreneurship assistance that is sustainable and contextual. Thus, this activity does not only have an impact in the short term, but also opens opportunities for strengthening the entrepreneurial ecosystem through training models based on field needs and community potential. Based on the findings and implementation of the activities, there are several strategic recommendations that can serve as a reference for the development of similar programs in the future. First, training and mentoring activities like this need to be carried out regularly, targeting more Micro, Small and Medium Enterprises (MSMEs) communities both domestically and abroad, especially those that have not been touched by formal economic empowerment programs. Consistency in implementation will strengthen the impact of sustainability and reach a wider range of people in need. Second, synergy between educational institutions, financial institutions, and local investors is needed to create a bridge between business actors and funding sources. This collaboration is important so that participants not only gain knowledge, but also concrete access to venture capital and business incubation programs. This is in line with the entrepreneurial ecosystem approach that emphasizes the importance of multi-stakeholder cooperation (Isenberg, 2011).

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Data Availability

The data supporting the findings of this study are available within the article and its supplementary materials. Any additional data that support the findings of this study are available from the corresponding author upon reasonable request.

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Conflict of Interest

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

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