

Business Mentoring Program for Indonesian and Malaysian SMEs

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ABSTRACT

SMEs play a strategic role in supporting economic growth in developing countries. The purpose of this community service activity is to provide assistance to Batik SMEs in Indonesia and Malaysia to develop their businesses. Community service activity partners are batik SMEs from Yogyakarta, Indonesia and Malaysia. The program implementation method includes observation, interviews, counseling and assistance. Activities are carried out offline by carrying out activities at the SME's place of business and online in the form of webinars. The extension materials include: business management, entrepreneurial marketing, digital marketing, green marketing and environmental sustainability. The results of this activity are expected to provide a positive contribution in increasing the knowledge and skills of partners in business management so that they can maintain the sustainability of their business in the long term.

Keywords: Business mentoring, Marketing strategy, Digital marketing, SMEs management

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INTRODUCTION

Indonesia and Malaysia are allied countries that have many similarities, one of which is culture. Batik is one of Indonesia's ancestral cultural heritages and has been recognized internationally and designated by UNESCO in 2009 as an intangible cultural heritage of humanity. Batik has made Indonesia one of the leading countries producing traditional cloth in the world. Indonesian and Malaysian batik have quite striking uniqueness and differences, even though at first glance they are similar. A number of differences are shown in the technique of making batik, where the majority of Indonesian batik uses stamping and hand drawn, while in Malaysia it uses painting techniques, although currently there are also those who have developed the stamping technique. The color choices for Malaysian batik are more contrasting and striking than Indonesian batik. Malaysian batik motifs tend to be simpler and more abstract, with many natural elements such as leaves, flowers, and birds. Malaysian batik designs are more modern and less loaded with philosophical meanings. Indonesian batik motifs are very diverse considering that each region has certain motifs and contains philosophy.

One of the provinces in Indonesia which is also known as the city of batik is Yogyakarta. On 2022, the number of micro scale Batik firms in Yogyakarta is 311,540, small scale is 16,069 and medium scale is 2,110. This development in terms of quantity has led to increasingly tight business competition so that every SMEs is required to be able to create a competitive advantage so that it will have a significant impact on increasing its marketing performance (Nuvriasari & Sari, 2023). In Malaysia, the number of batik entrepreneurs is not as large as in Indonesia, where based on data there are 820 batik entrepreneurs registered with Kraftangan Malaysia (Mahaizura, 2023). The Batik Industry in Malaysia faces the challenge of competition from cheaper and modern external products and even more worrying is the original batik design imitated by irresponsible foreign entrepreneurs by offering lower prices. The lack of skilled workers from young people should also be taken into consideration when many young people voices that they are not interested in working in this industry (Razali et al., 2021).

The community service partners are Batik SMEs in Yogyakarta and Malaysia. Batik SMEs from Yogyakarta is represented by Batika Indonesia and Hijrah Creative, while partners from Malaysia were represented by Noor Arfa Batik Malaysia and Galeri Batik Nabihah. Hijrah Creative is located in Kalasan, Sleman, Yogyakarta and was founded in 2017. The products produced are good fabrics, batik fashion, eco-print, shibori and lurik. Batika Indonesia started its business operations in 2018 and is located in Maguwoharjo, Sleman, Yogyakarta. The products produced by this SMEs focus on Batik Bags with variants of Synthetic Leather Bags with batik materials and leather bags. The two SMEs from Indonesia also carry the concept of "green product"

for a number of their products such as ecoprint and natural dye batik where the raw materials for their products are partly or entirely made from natural materials.



Figure 1. Batik Leather Bag by Batika Indonesia



Figure 2. Ecoprint and Batik by Hijrah Creative

Another community service partner from Malaysia is Noor Arfah Batik located in Terengganu, Malaysia. Since 1980, Noor Arfa Batik has been famous in Malaysia for its superior quality batiks, with its main office located in Kuala Terengganu. It is a leading figure in the development of Malaysia's batik sector and is known for offering batik enthusiasts the highest quality in-house hand-drawn batiks. The products produced include batik cloth, sarongs, kaftans, and various batik fashion for men and women. In brief, Noor Arfa Batik is seen as ambitious, innovative and entrepreneurial, at an international and local level. Another SMEs is Nabibah Batik Gallery located in Perak, Malaysia also produces similar products. The scale of Nabibah's business is still micro, unlike Arfa, which is much more developed and has a wide market reach. The following are a number of examples of batik products produced by community service partners:



Figure 3. Batik product samples by Noor Arfah Batik



Figure 4. Batik variants produced by Nabihah Batik Gallery

Community service partners in marketing their products still focus on the domestic market by trying to meet the needs and desires of consumers for various batik products and their derivatives. Promotion is carried out using conventional and digital-based methods. Conventional methods are shown through active participation in exhibition activities and digital promotions are carried out by utilizing online media such as websites, Instagram, Facebook, marketplaces, and TikTok. Digital marketing provides opportunities for SMEs to attract new customers and reach existing customers more efficiently. Digitalization has been proven to bring significant opportunities for SMEs in reaching new target market and market share, improving performance, profit, efficiency, saving costs, increasing growth and competitiveness. Thus, digital investments must be linked to internal capabilities and organizational (Taiminen and Karjaluoto, 2015; Zhen et al., 2022). Considering the important role of digital marketing, SMEs need to strengthen this program so that an attractive marketing program can have an impact on high consumer buying interest.

Strengthening marketing programs is not only limited to product development or innovation and online marketing, but also requires studying appropriate marketing strategies for SMEs. Apart from that, entrepreneurs must also have good market analysis skills. Even though MSMEs partners are able to run their businesses well, in an effort to improve business performance in order to excel in competition and in order to support the sustainability of their businesses, a mentoring program is still needed.

The purpose of this mentoring program is to increase partners' knowledge in business management, both in terms of entrepreneurial marketing strategies, digital marketing, green marketing, and batik business management. In addition, this program is also a medium for SMEs of both countries to exchange experiences in business management in the batik business sector.

METHOD

This international community service program is a collaboration between the Management Study Program of Universitas Mercu Buana Yogyakarta, the Faculty of Management and Economics of Universiti Pendidikan Sultan Idris, Malaysia, and the University Utara Malaysia. This activity involves 2 batik SMEs from Indonesia, namely Batika Indonesia and Hijrah Creative, while from Malaysia are Noor Arfah Batik and Nabihah Batik Gallery. The activity lasts for 8 months from April to November 2024. The stages of activities and methods applied can be described as follows:

Preparation Stage

At this stage, the community service team from both Indonesia and Malaysia coordinates to discuss a number of activities including: activity programs, implementation methods and activity schedules. In addition, the teams from both countries are tasked with coordinating with SMEs partners to socialize the activity programs that will be carried out. At the preparation stage, the community service team also prepares a number of materials that will be used in the SMEs mentoring program.

The methods used in this stage are observation and interview. The community service team from Indonesia conducted direct observations by visiting the partner's location directly to observe the business activities carried out by the partner. In addition, interviews were also conducted with partners to explore information related to a number of problems faced by partners in running their businesses. In this activity, discussions were also held regarding the planned program activities that will be carried out. Meanwhile, the Community Service Team from Malaysia coordinated with partners through online media.



Figure 5. Coordination with Malaysian MSMEs partners



Figure 6. Observation and Interview with Indonesian MSMEs partners

Implementation Stage

The implementation of activities is carried out using the counseling method and sharing of knowledge and experience. The activity is also packaged in the form of a webinar which is also attended by students and other SMEs actors from Indonesia and Malaysia. The activity is carried out via zoom media and is held for 2 days on 27 – 28 August 2024.



Figure 7. Webinar Agenda for MSMEs Mentoring

Monitoring and Evaluation Stage

The final stage of the activity is to monitor MSME business activities through the mentoring and advocacy methods where partners can also consult with the community service team if they encounter obstacles in their business. In this activity,

an evaluation of the implementation of the program is also carried out so that if there are deficiencies, improvements can be made.

RESULTS AND DISCUSSION

This international community service activity was carried out in two ways, namely direct assistance to SMEs business locations, especially those in Yogyakarta, Indonesia and online assistance for SMEs in Malaysia. At the end of the activity, a webinar was held as a result of the assistance program involving all members of the community service team from Mercu Buana University Yogyakarta, Indonesia; Sultan Idris Education University Malaysia and Universiti Utara Malaysia as well as MSME partners from Indonesia and Malaysia. The results of the implementation of the activity can be explained as follows:

Technical assistance in customer management and digital marketing

Marketing plays an important role in supporting the success of SMEs businesses where these activities include a number of activities such as product design, pricing, product distribution and promoting products to potential consumers. A number of these activities are aimed at meeting consumer needs and desires so that consumer satisfaction can be created. SMEs that focus on customer orientation will have an impact on increasing marketing performance, which is shown through increased sales, profits, market share coverage, consumer satisfaction and customer retention rates (Azizah & Nuvriasari, 2024). MSMEs that are committed to creating customer satisfaction through delivering quality product can also be a source of competitive advantage (Putra & Nuvriasari, 2024).

Community service partner mentoring is carried out using discussion and consultation methods. Discussion materials are related to strategies for creating customer satisfaction and managing customer data for promotional activities. In this activity, the owner of the Hijrah Creative explained a number of activities that had been carried out to market his products and the existing obstacles. One of the problems faced is in customer management. The community service team provides education to partners about strategies for managing customers so that customers can feel satisfied and loyal. The strategies include delivering quality products and services, building personal relationships with customers, receiving customer feedback, and creating customer loyalty programs. The customer loyalty program that is often used by MSMEs is to create a member card for customers that provides a number of benefits such as discounts and special gifts (Faturrohman & Nuvriasari, 2023).



Figure 7. Discussion on SMEs business development



Figure 8. Community Service Activity at Hijrah Creative

Another community service program is carried out at Batika Indonesia. The activities carried out are to help optimize promotional activities through digital media in the form of social media Instagram and TikTok. SMEs utilizes social media to market their products because it is considered easy to use and inexpensive. Marketing through digital media is also useful in reaching a wide market and can display various promotional content and facilitate interaction between sellers and potential consumers. Effective use of digital marketing can improve marketing performance in SMEs. In this mentoring activity, the community service team also handed over standing banners as one of the media to strengthen brand awareness and promotion.



Figure 9. Assisting promotional programs at Batika Indonesia



Figure 10. Community Service Activity at Batika Indonesia

Webinar “Business Mentoring Program for Indonesian and Malaysian SMEs”

This webinar activity is packaged in the form of counseling through presentations delivered by community service teams from both Indonesia and Malaysia as resource persons. In addition, this activity also held a knowledge sharing session with speakers from community service partners. The webinar was held for 2 days on August 27 and 28, 2024 via Zoom which was attended by approximately 100 participants. The presenters at the webinar activity were the community service team from UMBY and UPSI and community service partners from Indonesian and Malaysian SMEs with the following details:

Table 1. List of Presenters at The International Community Service Webinar

No	Presentation Topic	Presenter	Institution
1.	Business Management for SMEs	Dr. Norlaile Binti Salleh Hudin	Faculty of Management and Economics Universiti Pendidikan Sultan Idris, Malaysia
2.	Entrepreneurial Marketing for SMEs	Dr. Audita Nuvriasari, S.E., M.M.	Faculty of Economics Universitas Mercu Buana Yogyakarta
3.	Digital Marketing to Improve SMEs Performance	Dr. Nur Yuhainis Ab Wahab	School of Business Management Universiti Utara Malaysia
4.	Environmental sustainability	Dr. Noraine Salleh Hudin	Department of Biology Universiti Pendidikan Sultan Idris, Malaysia
5.	Green Marketing Practices in SMEs	Titik Desi Harsoyo, S.E., M.Si.	Faculty of Economics Universitas Mercu Buana Yogyakarta
6.	Sharing Session: Batik Business Development Strategy in Malaysia	Tn. Wan Moch Hafiz Bin Wan Mohd Ariffin	Noor Arfa Batik, Malaysia
7.	Sharing Session: Batik Marketing in Small Industries in Malaysia	Pn. Nur Nabihah Zakari	Galeri Batik Nabihah, Malaysia
8.	Sharing Session: Diversification of Batik Products Through Exclusive Handmade Batik Bags	Anindya Satyanugraha	Batika Indonesia

No	Presentation Topic	Presenter	Institution
9.	Sharing Session: SMEs Business Development through Eco-print Green Products	Retno Winarti, S.E.	Hijrah Creative, Indonesia



Figure 11. International Community Service Webinar

The webinar on the first day discussed business management and marketing strategies for SMEs presented by the community service team from UMBY and UPSI. In addition, there was also a sharing session between SMEs Batik entrepreneurs from Malaysia (Noor Arfa Batik) and Indonesia (Hijrah Creative). In running their

businesses, SMEs entrepreneurs are required to have adequate skills in business management so that SMEs can maintain the continuity of their businesses. Entrepreneurs in SMEs must also understand the marketing strategies that need to be adopted for the progress of their business. One of these marketing strategies is Entrepreneurial Marketing. Entrepreneurial marketing is a marketing approach that is oriented towards innovation, proactive towards markets and consumers with dynamic innovation (Kurgun et al., 2011). SMEs that adopt entrepreneurial marketing strategies will have a positive impact on improving their business performance (Nuvriasari et al., 2020).

The SME mentoring material on the second day was an explanation of digital marketing and Environmental sustainability delivered by the Community Service Team from UPSI, Malaysia and Universiti Utara Malaysia. In addition, there was also a presentation on SMEs business development delivered by community service partners from Batika Indonesia and Galeri Batik Nabihah, Malaysia. Digital marketing plays an important role in the success of SMEs businesses along with technological developments and changes in consumer behavior who prefer to make transactions online. Digital marketing is all marketing activities carried out by digital media or the internet. Digital marketing provides a number of benefits for SMEs such as: expanding market reach, efficiency of marketing costs, facilitating interactions between sellers and buyers and facilitating partnerships with other parties (Juliani & Nuvriasari, 2024).

Although the use of digital marketing is very important, there are often obstacles faced by SMEs such as: lack of knowledge and skills in creating interesting and informative content and limited human resources handling online marketing. For this reason, education needs to be provided through training to improve the ability of partners to utilize digital marketing and develop online marketing media (Nuvriasari et al., 2024).

In running their business, SMEs must also pay attention to environmental sustainability. Environmental sustainability is an effort to maintain the balance of ecosystems and natural resources so that they can continue to be used sustainably without damaging or reducing their quality in the future. Efforts to maintain environmental sustainability can be carried out by batik SMEs by utilizing raw materials from nature, utilizing fuel, electricity and water efficiently, recycling production waste and managing waste properly so as to minimize possible pollution (Sumarlin & Nuvriasari, 2024).

In the final session of the webinar activity, a question-and-answer session was held from the seminar participants to the presenter. This activity is expected to increase insight into the development of SME businesses both academically and practically.

CONCLUSION

SMEs play a strategic role in supporting economic growth in developing countries, so they need to get coaching and mentoring so that they can develop their businesses well and be able to maintain the sustainability of their businesses. A

number of activities carried out by the Community Service Teams (Universitas Mercu Buana Yogyakarta, Universiti Pendidikan Sultan Idris Malaysia and Universiti Utara Malaysia) to support the development of Batik SMEs businesses in Indonesia and Malaysia are mentoring in the field of SMEs business management which includes customer management, digital marketing, marketing strategies, green marketing, and environmental sustainability. Activities are packaged with direct mentoring at the SME location and held online in the form of webinars.

These activities provide positive benefits for Indonesian and Malaysian batik SMEs partners through increased knowledge in the field of business management. In addition, they can exchange information and experiences regarding the development of batik businesses in both countries. This activity also contributes to providing solutions to a number of business problems faced by SMEs.

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