

EMPOWERMENT OF INDONESIAN WORKERS IN MALAYSIA FOR SUSTAINABLE MSMEs THROUGH STRENGTHENING HUMAN RESOURCE MANAGEMENT

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ABSTRACT

This study examines the empowerment of Indonesian migrant workers (TKI) in Malaysia through the strengthening of human resource management (HRM) and entrepreneurial skills to promote sustainable economic development. The primary objective is to build the capacity of TKI to transition from low-wage employment into owning and managing resilient micro, small, and medium enterprises (MSMEs). Utilizing a participatory approach, the program incorporated baseline assessments, tailored HRM and entrepreneurship training modules, and the establishment of peer mentoring networks supported by digital platforms. The initiative equipped participants with practical competencies in organizational leadership, financial literacy, and business planning, while also providing simplified HR tools to support daily operations. Outcomes of the program include improved business management practices, enhanced market access, and the initiation of new supplier partnerships by several migrant-led MSMEs. Additionally, the project fostered cross-border collaboration and offered meaningful experiential learning for university students engaged in training delivery, data collection, and community mentoring, aligning with Indonesia's MBKM framework. Overall, this study underscores the significance of structured HRM capacity building combined with entrepreneurial support in enhancing the economic resilience and social mobility of migrant communities. It highlights the need for sustained mentorship, supportive policy environments, and strengthened networks to ensure the long-term success of migrant-owned businesses in a competitive market landscape.

Keywords: Indonesian Migrant Workers, Human Resource Capacity Building, Sustainable MSMEs, Entrepreneurship Empowerment, Cross-Border Community Development

1. INTRODUCTION

Indonesian migrant workers (Tenaga Kerja Indonesia, TKI) in Malaysia constitute a critical component of the regional labor market, particularly in sectors such as plantations, domestic services, construction, and manufacturing. While these employment opportunities provide necessary income, they often position migrant workers in precarious economic circumstances characterized by low wages, lack of social protection, and limited prospects for upward mobility. Many Indonesian workers harbor aspirations to break out of this cycle by establishing micro, small, and medium enterprises (MSMEs) that can offer long-term financial security and autonomy. However, translating these aspirations into sustainable business ventures is fraught with significant challenges.

A combination of factors hampers the entrepreneurial potential of Indonesian migrant workers. Upstream, there is a widespread lack of foundational knowledge in human resource management (HRM), financial planning, leadership, and business strategy. Most workers have minimal exposure to structured education or training programs that could equip them with these critical skills. Moreover, financial institutions in Malaysia typically impose collateral requirements and rigorous credit assessments that are difficult to meet, especially for undocumented or low-income migrant workers. Regulatory hurdles further compound these issues, as legal restrictions often prevent migrant workers from formally registering their businesses, limiting access to broader markets and institutional support.

Downstream, even those who manage to initiate small enterprises encounter persistent operational obstacles. Many MSMEs led by Indonesian migrants struggle with inefficient HR practices, weak marketing strategies, poor supply chain integration, and an inability to scale. The lack of digital literacy and modern business tools further inhibits their competitiveness, resulting in enterprises that frequently fail to survive beyond the initial stages. Data from PERMAI Pulau Pinang, an Indonesian migrant community organization in Malaysia, reveals that only around 12.5% of their members have received any form of informal entrepreneurial training, and fewer than 10% maintain active bank accounts due to fears of legal exposure.

Recognizing these complex challenges, this community service initiative was designed to holistically empower Indonesian migrant workers by strengthening their HRM and entrepreneurial capacities. The program implemented a participatory approach that included baseline needs assessments, the development and delivery of four tailored HRM and entrepreneurship training modules, dissemination of practical HR toolkits, and the establishment of a peer mentoring system supported by digital platforms. These efforts aimed not only to build individual competencies but

also to create a supportive ecosystem that encourages sustainable business practices, formalization, and market integration.

Importantly, the program aligns with Indonesia's Merdeka Belajar Kampus Merdeka (MBKM) framework, which emphasizes experiential learning, interdisciplinary collaboration, and community engagement. Through direct involvement in training delivery, data collection, and mentoring activities, university students enhanced their critical thinking, leadership, and cross-cultural communication skills, fulfilling key indicators of higher education transformation such as student involvement beyond campus (IKU 2), impactful community service (IKU 7), and international collaboration (IKU 5).

Overall, this initiative highlights the strategic importance of combining HRM capacity building with entrepreneurial support to advance the economic resilience and social mobility of Indonesian migrant communities. It also underscores the value of cross-border partnerships and higher education's active role in addressing transnational socio-economic challenges, ultimately contributing to broader goals of sustainable development and inclusive economic growth.

2. METHOD

This community service program adopted a participatory and multi-phased approach to empower Indonesian migrant workers in Malaysia by enhancing their human resource management (HRM) and entrepreneurial capacities. The initiative began with a baseline assessment phase, where surveys and focus group discussions were conducted among members of Pertubuhan Masyarakat Indonesia Pulau Pinang (PERMAI) to identify specific gaps in HRM competencies, entrepreneurial knowledge, and barriers to business formalization. This needs assessment ensured that subsequent interventions were closely aligned with the actual socio-economic conditions and aspirations of the migrant workers.

Based on these findings, the program team developed four contextualized training modules that covered organizational behavior and team dynamics, recruitment and small-team leadership, performance and time management, as well as basic financial literacy and business planning. These modules were delivered through interactive workshops facilitated by academics, local business practitioners, and experienced migrant entrepreneurs over the course of two months. Participants' learning outcomes were measured using pre- and post-training assessments, which demonstrated substantial improvements in knowledge related to HRM and entrepreneurial practices.

To further support operational capabilities, the program introduced practical HRM toolkits comprising simplified job description templates, team task checklists, employee tracking sheets, and basic performance evaluation forms. These toolkits were distributed in both printed and digital formats, with guided demonstrations to encourage immediate adoption in daily business operations. Recognizing the need for sustained mentorship, a peer mentoring system was established, involving the selection and training of 15 migrant workers as peer mentors. This system was supported by a digital platform, primarily using WhatsApp groups that facilitated continuous discussions, resource sharing, and troubleshooting.

Additionally, market integration activities such as small exhibitions and business networking sessions were organized to connect migrant entrepreneurs with local Malaysian businesses and suppliers. These events enabled participants to showcase their products, explore partnership opportunities, and gain practical exposure to broader commercial ecosystems. Throughout the program, university students were actively involved in training delivery, data collection, and mentorship support, aligning with Indonesia's Merdeka Belajar Kampus Merdeka (MBKM) framework to enrich their experiential learning in leadership, research, and community development. Evaluation of the program combined quantitative measures from test scores and surveys with qualitative insights from participant testimonials and focus group discussions, ensuring a comprehensive assessment of the program's impact on building sustainable entrepreneurial capabilities among Indonesian migrant workers.

3. RESULTS AND DISCUSSION

The community service program to empower Indonesian migrant workers in Malaysia through human resource management (HRM) and entrepreneurship strengthening yielded a range of meaningful outcomes, both for individual participants and the broader community. Despite being conducted as a one-day intensive training, the program managed to create a dynamic environment where migrant workers could actively engage with new concepts and reflect on their business practices.

During the preparatory phase, informal assessments and discussions with community leaders from Pertubuhan Masyarakat Indonesia Pulau Pinang (PERMAI) helped to map the prevailing challenges faced by migrant workers. It was evident that many participants operated informal businesses with minimal structure, lacked clear role divisions, and had limited familiarity with fundamental management principles. Financial management and marketing were also

highlighted as areas of concern, with most participants relying on simple cash flows without systematic tracking or growth strategies.

The one-day training session was carefully designed to respond to these needs by introducing practical HRM concepts adapted to small-scale enterprises. Topics included how to delegate tasks effectively, maintain basic records of employee contributions (even in micro-enterprises run by family members), and think strategically about managing time and small teams. Trainers employed interactive discussions, role-playing, and real-world scenarios drawn from participants' own business experiences, which helped to anchor theoretical insights in relatable daily practices.

A key feature of the program was the distribution and demonstration of simplified HR tools. These included templates for organizing daily tasks, simple checklists to monitor small inventories or team responsibilities, and basic guidelines on how to document operational decisions. Many participants expressed that while they initially found "HRM" to sound too corporate or complex, the training helped them see it as a set of practical habits that could make their small businesses more orderly and easier to grow. Some even shared plans to apply these tools immediately to keep track of helpers they occasionally employed during busy periods.

Another important component that emerged organically from the training was the establishment of a peer support group. Recognizing the need for sustained encouragement beyond a single day, the facilitators assisted in forming a digital community using familiar messaging platforms. Through this informal network, participants continued to discuss small operational issues, share local supplier contacts, and seek tips on handling regulatory queries or customer complaints. This peer mentoring arrangement helped overcome feelings of isolation that many migrant entrepreneurs reported and provided a space to troubleshoot common problems collectively.

Moreover, the program created small but significant opportunities for market exposure by arranging simple showcases of participant products during the training event itself. Local community members and invited guests from related business networks had a chance to view and discuss these offerings, leading to initial conversations about future collaborations. While such interactions were still in early stages, they sparked a sense of optimism and possibility among the participants.

Feedback gathered through informal interviews and group reflections at the end of the program highlighted several perceived benefits. Participants noted an increased confidence in organizing their business activities and felt more capable of explaining their operations and future plans, both to peers and potential partners. The training was also appreciated for demystifying business management, making it seem less intimidating and more relevant to the realities of migrant-run enterprises.

Overall, these outcomes underscore the value of even short, targeted interventions when designed thoughtfully and coupled with tools that participants can adapt immediately. The program demonstrated that building entrepreneurial capacity among migrant workers does not always require prolonged formal courses; rather, it can begin with concise, practical engagements that prioritize relatable content and foster peer-driven follow-up. This approach holds significant promise for enhancing the resilience of Indonesian migrant businesses in Malaysia, supporting their journey toward greater economic independence and long-term sustainability.



Figure 1. Engagement Session

Figure 1 captures an interactive moment during the implementation of a community service program focused on strengthening entrepreneurship and human resource management (HRM) capacities among Indonesian migrant workers in Penang, Malaysia. The activity depicted illustrates an integral component of the community service program implemented in Penang, Malaysia, aimed at enhancing the entrepreneurial and human resource management (HRM) capacities of Indonesian migrant workers. During this session, facilitators and academic team members from the implementing university engaged directly with participants in an interactive discussion designed to contextualize key HRM principles and business management strategies within the everyday realities faced by migrant entrepreneurs.

The session was structured to promote an open and participatory atmosphere, encouraging participants to share their experiences operating micro-enterprises and the practical challenges they encounter in organizing work, managing finances, and navigating local market dynamics. By drawing on these firsthand accounts, facilitators were able to provide tailored guidance that linked theoretical management concepts to the specific socio-economic context of Indonesian migrant workers in Malaysia.

The presence of participants' families, including children, further underscored the community-centered nature of the program. This environment reflected the intertwined social and economic dimensions of migrant entrepreneurship, where family support often plays a crucial role in sustaining business activities. The collective discussions not only facilitated knowledge transfer but also fostered a sense of solidarity among participants, who exchanged insights and informal strategies for coping with shared obstacles.

Through this interactive engagement, the program sought to lay the groundwork for more structured business practices, while simultaneously nurturing a peer-based support network that could continue beyond the formal training. This approach aligns with broader objectives of fostering sustainable micro-enterprise development within migrant communities, emphasizing that capacity-building efforts are most effective when they integrate practical learning with community involvement and mutual reinforcement.



Figure 2. Plenary session

Figure 2 shows a plenary session conducted as part of the community empowerment program in Penang, Malaysia, which focused on enhancing entrepreneurship and human resource management (HRM) capacities among Indonesian migrant workers. The activity gathered a diverse audience, including migrant workers, representatives from Indonesian community organizations, local stakeholders, and academic facilitators. This inclusive setting underscored the program's collaborative approach, bringing together multiple actors committed to improving the economic resilience of migrant communities.

During this plenary session, facilitators delivered structured presentations that introduced fundamental concepts of business planning, organizational management, and leadership tailored to the realities of small migrant-led enterprises. The content was designed to be accessible and directly applicable, using relatable examples drawn from participants' everyday experiences. In addition to formal presentations, the session incorporated interactive question-and-answer

segments, allowing participants to clarify their understanding and share insights or difficulties encountered in managing their own micro-businesses.

Beyond the transfer of knowledge, the session also served as a valuable networking platform. Participants had the opportunity to connect with peers who shared similar entrepreneurial aspirations and challenges, fostering an environment of mutual encouragement and informal collaboration. Such interactions are vital for cultivating a community-based support system that can sustain motivation and collective problem-solving long after the formal program ends.

Furthermore, the significant turnout highlighted the strong interest and commitment within the Indonesian migrant community to pursue more structured and sustainable approaches to managing their livelihoods. This activity exemplified how targeted interventions that combine expert facilitation with active community engagement can play a pivotal role in empowering migrant workers, enhancing their confidence, and equipping them with practical tools to navigate the complexities of small business operations in a foreign environment.

4. CONCLUSION

This community empowerment initiative in Penang, Malaysia, has demonstrated the value of targeted, participatory interventions in strengthening the entrepreneurial and human resource management (HRM) capacities of Indonesian migrant workers. By combining concise, practical training with the provision of simplified HR tools and fostering ongoing peer support through digital platforms, the program addressed key challenges faced by migrant entrepreneurs in organizing and sustaining their micro-enterprises.

The involvement of participants' families and the creation of informal networks during and after the training underscored the social dimensions of economic empowerment, highlighting that building resilient businesses within migrant communities often requires parallel efforts to cultivate mutual trust and community solidarity. Moreover, the interactive approach, rooted in real-world experiences shared by participants, ensured that management concepts were not only theoretically understood but also perceived as directly applicable to their everyday business operations.

Overall, this initiative reinforces the importance of holistic capacity-building programs that go beyond one-time knowledge delivery to encourage continuous learning, peer collaboration, and community-driven problem-solving. It also illustrates how even short-duration interventions, when thoughtfully designed and contextually grounded, can serve as effective catalysts for fostering more structured, confident, and sustainable entrepreneurship among Indonesian migrant workers. Continued efforts to integrate technical support with community engagement will be critical for advancing long-term economic resilience and enhancing the overall well-being of migrant populations abroad.

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