

Strengthening Marketing Innovation In MSMEs Business Incubators In Kraftangan Malaysia Selangor Branch

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Abstract.

The International community service partners are MSMEs business incubators under the auspices of Kraftangan Malaysia Selangor Branch. The purpose of community service activities is to increase partners' awareness of the importance of innovation, one of which is marketing innovation in order to develop and improve the business performance of MSMEs. The activity method is to provide education to partners through counseling programs. The result of community service is an increase in partners' knowledge about marketing innovation in the form of product innovation and packaging to be able to develop in their business.

Keywords: *Innovation, Marketing Innovation, and Business Performance.*

I. INTRODUCTION

SMEs play a strategic role in supporting the national economic growth in developing country including in Malaysia. The existence of SMEs is able to open wide employment opportunities so that it has an impact on employment, reduces unemployment and improves the economy. Based on data from the Department of Statistics, Malaysia (DOSM) it is explained that the contribution of MSMEs to GDP in 2021 is RM 520.0 billion or 37.4% and will increase in 2022 to RM 580.4 billion or 38.4%. Likewise, in terms of employment, it has also increased, previously in 2021 MSMEs were able to absorb as many as 7.32 million workers or 47.8% and in 2022 it increased to 7.59 million workers or 48.2%. These conditions illustrate that SMEs have a vital contribution in the total performance of the Malaysian economy and are essential to enhance their innovation performance and build their competitive advantage (Kee and Rahman, 2020). In order for SMEs to continue to grow, one of them needs to develop a culture of innovation. Innovation is a key asset in simplifying business operations by enabling innovative and new solutions to problems, changing market needs, technological turbulence, competitive competition and market turmoil (Kwak et al., 2013; Nuvriasari et al., 2022).

Innovation is very essential for SMEs so that they can maintain the continuity of their business and make it easier for companies to make adjustments to market demand. The existence of innovation will encourage MSMEs to produce higher quality products or services. Innovation in MSMEs will have a significant impact on business performance, meaning that MSMEs that implement a good innovation will encourage increased business performance (Nuvriasari et al., 2020; Singh and Hanafi, 2020). Innovation is very important to be practiced in all business scales including MSMEs business incubators under the auspices of Kraftangan Malaysia Selangor Branch. Kraftangan Malaysia is an agency under the auspices of the Ministry of Tourism, Arts and Culture. Kraftangan Malaysia is also a leading agency responsible for commercializing craft products through marketing development, and entrepreneurship. there are a number of MSMEs that are under the construction of Kraftangan Malaysia Selangor Branch, among them are textile crafts and land products. The products produced by the textile craft sector are very diverse, one of which is Batik, while the land craft is one of which produces a variety of ceramic products. The following are a number of activities and examples of products produced by MSMEs Kraftangan Malaysia Selangor Branch:



Fig 1. Batik products produced by SMEs



Fig 2. Production of written batik and block batik



Fig 3. The process of making batik

In order to increase MSME awareness of the importance of innovation, one of the reasons is the need to carry out community service activities through education on the benefits of innovation for business development. The community's partner is a business incubator MSMEs under the auspices of Kraftangan Malaysia Selangor Branch represented by Pak Mud Batik and Jessie Art & Craft. Pak Mud Batik is famous for producing block batik or "Cop" batik with various motifs. Pak Mud Batik markets its products mainly for the domestic market. In addition to serving the individual market, Pak Mud Batik also serves the business market in the form of batik orders from other organizations or companies. Another MSMEs, namely Jessie Art & Craft, produces soil products into various ceramic crafts, such as: miniature statues, flower vases, souvenirs, plates, and others. These MSMEs produce in a limited capacity and serve the domestic market.

The two MSMEs in running their business are quite good, but the resulting business performance has not been as expected, one of which is due to a lack of innovation development. The culture of innovation is not well-developed in Pak Mud Batik and Jessie Art and Craft, so that the resulting business performance is not optimal. This is due to the lack of awareness of entrepreneurs in developing innovation as a source of competitive advantage. Marketing innovations that need to be developed at Pak Mud Batik and Jessie Ceramic SMEs are product innovation and packaging innovation. This community service activity is aimed at increasing entrepreneur awareness of the importance of innovation to develop and improve business performance.

II. METHODS

This international community service activity is a collaboration between the Faculty of Economics, Universitas Mercu Buana Yogyakarta and the Faculty of Management and Economics, Universiti Pendidikan Sultan Idris, Malaysia. The implementation of this international community service includes a number of stages as follows:

1. Observation

At this stage the international community service team made observations in the field through discussions and interviews with Kraftangan Malaysia Selangor Branch to determine MSMEs that still needed assistance in the field of innovation. At this stage, two MSMEs business incubators were determined, namely Pak Mud Batik and Jessie Art & Craft.

2. Program Dissemination

This activity is intended to inform community service programs that will be implemented to MSMEs as partners. At this stage partners' expectations of this program are also identified and determine the need for facilities and infrastructure to support program implementation.

3. Program Implementation

The implementation of the program is carried out through outreach activities and visits to MSMEs workshop locations. Extension activities are carried out using a two-way presentation and discussion method, while activities in MSMEs workshops are carried out to find out the production process and innovations that have been carried out.

4. Evaluation

This activity is carried out to evaluate the results of innovation activities that have been carried out by partners and recommendations for further innovation development to support the development and performance of MSMEs. This activity is packaged with the Sharing Session method.

III. RESULT AND DISCUSSION

3.1. Counseling with the theme "The Importance of Marketing Innovation for Increasing MSME Performance"

This counseling is carried out to increase the knowledge and awareness of entrepreneurs on the importance of marketing innovation in business activities. The activity was packaged with explanations of material presented by the international community service team and provided a number of examples related to product innovation and packaging innovation that could be implemented by partners. It was explained that marketing innovations represents way in which companies can develop new ways of marketing themselves to potential or existing customer (Gupta et al., 2016). Marketing innovation is the application of new marketing methods that involve significant changes in product or packaging design, product placement, product promotion or pricing (Joueid and Coenders, 2018). Marketing innovation is aimed at better meeting customer needs, opening new markets, or positioning the company's products on the market with the aim of increasing the company's sales (Aksoy, 2017). Marketing innovations suitable for practice at Pak Mud Batik and Jessie Art & Craft include product innovation and packaging innovation. Product innovation can be a source of competitive advantage for the company and can have an impact on the achievement of company performance. These product innovations include innovations in product quality, new product packaging and new product design (Kaleka and Morgan, 2019).

Packaging does not only function as a product protector but can function as a promotional tool. Attractive and innovative packaging will ultimately give the product eye appeal which will get the attention of consumers who might other not even have noticed the product (Govander, 2015). Product innovation for Pak Mud Batik can be done by adding a variety of products made from natural ingredients, considering that currently people's awareness of green products is increasing. One that can be developed is producing eco printing, contemporary motifs and modern motifs that depict Malaysia's natural wealth and tourism wealth. Product packaging at Pak Mud Batik can be further developed by designing attractive and informative packaging so that it can become a promotional tool. The packaging can be equipped with labeling showing the brand name and social media information owned by partners. Product innovation at Jessie Art & Craft can

be developed by developing product designs, motifs and coloring on ceramic products. Batik motifs or other interesting contemporary motifs can be applied to the resulting ceramics so that they can appeal to consumers. In addition, product designs can be tailored to consumer needs, such as ceramic souvenirs for weddings and so on. Packaging innovations for ceramic products that are small to medium in size can be packaged in beautiful mica boxes or with packaging made from natural materials. On the packaging can be given a labeling sticker that shows information about Jessie art & Craft. Following are a number of documentations of the implementation of outreach activities to partners:



Fig 4. Counseling to partners

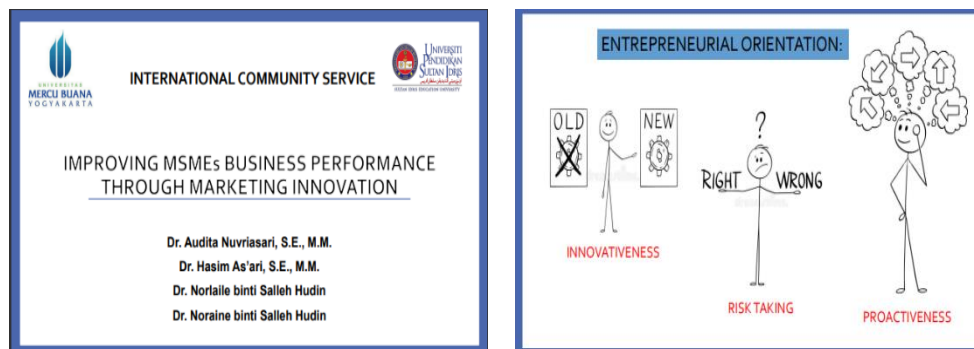


Fig 5. Presentation material section

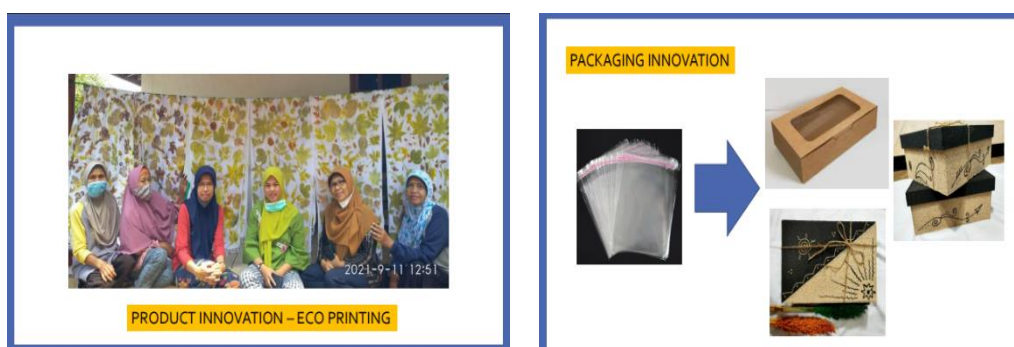


Fig 6. Sample of product and packaging innovation

3.2. Monitoring MSMEs activities

Monitoring activities are carried out by visiting the MSMEs workshop location directly to see the production process and product outputs produced. In this activity the international community service team can have direct dialogue with craftsmen so that they can provide input related to improving product quality through marketing innovation. Partners also explain their business development and the obstacles they face in running the business. Following are a number of documentations of monitoring activities:



Fig 7. Monitoring the results of MSMEs production



Fig 8. Photo with international community service participants

3.4. Sharing Session

Sharing session activities are carried out after counseling activities and after the international community service team visits partner production sites. In this activity an evaluation of the programs that have been carried out, especially the benefits obtained by partners and the input provided by partners to the community trust team in order to improve the quality of the programs being implemented. At the end of the activity, the international community service team gave certificates to all program participants.



Fig 9. Sharing Session



Fig 10. Awarding of certificates to partners

IV. CONCLUSION

Innovation plays an important role in developing and improving the performance of MSMEs, for this reason it is very necessary to have awareness from entrepreneurs to practice a culture of innovation in running their business. The result of this international community service activity is an increase in partner knowledge regarding marketing innovations, especially product and packaging innovations. Partners get feedback from this activity and are expected to implement it well in their business activities.

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