

## Human Resource Management Assistance to Improve Msme Performance in Diaspora Communities in Kuala Lumpur

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### ABSTRACT

The study takes an approach of community service-based research through focus group discussion (FGD), training workshops and mentoring. The sample members were entrepreneurs at PCIM Muhammadiyah Kuala Lumpur and Selangor. Observations, interviews, pre-post and documentation of activities were the modes used to collect data. The intervention comprised HRM training, job description, performance evaluation system, digitalization tools, and implementation of Business Model Canvas (BMC). The findings show that HRM support was very effective to enhance the managerial capabilities of participants, the structural organization, and performance appraisal practices. Also, the incorporation of the idea of Green HRM helped to improve the level of environmental awareness and efficiency of the work of the MSMEs. The show also enhanced business connections and competitiveness in the digital world.

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## **INTRODUCTION**

The growth of the Indonesian diaspora in Malaysia has had a big impact on the country's social and economic activities, notably with community-based groups like the Muhammadiyah. The Muhammadiyah Special Branch (PCIM) in Malaysia is more than simply a religious and educational institution; it is also a strategic group that assists its members start businesses. Micro, Small, and Medium Enterprises (MSMEs) are now a key part of the diaspora ecosystem that helps communities become more economically stable and empowered. Still, most of the MSMEs in the diaspora populations are still informal and unstructured systems of management, even though they may be. One of the biggest problems is that not all of the Human Resource Management (HRM) practices are put into action. Most organizations don't have official job descriptions, consistent ways to rate employees' work, or formal programs for helping employees grow. In a business world that is becoming more international and digital, this circumstance leads to inefficiencies, low productivity, and a lack of competitiveness. In addition, MSME players in a diasporic context face multifaceted challenges, including inadequate managerial skills, limited digital literacy, restricted access to financial resources, and insufficient exposure to viable business models. These restrictions make it hard for them to grow and meet the needs of a changing market. These problems are made worse by the fact that in today's world, where sustainability and digital transformation are key to corporate success, the lack of well-organized HRM systems is much more obvious. In theory, HRM is a strategy way to improve the success of an organization by organizing its personnel, educating it, managing performance, and getting people involved (Dessler, 2020).

The phrase Green Human Resource Management (Green HRM) has gained prominence as a methodology that integrates environmental sustainability into organizational activities. Green HRM emphasizes environmentally friendly policies, resource efficiency, and responsible behavior, which have been shown to improve organizational performance and sustainability (Jabbour et al., 2019; Ren and Jackson, 2020). While research on HRM and MSME success has been growing, few studies examine the convergence of HRM support, sustainability (Green HRM), and digitalization within diaspora-based entrepreneurial groups. This constitutes a significant research deficiency, particularly with overseas community service activities. The proposed research aims to address this gap by implementing a model of Human Resource Management assistance through a community-based service scheme for Micro, Small, and Medium Enterprises (MSMEs) within the Muhammadiyah diaspora in Malaysia. The program enhances managerial capability and corporate performance by integrating HRM training, mentorship, digital tool utilization, and sustainability concepts. This research report contributes to the literature in three ways. First, it shows with real data that HRM support may help MSMEs in the diaspora do better. It also mixes Green HRM and digitalization with a paradigm for empowering communities. Third, it shows other international community service projects how to adopt a model to make MSMEs more competitive and long-lasting.

Moreover, the difficulties encountered by diaspora-based MSMEs are not solely confined to internal managerial limitations but also encompass the intricacies of functioning within transnational contexts. Business people need to be able to adapt and think globally when it comes to human resource management because the rules, labor legislation, and social and cultural differences between their home and host nations are different. In this context, diaspora MSMEs must simultaneously preserve their cultural identity while adapting to local market demands, resulting in more intricate HRM procedures compared to domestic firms. Moreover, prior research has underscored that community service initiatives frequently prioritize short-term capacity enhancement while neglecting the incorporation of sustainable management frameworks that may be perpetually executed by the community. This constraint diminishes the enduring influence of such programs, especially in enhancing organizational resilience and competitiveness. On the other hand, a more integrated approach that includes training, mentorship, and system development is needed to make sure that knowledge transfer is properly included into the community structure. Another important thing that hasn't gotten much attention is how to include sustainable values in human resource management, especially for small diaspora businesses.

Green Human Resource Management (Green HRM) is a way to make HR operations more environmentally friendly. It could improve not only the performance of the firm but also its long-term sustainability. Nonetheless, its utilization in diaspora MSMEs is still inadequately examined, particularly in community-oriented organizational contexts like Muhammadiyah. This study seeks to address this deficiency by analyzing the execution of an international community service program aimed at enhancing human resource management systems within diaspora MSMEs. This initiative utilizes a participative and transnational collaborative framework that includes academic institutions and community organizations, facilitating the amalgamation of theoretical knowledge and practical solutions. The study aims to examine the impact of HRM interventions—such as structured management systems, mentoring processes, and the implementation of Green HRM principles—on enhancing managerial capacity, organizational performance, and business sustainability among diaspora entrepreneurs. Ultimately, this research aims to enhance the formulation of a conceptual and practical model of HRM-based empowerment for diaspora MSMEs, especially within the context of international community service partnership. This paradigm enhances the academic dialogue around community-based HRM and diaspora entrepreneurship while offering practical insights for universities and policymakers to develop more effective and enduring community involvement initiatives on a global scale.

## IMPLEMENTATION AND METHODS

1. **Research Design and Approach** This study employs a community service-based research design using a participatory and action-oriented approach. The participatory method was selected to actively involve MSME actors in identifying problems, designing solutions, and implementing human resource management (HRM) practices within their business operations. This approach enables not only knowledge transfer but also behavioral and managerial transformation among participants. The program was conducted as part of an International Community Service (ICS) collaboration between Universitas Duta Bangsa Surakarta (Indonesia) and UniKL Business School (Malaysia), targeting diaspora-based MSMEs under the Muhammadiyah Special Branch (PCIM) Kuala Lumpur and Selangor.
2. **Participants and Research Subjects** The subjects of this study were MSME entrepreneurs within the Indonesian diaspora community, particularly members of PCIM Kuala Lumpur who have been operating their businesses for more than two years. Most participants are engaged in the culinary and retail sectors, with common challenges related to limited HRM knowledge, lack of structured management systems, and low adoption of sustainable business practices.
3. **Data Collection Techniques** Data were collected using a combination of qualitative and quantitative approaches to ensure comprehensive evaluation of program outcomes: Observation: Direct observation of participants' business practices before and after intervention Focus Group Discussions (FGD): Identification of key problems and needs In-depth Interviews: Exploration of managerial challenges and behavioral changes Pre-test and Post-test Evaluation: Measurement of knowledge improvement Documentation: Recording of training, mentoring, and implementation activities.
4. **Implementation Stages** the ICS program was implemented through four systematic stages:
  - a. **Preparation and Needs Assessment** At this stage, the team conducted initial mapping through FGD and interviews to identify key issues such as: Absence of job descriptions Lack of performance evaluation systems Limited understanding of HRM and sustainability.
  - b. **Training and Knowledge Transfer** Participants received structured training on: Basic HRM concepts (job design, performance management) Business Model Canvas (BMC) SWOT analysis for business development Introduction to Green HRM principles.
  - c. **Mentoring and Implementation** This stage is the core of the program, where participants were assisted in applying knowledge into practice, including: Development of job descriptions and organizational structure Implementation of performance appraisal systems (KPIs) Use of digital HR tools (e.g., Google Forms, Trello) Development of business strategies using BMC and SWOT Additionally, participants implemented Green HRM practices, such as: Energy efficiency

through simple energy audits Waste reduction practices (e.g., Zero Waste Kitchen) Use of eco-friendly materials and packaging These practices were integrated into daily business operations to enhance sustainability and efficiency.

- d. Monitoring and Evaluation Evaluation was conducted through:  
Comparison of pre-test and post-test results Observation of behavioral and managerial changes Assessment of implemented HRM systems
5. Intervention Components The intervention integrates managerial and sustainability aspects, including: Job description development HR performance measurement (KPIs) Digital HR tools utilization Business Model Canvas (BMC) SWOT analysis Green HRM implementation This integrative approach ensures that the program not only improves managerial capacity but also enhances long-term business sustainability.
6. Data Analysis Data were analyzed using descriptive and comparative methods, particularly by comparing conditions before and after the intervention. Qualitative findings from interviews and FGDs were used to support quantitative results from pre- and post-test evaluations.

## **RESULTS AND DISCUSSION**

### ***Improvement in HRM Knowledge and Managerial Capacity***

The HRM assistance implementation led to a great enhancement of the knowledge of the basic HRM concepts among the participants. With the help of pre-test and post-test assessment, participants reported having acquired more knowledge about the important aspects of the job design, performance management, as well as coordination of employees. Most of the MSME actors were unstructured before the intervention. Distribution of roles in a business was usually blurred and the roles were not well established. It is following the trainings and mentoring that the participants would be in a position to come up with structured job descriptions and place certain roles in their business. This change implies the informal to semi-formal practices of management, and this is a prerequisite with regard to the scalability of the business. The present results are in line with the findings of Dessler (2020), who points out that structured HRM practices enhance organizational performance and also that of employees.

### ***Adoption of HRM Practices and Digital Tools***

Simple yet efficient HRM systems with the use of digital tools became one of the major program outcomes. The participants were able to implement:

- a. Job descriptions to every job.
- b. Rudimentary Key Performance Indicators (KPIs).
- c. Digital performance appraisal (Google Forms).
- d. Project management (Trello)

Digital tools enhanced the efficiency of administration and monitoring procedures to a great extent. According to MSME actors, digitalization allowed them to be more objective in monitoring the performance of employees and minimized the use of manuals. This is in line with Marler and Parry (2016) who state that, digital HRM is increasing the agility of organizations and the accuracy of their decisions.

The results of the International Community Service (ICS) program demonstrate a significant improvement in participants' understanding of Human Resource Management (HRM) concepts. Based on pre-test and post-test evaluations, participants showed increased comprehension in job design, task allocation, and performance management. Prior to the intervention, most MSMEs operated under informal and family-based management systems, with unclear division of roles and responsibilities. This condition led to inefficiencies and low accountability in daily operations. After the training and mentoring sessions, participants were able to develop structured job descriptions and establish basic organizational systems. This transformation indicates a shift from informal to semi-formal organizational practices, which is a critical step toward business scalability and sustainability. This finding supports Dessler (2020), who emphasizes that structured HRM systems contribute significantly to organizational effectiveness and employee productivity. Novel insight: Unlike conventional MSMEs, diaspora-based businesses face dual complexity (cultural + regulatory), making HRM structuring even more critical for sustainability.

### ***Effectiveness of Experiential Learning and Mentoring Approach***

One of the key findings of this program is the effectiveness of combining training, simulation, and direct mentoring. Participants were not only exposed to theoretical concepts but also engaged in:

- a. Job description simulations.
- b. SWOT-based strategic analysis.
- c. Real case discussions on business diversification.
- d. Hands-on HR system development.

This approach proved effective in accelerating learning and adoption. Compared to traditional community service programs that are often short-term and lecture-based, this model ensures behavioral change and practical implementation. This aligns with experiential learning theory, where knowledge is more effectively internalized when participants are directly involved in problem-solving processes. This study confirms that participatory and action-based community service models produce more sustainable impacts than one-off training programs.

### ***Adoption of Digital HRM Tools and Organizational Agility***

Another significant outcome is the successful adoption of simple digital HR tools, such as: (1) Google Forms for performance appraisal, (2) Trello for task management, (3) Spreadsheets for attendance and reporting. Before the intervention, only around 25% of participants utilized digital tools. After the program, most participants began integrating digital systems into their operations. This digital transformation contributed to:

- a. Increased transparency.
- b. Improved performance monitoring.
- c. Faster decision-making processes.

These findings support Marler & Parry (2016), who argue that digital HRM enhances organizational agility and data-driven decision-making.

### ***Integration of Green HRM Practices***

The Green HRM concepts incorporated in the program added the element of sustainability. The participants were advised to engage in eco-friendly activities including:

- a. Cutting down on the waste of resources (water, electricity).
- b. Leveraging on environmental-friendly packaging.
- c. Fostering environmental sustainability among the workers.

Consequently, the participants became more aware of sustainable business practice. Other MSMEs also indicated savings in costs since there was increased efficiency in resources. It confirms the results of Jabbour et al. (2019), who note the positive correlation between Green HRM and the performance of operations. Sustainability in HRM practices is beneficial not only in enhancing the outcomes of the environment but also in the long-term sustainability of MSMEs.

A distinctive contribution of this program is the integration of Green HRM principles into MSME operations. Participants implemented practical sustainability initiatives such as:

- a. Energy efficiency practices.
- b. Waste reduction (Zero Waste Kitchen concept).
- c. Eco-friendly packaging.
- d. Environmental awareness training for employees.

These practices not only improved environmental performance but also contributed to cost efficiency and brand differentiation. Interestingly, participants reported that sustainability practices:

- a. Reduced operational costs (energy & materials).
- b. Improved customer perception.
- c. Strengthened halal and ethical business positioning.

This supports Jabbour et al. (2019), who highlight that Green HRM positively influences both environmental and operational performance.

### ***Business Performance Enhancement***

The program led to the enhancement of the overall business performance especially on:

- a. Service quality.
- b. Customer satisfaction.
- c. The use of digital marketing.
- d. Product diversification.

Participants began utilizing social media tools, leading to heightened engagement in marketing and customer interaction. The diversification plans, which included launching new versions of products, also helped the market grow and lowered the company's risk. Hitt et al. (2020) say that diversification makes businesses more stable and stronger in competition, which is what these results show. The program also helped businesses get better in ways that could be measured, such as: (1) better service, (2) happier customers, (3) more use of digital marketing, and (4) more product variety.

Field observations showed that about 60% of MSMEs had stagnant turnover in the past. After the intervention, participants started using: (1) social media marketing strategies, (2) new product variants (like eco-friendly kitchen products), and (3) better service standards. Hitt et al. (2020) say that diversification makes businesses more resilient and competitive, which is what this says.

### ***SWOT-Based Strategic Development***

Through SWOT analysis, participants were able to systematically evaluate their business conditions:

- a. Strengths:  
Strong community networks, halal product identity, trust-based relationships.
- b. Weaknesses:  
limited digital skills, lack of capital, informal management systems .
- c. Opportunities:
- d. growing halal market, digital platforms, diaspora networks
- e. Threats:  
Market competition, regulatory constraints, economic uncertainty .

This strategic mapping enabled MSMEs to develop more informed and adaptive business strategies. The strong social capital within the diaspora community emerged as a unique advantage that can be leveraged for business growth. According to the results of this research, HRM support is very important in changing the management practices of MSMEs that usually have informal management systems to a structured one. The training, mentoring, and practical tools combined were effective in promoting the competencies and performance of the managers in the organization. Further, Green HRM is able to add sustainability perspective that is growing more involved in the international business practices. This does not only enhance efficiency but also makes the MSMEs in line with global sustainability norms. The other key lesson is the contribution of digitalization as a facilitator of the implementation of HRM. Even the simplest digital tools can greatly enhance business operations especially on

small scale businesses. In a larger sense, the paper has shown that community based interventions, particularly those in diasporas can become a useful tool of economic empowerment. Social capital, structured HRM, sustainability, and digitalization are synergistic in forming a holistic model of MSME development.

The following is some documentation of the Community Service (PkM) activities, a collaboration between a team of lecturers from Universitas Duta Bangsa Surakarta, UniKL Business School Malaysia, and entrepreneurs from PCIM Kuala Lumpur, Malaysia, including:



**Figure 1. Group Photo of PkM Participants**



**Figure 2. PkM Participant Discussion**



**Figure 3. UniKL Lecturer Team**



**Figure 4. Organizational and Human Resource Management Materials**

### **Role of International Collaboration in Knowledge Transfer**

The partnership between Universitas Duta Bangsa Surakarta and UniKL Business School Malaysia was instrumental in:

- a. Connecting theory and practice.
- b. Offering cross-cultural insights.
- c. Augmenting global business acumen

Both offline workshops and online mentoring sessions enhanced participants' comprehension of global standards, sustainability practices, and multicultural business contexts. This corroborates Porter and Kramer (2019), who assert that cross-sector collaboration generates shared value and improves competitiveness. International community service functions as a mechanism for knowledge transfer across borders, particularly beneficial for diaspora-driven entrepreneurship.

### ***Integrated Model of MSME Empowerment***

Based on the findings, this study proposes an integrated empowerment model consisting of: (1) HRM Structuring, (2) DigitalizationGreen HRM (Sustainability), and (3) Social Capital Utilization. These elements interact synergistically to enhance MSME performance.

### **CONCLUSIONS AND RECOMMENDATIONS**

This research gets to the conclusion that HRM support through the international community service programs are effective in enhancing performance and competitiveness of MSMEs in the context of the diaspora communities. Structured HRM systems, coupled with Green HRM and digitalization increase management, operational, and business sustainability. In practice, this research offers a prototype of the community empowerment initiatives on HRM development. Academically, it is a contribution to the work on sustainable HRM in the MSME environment and in the diaspora.

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