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CHALLENGES OF A HOME-BASED BUSINESS

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ABSTRACT

Starting with RM60 as capital, today, a home-based entrepreneur has generated more than RM62,000 in sales per month. Known as Syira, she possesses entrepreneurial skills and has created a product called Lekor Bites to enter into the market, initially from home-based operations which later progressed to an online base. Initially unknown to consumers, the product's taste was unfamiliar. Syira accidentally created the product out of her love for keropok lekor, which she frequently consumes. "Lekor Bites" was introduced 6 years ago as a home-based venture and can now be purchased on Shopee, an e-commerce platform, as part of promotional efforts to boost sales. Al-Shibli, Al Kaabi, Al Risi, Al Shibli, and Khan (2022) highlighted that local businesses are crucial for community development, emphasizing the importance of focusing on business processes for sustainability. Additionally, the entrepreneur's limited use of technology has restricted operations to meeting consistent demand. This case study illustrates the success of a female entrepreneur and the challenges faced in scaling her company. Moreover, it encourages readers to critically evaluate strategies related to business development.

Keywords: Entrepreneurs, online strategy, home-based

INTRODUCTION

Keropok lekor is a popular Malaysian snack, particularly renowned in the Terengganu and Kelantan regions. Despite its popularity within the country, this product currently lacks significant commercial value. Hence, innovative strategies are necessary to appeal to other ethnic groups and foreign tourists, ensuring sustained market growth in the future. Syira, was the first had the idea to produce the 'lekor bites' when she saw a potential in the business especially in the food industry. She accidentally created the product because she loves keropok lekor and eat them often. Traditionally, keropok lekor is precooked by boiling in water. The mixture is then being hand-rolled into a sausage form. The huge and long sausages are then cut into smaller pieces and thrown into the pan to be deep-fried until they turn crispy gold. The problem is it takes time to prepare the dishes. Therefore, she came out with the idea to produce the instant keropok lekor as a ready-to-eat dish under its own brand name 'Lekor Bites'.

Syira started her business with a small capital of RM60.00. She bought six keropok Lekor, wrapping papers, cooking oil and a few things needed to produce the product and sell them. For the first production, she only used a candle to do the packaging and make her own sticker to stick on the package. She did all the process alone starting from cutting- the keropok lekor into smaller pieces, frying, packaging and delivering. The profit that she got from the first sales is used to buy the hot sealer machine, keropok lekor and other raw materials such as oil, salt and the plastic for packaging. For the first five months, the demand for lekor bites was stable but Syira cannot fulfil the demand in the market due to the small and limited money to

pay for workers. The customers need to wait for the product since all processes are handled manually. Today, her company had 9 workers and a few equipment for the production process. Since that, the demand for lekor bites started to increase from time to time. Up till now, the company is operating its business based on its objectives which are as follows:

1. To increase the economy of Malay Entrepreneurs in Malaysia
2. To promote Malaysia traditional food as an instant food

NATURE OF BUSINESS

The first production was all done by herself for a few months before she registered her own business enterprise while in Kedah. During that time, she only used a candle to do the packaging and make her own sticker to stick on the package. She did all the process alone starts from cutting, frying, packaging and delivering. Then she started to make some money from her first sales and used it to buy a hot sealer machine. According to Anwar and Daniel (2017), a home-based business makes significant contribution to national economies in terms of both turnover and employment. After relocating to her hometown of Kelantan, Syira successfully assembled a team of nine workers to run the business. Among them, six work in the kitchen, cutting and frying the keropok lekor into smaller pieces, while two are involved in packaging and one handles transportation. As the business owner, Syira personally manages administration, finance, and marketing to reduce costs. She oversees administrative tasks such as record-keeping, filing, budgeting, forecasting, and product costing based on historical data.

The owner inspected the cleanliness of the kitchen and all equipment to prepare the product in order to control the quality of the product. She also used transparent frosted plastic for packaging to maintain the taste and aroma of product and refreshment chip to make sure this product is long lasting and anti-fungus since this product did not have any additional ingredients. The uniqueness of this product has attracted the customers from all range of ages to buy and taste it.

BUSINESS GROWTH

When she first started, she did everything on her own from production to marketing. In addition, she also placed her products at restaurants and sometimes grab an opportunity to sell the product at certain events by renting sales site. She distributed flyers to her neighbours around the house and did her marketing through WhatsApp. Syira believed that the word of mouth (WOM) marketing is the most valuable source of marketing because customers trust their friends. According to Nielsen (2012), 92% of consumers believe suggestions from friends and family more than they do advertising. This result presented the word of mouth use case. After nine years, this product had a wide range of customers from Malaysia and overseas. Starting with only one flavour that is original flavour, the company produced new flavours of their own to cater to the customer's demand on variety of flavours. To meet the demand of the expanding customers. the company has expanded the variety of their flavours to paprika and barbecue. She has managed to create a good product that suits all level of ages and customers.

In 2016, Syira started to promote her business using an online platform namely Facebook and Instagram. Thus, the target customers are the public and government servants, students (school and universities), individuals as well as online users. For the first five months, the demand for lekor bites are stable but she cannot fulfil the demand in the market due to the small and limited operation station. The customers need to queue up for the products since all the processes are manually conducted. However, this company's sales have increased from RM19,577.80 to RM39,814.00 for the first year of operation. The increment was 103 percent and the sales continue to increase year by year after that.

In 2018, the company's sales have declined 9 percent as it is the end of the year 2018, thus, Syira decided to invest in one of the e-commerce services which is "Shopee" to promote the product. Since this product is new, Syira can grab a large market share in the fast-growing industry. It is a well-known fact that food and beverages industry in Malaysia keep on growing from time to time. This is because Malaysia has been ranked first in terms of Halal economy, (The Star, 2019). There are 20 organizations and personalities being award for their outstanding contributions to the growth of the halal industry during its World Halal excellence Award 2022 (WHEA 2022) received in 2023. This has encouraged food producers to expand their business onwards.

Malaysia's expertise in halal certification, governance and best practices has positioned the country as a leader for others to look up" said Khairul Anwar Harun, Halal Development Corporation (HDC) chairman.

Source: New Straits Times, July 7, 2023

Using a platform of social media marketing become crucial for businesses to promote their product or services, engage either customers and build brand awareness, Khanom (2023). Syira finds this is the easier and fastest way to get customers at a very low cost. In addition, she also keeps a good relationship with her customers, maintaining the taste and quality thus getting good feedbacks from customers in order to improve the betterment of the product. To expand more, she created opportunity to her loyal customers to become a dropship for her product to those interested with certain condition and capital.

When Malaysia faced the economic recession, which had impacted the purchasing power of consumers. The two year's sales were deteriorated due to people have low purchasing power and only buy important goods to survive. Those two years were a tough time for a business since they focused on low profit margin and high quantity as a strategy in doing business. This situation getting worse due to pandemic COVID-19 attacked the world in early 2020 and give negative impact on all business sectors at the beginning of the pandemic.

However, the food industries only affected at the beginning of the situation. Then the strategies on selling online through Shoppee and Facebook work well and now expand to Instagram and TikTok. Syira can maintain the sales but the challenges are the operation due to restriction of movement for her employees as well as the space needed to grow up. Starting in the middle 2022 onwards, this company has improved a lot in term of their sales and marketing strategies but still can expand if she willing to invest.

CHALLENGE AHEAD

Like any other business, this company has experienced its share of ups and downs. The issues began with fluctuations in market demand. In a rapidly expanding market, Syira was able to generate cash, but she needed additional investment to sustain her position. The company faces constraints due to limited resources and capital to meet the growing market demand. The expected production of lekor bites per month is 1600kg however, the company only can produce an estimation of about 300 - 320kg per month because the process is done manually thus the company also lacks capital for the operation purpose. This business needed a machine to improve the production as well as the sales instead of using a traditional way. Or else, she only can fulfil the demand from the customers accordingly. Al-Shibli, Al Kaabi, Al Risi, Al Shibli, and Khan (2022) suggested that government should encourage home-based business as they are considered the legitimate form of home-based entrepreneurs for the sake of community development. This company has potential to grow but the limitation is the cost.

Currently, the primary challenge confronting the company is cost management. The rising prices of raw materials have significantly impacted its operations. Consequently, the company has had to increase the prices of its products to ensure that they cover these higher costs and maintain profitability. However, this price increase poses a significant dilemma, as pricing is crucial in retaining customers. Finding a balance between covering costs and retaining customer loyalty has become a major concern for the company. Other than that, this company also faced some internal problems such as cash flow where there is unexpected outgoing and pending payments. For this problem, she maintains the cash flow by planning and budgeting as much as possible to keep track of the record. On the hand, government also gives assistance for IKS and SME typed of business such as funding and equipment sponsored. Second is customer's feedback where they complain about the taste, the price and the shipping process. For this issue, as the owner of the company Syira keep listening to the feedback and explain to the customers why the problem arises until they are satisfied. Building networking and business relationship can be more challenging for home-based business

According to the business owner, despite the increase in sales, the production costs have also risen due to higher prices of raw materials and packaging. She passed these costs on to end-users and effectively communicated the reasons behind the price adjustments. Additionally, she suggested to customers that purchasing through 'Shopee' would result in lower transportation costs compared to ordering directly from her. Embracing and effectively implementing ICT solutions can help business stay competitive, adapt to changing market conditions and achieve long-term success in the digital age (Ibrahim, et al., 2023) . Besides that, entrepreneurs should attend seminars and workshop by other which can motivate them and help them on particular circumstances.

CONCLUSION

In conclusion, a home-based business play important role to our economy, community as well as entrepreneurs. They must face the challenge by planning the best strategy to deal with the problem in addition to the government asisstance given. A formal planning can help ease the transition for a person starting a home-based business. By being aware of the potential pitfalls and creating a plan such as a business plan to overcome them, a home-based business owner can significantly increase their chance for success, Paul and Sarah (2021).

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