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Sharmila Burmese Balachaung: The Refugee Business Dilemma in Kuala Lumpur

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EXECUTIVE SUMMARY

This case study focuses on Sharmila Burmese Balachaung, operated by Ms Sharmila. This sole proprietorship is an example of refugee entrepreneurship in the food and beverage sector in Kuala Lumpur. This sector's vibrancy has been driven by financial growth and improved purchasing power, where small and medium enterprises provide opportunities for refugee entrepreneurs to thrive despite their lack of legal protection. Some challenges facing Ms Sharmila include: (1) being a sole proprietor, and hence managing the business alone; (2) heavy competition with similar products sold by other refugees from Myanmar; (3) limited bargaining power with suppliers; (4) her absence from online platforms; and (5) a lack of financial access to traditional banking opportunities. Hence, some recommendations are: (1) optimising production processes; (2) diversifying product offerings; (3) expanding and segmenting markets; (4) embracing digitalisation; and (5) pursuing appropriate forms of financial management. By taking these steps accordingly, Ms Sharmila has demonstrated strategic innovation, thus blending traditional practices with contemporary approaches.

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Introduction

In the heart of Kuala Lumpur, the city's rhythm is set to a symphony of footsteps and street vendors. But Sharmila Burmese Balachaung's story, operated by Ms Sharmila, unfolds in a different kind of marketplace—one where the scent of opportunity mingles with the fragrances of diverse cultures. As a resilient refugee and single mother, her personal story is intertwined with her unique venture: crafting and selling balachaung, a Burmese condiment that is more than just a blend of onions, anchovies and spices. Each pack tells a story of survival and resilience through a captivating fusion of flavours that transcends borders. For Ms Sharmila, every day is a delicate balancing act between the demands of work, the challenges of starting anew and the intricate tapestry of cultural encounters.

Industry Context

The complex landscape of Malaysia's refugee policies—or rather, lack of such—means that individuals seeking sanctuary instead find themselves navigating a precarious legal limbo. Malaysia is not a signatory to the United Nations' 1951 Refugee Convention or its 1967 Protocol, and instead categorises refugees as “illegal immigrants”, subjecting them to potential arrest by immigration authorities. This designation denies adults the opportunity to seek legal employment, while children face barriers to affordable education and healthcare. The impact is evident in the stark statistics provided by the United Nations High Commissioner for Refugees (UNHCR): as of October 2023, Malaysia was home to 184,220 refugees and asylum-seekers, including 51,540 children below the age of 18 (UNHCR, 2023). Given their lack of legal protection, refugees have become susceptible to exploitation and face limited access to essential services. Regardless, stories of resilience have still emerged, and as we note in Ms Sharmila's case, refugees have found opportunities to work within Malaysia's food and beverage (F&B) sector.

This industry is a formidable player in the national economy, contributing significantly to overall economic prowess, with revenue reaching an impressive RM269.67 billion in 2023 and boasting a steady annual growth rate of 7.1% (Statista Market Insight, 2023). Meanwhile, estimated gross national income (GNI) per capita has seen a noteworthy uptick from RM42,838 to RM52,968 in the 2020–22 period (*The Star*, 2023). This surge in economic indicators reflects not only financial growth but also improved purchasing power, including the ability of consumers to afford higher-quality imported products with a premium price tag. Further, evolving lifestyles, including a heightened consciousness of individual health and wellness, have resulted in changing consumer preferences. The demand for organic and healthy food has surged, thus reshaping the market and creating novel business opportunities accordingly.

Small and medium enterprises (SMEs) dominate the F&B landscape, but both local and foreign multinational corporations (MNCs) also contribute to its vibrancy. The domestic appetite for imported F&B products positions Malaysia as a net food importer, thus fostering a diverse culinary landscape shaped by global influences. The Malaysian government's commitment to fostering trade liberalisation and providing incentives further improve access to a broad spectrum of local and imported F&B products. This strategic approach aligns with a national vision of becoming a gastronomic hub where local and international flavors converge. Malaysia's F&B industry is not only a financial powerhouse, but also a cultural melting pot where traditions meet innovations.

Challenges and Solutions

Ms Sharmila has been crafting and selling balachaung for the past nine years. The conventional yet informal nature of her home-based business is worth exploring further. Her journey began in refugee bazaars in Bangsar and the Publika shopping mall, where she first introduced her balachaung to passersby. She then steered her business forward despite lacking formal company registration (she is a sole proprietor), relying on the organic growth of her customer base, which is meticulously nurtured by word-of-mouth and through direct promotional messaging on WhatsApp. Her informal business model, which has emerged organically, is generally as follows. She prepares orders received over WhatsApp, with a lead

time of three to seven days. Having discontinued her bazaar operations, she has now seamlessly transitioned to an exclusively online model by taking orders and making deliveries digitally.

Sharmila Burmese Balachaung caters primarily to Malaysian consumers with a penchant for unique and international flavors, thus tapping into the growing trend of Malaysians exploring diverse culinary experiences. Positioning itself as a distinctive brand, it offers an authentic blend of Burmese flavours, thus appealing to customers valuing quality and uniqueness. What sets Ms Sharmila's business apart from others is not just the authenticity of her balachaung, but also her innovative approach of tailoring her products to the unique and granular preferences of her customers. For example, she offers variations such as balachaung with beef instead of anchovies, or balachaung with a milder spice profile. Her adaptability has not only fueled her business but also cultivated a dedicated and diverse multiethnic clientele with a broad age range.

Despite heavy competition, where Rohingya refugees sell similar products and other vendors also offer various Burmese condiments, the market seemingly appears to be saturated. However, this may also be interpreted as a robust demand for such products, thus creating an opportunity for Sharmila Burmese Balachaung to further distinguish itself from the competition. It has two compelling unique selling propositions (USPs): (1) superior product quality; and (2) attractive packaging. Ms Sharmila's unwavering commitment to quality ingredients (namely high-quality anchovies) sets her product apart from her competitors, who might opt for more economical alternatives but compromise on aroma and taste in the process. This emphasis on quality aligns seamlessly with consumer preferences for premium and authentic ingredients. Thus, she has recognised market dynamics and leveraged her robust USP accordingly, besides creating a unique brand name that harmonises with the product's identity.

Ms Sharmila's most pressing challenge is the solitary management of her business, since she also has responsibilities as a single mother. Having acknowledged the toll of caring duties on her energy and time, we proposed a strategic shift to batch production to optimise her efforts while ensuring a readily available stock to satisfy average monthly demand (40 packages). Recognising the need for market adaptability and distinct customer preferences, we also suggested diversifying her packaging sizes away from the current 200gm packets. In recognising Balachaung's versatility—for example, it can complement various dishes, from rice to sandwiches and noodles—we also encouraged Ms Sharmila to explore the dynamic food operator subsector to expand her market footprint, targeting nasi lemak sellers in particular. The increased demand may prompt the need for larger packaging options, thus opening further avenues for growth. Furthermore, there is a potential opening in terms of supplying local stores such as Khan, which may place bulk orders, thus requiring larger packaging options for commercial customers. To address her limited bargaining power with suppliers, we recommended establishing a steadfast and long-term relationship with a single supplier, thus potentially enhancing her capacity to negotiate.

Given increased digitalisation nationwide, Ms Sharmila's absence from online platforms was a disadvantage, but setting up a conventional online shop might be challenging without a bank account. Hence, we suggested a workable alternative by pinning her general location to Google Maps, following which she could encourage customers to write reviews. This grassroots approach not only expands her market reach but maximises potential word-of-mouth marketing in a virtual space. Further, Ms Sharmila's passion for cooking and interest in TikTok unveiled a unique marketing opportunity. We proposed that she create short yet engaging cooking videos showcasing the versatility of Balachaung—such an approach aligns with current trends and the preferences of digital audiences.

However, an underlying challenge remains: Ms Sharmila's refugee status, which limits financial access to traditional banking opportunities. We explored alternative avenues, and suggested seeking financial assistance from non-governmental organisations (NGOs) specialising in supporting refugees and small entrepreneurs. This dual-purpose assistance may provide not only financial resources but also valuable guidance on navigating the intricate terrain of entrepreneurship, thus enabling Ms Sharmila to overcome financial barriers



and foster business growth.

Conclusion

Ms Sharmila's case encapsulates the dynamic interplay of economic principles and managerial decision-making. From optimising production to market segmentation while navigating digitalisation and financial management, her journey provides a multifaceted lens through which we can better understand the intricate web of economic considerations in (informal) refugee entrepreneurship. Sharmila's experiences illustrate the pragmatic application of managerial economic principles in real-world scenarios. Overall, we have outlined four key lessons from Ms Sharmila's experience.

First is the importance of *optimising production processes*. The main limitation of her business is constrained capacity, since she can only produce 60 to 70 packages per month. This underscores the need for efficient resource allocation and process management. By transitioning to batch production, Sharmila not only saved time and energy but also ensured a constant supply of balachaung to meet growing demand, thus efficiently utilising resources to maximise output.

Second is the need for *product diversification*. Sharmila's decision to diversify packaging sizes from a standard 200gm packet to other sizes reflects a strategic response to consumer preferences. Thus, she can cater to diverse market segments, enhance consumer utility and expand market reach. She demonstrates how the principle of elasticity plays out in practice in recognising how consumers exhibit varying preferences for product sizes.

Third is the need for *market expansion and segmentation*. Strategically targeting nasi lemak sellers and local stores exemplifies market segmentation. By recognising the distinct needs and preferences of individual segments, Sharmila aims to capture a broader market, thus maximising product exposure and potential sales.

Further, *digitalisation* enables her to leverage technology to overcome market barriers. Ms Sharmila's use of Google Maps and customer reviews exemplifies how traditional marketing strategies can be adapted for the digital landscape, thus underscoring the role of information technology in enhancing market visibility.

Finally, we turn to *financial management*. Her refugee status, which limits access to traditional banking options, highlights the need for financial ingenuity to work around structural and systemic limitations. By seeking assistance from NGOs specialising in aiding small entrepreneurs and refugees, she reflects an adaptive response to financial constraints, thus showcasing the importance of resource mobilisation in entrepreneurial endeavors.

In essence, Sharmila's Burmese Condiment is a testament to refugee resilience and determination. Each challenge becomes an opportunity for strategic innovation, thus blending traditional practices with contemporary approaches, while transforming obstacles into stepping stones towards entrepreneurial success.

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