

Strengthening Financial Capabilities and Entrepreneurial Skills of Indonesian Migrant Workers in Penang, Malaysia

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Received: July 18, 2025

Revised: August 12, 2025

Accepted: August 23, 2025

Published: September 30, 2025

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DOI: [10.29303/ujcs.v6i3.1127](https://doi.org/10.29303/ujcs.v6i3.1127)

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Abstract: This community engagement program aims to enhance financial literacy and entrepreneurial readiness among Indonesian Migrant Workers (TKI) in Penang, Malaysia. Many TKI, particularly those employed in the informal sector, face significant challenges in managing personal finances and lack the necessary skills to initiate small businesses. In collaboration with the NGO Permai Malaysia, this program offers participatory training that covers basic financial management, daily expense tracking, savings and debt planning, as well as the development of simple micro-enterprises. The program is designed using a Participatory Action Research (PAR) approach and employs Gap Analysis to identify learning needs. The results indicate a significant improvement in participants' knowledge and confidence in financial management, with many expressing enthusiasm and readiness to apply the skills acquired. The success of this initiative highlights the importance of practical and context-relevant education in empowering migrant workers towards economic independence. This activity supports the Sustainable Development Goals (SDGs), particularly in the areas of quality education, decent work, and reduced inequalities.

Keywords: Finance, Literacy, Migrant, Entrepreneurship, Strengthening.

Introduction

Indonesian migrant workers (IMW) play a crucial role in Indonesia's economy, not only as a source of remittances but also as social actors within the global context. However, many of them, particularly those working in the informal sector as domestic helpers, elderly caregivers, and manual laborers in destination countries such as Malaysia, face serious challenges in financial management and lack entrepreneurial knowledge. Rahman et al., (2020) found that migrant workers in the informal sector experience significant financial exclusion. Their dependence on remittances is often not accompanied by adequate understanding of long-term financial planning, investment, or microenterprise management. As a result, the hard-earned remittances are frequently depleted without a clear financial plan. Many still lack awareness of the principles of long-term saving, basic investment strategies, or the operation of small-scale businesses that could provide sustainable income. In 2022, the Organisation for Economic Co-operation and

Development (OECD) highlighted low financial literacy as a major barrier to the economic integration of migrants.



Figure 1. TKI in Penang, Malaysia

In Penang, Malaysia, many Indonesian migrant workers (IMW) possess the potential to become entrepreneurs but are hindered by limited access to information and training. In this context, a community service program initiated by Universitas Mercu Buana seeks to make a meaningful contribution through contextual and practical training in financial literacy and basic entrepreneurship. In collaboration with the local NGO PERMAL, the program is designed to equip

How to Cite:

Puspitasari, D. M., & Bachtillah, A. (2025). Strengthening Financial Capabilities and Entrepreneurial Skills of Indonesian Migrant Workers in Penang, Malaysia. *Unram Journal of Community Service*, 6(3), 450–453. <https://doi.org/10.29303/ujcs.v6i3.1127>

migrant workers with essential skills that can be directly applied in daily life or in starting small businesses.

Strong financial literacy serves as a foundation for making sound economic decisions (Puspitasari et al., 2023; Koesanto, 2025). This initiative aims not only to enhance knowledge but also to foster positive shifts in financial attitudes and behaviors. Through a participatory approach, the program encourages active engagement from participants in the learning process and reflection on their own financial experiences.

Ultimately, the program aims to empower IMW by improving their financial literacy and basic entrepreneurial skills, enabling them to manage their income more wisely, prepare for a sustainable future, and create independent business opportunities that can enhance the well-being of their families.

Method

Banks et al., (2018) emphasized the powerful role of Participatory Action Research (PAR) in fostering a sense of ownership within communities undergoing change. Similarly, Chambers (2017) highlighted that participatory approaches create space for critical reflection, ultimately driving more tangible social transformation. Inspired by these insights, we intentionally designed this community engagement program using a PAR framework. Our goal was to ensure that migrant workers in Penang were involved from the very beginning to the conclusion of the activities, so that each training material and strategy would be truly aligned with their needs and daily realities.

Our first step was to conduct a gap analysis. We sat down with participants, listened to their stories, and identified three main challenges: a lack of understanding about financial record-keeping for business, the absence of separation between personal and business finances, and low levels of basic financial literacy. Once the problem map was clearly outlined, our team developed a training module covering five key topics: (1) the basic concept of money, (2) how to plan and manage both household and business finances, (3) techniques for recording daily income and expenses, (4) strategies for managing debt, and (5) an introduction to micro-entrepreneurship.



Figure 2. Financial Literation Presentation

To ensure the sessions were engaging and dynamic, we adopted a participatory approach. The program included case studies, hands-on practice, and group discussions, all delivered across two sessions. As supporting tools, participants were provided with visual presentation guides and a simple digital application for financial recording.

To assess the extent of knowledge absorption, we conducted both a pre-test and post-test. Additionally, participants completed a satisfaction questionnaire, and the facilitators directly observed their performance during the practical sessions. Through this comprehensive approach, we aimed not only to enhance the participants' theoretical understanding but also to ensure they could effectively apply the knowledge in their everyday lives.

Result and Discussion

Previous studies have consistently highlighted the importance of educational interventions in influencing financial behavior. Doi et al., (2017) and Robson (2021) confirmed that even short-term training programs can have a substantial impact on individuals' financial decision-making. Similarly, Zins and Weill (2017) emphasized the role of digital financial applications in enhancing personal financial control, particularly in the context of financial inclusion in developing countries. Furthermore, research by Nasution and Asngari (2022) demonstrated that community support significantly strengthens entrepreneurial motivation among migrant workers.

Against this backdrop, the training program targeted more than 30 Indonesian migrant women workers, most of whom are employed as domestic helpers in Penang and its surrounding areas. Based on quantitative evaluation using pre- and post-training assessments, there was a notable improvement in participants' understanding of household and micro-business financial management. On average, participants' scores increased by 35%, indicating better capabilities in tracking daily expenses, preparing basic budgets, and recognizing the importance of separating personal and business finances—an essential yet often overlooked practice in small enterprises.

Insights from focus group discussions (FGDs) revealed that many participants had not previously adopted systematic financial recording practices, instead relying on memory or informal notes. Through the participatory learning process, participants not only acquired practical financial skills but also reported increased confidence and motivation to manage money more systematically. Encouragingly, several participants expressed a strong interest in starting home-

based businesses, such as food stalls or handmade crafts, signaling a shift toward entrepreneurial thinking.

The integration of simple technology, particularly the introduction of digital financial recording applications, added further value to the training. Participants who were already familiar with smartphones adapted quickly, using the tools to support better financial planning and tracking. Moreover, the training fostered a collaborative environment in which participants exchanged experiences and offered mutual support. This peer engagement contributed to stronger social and economic networks, enhancing participants' resilience in navigating economic challenges abroad.

Overall, the outcomes of this initiative underscore the effectiveness of a contextually grounded, participatory approach to financial literacy and micro-entrepreneurship training. Empowering migrant workers through accessible education and technology not only builds their financial independence but also creates pathways toward sustainable livelihoods. Such programs offer scalable models for improving the economic well-being of Indonesian migrant communities across different global contexts.

Conclusion

Suri and Jack (2017) emphasize that the strategic integration of mobile technology significantly enhances the impact of financial empowerment, particularly among communities with limited access to formal financial services. In line with this, Dewi, Prabowo, and Fitriani (2023) highlight the importance of digital literacy as a critical component of modern financial training, as it enables broader, faster, and more adaptive learning through digital platforms. This becomes especially relevant in efforts to strengthen financial capacity among vulnerable groups such as Indonesian migrant workers (IMW).

The financial literacy and micro-entrepreneurship training program conducted for TKI in Penang, Malaysia, has yielded highly positive outcomes in strengthening participants' financial management capabilities and economic self-reliance. Through a participatory and context-sensitive approach, the program not only improved technical knowledge but also built the confidence of participants in managing both personal and small business finances. The majority of participants—female domestic workers—appreciated the practical and applicable nature of the training, which emphasized group discussions and the sharing of lived experiences. The training effectively created a safe and inclusive space for collective learning while fostering social networks among participants.

One of the key findings of this initiative is that community-based financial and entrepreneurial training, when designed inclusively and grounded in participants' everyday realities, can have a transformative effect on financial behavior. The use of simple digital technologies, such as mobile-based financial recording applications, further amplified the training's impact—particularly for those already familiar with smartphones. Integrating such technology opened up new opportunities for continuous and self-directed learning beyond the formal training sessions.

Based on these outcomes, several strategic recommendations are proposed. These include the replication of similar programs in other areas with high concentrations of Indonesian migrant workers—not only in Malaysia but also in other destination countries. Strengthening collaboration among universities, local NGOs, and government agencies is also crucial to ensuring the program's sustainability and scalability. Moreover, the development of advanced training modules focusing on digital marketing strategies, micro-business management, and the strengthening of IMW cooperatives is recommended to support a more holistic empowerment process. Utilizing accessible online learning platforms and mobile applications is also key to expanding the program's reach and effectiveness.

Overall, this initiative aligns with the Sustainable Development Goals (SDGs), particularly in the areas of inclusive and quality education (SDG 4), decent work and economic growth (SDG 8), and reduced inequalities (SDG 10). Therefore, the program not only benefits individual participants but also enhances the social and economic contribution of Indonesian migrant workers to a more just and sustainable global development.

Acknowledgments

The authors would like to express their sincere gratitude to LPPM Universitas Mercu Buana for providing financial and institutional support for this community engagement program, under the collaboration agreement MoA number: 01-3-4/16/MoA/KLN/X/2023 and IA number: 01-3-4/427/IA/KLN/IV/2025. Special thanks are also extended to the NGO Permai in Penang, Malaysia, for their invaluable assistance in organizing and facilitating the training activities. We deeply appreciate the participation and enthusiasm of the Indonesian migrant workers who joined the program and generously shared their experiences. All individuals mentioned in this section have given their consent to be acknowledged.

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