

## Empowering Indonesian Migrant Workers Through Financial Literacy and Entrepreneurship

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### Abstrak

Literasi keuangan telah menjadi aspek penting dari pemberdayaan ekonomi, namun perbedaan signifikan masih ada antar negara. Menurut survei *Household, Income and Labour Dynamics in Australia* (HILDA) tahun 2019, Australia memiliki tingkat literasi keuangan sebesar 64%, sedangkan Indonesia tertinggal dengan hanya 38% (*Australia Indonesia Youth Association*, 2020). Menyadari kesenjangan ini, kegiatan ini bertujuan untuk memenuhi kebutuhan literasi keuangan pekerja migran Indonesia melalui program pelatihan yang terfokus. Berdasarkan data dari Survei Nasional Literasi dan Inklusi Keuangan (SNLIK) tahun 2022 yang menunjukkan peningkatan hingga 49,68% di Indonesia (Otoritas Jasa Keuangan, 2022), inisiatif pemberdayaan masyarakat ini berfokus pada peningkatan kesadaran dan pemberian pengetahuan praktis tentang kewirausahaan di kalangan pekerja migran. Dengan menawarkan lokakarya tentang Pengabdian Masyarakat Internasional dengan tema "Meningkatkan Kesuksesan Kewirausahaan di Kalangan Pekerja Migran Indonesia," kegiatan ini bertujuan untuk membekali peserta dengan keterampilan dan inspirasi untuk memulai bisnis mereka sendiri setelah kembali ke Indonesia. Melalui sesi pelatihan tentang manajemen anggaran dan kewirausahaan, kegiatan berupaya memberdayakan pekerja migran untuk mencapai kemandirian finansial dan berkontribusi pada kesejahteraan ekonomi pribadi mereka. Inisiatif ini mencerminkan komitmen penyelenggara untuk mendorong kemandirian dan ketahanan ekonomi di kalangan pekerja migran Indonesia.

**Kata Kunci:** Literasi Keuangan; Kewirausahaan; Pekerja Migran Indonesia

### Abstract

*Financial literacy has emerged as a critical aspect of economic empowerment, yet significant disparities persist between countries. According to the 2019 Household, Income and Labour Dynamics in Australia (HILDA) survey, Australia boasts a financial literacy rate of 64%, while Indonesia lags behind at only 38% (Australia Indonesia Youth Association, 2020). Recognizing this gap, this initiative aims to address the financial literacy needs of Indonesian migrant workers through targeted training programs. Drawing on data from the 2022 National Survey on Financial Literacy and Financial Inclusion (Survei Nasional Literasi dan Inklusi Keuangan/SNLIK), which showed an increase to 49.68% in Indonesia (Otoritas Jasa Keuangan, 2022), our community outreach initiative focuses on raising awareness and providing practical knowledge on entrepreneurship among migrant workers. By offering workshops on International Community Outreach with the theme "Raising Entrepreneurial Success Among Indonesian Migrant Workers," this activity aims to equip participants with the skills and inspiration to start their businesses upon returning to Indonesia. Through training sessions on budget management and entrepreneurship, we strive to empower migrant workers to achieve financial independence and contribute to their personal economic well-being. This initiative*

*embodies our commitment to fostering self-sufficiency and economic resilience among Indonesian migrant workers.*

**Keywords:** *Financial Literacy; Entrepreneurship; Indonesian Migrant Worker*

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## Introduction

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Indonesia, with a population of 273.8 million, ranks as the fourth most populous country globally. With such a sizable population, Indonesia possesses a significant potential for labor migration abroad. There are various reasons why Indonesians choose to work overseas. In pursuit of improved living standards, migration serves as a viable option to attain better income and social status (Husnah, 2019; Ramadhany, 2019). From the perspective of West Java society, becoming a migrant worker is viewed as a pragmatic choice to sustain their economic needs. By becoming Indonesian Migrant Workers (*Tenaga Kerja Indonesia/TKI*), the populace aspires to enhance community welfare, particularly in the economic sphere.

The government provides entrepreneurship training to migrant workers to facilitate their self-sufficiency upon returning to Indonesia by establishing businesses. Entrepreneurship entails the ability to think creatively and innovatively, possess acuity in identifying opportunities, and remain receptive to input and positive changes conducive to business growth and value creation. One of the driving factors behind innovation, alongside adaptation and necessity, is the awareness of gaps between the current state and the desired state, as well as the disconnect between societal aspirations and the offerings or actions of governments, private sectors, and Non-Governmental Organizations (NGOs) (Saragih et al., 2017).

Entrepreneurship refers to individuals or small groups of partners who venture into uncharted territory to create new businesses. A prospective entrepreneur actively seeks specific business opportunities and assumes the greatest risks associated with the project (Frances, 2010). Consequently, they also stand to gain the most benefit if the project succeeds. Entrepreneurship is the process of establishing a business, and turning it from an idea into reality. An entrepreneur combines land/natural resources, labor, and capital to produce goods or provide services. Entrepreneurship typically begins as a small business, but its long-term vision is larger, aiming for significant profits and market share domination with innovative new ideas. Entrepreneurial efforts often involve innovation, and entrepreneurs are frequently viewed as visionaries or innovators. Becoming a successful entrepreneur starts with bringing an entrepreneurial mindset to your business endeavors. The entrepreneurial mindset is a collection of skills, beliefs, and thought processes that you can apply to the task of building a new business.

According to data from Katadata (2023), the ratio of entrepreneurs in Indonesia stands at 3.47 percent or approximately 9 million people out of the total population. Although Indonesia's entrepreneurship ratio already exceeds the international standard of 2 percent, Indonesia still needs to make further strides to catch up with neighboring countries. For instance,

Singapore has currently reached a rate of 9 percent, while Malaysia is at 5 percent (Al-Khoulani, 2022). According to Winarti et al., (2022), there are four reasons why entrepreneurs are important in society:

1. To utilize production factors such as land, capital, technology, information, and various human resources (HR) in effectively producing tasks.
2. To identify various opportunities in the environment by increasing activities that will benefit everyone.
3. To choose the best approach in utilizing all production factors to minimize waste in entrepreneurial activities.
4. For the benefit of future generations.

Ciputra (2009) stated that one of the prerequisites for a country to achieve prosperity is that 2% of its population must be entrepreneurs. According to Minister of Industry Airlangga Hartarto (Narulia et al., 2021), although Indonesia has already exceeded 2%, the entrepreneurship ratio in Indonesia is still very low, at 3.47% of the total population. This figure still lags behind neighboring countries. In Singapore, the entrepreneurship ratio has reached 8.76%, in Thailand 4.26%, and in Malaysia, it is 4.74% (Solihin, 2023). Therefore, the President has issued Presidential Regulation Number 2 of 2022 concerning National Entrepreneurship Development to encourage the growth of entrepreneurship until 2024, aiming to achieve an ideal ratio of 3.95% of Indonesia's total population.

Migrant workers still lack an understanding of financial literacy and entrepreneurship skills. To address this issue, we conducted training sessions for migrant workers through the International Community Outreach activities of the Faculty of Economics, University of Jakarta. The objective is to impart knowledge and raise awareness on financial literacy while providing insights for migrant workers to embark on entrepreneurship ventures.

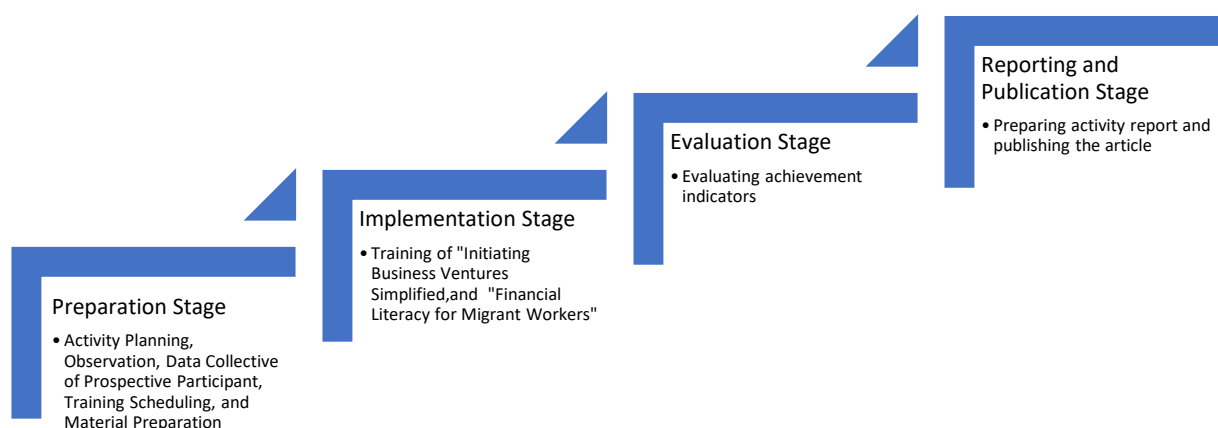
This training event took place on Friday, October 6, 2023, via the Zoom Meeting application and was attended by Indonesian migrant workers. There were two speakers at the event: Assoc. Prof. Dr. Ramraini Ali Hassan, representing the Association of Entrepreneurship Professors, Faculty of Business, Economics and Accountancy, University Malaysia Sabah, and Dr. (Cand) Erika Takidah, S.E., M.Si, a lecturer from the Faculty of Economics, Universitas Negeri Jakarta. Assoc. Prof. Dr. Ramraini Ali Hassan's presentation focused on "Initiating Business Ventures Simplified," while Dr. (Cand) Erika Takidah, S.E., M.Si, covered "Financial Literacy for Migrant Workers" in her presentation.

## Methods

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The webinar activity titled "Raising Financial Awareness: Entrepreneurial Success Among Indonesian Migrant Workers" was conducted over a period of 8 months, spanning from March to October 2023. The implementation of the activity took place online using the Zoom Meeting platform. The target audience for this activity was Indonesian migrant workers residing in Malaysia.

The needs analysis commenced with discussions facilitated by the Fatayat NU Malaysia organization. This analysis aimed to identify the needs of Indonesian migrant workers under the care of the institution. Training materials on the steps to initiate businesses and financial literacy were structured in activities tailored to the specific needs of Indonesian migrant workers to enable them to establish entrepreneurial ventures upon completion of their work tenure. The implementation team also ensured that the training materials were relevant to the participants' needs. The training activities were carried out in several stages, as illustrated in Figure 1.



**Figure 1.** Stages of Raising Financial Awareness: Entrepreneurial Success Among Indonesian Migrant Workers Webinar.

Source: Proceed by Author (2023)

### Preparation Stage

During this stage, the implementation team carried out the following tasks:

1. Planning the training activities. This stage involved scheduling activities, conducting surveys, and selecting training participants.
2. Observation and data collection of potential training participants. This stage involved selecting criteria for Indonesian migrant workers, as well as collecting information on the number of training participants.
3. Scheduling the timing and duration of the training activities. This stage involved coordinating with Fatayat NU Malaysia regarding the implementation of the activities and the duration of the training sessions.
4. Preparation of materials, including media and content materials to be delivered during the training. This stage involved preparing the materials to be provided.

### Implementation Stage

During this stage, the training activities were carried out on October 6, 2023. This webinar utilized a classical method, consisting of speaker presentations via a slideshow presentation on starting a business for 40 minutes, followed by a 20-minute question-and-answer session. The presentation explained that starting a business can be made easier by adjusting the type of business

to fit our spare time, especially for those with primary jobs. Some suggested businesses include affiliate marketing, dropshipping, and online personal shopper services. In the following 30 minutes, the second speaker delivered a presentation on financial literacy, followed by a 20-minute question-and-answer session. During this presentation, Dr. Erika identified common issues faced by migrant workers, such as not having savings, and highlighted the benefits of saving, including being able to live independently in Indonesia by starting a business with the savings accumulated while working as a migrant. Other benefits include purchasing a house, vehicle, land, and future savings.

### **Evaluation Stage**

During the evaluation stage, the implementation team will assess the training activities based on achievement indicators, as follows:

1. All training participants, who are Indonesian migrant workers, are able to fully comprehend the importance of financial literacy.
2. All training participants, who are Indonesian migrant workers, are able to fully understand entrepreneurial knowledge and gain inspiration.

### **Reporting and Publication Stage**

During this stage, the implementation team will compile a report on the implementation of the outreach activities. The preparation of the report is based on the research and community outreach guidelines published by the Research and Community Outreach Institute of UNJ. The implementation team will also publish an article as an output of the activities, which will be published in a community outreach journal with an ISSN.

## **Result and Discussion**

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Participant attendance exceeded the initial target of 10 individuals, with a total of 16 attendees present. Consistent with the original objective to have a diverse participant composition, both male and female attendees were present. All participants actively engaged in the webinar, with 44% expressing high satisfaction and 56% indicating overall satisfaction with the webinar. The International Community Outreach webinar on "Raising Financial Awareness: Entrepreneurial Success Among Indonesian Migrant Workers" conducted online proceeded smoothly. The virtual session followed a lecture-style format, followed by a question-and-answer session. The webinar took place over one day, on Friday, October 6, 2023, from 7:30 p.m. to 9:30 p.m. MYT. The webinar was facilitated by two speakers, Assoc. Prof. Dr. Ramraini Ali Hassan and Dr. Erika Takidah, S.E., M.Si, covering topics on:

1. Steps to start a business

Starting a business is the best solution to meet our unlimited financial needs. The primary goals of starting a business can vary, from increasing income, and filling free time, to making it a career. The first step to take is to recognize the skills or expertise we have, such as education, knowledge, or specific expertise. Next, we need to evaluate ourselves whether we are still working full-time and if we have enough free time to run a business. Additionally, it is important to consider the impact of the

business on social and family relationships and our readiness to potentially leave our current job.

To start a business, choose a type of business that does not require full attention or radical ideas and requires low capital or even no capital at all. Some business options to consider include online selling, tutoring, affiliate marketing, dropshipping, personal shopping, print-on-demand, blogging, and handmade crafts. Begin by selling online, finding the right platform for selling, and building a business website to increase business visibility. With these steps, we can start a business easily and effectively.

## 2. Financial literacy

In the context of migrant workers, financial literacy becomes a crucial foundation to ensure healthy and sustainable financial management. They need to understand how to allocate their income wisely, including saving for the future, managing loans and debts proportionally, and considering investments aligned with their financial goals. Moreover, they need to have a strong understanding of financial rights and responsibilities, including social obligations such as zakat and family support, while remaining focused on efforts to improve the financial well-being of their families back home. With strong financial literacy, migrant workers can avoid detrimental financial pitfalls and build a solid foundation for a more stable and prosperous future.

In the presentation on financial literacy, the importance of financial literacy for migrant workers is revealed. They face various challenges, from managing income earned abroad to ensuring that the money sent to their families in Indonesia is used wisely. Mature financial planning is required to avoid issues such as uncontrolled spending, burdensome debts, and lack of savings for the future. They need to understand the importance of saving, managing loans and debts, and considering investments aligned with their financial goals, so they can achieve financial stability both now and in the future. The schedule of events for the International Community Outreach webinar was as Table 1.

The activity commenced with a presentation of the material followed by a question and answer session. Various questions were enthusiastically posed by the participants during the Q&A session. Unfortunately, due to time constraints, not all questions could be addressed. The International Community Outreach webinar, which has been conducted, is expected to enhance knowledge, skills, and confidence in undertaking future business endeavors. At the end of the event, as a token of gratitude and collaboration between Universitas Negeri Jakarta and PCI Fatayat NU Malaysia, UNJ presented an E-Certificate souvenir, which was received directly by PCI Fatayat NU Malaysia. Overall, the International Community Outreach webinar on "Raising Financial Awareness: Entrepreneurial Success Among Indonesian Migrant Workers" can be deemed successful. This success is evidenced by the participant satisfaction questionnaire responses following the event.

**Table 1.** The Schedule of "Raising Financial Awareness: Entrepreneurial Success Among Indonesian Migrant Workers" Webinar

Time (MYT)	Activities
19.20-19.25	Participants join Zoom (registration)
19.25-19.30	Opening by MC
19.30-19.35	Recitation of a collective prayer (led by MC)
19.35-19.40	Opening Speech by the Dean of the Faculty of Economics Universitas Negeri Jakarta-Prof. Usep Suhud, M.Si., Ph.D.
19.40-19.45	Opening Remark by the Coordinator of the Implementation of Community Outreach Activities - Dr. Achmad Fauzi, S.Pd., M.Ak.
19.45-19.48	Opening Speech by the Chairwoman of PCI Fatayat NU Malaysia – Mrs. Dian Astuty Pratiwi, S.T., M.Eng
19.48-20.00	Group Photo
20.00-21.00	Presentation of Material (Steps to start a business) - Assoc. Prof Dr. Ramraini Ali Hasan (Universiti Malaysia Sabah)
21.00-21.02	Certificate Presentation to Speaker 1 - Assoc. Prof Dr. Ramraini Ali Hasan (Universiti Malaysia Sabah)
21.02-21.54	Presentation of Material 2 - (Financial Literacy) - Dr. (Cand.) Erika Takidah, S.E., M.Si. (Universitas Negeri Jakarta)
21.54-21.56	Certificate Presentation to Speaker 2 - Dr. (Cand.) Erika Takidah, S.E., M.Si. (Universitas Negeri Jakarta)
21.56-21.58	Certificate Presentation to Moderator and Chairwoman of PCI Fatayat NU Malaysia
21.58-22.00	Closing by MC

Source: Proceed by Author (2023)

## Conclusion

The low awareness of financial literacy and entrepreneurship among migrant workers prevents them from fully utilizing their financial potential. Therefore, the webinar "Raising Financial Awareness: Entrepreneurial Success Among Indonesian Migrant Workers" aimed to provide new knowledge to enhance awareness of financial literacy and equip migrant workers with the knowledge to start their own businesses. The objective of this activity was to provide knowledge, increase awareness of financial literacy, and inspire Indonesian migrant workers to initiate entrepreneurial endeavors. From the outcomes of the webinar, it is evident that 16 participants attended, exceeding the initial target of 10 individuals. Consistent with the initial objective, both male and female participants were included. All participants actively engaged in the session, with 44% expressing high satisfaction and 56% indicating overall satisfaction with the webinar. The webinar took place on October 6, 2023, conducted online via the Zoom Meeting platform, featuring presentations, interactive discussions, and sharing sessions.

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