

Financial Literacy for Business Owners in Malaysia

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ABSTRACT

This community service focuses on solving partner problems, namely Indonesian entrepreneurs and migrant workers as well as Indonesian citizens in Malaysia. This community service is a collaboration between Umsida and the Muhammadiyah Special Branch Leadership or Pimpinan Cabang Istimewa Muhammadiyah (PCIM) Malaysia. The main objective of this activity is to provide a deep understanding of the importance of simple but effective business financial records, introduce the concept of financial literacy and provide an understanding of Islam in the context of financial management and accountability. The methods used are socialization, training, interactive discussions, and mentoring based on real cases. The results of this community service activity have succeeded in providing a real contribution to improving financial literacy and business management capacity for Indonesian entrepreneurs and migrant workers in Malaysia. Through the approach of socialization, training, interactive discussions, and mentoring based on real cases, participants gain a comprehensive understanding of the importance of financial recording and reporting, financial planning, and sharia principles in running a business. This activity encourages participants to become agents of change in their respective environments. This community service is a model of international collaboration that is relevant, sustainable, and supports the sustainable development goals (SDGs), especially point 8: Decent Work and Economic Growth.

ARTICLE INFO

Article History :

Submitted/Received 16 May 2025

First Revised 30 June 2025

Accepted 29 July 2025

First Available online 31 July 2025

Publication Date 31 July 2025

Keyword :

Financial Literacy

Human Resource Development

Indonesian Migrant Workers

Business Owner

Sustainable Development Goals

INTRODUCTION

The development of globalization and economic dynamics between countries encourage large-scale human mobility, including labor migration between countries (Afrina Juliana et al., 2023; Lokahita et al., 2024; Soinbala et al., 2022; Triarda et al., 2024). One of the large groups involved in this migration flow is Indonesian citizens who earn a living and settle temporarily or permanently in Malaysia. According to data from the Indonesian Embassy in Kuala Lumpur, there are more than two million Indonesian citizens living and working in Malaysia, either as formal workers, informal workers, or as small and medium business actors. This condition reflects the importance of the presence of various relevant mentoring and empowerment programs, one of which is in the form of increasing financial literacy (Employment, 2023).

Financial literacy is the knowledge and skills that enable individuals to make wise and responsible financial decisions (Biduri et al., 2021; Kabupaten et al., 2021; Setyawati & Hermawan, 2018; Supardi et al., 2023). For entrepreneurs and migrant workers, a good understanding of financial management is essential to support business continuity, prepare for a stable financial future, and avoid detrimental economic practices (Hermawan et al., 2025). Many cases in the field show that most micro and small business actors among Indonesian citizens in Malaysia do not have an adequate financial recording system, do not understand the importance of separating personal and business finances, and do not understand the concept of investment and long-term financial planning.

The problem of low financial literacy not only affects business management, but also the spiritual aspect and blessings of wealth (Ilmi et al., 2025; Wulandari et al., 2022). In Islam, wealth that is managed properly and in accordance with sharia will bring blessings. On the other hand, ignorance of unlawful sources of income, neglect of zakat obligations, and a consumptive attitude without planning can result in the wealth not providing long-term benefits (Billah et al., 2025). The problem of financial literacy is not a simple issue, especially when associated with the conditions of migrants who often experience limited access to education and information resources. Many migrant workers and small entrepreneurs run their businesses autodidactically, learn from experience, and often make mistakes that have a major impact on business continuity. Without proper training or assistance, many of them are trapped in a cycle of debt, have difficulty saving, and have difficulty developing their businesses because they do not understand the basic principles of financial management.

In addition, the differences in regulations between Indonesia and Malaysia as well as language, cultural, and legal challenges are additional factors that make it difficult for migrant entrepreneurs to develop optimally (Munandar, 2024). This is where the role of educational institutions such as UMSIDA is important to be present through community service programs, integrating knowledge, practical skills, and transformative Islamic values. Therefore, this community service program has a dual focus: not only improving technical skills in managing business finances, but also educating participants about the importance of financial management in accordance with sharia principles.

This community service is a collaboration between the University of Muhammadiyah Sidoarjo (UMSIDA) and the Muhammadiyah Special Branch Leadership or Pimpinan Cabang Istimewa Muhammadiyah (PCIM) Malaysia. PCIM as a Muhammadiyah diaspora organization active abroad has a strategic role in reaching the Indonesian community in Malaysia. With the support and network of PCIM, this program is aimed at business actors and migrant workers from Indonesia who need assistance in improving their understanding and ability to manage finances effectively and in accordance with Islamic values.

The main objective of this activity is to provide a deep understanding of the importance of simple yet effective business financial recording, introduce the concept of financial literacy which includes planning, managing, and evaluating personal and business financial conditions, and provide an understanding of

Islam in the context of financial management. This training also aims to form awareness that responsibility for assets is not only in this world but also in the hereafter, so that business owners have moral and spiritual encouragement in managing their assets and businesses.

The activities are carried out through several approaches. First, socialization about the importance of financial reports. Many small business owners are not yet aware of the importance of making cash flow reports, simple balance sheets, or profit and loss reports. In fact, these reports are the foundation for rational and measurable business decision-making. Second, financial literacy training is provided in an applied manner, covering topics such as budget planning, debt management, savings strategies, halal investments, and asset protection. Third, human resource (HR) development is carried out through spiritual motivation and understanding of Islamic values in business, so that business actors are not only financially successful, but also spiritually blessed.

In the context of the Sustainable Development Goals (SDGs), this activity is in line with goal number 8, namely Decent Work and Economic Growth. By increasing financial literacy and human resource capacity of migrant business actors, this program contributes to inclusive economic growth, poverty reduction, and the creation of decent work for all. This activity also supports the principles of business sustainability, empowerment of migrant communities, and strengthening the economic capacity of Muslims abroad.

METHOD

This Community Service will be carried out for one month, namely from July to August 2024. The implementation will be carried out in two stages, namely online and offline services. This online community service will be carried out twice through the online media Zoom Meeting on Thursday, July 24, 2024 and Thursday, August 01, 2024 to identify conditions and problems, analyze situations, and provide alternative solutions. Furthermore, offline training will be held on Wednesday, August 28, 2024, located at TPA 2 PRIM Kampung Baru Wisma Sabarudin Jln Raya Alang Malaysia.

The implementation of activities is carried out as in Table 1 below:

TABLE 1. Activity Implementation Activities

No	Activity Implementation	Date	Place
1.	Identifying conditions and problems	July 24, 2024	Zoom Meeting
2.	Providing alternative solutions	01 August 2024	Zoom Meeting
3.	Training and Mentoring	August 28, 2024	TPA 2 PRIM Kampung Baru Wisma Sabarudin Jln Raya Alang Malaysia

The following is an explanation of partner problems, solutions, and international community service activities:

TABLE 2. Problems, Solutions, and Activities

The problem	Solution	Activity
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This community service activity was carried out as a result of collaboration between the University of Muhammadiyah Sidoarjo (UMSIDA) and the Muhammadiyah Special Branch Leadership or Pimpinan Cabang Istimewa Muhammadiyah (PCIM) Malaysia. This activity was carried out online and offline involving 30 people, both Indonesian immigrant workers and Indonesian citizens in Malaysia. The implementation of the activity was carried out in the form of socialization, training, interactive discussions, and mentoring based on real cases (real case-based discussions).

After identifying the problems, the second activity carried out on August 1, 2024 via Zoom Meeting, the Abdimas Team provided alternative solutions for entrepreneurs and migrant workers, namely by holding socialization, training and mentoring related to financial literacy and the importance of having financial reports and their accountability,

The first session of the community service material was delivered by Dr. Sigit Hermawan, SE., M.Si who conveyed the importance of having financial capabilities and accountability. According to Sigit Hermawan, responsibility for financial reports is not only worldly but also afterlife. That everything we do must be accounted for properly and correctly, whatever the activity must be able to carry out accountability in accordance with the rules that have been set.



FIGURE 1. Presentation of The Material on The Importance Of Having Financial Capability and Accountability by Dr. Sigit Hermawan, SE., M.Si

In his presentation, Dr. Sigit linked the importance of financial recording and reporting to the principle of hisab in Islam, where every Muslim is obliged to ensure that their wealth comes from halal sources, is managed honestly, and does not oppress others. He also said that entrepreneurs, even on a micro scale, still have an obligation to be morally accountable for the resources they manage. The discussion was very interactive, especially when participants were invited to discuss the financial practices they usually do every day. Many participants, especially business people, said that they had never recorded their finances routinely, and only relied on memory or unofficial records. Some of them even admitted to mixing personal and business money, which then caused difficulties in calculating their business profits or losses.

Meanwhile, for the problem of business actors who are not yet able to record and be accountable for financial reports, the Abdimas Team provides a solution by providing training that focuses on daily financial recording using simple and easy-to-understand methods. The material can include how to record daily income and expenses, preparing concise monthly reports, and separating personal and business money. This session provides an important foundation that financial accountability is not just a technical skill, but also a form of moral and spiritual responsibility, especially for Muslims who live abroad and must be economically independent. One participant even said that he had just realized that debt transactions that had been carried out without a written agreement could actually be risky according to sharia and law. The results of the discussion and feedback from participants showed that this session succeeded in changing their perspective on finance. Not a few stated that in the future, they would be more serious about managing their business professionally, not just relying on instinct and old habits.

The second session of community service material was delivered by Dr. Drs. Sriyono, MM who delivered about Financial Literacy and also Human Resource Development to achieve the direction of improving the quality of human resources. In his presentation, Dr. Sriyono explained that the success of business management, both small and medium, is highly dependent on two main aspects, namely adequate understanding of financial management and the readiness of human resources in facing the challenges of the times.



FIGURE 2. Presentation of Financial Literacy and Human Resource Development Materials by Dr. Drs. Sriyono, MM

Dr. Sriyono emphasized that financial literacy does not stop at recording and reporting, but includes the ability to make short-term and long-term financial plans, manage cash flow so that it does not experience a deficit, identify working capital needs, develop investment strategies or healthy business expansion, he invited participants to understand the importance of financial literacy for Indonesian migrants in Malaysia because it improves their welfare and financial protection. Financial literacy helps them manage their finances well, understand risks, and make more appropriate financial decisions. This is also important to increase their chances of achieving financial goals, such as sending money to family in Indonesia, preparing for the future, or even starting their own business when migrants return to their hometowns. In addition to the technical aspects of finance, Dr. Sriyono also emphasized the importance of self-development as part of human resource development. He said that migrants and business actors must continue to learn, be adaptive to change, and build strong characters such as discipline in working and recording, honesty in every transaction, consistency in service and responsibility.

In this session, participants are invited to prepare a business budget and are taught a simple way to calculate the break-even point. Dr. Sriyono uses case studies from several participants who run culinary and service businesses, to practice directly how to calculate fixed costs, variable costs, and determine realistic selling prices. Dr. Sriyono ended the session with the message that a small but well-managed business and income will be more blessed and long-lasting than a large income that has no direction. Financial literacy and human resource quality are two sides of the same coin that cannot be separated if you want your business to grow sustainably, benefiting yourself, your family, and the surrounding community.

The third session of the community service material was delivered by Dr. Supardi, SE., MM. who delivered about MSMEs Move Up Class reviewed from the perspective of sharia principles. Dr. Supardi explained that whatever our profession, for example as a trader or Indonesian immigrant worker, we must carry out the mandate for everything we do. Dr. Supardi explained that entrepreneurs who want to "move up a class" must not only develop physically or in terms of turnover, but must also transform in terms of values, namely by paying attention to the principles of honesty, openness, responsibility, and not being cruel in transactions. The principles of muamalah such as the prohibition of usury, gharar (uncertainty), and maysir (gambling) need to be understood so that business actors do not get caught up in business practices that are detrimental spiritually and socially.

He also highlighted the importance of building honest and blessed business branding, as well as making business a path of preaching. In the context of business actors and migrant workers, this is very relevant because they not only carry their personal names, but also the names of the nation and religion in other countries. By practicing sharia business values, business actors will more easily gain the trust of customers and business partners. Furthermore, Dr. Supardi encouraged participants not to be afraid to

grow, but also not to forget the basic principles of sharia in every business decision-making, such as choosing business partners, sources of capital, and financial management. He emphasized that a blessed business is a business that grows sustainably and benefits many people, not only oriented towards short-term profits.

The fourth session of the community service material was delivered by M. Ruslianor Maika, S.Hut., MAB. who conveyed about the blessings of the wealth we have and also our obligation to learn about things that are haram. The fifth session of the community service material was delivered by Fitri Nur Latifah, SE. MESy. namely telling the experience of carrying out Abdimas which is carried out in mothers who have free time are expected to carry out training to improve skills or abilities in order to improve the family economy.

The results of this community service activity have been successfully implemented with the main objective of providing real solutions to the problems faced by Indonesian entrepreneurs and migrant workers in Malaysia, especially related to low financial literacy and minimal ability to prepare and account for financial reports.

Before this community service activity, business actors were not able to record and be accountable for financial reports and migrant workers were not able to prepare their finances when they finished being migrant workers and returned to their hometowns. However, after this community service activity, business actors and migrant workers have understood the importance of having financial reports and accountability as well as financial management and human resource readiness in facing the challenges of the times.

The impact of this Abdimas activity was measured through a combination of quantitative and qualitative methods. Quantitatively, a pre-test and post-test were conducted after the socialization to measure the increase in participants' understanding of the concept of financial literacy and the preparation of financial reports. The results showed a significant increase in the level of understanding of the participants. Meanwhile, qualitatively, the impact was identified through direct observation during the training, socialization to participants, and collection of testimonials that showed changes in attitudes and readiness in managing finances. In addition, the active involvement of participants in discussions and practices in preparing financial reports is an additional indicator that the knowledge provided is not only understood, but also begins to be applied in real life and their respective businesses.

With the implementation of this activity, it is expected that participants can implement the knowledge gained in their lives and businesses directly, and become agents of change in their respective environments. In addition, this activity is a model of international collaboration that can continue to be developed to empower Indonesian citizens abroad, in line with the spirit of Muhammadiyah's da'wah and the sustainable development goals (SDGs), especially point 8: Decent Work and Economic Growth.



FIGURE 3. Financial Literacy Training and Mentoring for Business Owners and Migrants in Malaysia

TABLE 3. Problems, Solutions, and Activities

c	Success Indicators	Measurement Methods	Result	Recommendations
Program Relevance	The suitability of the financial literacy theme with the needs of the target (Indonesian entrepreneurs and migrant workers)	Needs survey and initial discussion with participants	The activity theme is in accordance with real needs in the field related to low financial literacy.	Keep involving the community in planning to ensure topics are more targeted
Goal Achievement	Increasing participants' knowledge of financial literacy and reporting	Socialization, pre - test and post-test	There was an increase in the average post-test score of 35% compared to the pre-test.	Continue with advanced level training
Material Quality	The material is easy to understand and applicable in everyday life.	Participant satisfaction questionnaire	90% of participants stated that the material was easy to understand and relevant to the business they were running.	Enrich the material with case studies based on their business context.
Effectiveness of Method	Use of interactive and participatory methods (lectures, discussions, financial report simulations)	Facilitator observation and evaluation	Active participation was seen in 85% of participants; the discussion was effective.	Keep this method, and add application-based simulations (Excel or mobile)
Short Term Impact	Participants' ability to prepare simple financial reports independently	Hands-on training and assignments	70% of participants can prepare simple financial reports after training	Conduct monitoring 1-2 months after the activity to see the sustainability of the practice.
Participant Participation	Level of attendance and involvement of participants during the activity	Attendance list, facilitator observation	Attendance rate reached 95%; participant enthusiasm was high during the training	Consider involving participants as co-facilitators in future experience sharing sessions.
Sustainability	Potential for replication and sustainability of the program by local communities	Final discussion and follow-up plan (RTL)	The community expressed interest in holding regular training and forming study groups.	Facilitate the formation of learning communities and financial literacy mentors online/offline
Stakeholder Satisfaction	Partner satisfaction level (PCIM, entrepreneur/worker community)	Questionnaires and testimonials	Stakeholders are very satisfied and support the sustainability of the program.	Use the evaluation results as a basis for proposing long-term cooperation.

CONCLUSION

The Abdimas activity, a collaboration between the University of Muhammadiyah Sidoarjo (UMSIDA) and the Muhammadiyah Special Branch Leadership or Pimpinan Cabang Istimewa Muhammadiyah (PCIM) Malaysia, has succeeded in providing real contributions in improving financial literacy and business management capacity for Indonesian entrepreneurs and migrant workers in Malaysia. Through a socialization approach, training, interactive discussions, and mentoring based on real cases, participants gain a comprehensive understanding of the importance of financial recording and reporting, financial planning, and sharia principles in running a business.

This activity not only addresses the problem of lack of financial literacy and unpreparedness for the future after migrant work, but also encourages participants to become agents of change in their respective environments. This community service is a model of relevant, sustainable international collaboration that supports the sustainable development goals (SDGs), especially point 8: Decent Work and Economic Growth.

RECOMMENDATION

Based on the results of the implementation and achievements of the Abdimas activities that have succeeded in increasing financial literacy and business management capacity for Indonesian entrepreneurs and migrant workers in Malaysia, there are several strategic recommendations to strengthen the impact and sustainability of the program in the future.

First, this activity needs to be followed up by forming a digital or face-to-face financial learning community managed collaboratively by the University of Muhammadiyah Sidoarjo (UMSIDA) and PCIM Malaysia. This community can function as a center for ongoing education, a place to share good practices, financial consultations, and a medium to strengthen networks between participants.

Second, considering the success of this activity in responding to real needs in the field, it is highly recommended that similar programs be replicated in other areas that have concentrations of Indonesian migrant workers, both in Malaysia and other countries. This replication must be adjusted to the local social and cultural context, and can be developed through cooperation between institutions such as Muhammadiyah-Aisiyah universities (PTMA) and PCIM networks abroad.

Third, financial literacy based on Islamic values needs to be integrated into da'wah activities and non-formal education that are routinely carried out by PCIM and Muhammadiyah communities abroad. Thus, strengthening financial capacity can continue to be instilled sustainably and affordably, even to community members who have not participated in the Abdimas activities directly.

Fourth, the use of digital technology is very important to expand the impact of the program. Therefore, the development of online modules, learning videos, and simple applications for recording personal or business finances are strategic steps in strengthening participants' understanding and abilities independently.

Fifth, to measure the long-term impact of this activity, regular monitoring and evaluation are needed, at least every six months. This evaluation aims to assess the implementation of knowledge in real life, identify challenges faced by participants, and formulate more targeted follow-up interventions.

Finally, the success of this program shows the importance of strengthening institutional collaboration between universities and Indonesian diaspora organizations. Therefore, it is recommended that collaborative Abdimas activities like this be made an annual routine agenda that supports educational diplomacy, strengthening identity, and empowering Indonesian citizens abroad, in line with the spirit of Muhammadiyah's da'wah and the ideals of sustainable development (SDGs), especially point 8 on decent work and economic growth.

ACKNOWLEDGMENTS

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