

Family Financial Management of Indonesian Workers in Malaysia

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Abstract: The financial management of Indonesian migrant workers' families is crucial because it can affect the family's financial well-being. This Community Service activity aims to provide guidance on the financial management system for Indonesian families and workers in Malaysia and to provide recommendations to enhance their well-being and protection. This community service activity utilizes Asset-Based Community Development (ABCD) with stages of preparation, implementation, evaluation, and follow-up. The results of the community service activity show positive outcomes. It indicates that there is an average increase of 27 points in written test scores before and after the community service. This demonstrates that participants in the community service have improved their knowledge and skills in effective and efficient family financial management systems. They can answer questions related to the material presented in the community service correctly and quickly. In conclusion, community service on effective and efficient family financial management systems has been successfully conducted for 35 Indonesian workers working in Malaysia. Participants in the community service have gained increased knowledge, skills, attitudes, and motivation toward family financial management systems. They are capable of creating and implementing family budgets and savings plans according to their income and needs.

Keywords: Family, Financial, Migrant Worker, Services and ABCD.

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INTRODUCTION

Migrant workers are individuals who work in a foreign country other than their home country for a specific period of time. Migrant labor is a socio-economic phenomenon in many developing countries, including Indonesia. According to data from the Indonesian National Agency for Placement and Protection of Indonesian Workers (BNP2TKI), the number of Indonesian migrant workers working abroad in 2019 reached 2,862,233 people. (BNP2TKI, 2020). The primary destination countries for Indonesian migrant workers are Malaysia, Saudi Arabia, Singapore, Hong Kong, and Taiwan (Valensy & Afrizal, 2017; Noveria *et al.*, 2022; & Hennida *et al.*, 2021).

Indonesian migrant workers have various motivations for working abroad, including seeking higher income, pursuing better job opportunities, aiming for broader career prospects, or following their spouses who are already working overseas (Priyadi, 2019; & Wispandono, 2018). Indonesian migrant workers also face various challenges and risks when working abroad, including discrimination, exploitation, human rights abuses, sexual harassment, infectious diseases, and criminal activities (Ismail *et al.*, 2021; Muhammad, 2021; & Izzati, 2017).

One important aspect that Indonesian migrant workers need to pay attention to is family financial management. Family financial management is the process of planning, organizing, implementing, and monitoring the family's financial resources to achieve family goals. (Yuswanto, 2019). Family financial management involves activities such as determining family income and expenses, creating a family budget, saving and investing for the family's future, managing family debts and credits, and protecting family assets and income from financial risks. (Faridawati & Mellyza, 2017; Ismayanti, 2018; & Ummah, 2020).

The financial management of Indonesian

migrant workers' families has several specific characteristics that distinguish it from general family financial management. (Kususiyannah, 2019; & Mulyantini & Indriasih, 2021). Some of these characteristics include: the physical distance between family members working abroad and those living in the home country; differences in currency between the home and destination countries; additional costs associated with the migration process, such as recruitment fees, transportation expenses, insurance costs, or remittance fees; the influence of the culture and social norms of the destination country that can affect consumption and investment patterns; as well as legal and political uncertainties that can impact the safety and security of migrant workers. (Monanisa & Arafat, 2020; & Anggraini & Monanisa, 2020).

The financial management of Indonesian migrant workers' families is crucial because it can affect the financial well-being of the family. (Wulan *et al.*, 2018; & Laksono *et al.*, 2019a). Financial well-being is a condition in which an individual or family can meet their basic needs adequately, have sufficient savings and investments for the future, and be free from financial pressures and problems. The financial well-being of Indonesian migrant workers' families can be influenced by several factors, including financial literacy, financial behavior, and financial goals (Erryandaru, 2018; & Hidayah *et al.*, 2021).

Financial literacy is the knowledge and skills that an individual or family possesses to manage finances effectively (Yushita, 2017; Sigo *et al.*, 2018; & Hariani & Andayani, 2020). Financial literacy encompasses aspects such as understanding basic financial concepts like interest, inflation, risk, diversification, or taxes; the ability to calculate and create financial budgets; the ability to evaluate and select financial products that align with one's needs; the ability to access and utilize available financial information sources; and the ability to make rational

financial decisions (Choerudin *et al.*, 2023).

Financial behavior refers to the actions and attitudes exhibited by an individual or family in managing their finances (Sari & Anam, 2021). Financial behavior encompasses aspects such as consumption and savings patterns, saving and investment habits, the use of debt and credit, the utilization of formal or informal financial services, and the management of remittances or money transfers from abroad (Hamdani, 2019).

Financial goals are the hopes and plans that an individual or family aims to achieve using their financial resources. Financial goals can be categorized into three types: short-term goals, which are to be achieved in less than a year, such as paying for a child's school fees, buying household appliances, or settling debts; medium-term goals, which are to be achieved in one to five years, such as purchasing a motor vehicle, renovating a home, or starting a business; and long-term goals, which are to be achieved in more than five years, such as buying a house, funding a child's college education, or retirement planning (Wulandari & Utami, 2020).

Based on the background provided, the author is interested in examining the financial management of Indonesian migrant workers' families working in Malaysia. Malaysia is a primary destination for Indonesian migrant workers in Southeast Asia. According to data from BNP2TKI, the number of Indonesian migrant workers in Malaysia reached 1,177,614 people in 2019. Indonesian migrant workers in Malaysia are employed in various sectors, including agriculture, plantations, construction, manufacturing, hospitality, restaurants, or households. Some common financial management challenges faced by Indonesian workers in Malaysia are as follows: (1) Lack of knowledge and skills in creating a budget and family savings plan that aligns with their income and needs, (2) Lack of awareness and discipline to save a portion of their income for emergencies, investments, or the future, (3) Easily tempted to spend money on unnecessary or excessive items such as clothing, accessories, or gadgets, (4) Getting trapped in debt or with loan sharks due to an inability to repay high loan installments or interest rates, (5) Not having adequate insurance or social security protection to anticipate health, accident, or death risks. These issues can have negative implications for the well-being of Indonesian workers in Malaysia and their families in Indonesia. Therefore, efforts are needed to provide education and guidance on effective and efficient family financial management systems to Indonesian workers in Malaysia. This aligns with one of the goals of Indonesian Law Number 18 of 2017 on the Protection of Indonesian Migrant Workers, which is to improve the quality of life of Indonesian migrant workers and their families.

One journal article that discusses the family financial management system of Indonesian workers in Malaysia is titled "Financial and Digital Literacy Review at the Level of Family Resilience of Indonesian Migrant Workers." This article is authored by Bayu Adi Laksono, Supriyono, and Sri Wahyuni and was published in 2019 in the *Scientific Journal of Social Welfare Service*. (Laksono *et al.*, 2019b). This article aims to examine financial and digital literacy at the level of family resilience among Indonesian migrant workers (PMI) in Malaysia. The research uses a quantitative method with a survey approach. The research sample consists of 100 PMI families spread across several provinces in Indonesia. Data were collected through online questionnaires. The data were then analyzed using descriptive analysis, correlation tests, and regression analysis. The results of this study indicate that financial and digital literacy have a positive and significant relationship with the level of family resilience among PMI. Financial literacy has a positive and significant impact on the level of family resilience among PMI by 0.419. Digital literacy has a positive and significant impact on the level of family resilience among PMI by 0.321. Simultaneously, financial and digital literacy have a positive and significant impact on the level of family resilience among PMI by 0.534. This article provides both theoretical and practical contributions to the development of financial and digital literacy among PMI families. Theoretically, the article develops a conceptual model that connects financial and digital literacy with the level of family resilience among PMI. Practically, the article offers recommendations to the government, non-governmental organizations, and PMI families to enhance financial and digital literacy as one of the strategies to sustain family well-being.

In the current era, family financial management is highly important to implement, including among Indonesian Migrant Workers (PMI) in Malaysia. Kampong Bahru, Kuala Lumpur, is a relevant location for this Community Service Program, it serves as a hub for the PMI community in Malaysia. Kampong Bahru is one of the areas in Kuala Lumpur, Malaysia, known for its large population of Indonesian workers, especially PMIs. In this context, family financial management plays a vital role in improving their well-being and supporting their economic development. However, awareness related to family financial management remains low among Indonesian workers in Malaysia, necessitating the optimization of the family financial management system. This Community Service Program team has a clear target audience, namely PMIs in Malaysia and the residents of Kampong Bahru.

COMMUNITY SERVICE METHODOLOGY

The community service method used includes the ABCD (Asset Based Community Development)

method. ABCD is a community service technique that emphasizes direct community involvement by focusing on what the community possesses. This approach emphasizes the inventory of assets within the community that are deemed supportive of community empowerment. The stages of implementing community service activities include:

- **Preparation Phase:** This phase includes conduct location observation, apply for permission to carry out community service activities from the local government in Kampong Bharu, Malaysia, prepare competent presenters on the theme of community service and the materials to be distributed to the local community, prepare the materials to be used for the activities.
- **Implementation Phase:** This phase includes conducting education and guidance activities on family financial planning, the use of digital technology and fintech, the formation of savings and loan groups, and strengthening cooperation among relevant parties. These activities are carried out both in person (face-to-face) and through easily accessible social media, applications, or websites for Indonesian workers in Malaysia. The activities are also conducted in a participatory manner, involving Indonesian workers in Malaysia as participants, facilitators, or volunteers.
- **Evaluation Phase:** This phase involves data and information collection, data and information analysis, the preparation of activity reports, and providing feedback and recommendations to Indonesian workers in Malaysia and relevant parties. Evaluation is performed to measure the effectiveness, impact, and sustainability of community service activities.
- **Follow-up Phase:** This phase includes monitoring and guidance for Indonesian workers in Malaysia

in implementing their family financial plans. Dissemination of the results and benefits of community service activities to relevant parties. Formulation of recommendation for the development of future community service activities. Follow-up is conducted to ensure that Indonesian workers in Malaysia can manage their family finances independently, effectively, and sustainably.

This community service was carried out from February 13th to February 16th, 2023, in Kampong Bahru, Kuala Lumpur, Malaysia. Over the course of four days, the team conducted various activities such as seminars, workshops, and training sessions, involving 35 Indonesian workers and the Kampong Bahru community.

RESULT AND DISCUSSION

The implementation of community service on the Family Financial Management System for Indonesian Workers in Malaysia was attended by Indonesian Migrant Workers residing in Kampong Bharu, Malaysia, along with several local residents. There were a total of 35 participants who attended the community service activities. The participants showed great enthusiasm in participating and listening to these activities. The material covered the following topics, and it was relayed by the four members of the community service team: (1) Understanding the importance of family financial management and how to create a household budget, (2) Prioritizing needs and saving for emergencies and investments, (3) Anticipating risks and uncertainties, (4) Measuring family financial performance. These topics were presented sequentially by the three members of the community service team

Table 1: Activity Schedule

No	Day/Date	Activity	Speakers
1.	Monday, February 13, 2023	Understanding the concept and importance of family financial management and how to create a household budget	Ali Abdul Wakhid
2.	Tuesday, February 14, 2023	How to prioritize needs and save for emergencies and investments	Any Eliza
3.	Wednesday, February 15, 2023	How to anticipate risks and uncertainties	Ali Abdul Wakhid
4.	Thursday, February 16, 2023	How to measure family financial performance	Nasrudin

The results of this community service can be observed from two aspects: cognitive and affective aspects. The cognitive aspect relates to the knowledge and skills acquired by community service participants regarding the family financial management system. The affective aspect relates to the attitudes and motivation held by community service participants toward the family financial management system. The cognitive aspect is measured using a written test before and after

the community service. The written test consists of 10 multiple-choice questions covering topics related to the concepts and basic principles of family financial management, how to create a family budget and savings plan, and how to implement the family budget and savings plan. The maximum score for the written test is 100. Here is a table comparing the average scores of the written test before and after the community service activity:

Table 2: Participants' Test Results Before and After Participating in the Community Service

Occupation Type	Average Score Before	Average Score After	Difference
Domestic Workers	54	82	+28
Factory Workers	62	88	+26
Construction Workers	58	86	+28
Total	58	85	+27

In Table 1, it is shown that the community service activities were executed according to plan and well-organized. As a result, the activities were realized as expected. This demonstrates that the community service on the Family Financial Management System for Indonesian Workers in Malaysia is an effort to strengthen the understanding and application of the following: (1) The concept and importance of family financial management and how to create a household budget, (2) How to prioritize needs and save for emergencies and investments, (3) How to anticipate risks and uncertainties, (4) How to measure family financial performance.

Additionally, based on Table 2, it can be interpreted that the conducted activities yielded positive results. The table indicates that there was an increase in the average score of the written test by 27 points before and after the community service. This indicates that community service participants gained improved knowledge and skills related to an effective and efficient family financial management system. They were able to answer questions related to the material presented during the community service correctly and quickly.

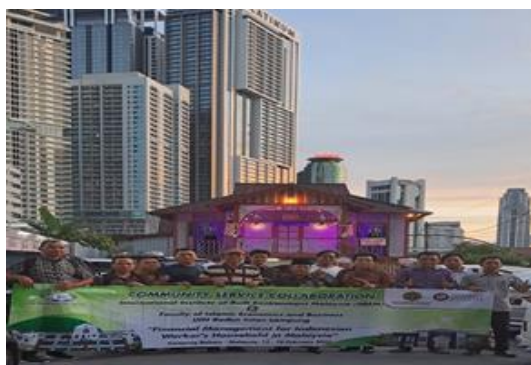


Figure 1. Delivery of Material and Direct Assistance to the Kampong Bharu Community, Malaysia

CONCLUSION

The community service on an effective and efficient family financial management system was successfully conducted for 35 Indonesian workers employed in Malaysia. The participants of the community service showed improvement in their knowledge, skills, attitudes, and motivation toward the family financial management system. They were able to create and implement family budget and savings plans in line with their income and needs.

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