

SOCIALIZATION OF SHARIAH BASED INVESTMENT; TECHNICAL, BENEFIT, AND FUTURE ECONOMIC (ENTREPRENEUR AT PERMAI IN PENANG ISLAND)

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ABSTRACT

Indonesia's economic development is greatly influenced by its migrant workers, who play a crucial role in protecting the nation from recession by contributing to the inflow of foreign currency. Despite their significant contributions, the government has shown limited concern for their support, and many Indonesians remain unaware of their impact. This paper explores the feasibility of financing Indonesian personnel to work abroad, comparing conventional and Islamic lending models. Malaysia has been a pioneer in developing Islamic finance, particularly through the introduction of the Shariah Index (SI) on April 17, 1999, by Bursa Malaysia (formerly the Kuala Lumpur Stock Exchange). The Shariah Advisory Council (SAC) designated 276 Main Board companies as Shariah-compliant securities, forming the core of the Bursa Malaysia SI, which serves as a benchmark for investors adhering to Islamic principles. Islamic finance in Malaysia has evolved beyond an alternative to conventional finance, becoming increasingly appealing to all Malaysians, with the Islamic capital market now accounting for 58% of the total capital market. This study also highlights the urbanization of human resources across borders, particularly in the Indonesian Community Association (PERMAI) in Pulau Penang, Malaysia, which includes expatriates, businessmen, lecturers, students, and workers contributing to both domestic and international economies.

Keywords: shariah, investment, technical, benefit, entrepreneur

INTRODUCTION

The primary destination for Indonesian migrant employees seeking employment abroad is Malaysia. The reason for this is the similarity in culture and language, the geographically strategic location, and the disparity in currency values (Hierofani, 2021; Darmastuti, et. al., 2022, January; Reza, et al., 2022). They are employed in a variety of sectors, with some advancing to the position of operational personnel while others become experts (Tirtosudarmo, 2022; Amoah, et. al., 2022). Additionally, numerous Indonesians established a variety of enterprises in Malaysia, including restaurants, education, travel agents, and other services. In the interim, Indonesian migrant laborers encounter challenges upon their return to their homeland. This condition is in direct opposition to their contributions to their native country while working abroad (Brahmana & Brahmana, 2016). The index of Indonesian financial literacy was only 21.8%, according to the Financial Service Authority (OJK) survey. In 2016, OJK conducted an additional survey that determined that the financial literacy index in Indonesia had increased to 29.7%. According to the most recent survey conducted by OJK in 2019, the index of financial literacy has increased to 38.03%, while the index of financial inclusion has increased to 76.19%. This finding suggests that only 38 out of 100 individuals are classified as well-literate (OJK, 2020). This condition demonstrates that the Indonesian perspective is the sole one that possesses the necessary knowledge to leverage their prosperity for productive purposes (Libassi, 2022).

Migrant employees are compelled to work abroad due to the scarcity of employment opportunities and the poor salaries. The employees are enthusiastic about achieving a higher income in order to improve their quality of living. They arrive in the destination countries with a diverse range of educational and skill sets. Education is one of the primary sources of low-wage labor in Indonesian manufacturing companies, as discussed by Lipse and Sjöholm (2004). Conversely, the migrant workers can receive the higher salaries with the same occupation. Additionally, the disparity in currency serves as an incentive for them to pursue employment abroad (Zid et al., 2020). The migrant employees must adapt to the new culture, systems, and regulations, particularly in the financial sector, during the working period. The absence of financial management skills is one of the challenges Indonesian employees encounter, which has an effect on their post-work lives. Indonesian migrant employees typically possess financial resources during their employment; however, their circumstances are significantly worsened upon their return to their homeland (Arisman & Jaya, 2020).

In the contemporary global economy, business operations are no longer limited to a specific region; they are now conducted across regions and even countries. This condition can arise as a result of the requirements and constraints that a country encounters, necessitating the establishment of business relationships with other countries. In addition,

the global economy has had an effect on human resources who are capable of working across borders, commonly referred to as migrant laborers or entrepreneurs.

Indonesia contributes the most to international migration in Southeast Asia, following the Philippines. The average Indonesian undertakes this cross-country migration in pursuit of a more prosperous lifestyle (1). These migrants have traversed a number of Asian countries, including Hong Kong, Taiwan, Singapore, and Japan, as well as Malaysia, which is a neighboring country (2). Malaysia is the primary destination for Indonesian migrant laborers in 2022.

In 2022, Bank Indonesia (BI) reported that there were 3.44 million Indonesian migrant laborers (PMI). This figure represents a 6% increase from the previous year, when it stood at 3.25 million individuals. The majority of Indonesian migrant laborers, approximately 1.67 million individuals, are located in Malaysia. The figure in question is equivalent to 48.13% of the total number of Indonesian migrant laborers as of the conclusion of the previous year. This was succeeded by Saudi Arabia, which employed 837,000 Indonesian migrant laborers. At that time, there were 339,000 Indonesian migrant laborers residing in Hong Kong. Additionally, 331,000 Indonesian migrant laborers are employed in Taiwan. Singapore and Jordan have a total of 95,000 and 43,000 migrant laborers, respectively. Last year, the United Arab Emirates had a total of 39,000 Indonesian migrant laborers. Subsequently, South Korea is home to 22,000 Indonesian migrant laborers. In the meantime, the United Kingdom and Oman are home to the smallest number of Indonesian migrant laborers, each with 2,000 individuals. Qatar and Italy are the countries with the highest number of Indonesian migrant laborers, with 3,000 each (data indonesia.id).

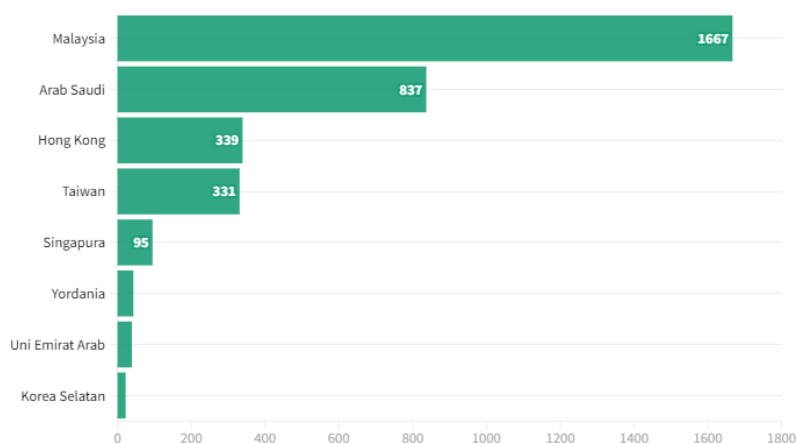


Figure 1. Destination Countries for Indonesian Migrant Workers in 2022

The economic development of Indonesia and the daily lives of its citizens are significantly influenced by the contributions of Indonesian migrant laborers, who are employed in the domestic and plantation sectors of neighboring countries.

The economic development of Malaysia is substantially impacted by the presence of Indonesian migrant laborers, as indicated by the Malaysian Department of Statistics website. Indonesian migrant laborers are also observed in the agricultural, forestry, and fisheries sectors, in addition to their widely employed status as household assistants (ART) in Malaysian households. This sector employs 32% foreign personnel. The proportion of migrant laborers employed in the food and beverage industry and accommodation services amounted to 19.2%. About 18.2% were in the construction industry, while about 15.7% were in the manufacturing sector. There were 1.7 million registered migrant laborers in Malaysia prior to the epidemic, according to statistics from the country's Department of Statistics. Despite this, the number dropped to around 1.17 million during the pandemic.

Sending migrant laborers abroad is advantageous for both the government and the workers themselves (3). The presence of migrant laborers is capable of producing such substantial remittances (4). The economic contribution of migrant workers to the sending nation by way of remittances and the economic contribution to the receiving country by way of taxes is substantial. Indonesia is among the top 10 Asian countries that receive remittances from its migrant laborers, as evidenced by the World Migration Report 2020 data (5).

Islamic investing and finance have long been established as a method of financial intermediation for the Islamic community to engage in transactions that adhere to Islamic standards. The Islamic financial services sector has undergone significant growth and transformation over the past decade, extending beyond the conventional confines of Muslim-majority economies to major industrial nations, thereby achieving broader acceptance and recognition (Wahida and Radzi, 2011). Islamic Finance has proliferated across more than 60 nations, surpassing its previous designation as a "niche" product (Sherif and Shaairi, 2013). As of mid-2014, worldwide Islamic finance assets were \$1.9 trillion (ADB and IFSB, 2015; Mumtaz, et al., 2015). Islamic banking remains the preeminent sector in the Islamic financial system, constituting over 80% of total Islamic financial assets. The Islamic finance industry, which encompasses Islamic capital markets, has experienced an average growth rate of 17.5% since the global financial crisis began in 2008.

Ethical investments that adhere to the principles of Shariah, the Islamic law that governs every aspect of a Muslim's life, are the focus of Islamic investment principles. Due to their guaranteed fixed rate of return and absence of voting rights, investments in fixed-income financial instruments like preferred stocks, bonds, and certain derivatives (e.g., options) are considered unsuitable. Additionally, Islamic investors are not allowed to buy shares in businesses that deal in alcohol, gambling, traditional financial services, entertainment, items related to pork, tobacco, or weapons. Investments and Finance, 2014.

On April 17, 1999, the Kuala Lumpur Stock Exchange, which is now known as Bursa Malaysia, introduced a new index called the Syariah (Shariah) Index (SI) to encourage equity investments that are in accordance with the Islamic principles of Shariah. Shariah-based equities are fundamentally shares of companies that satisfy the criteria of Islamic jurisprudence. The Shariah Advisory Council (SAC) of the Securities Commission of Malaysia designated 276 Main Board companies as Shariah approved securities, making up the initial component of the Bursa Malaysia SI, a weighted-average index. Investors who are interested in investing according to Shariah principles utilize SI as a benchmark to make more informed decisions.

Malaysia is a global leader in the development of Islamic Finance and a dynamic Islamic Capital Market (ICM). A comprehensive regulatory, legal, corporate governance, and Shariah framework has been established by the government to transform Malaysia into a global Islamic financial center. Islamic finance is now perceived as more than merely a substitute for conventional finance, and its appeal to all Malaysians is becoming increasingly apparent. Currently, the Islamic capital market in Malaysia accounts for 58% of the total Malaysian capital market.

PERMAI is a non-governmental organization that is engaged in social education and culture. It is not political in nature. The management and specialists of this NGO are Indonesian individuals who reside in Malaysia, including expatriates, businessmen, lecturers, teachers, students, and workers.

A diverse community of individuals from various origins, residing throughout Indonesia, comprise the PERMAI experts. The objective is to combine the surplus with the deficient in order to provide assistance. The powerful provide assistance to the vulnerable. Individuals who are intelligent instruct those who are still inexperienced. This is exclusively to provide assistance and support to the government in the pursuit of community benevolence. PERMAI is also interested in collaborating with parties who are prepared to transfer knowledge and synergize in the fields of eCommerce, Digital Technology, Fintech, and other related specialized skills that are suitable. This is to forge a socio-cultural partnership between the Indonesian and Malaysian populations.

PERMAI endeavors to serve as an incubator for the development of a community that possesses unique skills and abilities, thereby enabling them to secure employment at a higher level and a salary that is at least comparable to those of other nations. We are committed to the preservation of the Indonesian Constitution's culture and national identity, which is based on Pancasila, in our capacity as an Ambassador of the Nation overseas. However, the objective of the PERMAI NGO is to maintain the Constitution and regulations that are applicable to Malaysian workers and entrepreneurs, rather than to disregard them.

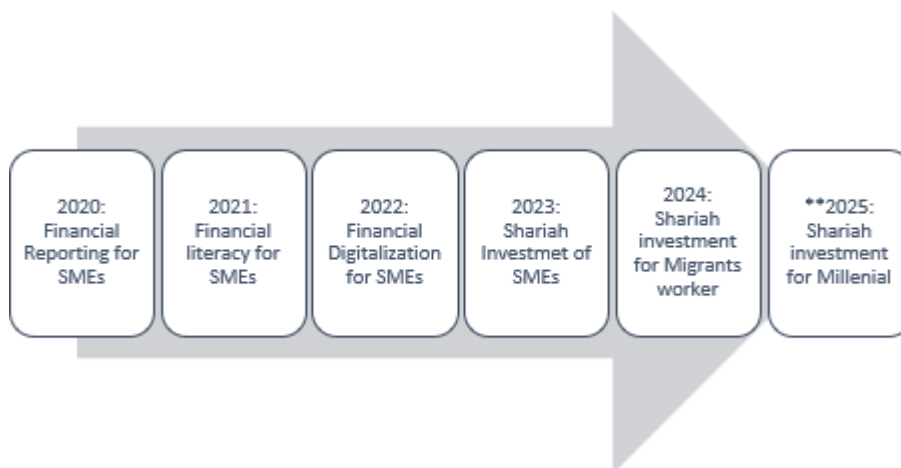


Figure 2. Community Service Activity Roadmap

**Planning

Community service activities carried out with the theme of shariah investment, in accordance with the 2021-2025 RIPkM of Mercu Buana University, where the aim of community service activities is to increase the compliance of financial reporting rules for SMEs, or business people domestically and abroad .

Figure 3. RIPkM Mercu Buana University 2021-2025

As a result, it is imperative to conduct educational and informative events regarding sharia investment. It is anticipated that the activities to be executed will:

1. Provide guidance to the government regarding sharia investing.
2. Educating Indonesian business operators and migrant workers in Malaysia about sharia product investment opportunities.

METHOD

Preparation

The community service activity team at Mercu Buana University, which is composed of lecturers and students, engaged in discussions with NGO Permai regarding the current state of the field. The team discussed the issues faced by members or communities in Malaysia, including Indonesian entrepreneurs and migrant workers. In this discussion activity, the form of community service activities that would be implemented in Malaysia was the subject of discussion. The objective was to address the issues of the community or target participants and to experience the advantages of PkM activities.

The discussion also included the time, location, number of teams, and theme of the activity, ensuring that each lecturer was prepared for their respective responsibilities prior to the activity's execution.

Implementation Method

This Community Service activity is implemented by means of the following methodology:

1. Socialization Method: which will elucidate the tax regulations of Indonesia PMK 18/2021 is one of the regulations that affect taxpayers who reside and earn income abroad. These techniques have the potential to enhance the comprehension and capacity of participants to adhere to tax regulations (10).
2. Exercise/Practice Methods: participants will have the opportunity to exercise the procedure for reporting about moving to Malaysia in order to process their taxpayer status in Indonesia. Participants will gain a more comprehensive understanding and have the opportunity to enhance their capabilities through this approach (11,12).
3. Question-and-Answer Method: in which participants are offered the chance to pose questions regarding the tax procedures of Indonesian taxpayers who relocate and receive income abroad. In addition to training, taxation consultation or discussion in the form of questions and answers can assist participants in gaining a more comprehensive comprehension of all the topics that are discussed (13,14).
4. Assistance: This mentoring activity is carried out directly in Malaysia and online after the implementer returns to Indonesia so that activity participants in Malaysia can still receive assistance from the implementer.

Target Audience

The target audience for this Community Service Program is Indonesian migrant workers and entrepreneurs living and earning in Malaysia. This activity is planned to be carried out offline with the COVID-19 health protocol in Penang City, Malaysia.

Evaluation Method

A process for gathering data and information required for this community service activity is activity evaluation. The evaluation of this activity is primarily concerned with the participants' comprehension and capacity to compute the end income tax. Activity evaluation serves as a process controller for the activity program's outcomes, ensuring that the program is systematic, effective, and efficient. The evaluation of activities aims to gather information regarding the results of the activities, as well as feedback from socialization participants. This feedback is instrumental in the improvement of the activities through the use of the provided questionnaire.

Evaluation of activities is carried out with the aim of:

1. The ability to identify the successful and unsuccessful components of the activity in order to implement corrective measures.
2. Offering participants the chance to offer feedback and recommendations regarding the program in progress.
 - Provide input for program planning.
 - Provide inputs for program expansion, continuation, and termination.
 - Provide input to modify the program.
 - Obtain information about the supporting and inhibiting factors of the program.

According to Santoso (2014), the Formative Evaluation Model is one of the training evaluation models. It is an evaluation that is conducted on the process in order to provide feedback to program implementers.

RESULTS AND DISCUSSION

Supported by Persatuan Anak Rantau Indonesia (PARI) and University Sains Malaysia at Pulau Pinang Malaysia, lecturers from Universitas Mercu Buana and Pertubuhan Masyarakat Indonesia (PERMAI) have participated in this international cooperative community service. This action is carried out with the following specifics:

Day	: Sunday
Date	: January 28, 2024
Time	: 09.00 (Penang times) until finished
Location	: Taman Pelangi Crowded People's Council, Juru, Bukit Mertajam, Pulau Pinang, Malaysia
Participant	: 75 People



Figure 1. (a) Presentation of socialization, (b) The participants of event

This activity consists of several sessions as follows:

1. First Session, Opening and Welcome from Mrs. Dr. Erna Setiany, SE. M.Sc. as Vice-Chancellor of Mercu Buana University, Dr. Anees as representative of University Sains Malaysia, Representative of PERMAI and representative of PARI

2. Second session, explanation of tax regulation of Minister of Finance Regulation Number 18 of 2021, the Government of Indonesia has provided direction on how to process tax status for domestic taxpayers who work and earn income abroad, or vice versa.
3. Third session, practice the Standard Operating Procedure of how Indonesian Taxpayers report their overseas activities and status changes in NPWP.
4. The fourth session consist of discussions and questions and responses between the implementers and participants regarding the topics that were socialized.

Discussion

Indonesian citizens who reside, work, and trade in Pulau Pinang, Malaysia, comprise the partakers of this Community Service activity. The majority of participants have lived in this location for an extended period of time and are oblivious of the status of NPWP that has been owned in Indonesia.

In the PKM activity, it was discovered that none of the participants were aware of the regulations regarding the reporting of activities abroad and the reporting of changes in the status of the Tax ID Number that had been possessed. Nevertheless, the majority of Malaysia's income is transferred to Indonesia to support family obligations and asset ownership, as a result of the family's residence in Indonesia.

This socialization has resulted in participants being more cognizant of taxation in Malaysia as laborers and income recipients, as well as in Indonesia as assets and family members, in order to avoid being subject to double taxation in either country when receiving income or reporting family assets.

Nevertheless, participants will initiate communication and coordination with their families in Indonesia to inquire about the implementation procedures of the rules regarding income from abroad from the Tax Officers in their specific area.

CONCLUSION

Community Service activities in Pulau Pinang Malaysia have no difficulties, both from participants, locations, and topics because the participants are Indonesian citizens who live and trade in Pulau Pinang Malaysia. Even though the language is slightly different, it is still easy to understand between the implementer of the activity and the participants. The location of the activity site is not too far away, both the distance and the atmosphere are almost the same as Indonesia. The LPPM team of Univeritas Mercu Buana and the PERMAI partner representative team have helped the smooth running of this activity, from preparation, direct implementation, to post-activity.

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