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Research paper

Ethos realization probe among ASNAF entrepreneurs in Selangor

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Abstract

Selangor Zakat Board (SZB) has been recognised as being the benchmark for other zakat institutions in Malaysia. One of the assistance programmes that is believed to be highly potential in resolving poverty issues among muslims is the Asnaf Economic Development Programme (AEDP), which is in the form of business capital assistance provision. The aim of this study is to investigate the relationship between the ethos that would affect the asnaf entrepreneurs' physical performance via questionnaires. Out of 116 participants of the programme, only 59 responded for data collection purpose. The concluding results have shown that the variables of experience, knowledge and skills, and personal attributes have been identified in signifying a significant positive impact upon the performance of the participants of the programme.

Keywords: *Asnaf entrepreneurs; Asnaf Economic Development Programmed (AEDP); Selangor.*

1. Introduction

Zakat is deemed as a purification means for ones' heart. For a muslim, it is meant as a spiritual purification for eligible muslims, thus, promoting positive socio balance and economy within the society (Al-Qardawi, 2000). Additionally, Al-Qardawi (2000) and Haron et. al. (2010) have agreed that zakat is an obliged financial assistance means for the alleviation of the poverties for the eight asnaf muslims. In specifying the eight categories of asnaf, Surah Al-Taubah [9:60] has specified: "Alms (zakat) are for the poor and the needy (faqir and miskin), and those employed to administer zakat (amil), for those whose hearts have been reconciled to the truth (muallaff), for those in bondage and debt (gharimin), in the cause of Allah (fisabilillah), and the wayfarers (ibnu-sabil)". However, Ahmad Nadzri (2012) has highlighted that the division is not compulsory for an equal portion among the eight categories of asnafs. Since the establishment of Baitulmal (i.e. House of Treasury), the management of zakat has been institutionalised, thus, improving the collection and ultimately the distribution was able to be maximised (Haron et. al., 2010; Hudayati, 2010; Md. Ramli et. al., 2011).
Several articles have discussed pertaining to zakat institutionalisation in some countries such as in Pakistan, Brunei, Indonesia, and Malaysia (Abd. Wahab, 2011, 2012; Abdullah, 2010; Ahmad Nadzri, 2012; Ahmed, 2004; Hudayati, 2010). The said authors have also highlighted that the regulations and management style for those zakat institutions are quite different, but principally the same. Plus, the one thing they have one thing in common is their regulations are based from their respective local Islamic laws. Particularly in Malaysia, Baitulmal's roles has been assumed by appointed state zakat institutions which are regulated under the jurisdiction of State of Islamic Religious Councils (SIRCs) respectively (Abd. Wahab, 2011). In 1995, Zakat Selangor Centre has undergone corporatisation process (which transformed into as Selangor Zakat Board (SZB)), in following suit of the privatisation occurred upon Kuala Lumpur's Zakat Colletion Centre in 1991 (Abd. Wahab, 2011; Hudayati, 2010). As a result, the demand for a more efficient and effective zakat management was able to be achieved.
Haron et. al. (2010) has acknowledged SZB as being the benchmark for other zakat institutions in Malaysia. It has also been highlighted that the institution has always been innovating and improving its system, particularly on the aspect of its distribution programmes. One of the programmes to be highlighted in this study of matter is the Asnaf Economic Development Programme (AEDP) which was introduced since 2003 (Md. Ramli et. al., 2011). The importance of such programme was highlighted by Md Ramli et. al. (2011) and Ahmad Nadzri (2012) as one of the absolute mechanisms in the form of capital assistance that could potentially resolve poverty problems occurred in the muslim society by promoting the spirit of entrepreneurship within the asnafs. However, in studying the level of effectiveness of capital aid programmes such as by Amanah Ikhtiar Malaysia (AIM), Yayasan Tekun Nasional (TEKUN), and Asnaf Entrepreneurship Programmes (from zakat institutions in Malaysia) – the performance of the third said programme is deemed to be the lowest in producing successful asnaf entrepreneurs (Abdul Rahman, Ahmad & Wahid, 2008). Upon review, it was concluded that to ensure the success of such capital assistance programme, the recipients of the business capital should be closely monitored and possess sufficient level of entrepreneurial mindset attributes (Abdul Rahman, Ahmad & Wahid, 2008; Md Ramli et. al., 2011). Most of prior zakat studies have so far focused in the aspects of theoretical ar-

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guments (Mujitahir, 2003; Tarimin, 1995), legal and compliance (Ahmed, 2004; Idris et. al., 2003), and institutional management and performance (Abd. Wahab, 2011; Abdul Rahman & Ahmad, 2010; Mohd Nor, 2004; Noor et. al., 2005). In relation with AEDP in Selangor, there were only a few studies that have been discussed. For instance, some of the studies have only theoretically discussed regarding the development of AEDP and its goal i.e. to promote entrepreneurship spirit among the recipients, thus, ultimately excluding them from being categorised as an asnaf again (Haron et. al., 2010; Mohd Balwi et. al., 2008). In addition, the lack of empirical studies done on AEDP has led to this study which is to explore the realization of ethos that would affect the performance of AEDP's participants. For example, Md. wah et. al. (2011) has conducted a study in trying to understand the the participants' attitude that might affect their success. As for Abdul Rahman & Ahmad (2011), the sufficiency of such capital assistance was to be determined whether it will affect the success or failure of the programme.

Next section briefly discussed on previous studies done pertaining to AEDP and the relevance in conducting this study. Then, to be followed by an explanation of the research method employed, and the analysis of the result. Finally, a conclusion of this study will be presented accordingly.

2. Literature review

Fiqh Al-Zakah was one of the most prominent and earliest literature in 1980s that contemporarily discussed about zakat (Ahmed, 2004; Al-Qardawi (2000). Additionally, the theoretical principles of Islamic economics such as zakat are founded under Syariah Precepts, which mainly based from Quran, Sunnah, and Fiqh. Abd. Wahab (2011) and Samad (2005) have also stressed the significance of such precepts in promoting socio-economic harmony and justice in muslim society. In addition, Baitulmal, as a non-profit institution has been acknowledged as one of the socio-economic systems that would support the Keynesian Economics, thus, providing beneficial economic impact in complementing the mixed economy system. From here on, the role of Baitulmal that was established during the early Islamic caliphate, has brought up the establishment of modern zakat institutions that we see nowadays (Abd. Wahab, 2011; Al-Qardawi, 2000).

Several articles have discussed various ways of zakat practices that were managed by zakat institutions in different countries such as in Pakistan, Brunei, and Malaysia (Abd. Wahab, 2011, 2012; Abdullah, 2010; Ahmad Nadzri, 2012; Ahmed, 2004; Hudayati, 2010). In relation with the capital aid programmes, Hudayati (2010) did highlight one particular scheme – Permanent Rehabilitation Scheme of Zakah (PRSZ). The aim of the programme is nearly similar with Asnaf Entrepreneurship Programmes (that are organised in Malaysia) – to promote entrepreneurship activities among asnafs, thus, assisting their long term economic condition for better future.

2.1. Asnaf economic development programme (AEDP) in Selangor

Ahmad Nadzri (2012) and Al-Qardawi (2000) have agreed that monetary assistance provided via zakat is considered one of the most potential economic tools that would provide direct beneficial economic impact upon the society as a whole in resolving poverty issues (Hassan, 2010). Then, in relation with the introduction of business capital assistance made for the chosen asnafs is highly preferred by academicians as it would potentially avoid them from being dependent on regular zakat assistance, thus, promoting the sense of independence and entrepreneurial spirit within them (Abdul Rahman & Ahmad, 2010; Ahmad Nadzri, 2012).

In identifying empirical studies conducted pertaining to AEDP, there are only a few which worth to be noted. Abdul Rahman, Ahmad & Wahid (2008) aimed to study the success factors between several capital assistance programmes introduced by AIM, TEKUN and other zakat institutions in Malaysia. The importance for providing early preparation of knowledge, training, courses and supervision upon the participants were emphasised in order to ensure the success of the programmes. Abdul Rahman & Ahmad (2011) have constructed a questionnaire in analysing the participants' demographical, person-entrepreneurship fitness, years of involvement, amount of capital provided, supervision, the role of provided capital, types of business and capital sufficiency, in determining factors that would influence the outcome of the programme. As for Md. Ramli et. al. (2011), a study was conducted in understanding the asnafs' (i.e. the business capital recipients particularly located in Selangor, Pulau Pinang, The Federal Territory of Kuala Lumpur, Melaka, Terengganu and Kedah) attitudes in realising the outcome of the programme. Apparently, it was found out that the more ambitious recipients were more resilient and prone to success, as they were highly motivated. This was indeed in parallel with the realisation of entrepreneurial motivation proposed under Self Determination Theory (SDT) by Berthelot (2008) in influencing venture performance.

In understanding the effects of ethos (financial and human capital determinants) upon AEDP's participants' physical achievement (physical performance), this study attempt to replicate from several literatures summarised in Table 1 below:

Table 1: Replication of Financial and Human Capital Ethos Summary

Source	Ethos Summary
Berthelot (2008) Mokhtar (2011) Nguyen (2001)	Financial management
Abdul Rahman & Ahmad (2011) Ishak et. al. (2012)	Education background
Abdul Rahman & Ahmad (2011) Abdul Rahman, Ahmad & Wahid (2008)	Experience, knowledge and skills
Abdul Rahman & Ahmad (2011) Abdul Rahman, Ahmad & Wahid (2008)	Training and courses attended
Abdul Rahman & Ahmad (2011) Abdul Rahman, Ahmad & Wahid (2008) Hussin (2010) Md. Ramli et. al. (2011)	Personal attributes

Source: Compiled By Author

To summarize, prior studies conducted have mostly covered on the theoretical arguments of zakat practices and the institutionalisation of zakat management. In relation with asnaf entrepreneurship programmes, there were only a few empirical studies done on the area, besides its theoretical relevance. Therefore, the apropos in studying the realisation of ethos among asnaf entrepreneurs in Selangor is relevant.

3. Methodology

In this study, data was obtained primarily via questionnaires. The questionnaire was designed in studying the ethos (i.e. financial management, education level, experience, knowledge and skills, number of training and courses attended, and personal attributes) in influencing the performance of the participants financially and physically. A list of 116 participants of AEDP was obtained from Asnaf Entrepreneurs Development Centre or to be known as Pusat Pembagunan Usahawan Asnaf Zakat (PPUAZ). Then, 59 out of 116 participants were able to be reached out for sampling purpose.

4. Results and discussion

The analysis of the questionnaire was mainly made into two parts. The first was to engage the ethos that would influence the participants' performance. Then, the second part was to analyse the participants' performance level of achievement.

Table 2: Participants' Demographic Information

	Respondents	
	N	%
PANEL A		
Gender		
Male	30	50.8
Female	29	49.2
TOTAL	59	100
PANEL B		
Types of Business		
Food & Beverage	51	86.4
Agriculture	1	1.7
Groceries	7	11.9
Handicraft	0	0
Fishing	0	0
Others	0	0
TOTAL	59	100
PANEL C		
Methods of Operation		
Shop premise	0	0
Asnaf bazaar	29	49.2
Mobile	27	45.8
Online	0	0
From home	0	0
Others	3	5
TOTAL	59	100

Table 2 demographically displays the information gained from the respondents i.e. from the perspetives of gender and types of business. Accordingly, 50.8% are male and 49.2% are female. Out of six types of business, three have been chosen by the respondents in accordance with the survey – food and beverage, agriculture, and groceries. Food and beverage business comprised the majority of the sample by 86.4%. Then, it was to be followed by groceries business by 11.9% and agriculture by 1.7%. Out of 59 respondents, 49.2% were identified in running their enterprise at asnaf bazaars. From the study, four asnaf bazaars have been identified – two were located in Shah Alam (Section 3 and TTDI Jaya), one in Puchong (Putra Perdana), and one in Klang (Meru). As for mobile business operators, 45.8% were identified in various locations in Selangor. Additionally, they were involved in My Burger Project which was the collaboration made between PPUAZ and Azmi Burger. As for the remaining business operations (others), 5% of them were located running their business at Pasar Borong Klang by selling retail products and groceries.

Table 3: Range Of Business Capital Amount

	Respondents	
	N	%
Business Capital Amount		
RM500 to RM2,000	17	28.8
RM2,001 to RM4,000	6	10.2
RM4,001 to RM6,000	7	11.9
RM6,001 to RM8,000	1	1.7
RM8,001 to RM10,000	1	1.7
Above RM10,000	27	45.8
TOTAL	59	100

Table 3 above shows range of business capital amount provided for the participants of the programme. According to PPUAZ, the total amount of business capital provided for the chosen recipients were ranging from RM500 to RM50,000. Plus, the said business capital assistance were either granted in the form of monetary assistance or business equipment. However, in the study, it was identified that the total business capital amount provided are ranging from RM500 to RM16,000 only. Apparently, the participants for My Burger Project were identified to receive the largest business capital amount ranging from RM10,000 to RM16,000. They have received such assistance in the form of business equipments and raw supplies of burger products.

Physical satisfaction measurement of asnaf entrepreneurs in Selangor. In measuring the variables of this study, a model is developed in order to analyse the realisation of a physical performance achieved by the participants of the programme. To summarise, this model of analysis (PP Model) has shown results in Table 4 that is deemed to be significant at 1% level with the Adjusted R-squared of .377, F (8,50) = 5.391, p = .000. Furthermore, the result shows a more significant output in comparing what have been highlighted by Sukar (2016) which attempts to prove the significance of the financial performance attained by the participants. In this study, it is suggested that 37.7% of the variation in the participants' physical performance (PP) could be explained by variation in financial management (FIN_MGT), secondary education (EDU_2), university education (EDU_3), experience, knowledge and skills (EXP), training and courses (COURSE), and personal attributes (INDV_ATT).

Apparently, the regression results has shown that the ethos for experience, knowledge and skills (EXP) does possess a significant positive impact on the participants' physical performance, b = .299, t (50) = 2.050, p = .046. Thus, this shows that for every increase in experience, knowledge and skills would increase the physical performance by 29.9%.

As for personal attributes (INDV_ATT), the result has shown a significant positive impact on the participants' physical performance by showing, b = .395, t (50) = 2.574, p = .013. Thus, indicating that for every increase of personal attributes, the physical performance achievement would be increased by 39.5%. In summary, two variables in this model have been accepted in influencing the performance of the participants involved – and they are experience, knowledge and skills (EXP) and personal attributes (INDV_ATT).

Table 4: Coefficients – Physical Performance (Pp) Model

		Beta	t.	Sig.
1	Constant		-1.298	.200
	FIN_MGT	.196	1.376	.175
	SECONDARY	.084	.719	.475
	UNIVERSITY	.116	-1.057	.296
	EXP	.299	2.050	.046
	COURSE	.035	.290	.773
	INDV_ATT	.395	2.574	.013
	SEX	.097	.771	.444
	TYPE	.170	1.444	.155
	R2	.463		
	Adjusted R2	.377		
	F – Statistics (Sig.)	5.391 (.000)		
	Df	(8,50)		
	N	59		

a. Dependent Variable: PP

5. Conclusion

In this study, the ethos of experience, knowledge and skills and personal attributes have been identified as the main influence that would affect asnaf entrepreneurs' physical achievement. Besides, it was proven in previous studies such as what have been proposed by Abdul Rahman and Ahmad (2011) that the years of an entrepreneur involved in business would represent his maturity level in business. Furthermore, in accordance with Prieto (2006) which was in line with the resource based theory proposed, the importance of learning capability and knowledge creation processes have been highlighted that would assist the entrepreneurs in gaining some competitive advantage while running their enterprises. In addition, it has been identified that most of the participants have admitted that their condition of life has changed for the better due from economic improvement experienced since their participation in the programme. Furthermore, it is highly believed that the programme would be able to promote their sense of entrepreneurial spirit and independence as what have been supported by Md. Ramli et. al. (2011) and Berthelot (2008). In future, it is highly recommended for asnaf entrepreneurship studies to be further explored empirically, and in particular the search for answers of ethos that would justify the performance of the asnaf entrepreneurs and the programme.

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