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**AN EDUCATION-BASED APPROACH TO ASNAFPRENEURSHIP  
ASSISTANCE: A CASE STUDY IN WILAYAH PERSEKUTUAN**

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**Abstract**

In order to enable productive asnafs to generate their own income, many zakat institutions have launched asnaf entrepreneurship programs. These institutions have introduced a variety of entrepreneurship support and techniques, including coaching, training, mentoring, financing, etc. In spite of this, the success of the programs is subjective, since some asnaf are successful while others are not. This study explores the types of entrepreneurship support that asnaf entrepreneurs consider applicable to their own businesses. It was found that education-based non-cash assistance is a good entrepreneurship support that can help asnaf entrepreneurs become specialists in specific business ventures, thereby capturing unique markets. Through the real-life practice of business activities, it also improved the entrepreneurship spirit, skills, and experience. This study utilized a qualitative approach by interviewing a successful Malaysian asnaf entrepreneur who received assistance from one of the country's zakat institutions. Several other methods can be explored to support asnaf entrepreneurs besides training and financing, as suggested by this study.

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## 1. Introduction

The zakat institutions governed by Majlis Agama Islam Wilayah Persekutuan (MAIWP) have introduced a program titled 'Skim Bantuan Ekonomi', which offers business support, capital assistance, and advisory services to productive asnaf who qualify (Abdul Ghafar et al., 2017). According to Abdul Hamid (2013), 3 to 6 out of 10 participants were graduated from the asnaf status (conversion success rate for all asnaf entrepreneurs ranged from 30% to 60%). Even though the percentage was small, it is nevertheless significant since one entrepreneur's contribution can lead to a cascade of positive effects for others. The possibility of employment, INFAQ, economic growth, and community support are a few advantages. Due to the connections between spending, the local multiplier effect helps the local economy (Karlsson et al., 2015). This is a good initiative that has additional indirect effects on the economy that can be measured in addition to the conversion rate from asnaf to muzakkis. However, Kayed and Hassan (2011) found that although entrepreneurship can help unleash the future economy, the real impact depends entirely on the ability of the entrepreneurs themselves, sustainable businesses, and a conducive environment (Wan Mohd Nazdrol Wan Mohd Nasir, 2013).

The definition of a capable entrepreneur is one who is more driven to succeed, is a good planner, passionate, capable of carrying out their goals, able to deal with obstacles, and has greater self-assurance and perseverance (Abdul Halim et al., 2012). These are some of the criteria that an entrepreneur must meet in order to succeed in their venture, and this requirement also applies to asnaf entrepreneurs.

The goal of this study is to investigate the different kinds of entrepreneurship support offered to asnaf entrepreneurs by zakat institutions. The effectiveness of the support that can improve an entrepreneur's abilities, spirit, and experience is examined. As a result, it can serve as advice for zakat institutions as they further investigate non-cash entrepreneurship aid with the dual goals of boosting an asnaf entrepreneur's capacity and productivity and fostering the sustainability of their company.

## 2. Literature Review

Lembaga Zakat Selangor has employed both monetary and non-monetary assistances to help its asnaf entrepreneurs, according to Shiyuti and Al-Habshi (2019). Additionally, LZS works with other agencies to offer additional forms of support for starting a business, including education, advertising, and more.

Contrarily, Ibrahim and Ruziah Ghazali (2014) branched the zakat recipient into three (3) groups, which are: (1) the one who is incompetent; (2) the one who needs one-off assistance; and (3) the one who is currently in adversity but has the enthusiastic to develop, grow, and graduate from the asnaf status. Candidates for this asnaf entrepreneurship programme are suggested for the second and third categories. The third group, according to Abdul Halim et al. (2012), is the best choice for this programme.

Abd Rahman and Ahmad (2011), however, questioned the program's likelihood of success. Any programme failure could endanger the zakat fund pool. Therefore, choosing a productive asnaf and receiving the appropriate support may lower the likelihood of failure (Azman et al., 2016).

According to Banerjee and Duflo (2011) and Largoza (2016), when it comes to entrepreneurship, people tend to overestimate their capacity for entrepreneurship, which ultimately leads to business closure. However, Largoza (2016) claimed that entrepreneurship is tied to the reasoning and cognitive functions of

the thinking and is not just determined by physiological nature. Entrepreneurial success is determined by the quantitative and qualitative outcome known as a business achievement.

According to Muhamat et al. (2013), the asnaf entrepreneur is a type of trait-handicapped individuals who essentially lack the fundamental requirements to become an entrepreneur. He lacks the bankability, business acumen, business expertise, and businessman image. It is not the end, though, since there have been numerous instances of asnaf business owners who have achieved prosperity and turned into zakat payers.

### **3. Methodology**

According to Creswell (2014), the qualitative approach is appropriate for exploring and analyzing the concept and theme associated to social science subject matter, which is why it was employed in this study. The exploration and study process, which directly engages the real subject at the time of the research itself, will expand the paradigm of qualitative research at the same time. To put it another way, the researcher worked directly with the research sample. In contrast to the majority of quantitative studies, this study does not require the development of a hypothesis prior to the research processes.

In order to gain a deeper understanding of the non-cash entrepreneurship assistance provided by a zakat institution in Wilayah Persekutuan toward this asnaf entrepreneur—a service that has been used by numerous public figures and famous artists from around the world—this research employs a single case study approach (Gustafsson, 2017). Consequently, the deliberate method is being employed to choose the informant.

Data were gathered for this study using structured interviews. The interview took place in person. After gathering the data, the researcher transcribed the interview and sent it back to the informant for validation and confirmation. This forwarding technique will be used as a means of triangulation, or the act of gathering data from different sources on a same phenomenon (Jick, 1998). The data was collected, then examined using a case study technique.

Through the course of the in-depth interview session, three (3) key objectives must be accomplished. The purpose of the study was to identify the obstacles faced by asnaf entrepreneurs in Selangor during the initial half of the interview session. The identification of the alternative entrepreneurial support that the informant had access to was then made, and ultimately, key factors that contributed to the development of the company were identified.

### **4. Case Analysis and Discussion**

#### **4.1. Informant profile**

The informant is a male tailor who was born in 1978. The highest education he had was a Technical Certificate from Institut Kemahiran Baitulmal (IKB). He started as a tailor precisely after finishing Sijil Pelajaran Malaysia (SPM). At that time, he worked with others. Prior to starting his own entrepreneurship career, he worked with an established tailoring company known as Wardrobe. The best achievement for him was to design a Baju Melayu for Shah Rukh Khan Datukship award ceremony in the state of Malacca (2008). He was offered to be a share partner in Wardrobe but he turned it down because of his dream to

start his own empire. In 2010, he left the company and started his own business with the support from Wardrobe's team. Until now, there has always been some collaboration between him and the Wardrobe.

He started his business in Kuala Lumpur, then moved to Ampang for a better rental rate which offered RM3,200 a month. Concurrent to Covid-19 issued in 2020, the company negotiated for some discounts but disagreed with the landlord. Thus, he relocated to the next shop lot which offered him RM2,500 a month. The relocation does not impact a lot to the company as it is within the same location.

The strength of this informant is the list of his loyal customers who consist of Tan Sri Muhyidin Yasin, Dato' Seri Ismail Sabri, Dato' Seri Azmin Ali and many more. He is not a mere tailor but also a fashion advisor for his client in giving some counsel on how to look stunning and appealing. Thus, the word of mouth and peer recommendation are becoming the factors that made him known among top clients.

Currently, he has two (2) permanent staffs who are handling the normal order and daily operation. However, he also collaborates with other tailors for the big contract with the provision that the design is provided by him. Until now, all of his products are tailor made and no 'ready to wear' product is available. Roughly, in a year, the revenue of this informant is around RM400 thousand.

- Aged: 43 years old
- Gender: Male
- Marital Status: Married
- Ethnicity: Malay
- Nationality: Malaysian
- Highest Level of Education: Technical Certificate, Institut Kemahiran Baitulmal
- Organization's Name and Location: Fashion Designer, Ampang, Kuala Lumpur.
- Work Position: Business Owner
- Job Tenure (in current organization): 10 years (Current Business), 20 years whole experience

#### **4.2. The Challenges**

As regard to the challenges, the informant highlighted a few challenges that impacted the current practices of asnaf entrepreneurship in Wilayah Persekutuan. The first challenge for new entrepreneurs is in getting the trust from the clients. It is not easy to break through the market especially in the matured industry such as fashion. The rejection is among the regular situations that happen to the newcomers. However, there is no specific market breakthrough support dedicated for the new IKB's graduates to enter entrepreneurship.

Furthermore, IKB's graduates have some difficulties in getting their first job. The informant added that even there were employers among small tailors offering the job vacations but still there were cases that the employers failed to pay the salaries. End up those graduates failed to develop their experience in their related field and started to do something else. He mentioned that there were voices searching for the IKB's alumni. The voices came from the government and authority on the output of IKB. Either this program is truly productive or vice versa.

He also revealed that as an asnaf entrepreneur, until present he was not offered even once by zakat authority to supply any job for them but instead it was offered to outside contractors. He believed that the zakat institutions have many opportunities to offer their asnaf entrepreneur as vendors, contractors or suppliers. These opportunities may develop their technical skills, increase their business profile and boost

their marketability. It also may give a chance for the zakat institutions to really evaluate their output in terms of business entity and concept.

Another challenge as stated by him is the competition and rivalry with illegal immigrant tailors. They are offering cheaper prices as compared to the price offered by local tailors. He stressed that the immigrants can do that because they do not have to incur higher cost of business establishment and operation. On top of that, their cost of living is not as much as local because they are staying here without family and living at any place without considering the safety, comfort and health. At the same time, they are no longer competing in the open market only but also entering the contract market via collaboration with local parties.

Hence, he suggested that integrity (*amanah*) is very important in the entrepreneurship career. An example given by him is a scenario of a tailor with a customer who already measured the size and agreed with the design and material. However, the tailor changed the types with less quality material but the same colour. His expectation is the customer will not be able to recognize the difference but in reality his act is immoral even if the customer fails to recognize it. Might as well if he gets caught by the client. The worst is not losing of that job but the bad reputation which can spread through word of mouth.

He disclosed his business secret that made him successful in this business. The feeling of gratitude (*syukur*) even on the small things is his business secret weapon. He trained himself not to envy and be greedy to the other parties. He believed in handwork and quality of the services. He told a story of himself whenever he needed to deliver an urgent costume to his client in the middle of the midnight. He went to the client's house at 10 pm but was asked to entertain the needs of the clients until 2 am. He was surprised that the wife was loyally waiting in the car until that time without complaining. It means that they tried at their level best to satisfy the client. The feeling of gratefulness has given him the motivation spirit to feel content and not to complain with any challenge in doing his business.

### **4.3. Alternative entrepreneurship support**

First of all, the informant emphasized on integrating the *asnaf* entrepreneurship ecosystem with the educational institution under the religious/zakat authority. He believed that it is important to connect the graduates from this educational institution into the ecosystem as it will give further value added for them to be more competitive in the market. It is not to pamper the *asnaf* but to guide them in a practical way thus the chain and multiplier economic impact will further enhance this ecosystem. He stressed further that the status of the participants in the ecosystem may not be static but evolve over time. At the earlier stage, they may become the recipient of the benefits but at the later stage they can become the benefits providers that assist the needs of the communities.

He also stressed the need for reducing the bureaucracy and lengthy process of assessment in getting the assistance. He explained that the compulsory training for the eligibility of the assistance which takes a longer duration may jeopardize the business operation of entrepreneurs. The period of 2 weeks is too long for an entrepreneur to attend the training. It will slow down the business momentum especially for those who are running the business alone. Majority of *asnaf* entrepreneurs are sole proprietors and yet to have any operational team. They are the business owner and they are also the business operator. In other words, the businesses will not run if they are not around.

The good relationship between customers and businesses is the element that needs to be promoted in the asnaf entrepreneurship ecosystem. He mentioned that based on his experience, good business relationships with the customers may convert them to become the patron of the company. This patron may go up to the level of becoming the founder of the business. At the early stage of the establishment, he started by borrowing the fund from his loyal customer who was getting his service while he worked with Wardrobe. He borrowed for RM10,000 only and after years of operation this amount was fully refunded. Even in this current scenario, if he needs to get instant support at any point of time these patrons may do the same. Therefore, the element of building a good business relationship in the ecosystem must be enhanced until it internalizes and becomes part of the culture.

He also mentioned that the public relation and media department of zakat institution should promote the businesses of asnaf entrepreneurs. The marketing and promotion also can be done through all the media channels either online or offline. He realized that the marketing effort through this channel can give different impact to the viewers as the promoters are the entities with integrities. Therefore, he suggested that the public relation and media should become one of the parties inside the ecosystem. At the same time, its function must be defined from the early stage of integration in order to avoid diversion from the main target.

He thought that patience is the core character of being part of the asnaf entrepreneurs in the ecosystem. The right implementation of this character may create the endurance and sustainability for the entrepreneurs. Herewith, the entrepreneurs can survive throughout any condition. It needs to be understood that the business environment is volatile even in the perfect ecosystem.

#### **4.4. Important element that made business success**

The informant required entrepreneurs to embrace punctuality as an element of Al-Qawiyun in running the business activities. It is because entrepreneurs are dealing with others who have their own time and duty. Especially in serving those busy customers who do not have enough time to visit the shop. As a solution, He offered his flexibility to meet up with the clients at any place convenient for them. The most important thing is his punctuality to be at the meeting place prior to the arrival of his client. Time management is an ability that can be acquired by entrepreneurs through training and practicing.

Trust is built and integrated with the personality of entrepreneurs and it relates to al-amin. The informant experienced this himself in which his customers really want his personal touch in measuring and discussing the order. They are reluctant to deal with his experienced staffs and rather to postpone for another arrangement. This proved that trust is something that cannot be separated from his owner and the due care of it will maintain his integrity. However, he needs to be cautious that the breach of this element will take a longer period to cure. Therefore, he considered trust to be one of the elements under the concept of al-amin.

In another viewpoint, the informant suggested that the advisory and counsel approach is among the important skills that need to be adopted by the asnaf entrepreneur. In many cases, he uses this approach in advising the customers which sometimes come up with their own ideas. He gives his second thought on the suggestion and if necessary will come out with the product sample. His policy is to see that the customers are stunning by wearing his products. This skill is part of Al-Qawiyu in which the willingness to share the

knowledge and experience will enhance the quality of relationship and also will enrich further the knowledge of the proprietor.

The informant emphasized that treachery in any manner will not help entrepreneurship to success. The entrepreneurs should not collaborate with any party who has the tendency to act dishonestly. Even that collaboration may benefit him profitably but the hidden cost of being dishonest is tremendous and unquantifiable. The informant mentioned that it is not worth it for a good entrepreneur to embark himself into the deceitful activities. It will result in business and personality failure.

The informant mentioned that a good entrepreneur will have the right sense of human being. He puts the rights of staff superior to his in terms of salaries and wages. His argument is that the staff have given full commitment to deliver their responsibilities that allowed him to deliver the job. This job is entitled for the payment from the clients. It is not fair if he enjoys the payment but the staff are just getting the balance. He said that a good entrepreneur will be responsible for his commitment towards others over his own personal commitment. This sense is generated from a pure soul of a good entrepreneur and it is part of al-amin.

The informant suggested that an entrepreneur must be a tasker. He can act as a business owner and at the same time he also can become a general worker. He knows how a task should be conducted and he knows how to manage his own human resources. This is a special talent that is specifically owned by entrepreneurs and this can be considered as al-qawiyun.

He considered that the most important element in an entrepreneurship is integrity. The most important integrity is as regards to the relationship with Allah SWT in terms of ibadah and akhlaq. It is not easy but it is achievable as long as the entrepreneurs keep striving for it. He also believed that there is no issue for a good Muslim to become a successful entrepreneur as long as he is truly implementing all the good characters of Muslims.

## **5. Conclusion**

This new programme, which is connected to the zakat distribution mechanism, helps productive asnaf become active income producers for their households, as well as for society as a whole. Numerous approaches have been developed, some of which include funding, mentoring, training, and many others. While some of them were quite effective at producing outcomes, others were challenging to use.

This study showed how difficult it may be to gain customers' trust, particularly in an established market. According to the informant, one of the crucial factors to be thought about in the asnaf entrepreneurship programme is the support from the zakat institutions in developing the trust. The informant also brought up the competition and rivalry among illegal immigrant tailors as another significant problem. Creating the trust will allow for the proper mitigation of both issues.

The integration of educational institutions with the asnaf entrepreneurial ecosystem, which may increase asnaf entrepreneurs' productivity and capability, was another finding of this study. The participants' status may occasionally change. They might receive benefits in the beginning, but they might also provide benefits in the future to meet the demands of the local communities.

In this study, two significant components were found to be integrity and trust. The relationship with Allah SWT in terms of ibadah and akhlaq is where the most integrity is needed. Although difficult, it is

possible if entrepreneurs continue to work toward it. Therefore, as long as a good Muslim fully embodies all the virtues of a Muslim, it is possible for him to be a successful businessman.

Future research may concentrate on additional forms of non-cash entrepreneurship help that most likely will have a positive effect on the operation of the business. The study's drawback, meanwhile, is the challenge of having several zakat institutions apply the same mechanism to various asnaf entrepreneurs.

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