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**GAPS THAT PREVENT ASNAFSPRENEURS FROM SUCCESS: A  
CASE STUDY IN SELANGOR**

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**Abstract**

Many zakat institutions have started asnaf business initiatives to help productive asnaf s be able to earn their own money. These organizations have made a number of entrepreneurship assistance and development tools available, such as coaching, training, mentoring, funding, etc. Despite this, the programmes' success is debatable because some of them are effective while others are not. This study investigates the various forms of entrepreneurship support that asnaf business owners believe to be appropriate to their own enterprises. It was discovered that education-based non-cash support is an effective entrepreneurship tool that can aid asnaf entrepreneurs in becoming experts in particular business initiatives and so conquering niche markets. Additionally, the entrepreneurship spirit, abilities, and experience were developed via the actual practice of business activities. In this study, a successful Malaysian asnaf entrepreneur who received support from one of the nation's zakat institutions was interviewed as part of a qualitative methodology. The results of this study show that in addition to training and finance, a number of other strategies might be investigated to assist asnaf entrepreneurs.

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## 1. Introduction

The zakat institutions governed by Majlis Agama Islam Wilayah Persekutuan (MAIWP) have launched a programme called "Skim Bantuan Ekonomi," which provides qualified productive asnaf s with business aid, financing assistance, and consulting services (Abdul Ghafar et al., 2017).

Abdul Hamid (2013) reports that between three and six out of ten participants graduated from the asnaf s status (the conversion success rate for all asnaf s businesses ranged from thirty percent to sixty percent). Even though the percentage was small, it is nevertheless important because one entrepreneur's contribution might have a domino impact on other businesses. A few benefits are the potential for employment, INFAQ, economic expansion, and community support. The local multiplier effect benefits the local economy because of the links between purchases (Karlsson et al., 2015). In addition to the rate at which asnaf s is converted into muzakkis, this good effort has further unmeasured indirect effects on the economy. However, Kayed and Hassan (2011) discovered that while entrepreneurship can aid in igniting the future economy, the true influence is totally dependent on the aptitude of the entrepreneurs themselves, sustainable firms, and a favorable environment (Wan Mohd Nazdrol Wan Mohd Nasir, 2013)

A capable entrepreneur is one who is more determined to succeed, is well-organized, passionate, capable of carrying out their objectives, able to deal with challenges, and possesses better self-assurance and perseverance (Abdul Halim et al., 2012). These are some of the requirements an entrepreneur must fulfil in order for their business to be successful, and asnaf s entrepreneurs must also fulfil this need.

This study's objective is to examine the various forms of business assistance provided by zakat organizations to asnaf s entrepreneurs. Examined is the efficacy of the assistance that can enhance an entrepreneur's skills, spirit, and experience. It can therefore be used as guidance for zakat institutions as they continue to look into non-cash entrepreneurial help with the dual objectives of increasing an asnaf s entrepreneur's capacity and productivity and promoting the sustainability of their business.

## 2. Literature Review

According to Shiyuti and Al-Habshi (2019), Lembaga Zakat Selangor has used both financial and non-financial aid to support its asnaf s entrepreneurs. In addition, LZS collaborates with other organizations to provide different types of support for launching a business, such as training, advertising, and more.

On the other hand, Ibrahim and RuziahGhazali (2014) divided zakat recipients into three (3) groups: (1) the incompetent; (2) the needy; and (3) the person who is now facing hardship but is eager to overcome it and leave the position of asnaf s. The second and third categories are recommended for this asnaf s entrepreneurial programme. According to Abdul Halim et al. (2012) and Tomczyk et al. (2013), the third group is the best option for this programme.

However, Abd Rahman and Ahmad (2011) questioned the program's prospects for success. The zakat fund pool could be at jeopardy from any programme failure. Consequently, selecting a useful asnaf s and getting the right support may reduce the likelihood of failure (Azman et al., 2016).

When it comes to entrepreneurship, people frequently overestimate their capacity for it, which ultimately results in firm closure, according to Duflo and Banerjee (2011) and Largoza (2016). However, Largoza (2016) argued that entrepreneurship is linked to the cognitive and reasoning processes of the mind

and is not solely based on physiology. The quantitative and qualitative result known as a business achievement determines entrepreneurial success.

The asnaf entrepreneur, according to Muhamat et al. (2013), is a category of trait-handicapped people who essentially lack the essential qualifications to become an entrepreneur. He lacks the businessman persona, business aptitude, and business expertise. However, there have been several cases of asnaf business owners who have become prosperous and transformed into zakat payers, so it is not the end.

### **3. Methodology**

According to Creswell (2014), the qualitative approach is appropriate for studying and evaluating the concept and topic related to social science subject matter, hence it was employed in this study. Since the exploration and study method directly engages the actual subject at the time of the inquiry itself, it will expand the qualitative research paradigm at the same time. In other words, the researcher personally handled the research sample. This quantitative study does not require the formulation of a hypothesis before to the execution of the research processes, in contrast to the majority of quantitative investigations.

In order to understand the non-cash entrepreneurship assistance provided by a zakat institution in Selangor toward this asnaf entrepreneur—a vendor selling basic goods and produce to urban consumers—this research adopts a single case study approach (Gustafsson, 2017). As a result, the informant is being selected using a methodical process.

For this study's data collection, structured interviews were used. The interview was conducted face-to-face. The researcher then transcribed the interview and forwarded it to the informant for approval and confirmation after collecting the data. This forwarding method will be applied as a tool for triangulation, the process of compiling information from various sources on a single phenomenon (Jick, 1998). Data was gathered, then analyzed utilizing a case study methodology.

The in-depth interview session must meet three (3) key objectives. The study's objective was to identify the difficulties Selangor asnaf business owners had during the first portion of the interview. After determining the alternative entrepreneurial support to which the informant had access, the crucial factors that contributed to the development of the company were ultimately found.

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

### **4.1. Informant profile**

This informant is a male banana's trader in a weekly asnaf market who was born in 1960. He studied until standard 4 due to the family's financial difficulty. A married man with 3 children, 2 boys and 1 girl. All of them are still studying. He used to be a farmer who planted bananas on the empty land at his village. This banana was then sold to the traders in bulk. Later, the empty land was built with houses and residents and thus transformed him from a farmer to a banana's trader. It was in 2004/2005 where he was offered by LZS for an initial capital of RM1500 to start his banana's trading activity in the asnaf market. He got his supplies from Tanjong, 12 kilometres from his house. He stocks up the bananas throughout the week and sells it once a week (on Saturday morning) in this market.

LZS organized a weekly asnafs market located in Wisma MAIS, Section 3 Shah Alam. It is a flea market concept in which each vendor is selling their own product. It is dedicated for asnafs entrepreneurs however there are still non-asnafs vendors in order to make sure this market is attractive and inviting. There is a certain fee for non-asnafs vendors but free for the asnafs.

He hires transport to bring the stocks to the asnafs market with the cost around RM200-RM250 per event weekly basis. Normally gross profit before deducting the transportation is around RM600 - RM700 per event. Minus the transportation and other related costs, he can get around RM300 net per event.

LZS also awarded him with a second hand Perodua Rusa which can be used only for 2 years. After that, this van was broken and the cost of repair was too expansive and beyond his financial capabilities.

He is looking forward to either getting his own transport or renting a small shop in Wisma MAIS to store his stock and operate the business daily basis. The suppliers also can send straightway to this store without incurring weekly transportation cost on his part.

- Aged: 60 years old
- Gender: Male
- Marital Status: Married
- Ethnicity: Malay
- Nationality: Malaysian
- Highest Level of Education: Standard 4
- Organization's Name and Location: Wak Pisang, Asnafs Market, Wisma MAIS, Section 3 Shah Alam
- Work Position: Business Owner
- Job Tenure (in current organization): 15 years (Current Business).

#### **4.2. The challenges**

The informant informed that he was awarded with RM6,000 as initial capitals under asnafs entrepreneurship program. However, he received only RM1,500 and the remaining was out of his knowledge. The situation has created a doubt but he did not double check it with LZS due to the no response on the request for the subsequent disbursement. He was also awarded with a second hand Perodua Rusa Van to be used as a business transport. Nevertheless, after 2 years of usage, this vehicle was majorly broken and beyond his capacity to repair. In other words, he has fully utilized the fund of RM1,500 since 2005 and maintains the business until now. But this business still cannot surpass a certain limit as the income just reaches the breakeven point.

The reliability of the vehicles and equipment that are provided as assistants for asnafs entrepreneurs are very important. It includes the practicality, durability, handling, and maintenance throughout the usage period. The purpose of these are to enhance the performance, increase the output and save the cost. If they cannot achieve any of these purposes, then the assistance is another wastage which should be avoided from the beginning. He highlighted that the second hand Perodua Rusa Van were not in good condition from the beginning. Throughout 2 years of operation, he had repaired it at least 3 times with the cost of more than RM1,000. This vehicle also stopped on the road a few times that disturbed his business operation.

He mentioned that he has lost contact with the LZS's management as regard to the asnafs entrepreneurship support and assistance. He came to LZS to request additional support, however the officer

told him that he was not entitled as his business was running well. So after that, he decided not to request it anymore. He felt that it is important for the officer to investigate further on the real condition of the applicant. He hopes that the officer can come and visit him for thorough discussion. The assessment through performance in the asnaf market is not enough as he can operate his business only once a week. Even his business is good but the cost of conducting this business is also high. He needs support to break this issue and to enhance the business process.

He managed to sustain in the business by implementing strict discipline in financial management. He revealed that his capping for the usage of money is up to the maximum profit that he gained. He will never use his capital for daily usage except for business purposes. The reason is that; he does not want the size of the business shrinking from time to time due to the reduction of capital. However, he still has financial limitations due to his business operation only once a week with limited margin. He controlled his cost of living to the maximum but still no saving can be made from it. He knows that he needs business reform but he also knows that he has financial limitations.

He mentioned that another challenge for asnaf entrepreneurs is customer relationship skill. This skill has maintained him as a trusted banana's trader in Shah Alam. He has many customers who are not only staying in Shah Alam but also those from Rawang, Gombak and many other places including Singapore. Those customers will place orders first and will collect the stocks on Saturday. He does not mind cutting his profit a little bit as long as he can satisfy the customers and maintain the good relationships. He is looking for a long-term business relationship.

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

The informant is one of the asnaf entrepreneurs who get the benefits from the asnaf flea market. His family and him have been depending on this market for the past 15 years as a source of income. There are also other asnaf entrepreneurs who gain the same benefits from this market. However, he recommended that the supervision toward the operation of this program should be given priority to ensure the sustainability and continuity of the asnaf entrepreneurs to operate their business here. He is also expecting LZS to maintain their support to this flea market. According to him, at the beginning LZS has come out with some attractive mechanisms in making this marketplace interesting such as the standardization of umbrellas, the fixed allocation of kiosks for each participant and proper flow of information updates.

He mentioned that it is important for the asnaf entrepreneurs to have access towards the types of available assistance. The needs of the support for each entrepreneur are different. Among them are capital, advisory, place, transport and many more. He needs a small shop lot in the said location. He found that empty place years ago but until now he still fails to get access to the details on the rental arrangement.

He opined that the interest toward entrepreneurship is very important as a condition in the ecosystem. Interest will trigger the commitment and push the entrepreneurs to work until success. Those without the interest will impair the ecosystem and reduce its potential. He stressed that the ecosystem should support all the needs of the businesses without assuming that the entrepreneurs can handle it on their own. There are entrepreneurs who have survival skills but in business they must do more than that. They must think of continual improvement and business efficiency that may increase the benefits of the business.

He revealed that education is very important to transform the life of a human being. At the age of 60, he still works hard to sustain the business as it genuinely generated him an income that can be used for

supporting his children's education. It is a long-term investment that the result will be realized in many years after that.

He also mentioned that the authorities should know the entrepreneurship needs of the asnafs entrepreneurs.

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

Al-Amin inside the informant has made him a good entrepreneur who is considering the needs of customers as his priority. He is known as an uncle of banana's trader who is not only selling fresh bananas but also a few other things with banana related products. He used to replace the ripe bananas with the fresh one once the customers complained about it. He does not mind to lose a little bit provided he can maintain good relationships with the customers.

He also mentioned that trustworthiness and inner spirit is among the important elements in asnafs entrepreneurship program and is also part of Al-Amin. On the other hand, he also stressed that support to enable the capabilities of the entrepreneurs must be continuously given to make sure that their businesses are not subdued before maturity.

He highlighted that Muslims must support other Muslims businesses. A priority must be given to Muslims products as compared to the others. He is willing to pay a little bit higher in order to get some Muslim products.

The informant recommended that asnafs entrepreneurs must avoid jealousy in running a business. It harms the society and also the individuals. He gave an example of vendors in the asnafs market, sometimes customers may concentrate at certain vendors but not in others. Those in the less concentrated vendors should not feel jealous and react negatively in order to attract the customers. If they do so, people will know of their bad character and hence reduce their reputation. On the other hand, they can react positively through further study on how to improve the products/services and also sales/marketing skills. It improves the Al-qawiyy of asnafs entrepreneurs.

He believed that the combination of Al-qawiyy and Al-amin will improve the performance of asnafs entrepreneurs and at the same time will bring them to entrepreneurship success. He also believed that a good Muslim entrepreneur who are taking care all the Islamic obligations will do the right things and avoid any misleading. His faith will guide him to the right path and correct him from any mistake.

## **5. Conclusion**

This initiative is a recent innovation that is connected to the zakat distribution system to help the productive asnafs become an active source of revenue for themselves, their families, and 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.

According to this study, financial disciplined is more important than financial aid in maintaining the continuation of the firm. Financial support for people with strict financial discipline may improve company and entrepreneurial performance.

The importance of maintaining an entrepreneurial ecosystem that keeps all parties involved benefiting from one another was also discovered by this study. Any prejudice and misperceptions may be

avoided via two-way communication between the parties. To ensure the success of the asnaf entrepreneurship programme, it will keep all parties under observation and directing their efforts in the same direction.

Future research may concentrate on additional forms of non-cash entrepreneurship support that most likely will have a positive effect on the performance of the business. The difficulty in replicating the same technique by various zakat institutions to various asnaf entrepreneurs, however, represents a shortcoming of this research.

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