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Nur Hazwani Zolkify, Nurul Fadly Habidin

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Cash Transfer as a Framework for Entrepreneurship: A Conceptual Model for B40

Nur Hazwani Zolkifly

Department of Business and Management, Universiti Teknologi MARA Perak Branch,
Malaysia

Email: nurha743@perak.uitm.edu.my

Nurul Fadly Habidin

Faculty of Management and Economy, Sultan Idris Education University, Malaysia

Email: fadly@fpe.upsi.edu.my

Abstract

Cash transfer, a form of payment given by the government or non-government organisations to the citizens mainly aim to eradicate poverty and solve social problems in the society. However, a growing body of evidence indicating that it can be applied for productive activity. Thus, this paper aims to add to the existing literature on this subject by advocating how cash transfer-based entrepreneurship can be practiced in Malaysia and other emerging economies. We find that the conceptualisation of the model must incorporate essential aspects like institutional setting, business support system and organisational context. The study contributes to an understanding of the interaction between cash transfer and entrepreneurial activities whereby a one-off cash transfer may be used as an initial business capital to the recipients which are the bottom 40 (B40) group and thus elevating the family income.

Keywords: Business Capital, Bottom 40, Cash Transfers, Entrepreneurship, Poverty, Family Income

Introduction

The World Bank has estimated that in 2020, due to pandemic COVID-19, 40 to 60 million people worldwide face the risk of falling into extreme poverty; this refers to those receiving salary under \$1.90/day (Lakner et al., 2020). More recently, Brum and De Rosa (2021) estimate that there is a rapid increase in the poverty rate that requires cash transfers to help the affected people stay above the poverty line. Moreover, countries were summoned to create effective and expansive safety net programmes to mitigate the economic and social impacts in short to medium term (The World Bank, 2020). Government cash transfer can be divided into conditional and unconditional type. In developing countries like Malaysia, household living aid or “Bantuan Prihatin Rakyat (BPR) (now known as Bantuan Keluarga Malaysia (BKM))” programme falls under unconditional cash transfer (UCT) whereby the recipients who belong to the bottom 40 (B40) group will receive a sum of financial assistance

annually without any commitment to the government. The recipients, or the B40 group is categorised as those with household income below MYR4,850 per month (Department of Statistics Malaysia).

In 2019, the government have allocated MYR1.42 billion for household living aid (bpr.hasil.gov.my). The amount of benefit allocated for household living aid in Malaysia has gradually increased since its introduction in 2012. Nevertheless, the cash transfer programme requires a clear objective (The World Bank, 2020). Even though recipients have receiving many aids from the government, savings are still low among the B40 lower-income group and women in Malaysia, thus making them more vulnerable to the current economic condition (The World Bank, 2020). Shazana et al (2021) reported in their studies that most of the B40 households (30.6%) can withstand up to only three months without monthly income, while 27.6% has less than one month saving. Nevertheless, 17.5% of the respondents does not have the ability to survive without monthly income. Thus, this finding supports the notion that B40 group has low survival ability.

It is also reported that the previous cash transfer programme (BR1M) did not help to reduce poverty among the B40 groups ("BR1M Tak Mampu Atasi Kemiskinan," 2019). For instance, when the cash transfer (around MYR1, 200) is divided into 12 months, the recipients only obtain MYR100 per month. Hence, when combined with monthly household income (example, MYR3, 000), the amount is still under MYR4,000, which is below the poverty line. A study in Malaysia also reported that, nearly half of cash transfer recipients feel that their quality of life has not change after receiving the cash transfer (Saripah, 2018). Furthermore, Asmat (2021) found that there is a resemblance of lifestyle between B40 and M40 group, hence contributed to the rising cost of living among B40 households. Eventually, Morris (2021) advocated for entrepreneurship as a main tool to break away from the poverty cycle.

Although Malaysian government has tried to incorporate entrepreneurship component through household living aid (formerly known as BR1M), its practicality is still questionable (Noor, 2017). There is also a high possibility that the lack of an established policy leads to its abandonment. Moreover, although studies have recognised the contributions of cash transfer to entrepreneurship, research has yet to incorporate and develop a cash transfer-based entrepreneurship model.

The effort to link cash transfer with entrepreneurship has been seen in previous studies. The findings indeed show that cash transfer may stimulate entrepreneurship (Ribas, 2019; Lichand, 2010; Bandiera et al., 2013). Thus, the importance of cash transfer in influencing entrepreneurship is undeniable. From the Islamic perspectives, prior research attempted to develop cash transfer-based entrepreneurship model using zakat and waqf as the input (Muhamat et al., 2013; Iman & Mohammad, 2017; Aziz & Mohamad, 2016; Musa & Salleh, 2018). However, the model is limited to Muslim recipients as it utilises a form of financial assistance for Muslim poor, also known as Asnaf. Although studies have recognised the importance of incorporating cash transfer in entrepreneurship model, research has yet to explore the direct relationship between cash transfer and entrepreneurship. Similarly, studies on the development of a model have yet to be explored. Moreover, its specific application in entrepreneurship is still not fully researched and a workable model of cash transfer-based business entrepreneurship has yet to be further developed and practiced. Therefore, this paper will add to the existing body of literature on this subject by advocating the way cash transfer-based entrepreneurship can be practiced in Malaysia and other emerging economies.

Research Objective

- To add to the existing body of literature on how cash transfer-based entrepreneurship can be practiced in Malaysia.

An Overview of Cash Transfer and Entrepreneurship

Cash transfer may be defined as a payment given by the government or non-government organisations to the citizens as a financial aid to improve the citizen's wellbeing. As opposed to the cash transfer, in-kind transfer, which also involves government spending takes the form of specific goods or services. Cash transfer can be categorised into conditional cash transfer (CCT) and unconditional cash transfer (UCT) (Haushofer & Shapiro, 2016).

CCT refers to the financial programmes aimed at eradicating poverty (Jones & Presler-Marshall, 2015). Specifically, it was intended to improve education, healthcare and nutrition (Ribas, 2019); multiplying income (Yi et al., 2016), and promoting entrepreneurship (Gobin et al., 2017). Other form of conditional cash transfer from the Islamic perspective are *zakat*, *sadaqat*, *waqf* and *qard al-hassan* (Zulhibri, 2016). The outcome of CCT programmes are typically school enrolment, preventive health check-up, vaccinations, and pre-natal care (Handa & Davis, 2006). Perhaps the most interesting outcome are the indirect effects of the decrease in child labour, improvement in women status, spillover, and investment spending (Handa & Davis, 2006).

Similarly, UCT aims to eradicate poverty without the conditionality aspect. Of late, UCT has become a more popular tool to eradicate poverty as compared to CCT due to its psychological benefits, lower delivery cost, and cheaper maintenance because no monitoring is required (Haushofer & Shapiro, 2016). In this paper, the development of the model is limited to UCT, specifically household living aid since the distribution of the cash transfer does not imply any conditions. Thus, the recipients are not bound by any conditions.

Entrepreneurship is commonly a main tool to break away from poverty (Morris, 2021). Thus, the underprivileged group that is involved in entrepreneurship usually starts with a micro-scale business, which refers to micro enterprises (Siwar et al., 2019). However, one of the main obstacles faced by the microentrepreneurs is the lack of capital (Ferdousi, 2015). The small and micro entrepreneurs found it difficult to obtain internal and external funds (Brown, 2020). This is due to the incapability to fulfil the requirements set by the lending institutions (Siwar et al., 2019). As a result, the predicament could prohibit them from involving in entrepreneurship. The microlending, moreover, usually becomes the financial capital for SME and micro entrepreneurs (Siwar et al., 2019). Although it is useful, it has a low poverty reduction impact (Bruton et al., 2015). As in Malaysia, micro credit assistance for B40 to start their businesses puts them in more debt (Alam et al., 2015). According to Nair and Njolomole (2020), although microfinance helps businesses to survive, but with poor quality institutions, the borrowers remain in poverty. This is where the cash transfer could help by becoming the input to the business start-up. Hence, this study focuses on the development of a cash transfer-based entrepreneurship model using household living aid provided by the federal government to the B40.

As depicted in Figure 1, the input refers to the household living aid in the form of cash and other incentives given to the B40. As a result, the government aims to provide a short-term relief to the recipients, which they can use it to buy necessities and save the cash even among the small percentage of the recipients (Saripah, 2018). However, this assistance only provides a temporary financial relief, which will require them to reapply for the government aid in the following year without much improvement on their quality of life ("BR1M Tak Mampu Atasi

Kemiskinan,” 2019). In the entrepreneurial process, the input which comprises of opportunities, resources, knowledge, unique business concept and organisational context, helps to create value, employment and most importantly revenue and wealth creation (Morris et al., 1994). These profits will then be reinvested into the business. Hence, there is a possibility to link both concepts. With a proper model, it has the potential to move the B40 households to the moderate-income group (M40) and helps to alleviate poverty in the long run.

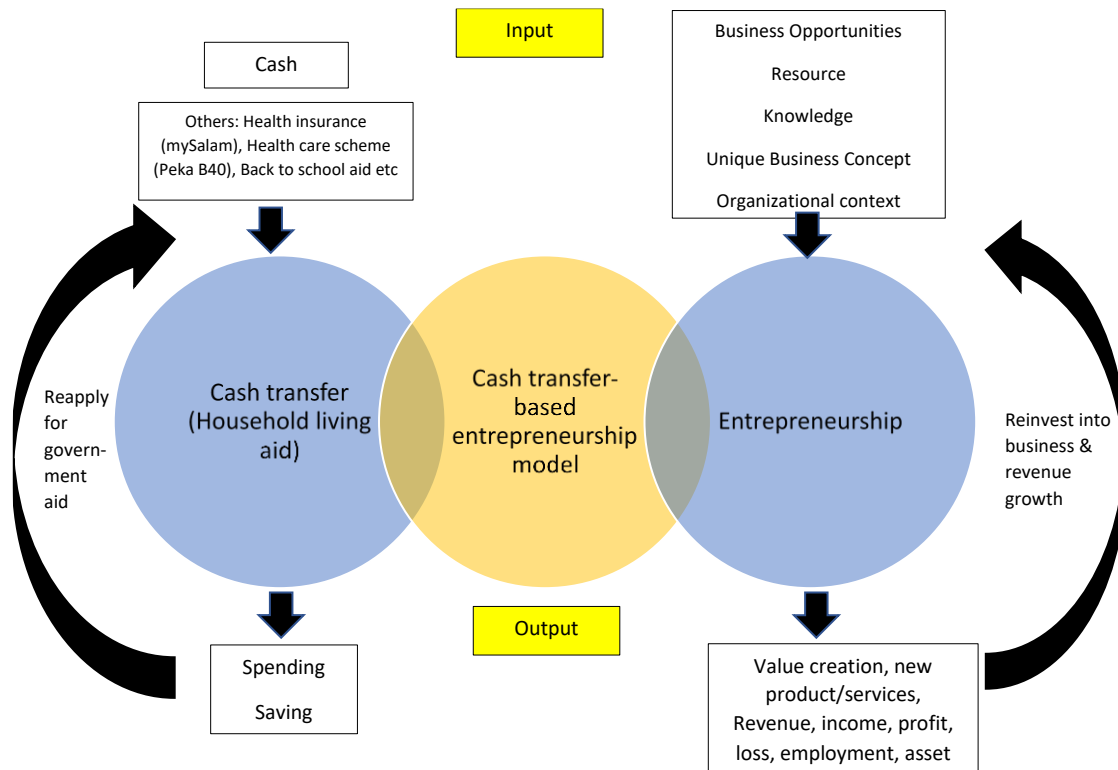


Figure 1: Cash transfer in Malaysia and the entrepreneurial process (constructed from Morris et al., (1994) and <https://www.pmo.gov.my/governments-aid-for-the-people/>)

Embedding Entrepreneurship Concept in Cash Transfer System

Cash transfer programme (CTP) and entrepreneurship

Previous research has shown that CTP may have secondary effects on the recipients despite that most of the cash transfer programme concerns with eradicating poverty and lifting the individual’s income of the targeted group. This section will discuss the findings of previous research with regards to cash transfer influence on entrepreneurship intention based on the type of cash transfer and its regions.

Latin American studies reported that cash transfer may stimulate entrepreneurship. By utilising quantitative approach i.e. panel data, both researches in Brazil show the significant influence of conditional cash transfers toward entrepreneurship. Ribas (2020) found that the CTP increases the number of micro entrepreneurs by 10%. Additionally, Lichand (2010) states that the conditional cash transfer programme spurs entrepreneurship in urban areas. However, the positive secondary effect is contributed by the spillover and private transfers. Hence, the cash transfer does not necessarily influence the entrepreneurship intention.

In sub-Saharan African countries, through the experimental studies, Haushofer and Shapiro (2013, 2016) found that the unconditional transfer given in lump sum has better effect on

saving and investment in self-employment activities as compare with monthly cash transfer. In similar notion, using data set, Gobin et al. (2017) reported that the participants of Rural Entrepreneur Access Programme (REAP) received a lump sum money in the form of grant in two phases. In the short to medium term, the cash transfer programme has significant benefits in terms of income, savings and asset accumulation as compared to asset transfers. However, the cash transfer was given with the condition that the participants develop a business plan, undergo business and saving trainings, and remain involved in their businesses (Gobin et al., 2017). In 2020, the programme has produced about 3000 women entrepreneurs and 99.9% of their businesses have remained open since 2018 (Bomaproject.org, 2020). Meanwhile, the grant of Youth Opportunities Programme (YOP) project in Uganda is given to the youth for them to become self-employed artisans (Blattman et al., 2013). The recipients were given an unmonitored one-off cash grant. After four years, the finding shows that their business assets have increased to 57% while work hours were also increased to 17%, and earnings were increased by 38% (Blattman et al., 2013). However, these programmes were not purely cash transfer per se since they have the combinations of cash and/or loans plus in-kind transfers. Besides, due to its grant nature, the number of participants was small, and the requirements were stricter.

Meanwhile in Asia, cash transfer can spur entrepreneurship among the poor. When compared to Lichand (2010) in Brazil, recipients in the urban areas has higher probability to start entrepreneurial activities than the rural areas (Hanri, 2018). This might be due to high cost of living in the urban areas that encourages their involvement. In Bangladesh, subsistence occupation like agricultural labour has become the poverty trap to the people (Bandiera et al., 2013). Thus, through the CTP, Bandiera et al. (2013) found that the recipients which comprises of the neediest women able to make occupational change and becoming micro entrepreneurs. However, in contrary with Gobin et al. (2017), the transfer of livestock asset in combination with necessary skills assist the recipients to make move and start their small businesses (Bandiera et al., 2013).

In conclusion, these reviews provide an overview of the roles of cash transfer in influencing the entrepreneurial activities. It can be summarised that the research area is still in infancy due to the lack of evidence from the literature. Nevertheless, the issues raised by the previous research are: (1) cash transfer is more effective as compare with asset transfers in stimulating entrepreneurship (Gobin et al., 2017), (2) both conditional and unconditional cash transfer can influence entrepreneurship, and (3) one-off cash transfer is more effective than the monthly transfer (Haushofer & Shapiro, 2013, 2016). There is a need for further exploration and investigation to determine the right elements to develop the entrepreneurship model using the cash transfer.

Household Living Aid and Entrepreneurship in Malaysia

The initiative to embed the entrepreneurship elements into the household living aid system in Malaysia was initiated by Malaysian government in 2017. The government has introduced a special car rebate for the recipients to purchase a specific national car's model to start-up their ride-sharing business. Nevertheless, the programme has been abandoned due to the impractical car model and uncertain return on investment (Noor, 2017). Thus, this structure has been found to be unsuccessful to the recipients.

Household living aid (BPR) is given in three phases according to the recipients' household income and the number of dependents. For instance, if one household income is below MYR2500 with one dependent, the recipient will receive MYR1200. The distribution of the

cash is divided into three phases, namely on January, March, and July; and is given as an annual allowance. The detail of the allocation is shown in Table 1.

Table 1:
BPR 2021 distribution (constructed by bpr.hasil.gov.my)

CATEGORY/HOUSEHOLD INCOME	INCENTIVES (RM) BASED ON NO. OF CHILDREN/DEPENDENTS	
	≤1	≥2
< RM2,500	RM1,200	RM1,800
RM2,501-RM4,000	RM800	RM1,200
RM4,001-RM5,000	RM500	RM750
SINGLE/OKU (18-59 YEARS OLD) (GROSS MONTHLY INCOME)		
<RM2,500	RM350 (One-Off)	

Incorporating Cash Transfer and Entrepreneurship

Modification of the basic structure of cash transfer system is required whereby the entrepreneurship component is incorporated into the system using input-output model (See Table 2). Considering business entrepreneurship as an input-output model (Morris et al., 1994), cash transfer can possibly linked to it on both sides. Cash transfer, which aims at both social and economic goals, can be a vehicle of entrepreneurship in pursuit of wellbeing of the recipients. In South Africa for instance, Nnaeme et al. (2020) found that the cash transfer can be utilised for starting and diversifying the livelihood activities for better outcomes. Moreover, unlike zakat, the beneficiaries extend the religions of the recipients thus all citizens are entitled to them. According to the input side in Table 2, resources like finance, can be acquired through cash transfer system, which can be employed in various business activities. Entrepreneurial outputs such as income or profit from these business activities can be distributed back to government in the form of tax and redistribute back to the needy.

Table 2:

Elements of conventional vs cash transfer-based entrepreneurship

Source: Adapted from Iman & Mohammad (2017)

Category	Financer/investor	Input	Business Context	Output	Beneficiary
Conventional	-Self-finance -Microfinance & financial institutions -Others	Resources (land, capital, labour, materials, skills, and know-how)	Starting from scratch, cooperatives, agent	Revenue, income, profit, loss	Individual, household, community/society, government
Cash transfer-based	-Government -Individuals				

Cash Transfer-Based Entrepreneurship Models

Although there is no evidence in the previous unconditional cash transfer programme that incorporate entrepreneurship, the Islamic cash transfer in the form of zakat and waqf has introduced and/or implemented the concept. Thus, these models will serve as the framework

for developing a cash transfer-based entrepreneurship model utilising household living aid. Further, both zakat and waqf concepts; and household living aid were aimed to alleviate poverty; hence, it can be considered as significant in this research.

Zakat Entrepreneurship Model

Zakat is derived from an Arabic word and literally refers to pure and abundant, including clean, blessings and growth. In legal term, zakat or almsgiving is defined as a compulsory donation to charity by all Muslims who reach the minimum threshold for payment given to the poor, needy, and deserving parties (Lembaga Zakat Selangor). The Entrepreneurial Asnaf Programme was created by Selangor Zakat Board and other State Islamic Bodies in Malaysia with the aim to help the recipients particularly asnaf; in becoming an entrepreneur. All form of assistance was given to the selected individuals in the form of capital, training, and infrastructure depending on the business sectors (Abdul Hamid, 2013). By taking the example of Selangor Zakat Board programme, the asnaf entrepreneurial model is illustrated in Figure 2.

Firstly, to ensure the success of the programme, the selection process should be rigorous and targeted. Apart from capital, motivation is an important criterion (Amirul Afif et al., 2013). Thus, in this programme, the qualified candidate must belong to any three asnaf categories which are '*asnaf fakir, poor and muallaf*'. They must also fulfil the entrepreneurial courses organised by Selangor Zakat Board. For the type of business, the entrepreneur may choose whether to involve in the agriculture, poultry, fishery, services, food manufacturing and services or retail business. Furthermore, they will be given the appropriate assistance according to the business sectors. For example, entrepreneurs who are involved in fishery business will receive fishing boat, engine, and trawl, while those in services will obtain rental payment, capital, and a vehicle (Lembaga Zakat Selangor). A specific monitoring body is also created to coordinate and monitor these entrepreneurs to ensure their success. Ultimately, the aim of the model is for the entrepreneurs to free themselves from poverty and contribute to the society in the form of almsgiving (Din et al., 2019). The contribution of asnaf entrepreneurs to the zakat collection and distribution is derived from Din et al. (2019) turning over model.

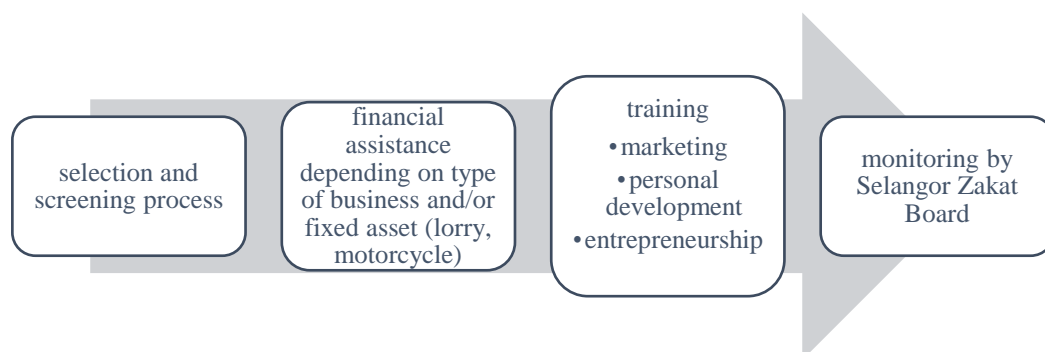


Figure 2: Asnaf entrepreneurial model (Selangor Zakat Board, Malaysia) (constructed from Afif et al (2013))

Based on the model, the selected zakat recipients will undergo the entrepreneurial training before they graduated as asnaf entrepreneur. Rahman and Ahmad (2011) point out that the monitoring part is as significant as the business capital in ensuring the success of asnaf entrepreneurs' business. Thus, the model incorporates the monitoring process by the zakat

institution. Once the business can generate profit and reach the minimum threshold for zakat payment, it will pay the zakat to the awarding bodies. The collected funds will then be redirected to the zakat distribution system. Hence, the turning over model has a relationship with the ecosystem in which zakat recipients will employ the zakat to contribute back to the zakat fund and help others in need (Din et al., 2019). Most importantly, it eventually reduces the dependence of asnaf on zakat.

Waqf Entrepreneurship Model

The waqf-based entrepreneurship model is developed using input-output model by (Morris et al., 1994). Unlike zakat which is compulsory to Muslims, waqf is a voluntary contribution of one's rights in asset from an individual's legal possession to be dedicated in the path of Allah for the welfare of mankind (Iman & Mohammad, 2017). Waqf is implemented in various forms such as cash, waqf-based sukuk but mostly, contributions involve land and assets. However, cash waqf has a significant role in assisting micro entrepreneurs in terms of financial assistance and entrepreneurship development (Musa & Salleh, 2018). Ultimately, the uniqueness of the waqf model is determined when it can finance its own businesses through crowdfunding (Iman & Mohammad, 2017).

In this model, the inputs consisting of land, building, finance and so on are utilised for entrepreneurial activities like agriculture, manufacturing, services, construction, and others. The input to waqf system is obtained via voluntary contribution or as investments. Next, through the entrepreneurship activities, it will generate profit and return. In contrast with zakat entrepreneurship model, the business output like profits goes back to the waqf funds for re-distribution to the society or as a re-investment.

Cash Transfer-Based Entrepreneurship Model Using Household Living Aid

Some elements in the zakat and waqf entrepreneurship models can be adopted in the cash transfer-based entrepreneurship model using household living aid provided by the government. Undeniably, there are other mechanisms offered to the poor and needy to start a business in micro scale using micro financing, but it has the risk of keeping the recipients in poverty (Nair & Njolomole, 2020). Using the input-output model (Morris et al., 1994) and turning over model (Din et al., 2019), the cash transfer-based entrepreneurship model is conceptualised in Figure 3.

The components in this model are explained in a cycle process. Firstly, the input component of this model is the household living aid in the cash form and other incentives like MySalam, an insurance coverage for BPR recipients. Besides, the recipients will receive the Back-To-School aid and health care scheme. Most recipients will normally use the money to buy necessities and keep it as an emergency fund (Saripah, 2018). These can be considered as the weak point in this model. Nevertheless, the model proposed that an entrepreneur development scheme is embedded in the model through a thorough selection and screening process. The recipients in the middle and the upper level in the B40 group are the suitable target for this scheme.

Once selected, the candidates will undergo the entrepreneurship courses and training such as personal development, entrepreneurship, marketing, and financial courses. The candidates must pass these courses before they can access the business assistance like financial, marketing, machine, and equipment. Upon the completion of all trainings, they are certified as the BPR entrepreneurs. The entrepreneurs will be involved in the entrepreneurial activities of their choice under the monitoring of a government body. The government shall authorise

a specific body to monitor the entrepreneurs to ensure that they can operate smoothly and generate income. However, the output component of this model is not partial to income and profit alone. The entrepreneurs will be able to create value and asset. Most importantly, the BPR entrepreneurs will rely on self-employment and ultimately be able to escape from poverty. By referring to the turning over model, the income creation will then be distributed back to the business and the government directly and indirectly.

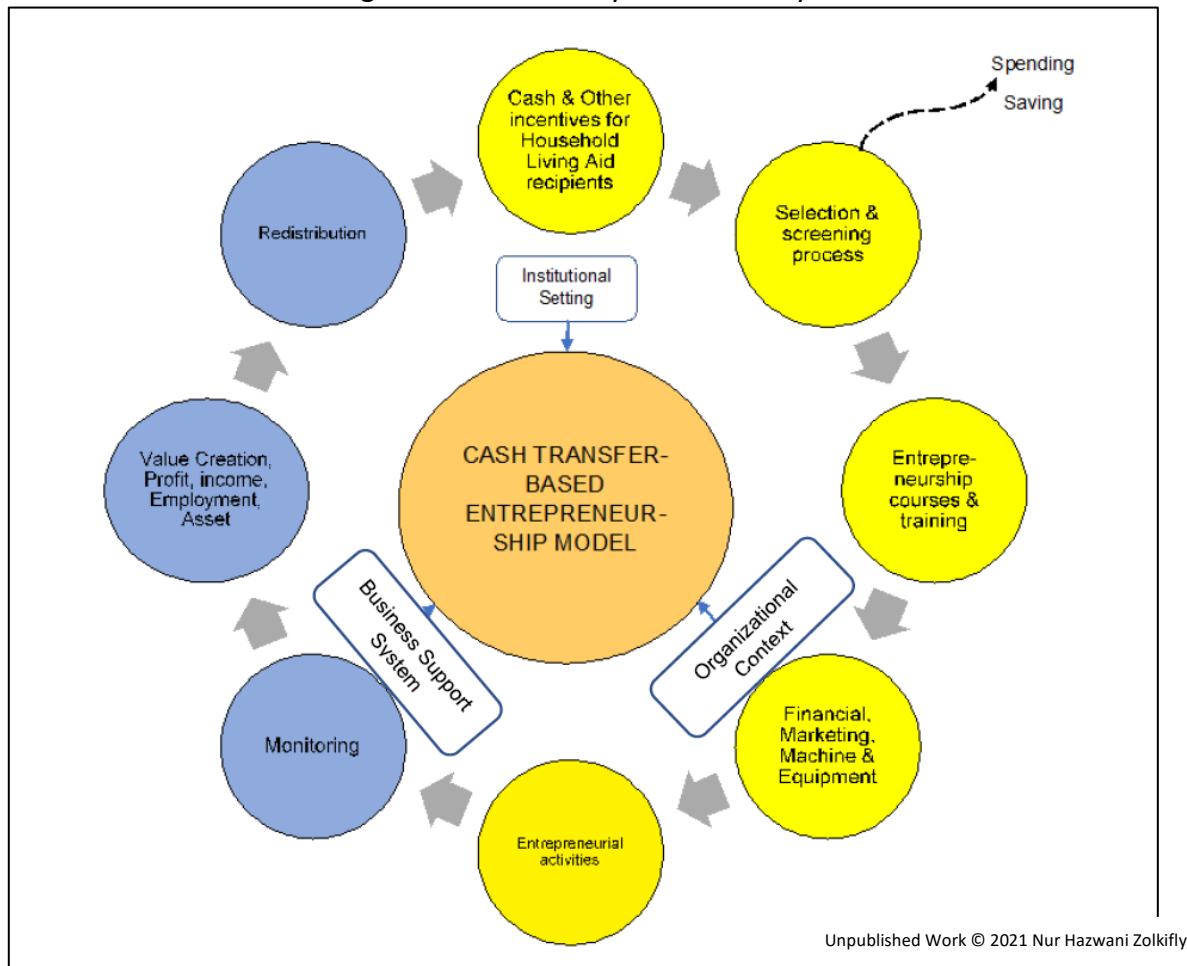


Figure 3. Cash transfer-based entrepreneurship model

Essential Aspects of Cash Transfer-Based Entrepreneurship

Other than the process, the study of the essential aspects in this model which comprises of institutional setting, business support system and organisational context are also taken into account (See Figure 3).

In Malaysia, the authorised body that monitors the distribution of the household living aid is the Inland Revenue Board of Malaysia, which is a revenue collecting agency of the Ministry of Finance. Other cash transfer is monitored by the awarding organisation. For instance, zakat and waqf are under the jurisdiction of zakat board and the waqf institution. The previous cash transfer-based entrepreneurial model was not successful, and probably factorised by unclear monitoring process.

Thus, in the proposed model, a specific body is recommended to conduct the selection and recruitment, and the monitoring process. The recommendation is divided into the national and state levels.

On the national level, the collaboration can be done with the Ministry of Entrepreneur Development and Cooperatives (MEDAC) to establish a special body. In short, the ministry functions as the announcer cum marketer, platform provider, trainer and embed the entrepreneurial value and mindset on B40. Hence, this special body will select the suitable candidate and regulate the entrepreneurial process in general. Besides, the collaboration between these two ministries is significant since the profit generated from the business activities will be redirected to the Inland Revenue Board of Malaysia.

Furthermore, on the state level, they will assist in the specific implementation and monitoring process of the individual entrepreneurs. For instance, the agency representative will conduct a periodic inspection at the business premise or home. Moreover, the agency will monitor the cash flow and the entrepreneurs' financial statements.

Business support system is defined as the assistance and services that helps entrepreneurs to set up or expand the business. Similarly, business support services refer to the services received by the entrepreneurs from the public policy initiatives, which aims to assist them in developing their business successfully and to build resilience against the challenges from the external environment (Bellini, 2008). In this paper, the business support is categorised as the monetary and non-monetary assistance.

Financial assistance is crucial in small and medium enterprises and micro enterprises. In the asnaf entrepreneurship model, Muhamat et al (2013) states that the recipients agree that the capital helps them to achieve business success. The asnaf entrepreneurs are given the business capital depending on the type of business comprises of two categories: 1) MYR5000 and below and 2) MYR5,000-MYR50,000. In this model, the household living aid recipients can use the cash as the business start-up capital. It is proposed that the government provides additional financial incentives to those selected. For example, the entrepreneurs receive a certain amount of business start-up capital depending on the business activities. Alternatively, a match up grant can be allocated to the existing entrepreneur. Nevertheless, apart from the cash assistance, the micro entrepreneurs also need financial knowledge. Financial knowledge comprising of financing, record keeping and accounting, cash management, cost calculation, business planning and feasibility study are considered as the significant knowledge to small entrepreneurs (Rachapaettayakom et al., 2020), and without them, it will hinder the success and growth of the business.

Besides monetary assistance, other supports like marketing, advisory, technical and equipment are equally important. In the asnaf entrepreneurship model, the entrepreneurs receive a combination of assistance depending on the business sector. Hence, it is proposed in this model to adopt this approach in giving supports to the entrepreneurs. Motivational courses and counselling can also be used to give emotional support to increase their resilience during the challenging time.

Larger business and corporations require higher capital. Thus, for cash transfer-based entrepreneurship model, it is suggested that in the start-up, the entrepreneurs may venture in the small and medium enterprise (SME) and micro enterprises. The organisational context in this research is discussed in two categories, which are the business owner and the investor. The first option for business formation is to start the business from scratch. Micro enterprise refers to businesses with less than MYR300,000 sales turnover or less than five employees (SMECorp Malaysia). This type of business entity is recommended to the B40 due its nature of small capital and low difficulty level. The businesses comprise of manufacturing, services, and other sectors. Moreover, the entrepreneurs can setup their business on the digital platform. Despite many advantages, setting up a business can sometimes be labourious as it

requires time, money, and effort. Moreover, the recipients should be equipped with the specific knowledge and training before the business start-up.

As an alternative, the recipients can invest their cash in the cooperatives and become the co-operator. Saving the cash can generate a minimum return to the depositor. By investing money in a business (cooperatives), the recipients can get a return in the form of profit sharing. Moreover, the entrepreneurial process is less daunting since the burden can be shared among the members. In Nepal for instance, the cooperative enterprises have the potential to contribute to the sustainable development aspiration of developing countries in employment and empowerment (Dhakal, 2018). An example in Portugal also shows that, the cooperatives have the economic and social impact to the rural community (Figueiredo & Franco, 2018). Therefore, the participants can improve their quality of life and ultimately create wealth.

Conclusions and Future Directions

Cash transfer as a framework of entrepreneurship is advocated in this paper through the reviews of zakat and waqf based model. It has highlighted some prospects and challenges in designing a cash transfer specifically household living aid policy in generating economic outputs that can be used for the improvement of the recipients' income as well as the quality of life in the long run. The Malaysian government like any other developing countries has some form of cash transfer policies to help the citizens especially in the time of pandemic COVID-19. However, the application of an entrepreneurship model in the policy requires a specific body to regulate and monitor the process. Further, cash transfer-based businesses and cooperatives should be encouraged to operate with an appointment of a formal monitoring body. To spur cash transfer as a framework for entrepreneurship, new business model which requires zero capital and minimum training, innovative financing and institutional setting are among the main aspects that help to create a comprehensive cash transfer-based entrepreneurship model using household living aid as an initial business capital. In other emerging economies, this model hopes to inspire the application of other form of unconditional cash transfer.

This paper serves as a conceptual model for further study in this research area. Given that conceptual studies are abstract in nature, further empirical analysis is needed to validate the model. Using the qualitative approach, the researchers propose to explore the phenomena and detailing of the elements in the cash transfer-based entrepreneurship model and finally, the model will be validated. Consequently, the researchers want to produce a practical entrepreneurship model for the B40.

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