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The Channels of Digitalization on Business Model Practice among *Asnafpreneurs* in Perlis

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Abstract

Digital technology has forced entrepreneurs and businesspeople to reconsider their business models (BMs). Although research on entrepreneurial intention and business models is gaining attention, there is still a significant knowledge gap in both fields. In this article, we specifically address the channels of digitalization on business model practice among *asnaf* in Perlis. Several channels or platforms are emphasized, such as social media, business websites and online delivery applications. It is to foresee the business model practice among *asnaf*. In addition, this article will be detailed nine elements of business model practice. These elements are key partner, key activities, key resources, value propositions, customers' relationship, customers' segment, cost structure, channels, and revenue stream. Furthermore, this article will discuss the benefits of those digital channels' implementation by *asnafpreneurs* and the economic development of Perlis state.

Keywords: Digitalization, Business Model, *Asnafpreneur*, MAIPs, Perlis

Introduction

This part indicated the Initiatives Plan of Perlis 2021-2025, mentioned in Perlis Go Cashless, Perlis Go Digital and Perlis Economy. Besides, *asnafpreneur* was explained as they were related to the topic and the study. Besides, there are several objectives focus on this study which are:

- The function of nine elements of business model canvas (BMC)

- Government initiatives towards digitalization and entrepreneurship
- Benefits of BMC in assisting asnafpreneurs
- Types of digital channels apply by asnafpreneurs

Perlis Go Cashless

The state government of Perlis emphasized spreading awareness and information about 'digital culture' to the public by creating a Digital Government platform which parallels to Digital Perlis 2025 plan. Several initiatives were taken, including the promotion of 'Cashless Perlis,' a cashless payment method, virtual adventure at Perlis Digital Geopark, Digital Mosque and many more. Besides, this effort was a short-term plan to maintain the movement of generations toward digitalization.

Digital technology is necessary today when almost all daily affairs, such as paying utility bills, buying goods and bank transactions, are done online. Businesspeople around tourism spots such as Padang Besar are already into digitalization, allowing customers to scan QR codes for payment or online transfer payments.

Perlis Go Digital

Bernama (2020) stated that "the three main elements of the Digital Perlis 2025 plan involved government, people and private sector, which are more holistic in nature where this plan is comprehensive and does not just focus on one party." Thus, Perlis State Government Secretary, Azman Mohd Yusof said that seven clusters were aimed in the plan, including government cluster, security, infrastructure, community, economy, tourism, and agriculture. In addition, there was a signboard located in the middle of Kangar's town which showed and supported the slogan of "Perlis Go Digital" and "Perlis Go Cashless."

Perlis Economy

Based on the book's Initiatives Plan of Perlis 2021-2025, economy digital was one of the seven clusters in producing the digitalization of Perlis. Thus, under economy digital were mentioned on e-commerce, digital city, digital enhancement centre and biz @ SocialMedia. For e-commerce, entrepreneurs are targeted to participate in these items. This is because Perlis state currently undergoes new system development and is involved in e-commerce platforms such as Lazada, Shopee, Lelong, Mudah, etc. Furthermore, the digital city targeted Kangar, Chuping Valley and Kuala Perlis Port. Moreover, the digital economy of Perlis was relevant and related to the others six clusters of digitalization.

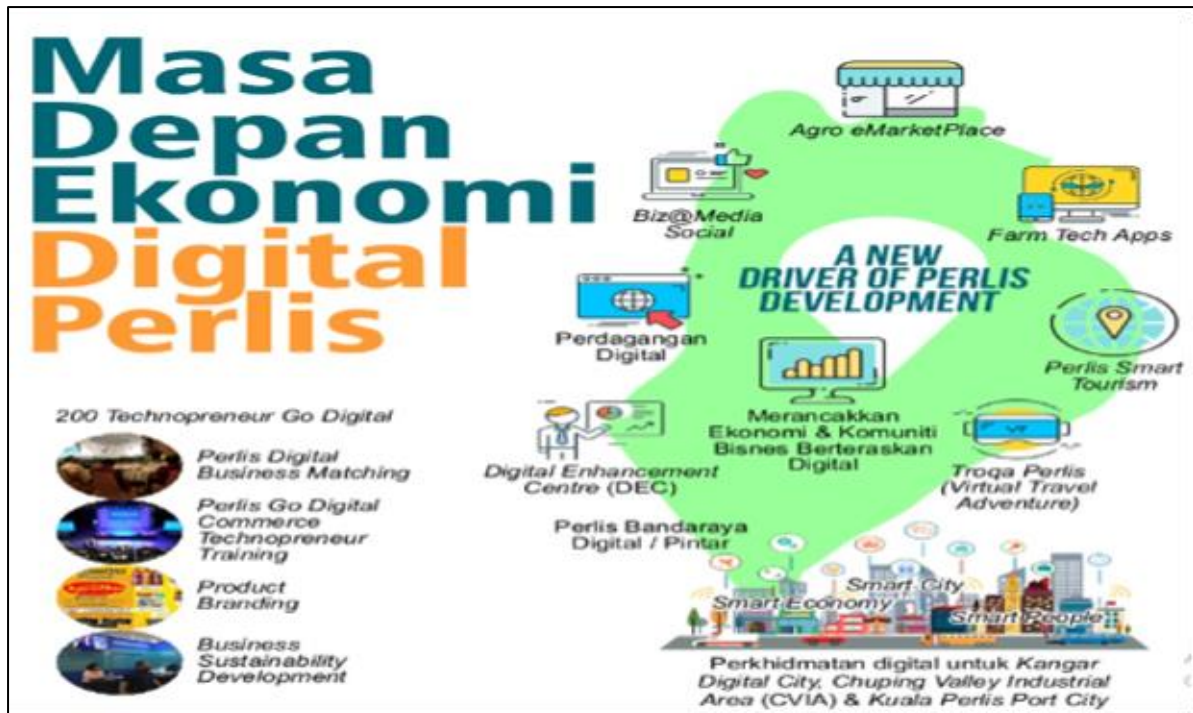


Figure 1 Plan Economy Digital of Perlis

Asnafpreneur

Asnafpreneur was a combination of two terms which were *asnaf* and entrepreneur. *Asnaf* was the group of citizens labelled as low-income and fell under the class of B40 in Malaysia. In Perlis, Majlis Agama Islam Perlis (MAIPs) was one of the organizations that gave attention to the *asnaf*. At the same time, the entrepreneur was defined as people or citizens who have business activities through creating their products and services. This was supported by a study by Meerangani et al (2022), *asnafpreneurs* as one of the *asnaf* groups, always want to be transformed from non-productive *asnaf* to productive *asnaf* through entrepreneurial platforms. Additionally, this group will receive the support and direction required to start their own businesses. In order to maximise their potential and ensure their long-term survival, it is now time for these *asnafpreneurs* to enter the digital business sector.

Additionally, the COVID-19 pandemic's effects indirectly expose society to the Industrial Revolution 4.0 (IR 4.0) period, which promotes the adoption of digital technology in daily life, more quickly. The ability and ingenuity of business owners to use the current situation and turn difficulties and hurdles into opportunities is intimately tied to the existence of a company. In order to address the issue of product marketability, rural entrepreneurs must improve their digital competencies in accordance with the modern standards. Marketers were urged to switch from conventional marketing strategies to digital marketing for their goods by delivering things directly to customers' homes through digital application ordering. The objective is to create *asnafpreneurs* who can maintain competition and grow their capacity to deal with the changes in the modern world.

Business Model Canvas

In this part, nine elements of business model practice allocated in the business model canvas template were described.








<p>Key Partners </p> <ul style="list-style-type: none"> • Who are our key partners? • Who are our key suppliers? • Which key resources are we acquiring from partners? • Which key activities do partners perform? 	<p>Key Activities </p> <ul style="list-style-type: none"> • What key activities do our value proposition require? • Our distribution channels? • Customer relationships? • Revenue streams? 	<p>Value Propositions </p> <ul style="list-style-type: none"> • What value do we deliver to the customers? • Which one of our customer's problems are we helping to solve? • What bundles of products and services are we offering to each customer segment? • Which customer needs are we satisfying? 	<p>Customer Relationships </p> <ul style="list-style-type: none"> • What type of relationship does each of our customer segment expect us to establish and maintain with them? • Which ones have we established? 	<p>Customer Segments </p> <ul style="list-style-type: none"> • For whom are we creating values? • Who are our most important customers?
<p>Cost Structure </p> <ul style="list-style-type: none"> • What are the most important costs inherent in our business model? • Which key resources are most expensive? • Which key activities are most expensive? 		<p>Revenue Streams </p> <ul style="list-style-type: none"> • For what value are our customers really willing to pay? • For what do they currently pay? • How are they currently pay? • How would they prefer to pay? • How much does each revenue stream contribute to overall revenues? 		

Figure 2 Template of Business Model Canvas

Literature Review

In this part, nine elements of business model practice allocated in the business model canvas template were described.

Key Partners

Key partners involved external companies or suppliers in helping *asnafpreneurs* carry out their key activities. There are various types of partners: strategic alliances, coopetition, joint ventures, and buyer-supplier relationships. All kinds of partners have a similar objective: maintaining the relationship between entrepreneurs and their partners for the continuity of resources.

Key Activities

Key activities assisted *asnafpreneurs* in targeting their customers. These crucial tasks often focus on achieving value propositions, contacting target customer groups, preserving client connections, and producing income. Consequently, there are three groups of essential activities. First and foremost, production entails creating, producing, and distributing a high-quality, mass-produced good. Second, problem-solving calls for coming up with fresh answers to the unique issues that each client has. Platform or network comes in third. For instance, Microsoft offers a dependable operating system to enable software created by third parties.

Key Resources

The next element is the key resources which are related to the key partners. This is because partners are needed to support the activities of entrepreneurship. Hence, there are considerable critical key resources, likewise human (employees), financial (cash, lines of credit, etc.), intellectual (brand, patents, IP, copyright), and physical (equipment, inventory, buildings).

Value Propositions

Giving clients the best value, quality, or service was the focus of value propositions. A value offer needs to be distinctive or distinct from those of rivals. If a new product was introduced, it ought to be ground-breaking and original. A product should stand out with fresh features and characteristics rather than offering what was already on the market. Additionally, value propositions might be qualitative or quantitative (such as price and turnaround time for services) (customer experience or design).

Therefore, there are several types of customer relationships; personal assistance includes interacting with the customer in person or by email, phone call or other means. After that, a dedicated client representative is assigned to a specific consumer via dedicated personal help. The next option is self-service, which doesn't interact with customers and just gives them the tools they need to take care of themselves. This also includes electronic procedures or equipment that let clients do services on their own, in addition to automated services. Also, online communities where customers can help each other solve their problems regarding the product or service. Lastly, co-creation which the company allows the customer to get involved in the designing or development of the product. For example, YouTube has allowed its users to generate content for its audience.

Customer Relationships

Customer relationships are essential, and a company or *asnafpreneurs* must consider them. This is because a good relationship with customers can sustain business growth. Therefore, there are several types of customer relationships; personal assistance includes interacting with the customer in person or by email, phone call or other means. The dedicated personal assistance programme then allocates a dedicated customer representative to a specific customer. Then there is self-service, which does not interact with customers and only gives them the tools they require to help themselves. Along with automated services, this also refers to tools or processes that are computerised and enable customers to perform tasks on their own. Also, online forums where customers can help one other address their concerns surrounding the product or service. Lastly, co-creation which the company allows the customer to get involved in the designing or development of the product. For instance, YouTube allows its users to produce content for the site's viewers.

Customer Segments

Usually, customers were segmentized according to their similarities, such as geographical area, gender, age, behaviours, interests, etc. Customers segments block helped in giving the opportunity to better serve their needs, mainly by customizing the solution based on their issues and preferences. Meanwhile, planning on targeted customer segments can increase production and sales volume. This later leads to rising profit gain.

Channels

Channels initiated communication medium between *asnafpreneurs*, customers and partners. Furthermore, channels played a role in raising awareness of products or services from *asnafpreneurs* to customers. Besides, channels can also be used to pay for or deliver products or services. Two types of channels were owned: company websites, social media sites, in-house sales, etc. Another type of channel is a partner channel consisting of partner-owned websites, wholesale distribution, retail, etc.

Cost Structure

The cost structure indicates the operating cost of the business activities. The business activities included creating and delivering value propositions, creating revenue streams, maintaining customer relationships, etc. There were two ways of the cost structure. Firstly, it is called cost-driven, focusing on minimizing costs whenever possible. Next, the cost structure was value-driven, concentrating on providing the customer with maximum value.

Revenue Stream

The revenue stream was a block that planned on money from *asnafpreneurs* through revenue and producing a good return on capital invested. It could include advertising, subscription, transaction fees, sales, and affiliate revenue. Generally, revenue streams are the profit from selling products or services to customers.

Channels of Digitalization

Regarding the business model practice in part two, the channel was one of them. Therefore, adapting to the new norms today required digitalization. Moreover, entrepreneurship and business activities must reform strategies to gain high profit and return. The term “digital entrepreneurship” (DE) refers to a strategy for developing and utilizing new technology to reimagine established companies as new business models that are more competitive and responsive to market demands. Utilizing technology and digital media for marketing and business goals entails maximizing access and revenue while effectively cutting costs. There were various purposes of digitalization in entrepreneurship activities, such as spreading information, promotion, payment, delivery, etc. As a result, powerful social media sites like Facebook, Instagram, Tik Tok, and YouTube may help entrepreneurs explore, create, and grow their businesses more successfully. These opportunities are paired with digital sales platforms like Shopee and Lazada, which are popular with consumers today. Furthermore, online delivery companies were joining digitalization orders by servicing product deliveries like Foodpanda, Lalamove, Grabfood etc.

Methodology

For this study, a descriptive qualitative approach was used to fully understand the conclusions reached through the analysis process (Patton, 2002). Secondary data from books, reputable media, and government studies found on websites like the Digital Plan Perlis 2021–2025 are used to analyze this study. The main objective was to discover the benefits of those digital channels’ implementation by *asnafpreneurs* and the economic development of Perlis state. This objective was achieved by following the qualitative approach.

Findings and Discussion

There were many new government initiatives, such as MyDigitalWorkforce Work in Tech (MYWiT), which saw a total of 892 participants out of 3,763 applications get hired for technology and digital services positions. A total of 4,053 graduates were successfully placed through the Professional Training and Education for Growing Entrepreneurs (PROTEGE) initiative under the Ministry of Entrepreneur Development and Cooperatives (MEDAC), which was created to implement employability improvement programmes and foster entrepreneurial skills among graduates. The PENJANA Tourism Financing programme was specifically created to benefit Bumiputera SMEs and micro-SMEs who were still struggling because of the COVID-19 pandemic. Next, a total of RM92.9 million has been distributed to

13,893 businesses in the form of grants and loans for digitalization services subscriptions and may more in order to support and encourage SMEs and Technical and Digital Mid-tier Companies (MTCs) to digitalize their operations and trade channels (Department of Statistics, 2022).

Therefore, this show that the government highly supports digitalization and entrepreneurship activities to generate economic growth in our country, Malaysia. The same goes for MAIPs; their initiatives contributed significantly to *ummah* or social development, especially on *asnafpreneurship*. On the other hand, the business model practice was worked as a plan to move forward for action after reviewing the ideas. Furthermore, business model practices can avoid disruptive innovation on *asnafpreneurs* as they prepare for the updated technologies and innovations. For example, *asnafpreneurs* also practice distributing information, promotion, payment and delivery of products and services through websites and digital channels.

Conclusion

The Business Model Canvas (BMC) is a strategic management tool that defines and communicates a business idea or concept quickly and easily. As an entrepreneur, BMC can apply and implement by only using a one-page document that works through the fundamental elements of a business or product, coherently structuring an idea. This article exposed the information on Perlis Go Cashless, Perlis Go Digital, Perlis Economy, *asnafpreneur*, and the function of the BMC. Nine elements of business model practice that have been allocated in the template of the business model canvas were described.

The factor of channels of digitalization was referred to the types of channels. This paper planned to extend through analyzing the data collection using Atlas.ti software which was emphasized a qualitative method. The result of the analysis expected to reveal several themes such as social media, delivery application and payment application. Therefore, those themes will prove on the types on channel applied by *asnafpreneurs*. Figure 3 simplified this research in general.

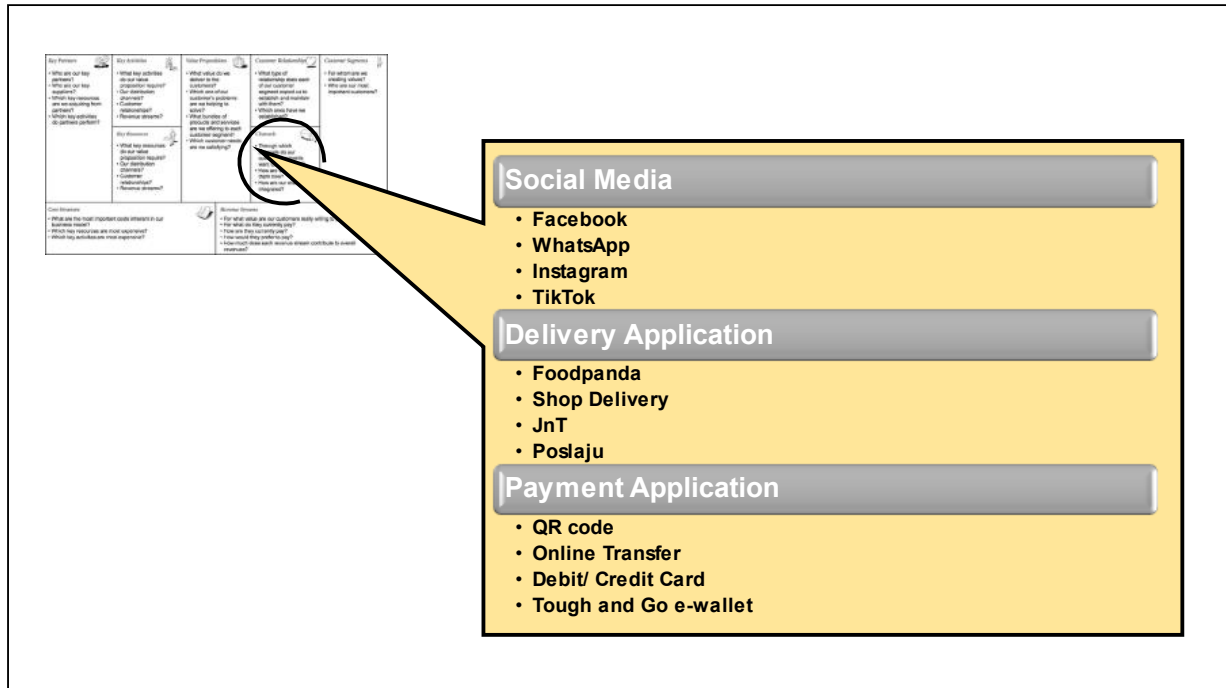


Figure 3 Types of Digital Channel

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