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## Asnaf's Contribution through Asnaf Entrepreneurship Program: Turning Over Model Issues

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### Abstract

In Islamic perspective, in order to maintain the proper socio economy, it is important to manage well of major finance such as zakat that act as the micro finance (non-payable) for Ummah. In this paper, the productive recipient (Asnaf) towards Asnaf Entrepreneurial Programme (AEP) have been explored in detail through the certain issue under Turning Over Model. The efforts made by zakat institution in effectiveness of distribution have been carried out several positive impact for Asnaf's social economy. This social economic mainly as the complementary for other Asnafs who are still surviving. However, it should be review certain issues in order to achieve the objective of Turning Over Model. Therefore, this paper aims to investigate the certain issues that will questionable in achieving the model's objective.

**Keywords:** *Zakat*, Asnaf Contribution, Asnaf Entrepreneurship Program

### Introduction

Every Muslims are compulsory to commit towards performing zakat as well as zakat is one of the five main pillars of Islam. It has been stated by 30 times in the Qur'an (Al-Qaradawi, 2000). Further, its purpose is to redistribute wealth of the society towards the poor by prepare a certain amount from a specific wealth from capable person for the advantage to those who are qualified to receive zakat. In Malaysia, the authorities that responsible collect and distribute zakat's funds is State Islamic Religious Councils. Zakat should be distributed to the needy known as Asnaf as mention in Al-Quran surah At-Taubah verse 60.

“As-Sadaqat (here it means Zakat) are only for the Fuqara' (poor), and Al-Masakin (the poor) and those employed to collect (the funds); and for to attract the hearts of those who have been inclined (towards Islam); and to free the captives; and for those in debt; and for Allah's Cause (i.e. for Mujahidun – those

fighting in the holy wars), and for the wayfarer (a traveller who is cut off from everything); a duty imposed by Allah. And Allah is All-Knower, All-Wise”.

According to verse above, there are eight (8) Asnaf that have been mentioned in Qur'an should pay attention. Although, these eight categories of recipients have been stated in Qur'an, but the priority in the use of zakat funds has to follow the alleviate poverty through adherent to the poor and the needy (Hassan & Khan, 2007). However, if it is considered by the definition of Zakat by fuqaha “states the property is called zakat because the original property will be fertile with the blessings of its production and the prayer of the person received according to a certain rate and time” (Azman, Mohammad & Syed, 2012). In legal term, zakat is an act of giving a part of their property to assured groups of people under certain requirements. It also seems to purify all the balance of the property from *syubhat* (idleness) and release it from all the right associated with it, in particular the rights of the people who need it and the eighth Asnaf. Zakat payers includes various networks among them property zakat, business, nature, crops and others. Some of the requirement that need to fulfill are *Nisab* and *Haul*. In distributing zakat funds, the state zakat authorities would execute variety programs aim towards the variety Shariah appoint zakat receiver. *Asnaf Entrepreneurial Programme* (AEP) is one of the programs that are purpose to comfort the Asnaf to be participates in business and become entrepreneurs. The entrepreneurs who are have the financial support from the various organization that owned and managed by poor people also knowns as the micro entrepreneurs or Asnaf entrepreneurs (Nadzri, Omar & Rahman, 2017).

Zakat institution provides the capital assistance acts as microfinance to Asnaf entrepreneurs in increasing the self-confident and productivity in business. This microfinance is not only limited for expand the Asnaf entrepreneurs however it also gives the value for the social and morale qualities for individuals (Halim, Said & Yusuf, 2012). Moreover, the zakat institution also provides the education, knowledge, guide to Asnaf entrepreneurs in business (Hassan & Noor, 2015). For example, in Indonesia, the zakat funds have been distributed to Asnaf for microenterprises business at night markets. It found that the zakat funds successfully to increase the Asnaf's income (Choudhury & Harahap, 2009). Within this program, Asnaf will be free from their current difficulty and achievable become zakat contributors themselves. However, a new program regarding to zakat distribution is created, there is consistently issues related whether the program constructed is advantages to the zakat receiver.

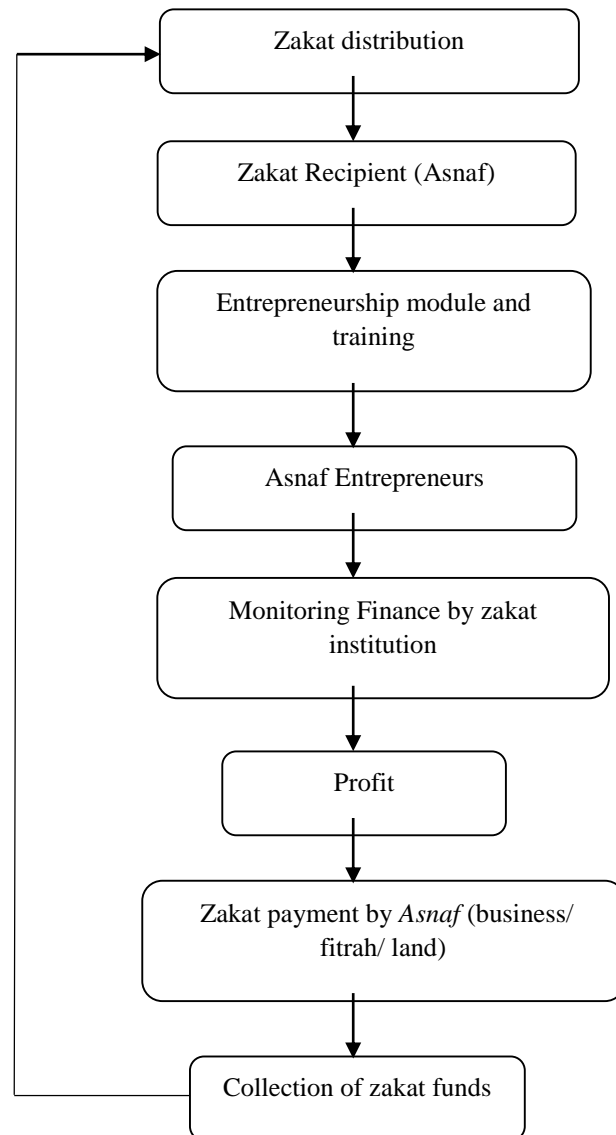
Moreover, in Malaysia, Asnaf entrepreneurs also have been supported by other facilities and it not only limited for capital. Such as, exposure the business important facilities especially training, marketing and finance management for business (Halim, et al., 2012). Through these facilities, Asnaf entrepreneurs successfully to show off the capabilities and commitments in business. The capabilities and commitments among Asnaf entrepreneurs in business positively give the impact future. Hassan and Rom (2016) found that the Asnaf entrepreneurs able to show the positive improvement in business after zakat institution give the capital assistance and training. This improvement enhances Asnaf entrepreneur's contribution to the economy and social through zakat. Therefore, this paper aimed to determine the Asnaf's development and contribution through *Asnaf Entrepreneurial Programme* (AEP).

### Review of Asnaf Entrepreneurs

Under poor category, the zakat institution provides the enough training on entrepreneurship or knowns Asnaf Entrepreneurial Programme (AEP). Such as Selangor; Rahman, Basah, Abdullah, Nooh & Fauzi (2014), the first proses that conducted by Lembaga Zakat Selangor (LZS) is identified the candidates for AEP among Asnafs. The process of selected based on Asnaf's interest and background. In order to access Asnaf's interest, it has certain requirements such as the first is interest to the subject matter and the second is the willingness to study; third is the physical capabilities. In terms of the types of zakat recipients, Lembaga Zakat Selangor (2016) explained the three types of zakat receipts under AEP as stated below;

- i. Asnaf who is not capable to do anything except to continue his own life;
- ii. Asnaf one who need one off assistance for him to face or exit the situation; and;
- iii. Asnaf one who is currently in the hardship but has a potential to develop, grow and graduate from the Asnaf status.

Under these types of recipients, Rahman & Ahmad (2011) named as a productive Asnafs that have the strong mentally and physically towards business in order train and further from Asnaf status to another status (Salleh, Abdullah, & Hamat, 2011). Generally, this training conducted under Asnaf Entrepreneurial Programme (AEP) have been focused as for Small Medium Enterprises (SMEs) training and Asnaf entrepreneurs. The key performance indicator for this AEP is to graduate Asnaf to the non Asnaf status. The implementation of Asnaf entrepreneurs is illustrated by zakah institutions as refer Figure 1 that known as "Turning Over Model" which are basically zakat distributed to potential Asnaf on business (Sabri & Hasan, 2006). Then, Asnaf undergoes the process of forming and enhancing the business with the aid of zakat and is monitored by zakat institution.



**Figure 1: Turning Over Model**

Through this micro finance or business assistance, it also gives Asnaf an opportunity to work and earn a better income. It can also prevent the Asnaf from relying on zakat funds without self-determination as well said by Rasulullah S.A.W. In an expression of his advice as follows:

"And say:" Take (your duty), so Allah, His Messenger, and those who believe will see what you do. and you will be returned to (Allah) Who knows the Unseen and the Unseen, and then it will explain to you what you did. " (Muttafaqun alaih).

It is in accordance with the will of Allah SWT as stated in Surah Al-Taubah: 105, which explains Allah SWT never wasting any work done by Muslims and always given attention by Allah SWT and his Prophet. It encompasses aspects of *Jihad Fi Sabillah* and self-involvement in seeking livelihood and further encouraging other believers. However, this concept is less exposed because the understanding of society towards the main objectives of established

entrepreneurs is still weak. Hence, this study highlighted the contribution of Asnaf entrepreneurs especially in context of zakat distribution.

### **Issue of Asnaf Entrepreneurs**

Recently, Universiti Putra Malaysia (UPM) has develop Asnaf Entrepreneurship Development Program 2018 will be implemented in several phases for the next nine months until 31st. December 2018 (UPM's Article, 2018). Participants of this program will go through a learning process. After completing the learning process, all participants will pitch their business models and selected to grant the initial capital that needed by Asnaf's entrepreneur. It is anticipated that participants will be able to transform Asnaf's entrepreneur from being a 'zakat recipient' to becoming a 'zakat contributor'. Through this contribution it is positively give the impact towards economy. Even the Prophet (S) in a hadith once advised to trade the orphan's property so that it would not decrease after the payment of zakat. Based on the hadith, this indicates that contributions from zakat institutions should be sought by Asnaf entrepreneurs in order to start a business and to ease their cost of living (Ibrahim & Ghazali, 2014).

In general, Asnaf entrepreneur become productive recipient whereby Asnaf entrepreneurs should have great emphasis on quality management of products and services are offered to their customers who meet their clients' needs especially at the commencement stage (Flamholtz, 1995). Asnaf entrepreneurs also should make sure the quality of the products and services could sustainable in market. Next, Asnaf entrepreneurs should gain financial knowledge to become productive recipient. Asnaf's people also should identify business strengths and weaknesses and find ways to improve business efficiency and profits or make improvement in weakness areas. For instance, form cash flow statement, future earnings and expenditure can be projected to give direction and focus to the business. In addition, the budget also provides a solid foundation to make business improve and monitors the business. Subsequently, effective marketing strategy is one of the important elements for Asnaf entrepreneur to become productive recipient. Indeed, it is significant that Asnaf people who received fund supports as of initial capital of the business to develop an exhaustive, impressive marketing plans.

Therefore, an impressive marketing plan will certainly rising sales and in profit margins. Asnaf entrepreneurs must be capable to convince customer who's have the better products or services (Carson, et. al. 1995). In Malaysia, the Zakat institution responsible as collectors and distributor (Amil), has apply variety method and approaches from the path of transfer the fund for Asnaf. The contribution and the expand distribution in various forms whether in the form of aid for productive and non-productive (Ibrahim & Ghazali, 2014; Hamdan, Otham & Hussin, 2012). The issues are does the contribution will make Asnaf entrepreneur success in their business? In fact, Asnaf entrepreneurs who needs the business capital are the poor group then run the micro and small business. So, the Asnaf entrepreneurs will not exceeding the minimum requirement (kifayah limit). It is difficult to them to be a zakat payer and contribute to zakat institution. An entrepreneur who is involved in the business world is a new one for them. Asnaf entrepreneurs have to faces many adventure and boundaries and needs to strive against with other entrepreneurs that already exist in this field that expert in business and have a lot experience in this field. This is a big challenge to Asnaf entrepreneur to start and advance their business.

It also challenged the ability of an entrepreneur to face in the business world. The new business ventures that fail in a very short time of period can breaks the spirits on entrepreneur who's just wanted to venture into entrepreneurship. So, how effective is the program of Asnaf entrepreneurs to increase their income? The effectiveness of the zakat distribution system also serves to assure that zakat institutions are one of the Islamic approaches to ease the burden and development of society. Moreover, to conduct specialized research on Asnaf's entrepreneurs before distribute zakat fund that will bring success to zakat institution in term of capital aid. The correct calculation of qualified Asnaf will produce successful entrepreneurs from Asnaf. Therefore, is it qualification of Asnaf entrepreneurs has an impact towards zakat institution?

### **The Contributions of Successful Asnaf Entrepreneur to New Asnaf**

An effort to move towards economic and social justice by year 2020, the eradication of poverty continues to be one of the key agenda areas national developments (Malaysia Economic Planning Unit, 2016). Those people who are no capable and marginalized groups will continue to receive their rights to ensure that their lives are more secure in the pursuit of a society that has a fair chance of reducing racial issues and economic imbalances (Peterson, 2017). The poor can apply for zakat assistance to get the capital to start a business. Therefore, successful Asnaf entrepreneurs will contribute to the MAIK. Then, donations received by MAIK will be donated to new Asnaf entrepreneurs. Through the successful contribution of Asnaf entrepreneurs can increase the revenue of zakat collections from MAIK. Hence, the process of new Asnaf application will be easier and faster and the percentage for MAIK rejects the applicant is low. In addition, successful Asnaf entrepreneurs can provide guidance to new Asnaf entrepreneurs to start their business and motivate new Asnaf groups. This can give a little more knowledge to new applicants to run their business.

### **Conclusion**

Asnaf entrepreneurial program (AEP) is a new zakat distribution program in Malaysia. Currently, only a few zakat institutions are running this program in Malaysia. It is very proactive step by MAIK in helping Asnaf improve their standard of living. The zakat capital that is given must be initially adjusted with the qualification of Asnaf. The identification of qualification would be conducted by the zakat organization to ensure only Asnafs who are fully qualified. As conclusion, this zakat organization still needs to develop suitable method of all observation by Asnaf's entrepreneur in order to achieve the AEP's objective and Turning over Model.

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