

## Conference Paper

# Analysis of Asnaf Entrepreneurial Development Based on the First Principle of Islamic-based Development

Najwa Mohd Khalil, Shereeza Mohamed Saniff

Centre for Islamic Development Management Studies (ISDEV), Universiti Sains Malaysia, Malaysia

**ORCID**Najwa Mohd Khalil: <https://orcid.org/0000-0002-4271-9465>**Abstract.**

The advent of Covid-19 pandemic, which surprised the world in 2020, has increased the poverty gap worldwide. Malaysia is not spared. In Malaysia, zakat institutions endeavored to develop several poverty management programs to assist *asnaf* (poor and needy) in meeting their basic necessities while developing their own ability to escape the chains of poverty. Literature suggests that these *asnaf* are shackled in the poverty culture and requires close supervision. In the zeal of developing these *asnaf* as entrepreneurs to fulfill their tangible needs, they too need knowledge of their responsibilities as *khalifah* (caliphs) on earth. This study intends to examine *asnaf* entrepreneurial development from the perspective of Islamic-based development based on the first principle—*tasawwur* (or Islamic worldview). It seeks to identify how *asnaf* entrepreneurial development is associated with *tasawwur* as the mould to development. This concept covers three fundamental components of Islamic *tasawwur*. Based on the collection of secondary data through documents reviews and using content analysis, proves that developing *asnaf* entrepreneurs to be dynamic and pious entrepreneurs who are governed by the Quran's teachings by emphasizing solely on tangible or material factors alone is inadequate. There needs to be concerted efforts to incorporate the three Islamic *tasawwur* components. The implication from the findings suggests that there is a need for zakat institutions, government agencies, NGOs, and the *asnaf* themselves to commit to develop *asnaf* entrepreneurs by incorporating these components in their poverty management strategies to ensure that the entrepreneurs that are born from such programs are materially independent, imbued with strong resilience requiring minimal supervision.

**Keywords:** Islamic *tasawwur*, *asnaf* entrepreneurs, Islamic development principles, Islamic-based development, zakat

## 1. Introduction

Entrepreneurship is a difficult and competitive industry. It is a term derived from French to literally mean “one who undertakes.” Defining entrepreneurship entails three important aspects. First, the mobilization of resources. Second, the creation of an inventive business organization. Third, there is the purpose to gain or grow the business although

Corresponding Author: Najwa Mohd Khalil; email: najwamk@student.usm.my

Published 18 July 2023

Publishing services provided by Knowledge E

© Najwa Mohd Khalil et al. This article is distributed under the terms of the [Creative Commons Attribution License](#), which permits unrestricted use and redistribution provided that the original author and source are credited.

Selection and Peer-review under the responsibility of the TSBEC Conference Committee.



surrounded by risks and uncertainties [1]. Entrepreneurship requires both physical and intellectual preparations [2].

In Malaysia, entrepreneurial development is a national agenda to assist and encourage the country's entrepreneurial activities. The National Entrepreneurship Policy (NEP) is proof of Malaysia's commitment towards entrepreneurial development of her people. The NEP aspires for Malaysia to become an outstanding entrepreneurial nation by 2030. This policy is intended to be a catalyst for Malaysia to be a united, prosperous and dignified nation by ensuring that the entrepreneurship sector is able to contribute 50 per cent to the nation's Gross Domestic Product (GDP) by 2030. It is also set to adopt a strategy to involve the B40 group [3] which includes the *asnaf* (poor and needy).

In the context of *asnaf* (poor and needy) in Malaysia, zakat institutions and the state religious councils represent the development actors who are at the forefront in providing assistance and developing poverty management programme particularly to the *asnaf* who aspire and meet the criteria to be an entrepreneur. They provide a lot of initiatives in the form of capital assistance, monitoring activities, trainings, seminars, and workshops with the aim to assist *asnaf* entrepreneurs to be successful in their business activities [4]. Such programme strive to educate and assist these *asnaf* with the basic knowledge and skills on entrepreneurship as an avenue for them to break free from the poverty trap [4-7].

Providing cash aid and technical assistance (categorically known as consumptive zakat) [8] provide positive impact on poverty alleviation for the *asnaf* but is found that the impact is small and short-termed [9]. The *asnaf* entrepreneurship programme entails the distribution of zakat funds akin to venture capital with the aim to help the *asnaf* entrepreneurs to yield and increase their income. Such a scheme is classified as productive zakat which obligates repayment of the funds [8]. However, Khamis *et al.* [10] posited that the success of entrepreneurs besides being dependent on external factors and environments such as capital resources, equities, and third-party assistance are dependent on internal factors too. Personality characteristics, possessing a unique marketing strategy and a high level of entrepreneurship orientation with willingness to take risks and possess knowledge about business, attitude and motivation are such internal factors.

This paper addresses on the internal factors. It is the premise of this paper that the first principle of Islamic-based development is pivotal in shaping the personality characteristics required of *asnaf* entrepreneurs. This first principle refers to *tasawwur* (or Islamic worldview) which is the core discussion of this paper. In developing *asnaf* entrepreneurs, zakat institutions and the state religious councils are equally vital to

ensure that these *asnaf* entrepreneurs develop to possess the finest Islamic entrepreneurs characteristics who are guided by the Quran. This paper aims to identify the crucial need to link *asnaf* entrepreneurship development to that of *tasawwur*.

*Tasawwur* can be described as the authentic knowledge on Islam which is primarily based on the Islamic episteme, and in turn has the ability to convey the fundamental principles of Islam effectively to those who comprehend it so that it becomes a part of their way of life. There are three primary components of *tasawwur*. First, God as Creator; second, people as creatures; and third, nature as creatures too [11]. Although one of the objectives in developing *asnaf* entrepreneurs is to ensure they are engaged in entrepreneurial activities with a view to earn profit and emancipate themselves from poverty, however to sustain their entrepreneurship endeavours, there need to be a consciousness for these *asnaf* entrepreneurs to strive to achieve the ultimate objective - to earn the pleasures of Allah SWT (*mardhatillah*).

## 2. Literature Review

*Asnaf* entrepreneurs refer to a group of *asnaf* who transitioned from being the underprivileged group to become business owners. They receive training and attend seminars, predominantly through zakat institutions' initiatives in the area of entrepreneurship in addition to receiving financial aid. An *asnaf* entrepreneur is described as a person who establishes a business, is accountable for the responsibilities assigned, and a business owner who receives support and encouragement from zakat institutions [12,13].

According to Sanep Ahmad [12], there are enhanced and specific characteristics of *asnaf* entrepreneurs as opposed to the characteristics of general (non-*asnaf*) entrepreneurs. These additional characteristics are:

1. They aspire to be independent. *Asnaf* entrepreneurs want to be self-sufficient and have the resolve to be dependent-free from expecting help from others in the future.
2. They do not give up easily. *Asnaf* entrepreneurs are those who are confident of their abilities to make the required change in their lives and have the resilience to overcome the challenges they are going through.
3. They are committed to change their lives. *Asnaf* entrepreneurs persevere to renew their attitude, mindset and entrepreneurial spirit.
4. They are highly determined. *Asnaf* entrepreneurs are highly determined to get out of the poverty entrapment to build a better life for themselves.

Development is a multidimensional process that integrates changes in national institutions, social structures, and community attitudes [14]. It is seen as constantly changing in accordance with the cycle of time whilst Islamic-based development is formed from the Islamic faith's ideals. Additionally, Islamic development may be subdivided into three categories: physical development, spiritual development, and self-development [11,15]. There are seven principles of Islamic-based development proposed by Salleh [16] of which the first principle is *tasawwur* as the mould to Islamic development. The second principle sees human beings as the actors of Islamic development. The third principle entails the concept of time that transcends from the spiritual realm until the eternal Hereafter realm. The fourth, fifth and sixth principles are regarding the framework, methodology and nature as tools to be utilised by mankind in proportion to their needs (or *wasatiyyah* consumption) in Islamic development. The focus for this paper is solely on the first principle of Islamic development – *tasawwur*.

This principle is rooted in the four main sources of Islam - Al-Quran, Hadith, *Ijma Ulama'* (consensus of the scholars) and *Qiyas* (analogical reasonings). From these sources, the knowledge of *fardu 'ain* (individual obligation) and *fardu kifayah* (social obligation) are formed. Both of these sciences relate to each other. The shape of development in Islam which is based on *tasawwur* views humans as caliphs on this earth with the ultimate aim to achieve God's pleasures [11].

Although *asnaf* entrepreneurship development program has been able to help *asnaf* entrepreneurs get out of the poverty rut, the success rate of *asnaf* transforming into successful sustainable entrepreneurs has been rather dismal. One possible reason to this phenomenon is the lack of exposure, understanding and appreciation to the knowledge of *fardu ain* which is the backbone of life as a caliph coupled with the inability to shape one's views in this world based on *tasawwur*. The ability to shape one's worldview based on Islamic knowledge provides the emphasis and importance on the need to maintain the relationship with God as the Creator (or vertical relationship), and the relationship of man with other fellow men and nature as creatures (or horizontal relationship). Maintaining these two dimensions of relationships for *asnaf* entrepreneurs provide the cornerstone to shape positive attitudes and develop positive internal control as means to help them be resilient to the risks and uncertainties faced by entrepreneurs. The development of *asnaf's* entrepreneurship ability to achieve success in this world and the hereafter runs in tandem [6,17].

### 3. Research Methodology

This paper uses library research guided by two main themes. First, past studies and existing literature on *asnaf* entrepreneurs. Second, the transformation of *asnaf* development in terms of entrepreneurship. This qualitative research is adequate as it conducts research related to the process of organizational development of *asnaf* entrepreneurs and endeavors to interpret the data collectively or comprehensively as it meets the features of a qualitative research [18]. Data collected through secondary sources in these two main themes were then analyzed using content analysis. Since this paper is an initial exploration, research through the existing literature is sufficient. This point is in line with Creswell [19] who states that the purpose of secondary sources is to elaborate information from written materials or documentation. Content analysis is found to be in accordance with the findings of studies that focus on understanding the current situation [20].

### 4. Results and Discussion

*Tasawwur* is the key to *asnaf* entrepreneurs' success in sustaining their business endeavours. The monotheism of confidence in God's oneness underpins Islamic *tasawwur*. Based on the ultimate objective to attain God's pleasure, there are three aspects to reaching the overall aim of becoming *asnaf* entrepreneurs. The first section deals with the link between God as the Creator and *asnaf*'s business endeavours.

Studies by Hamid *et al.* [21]; M. Ismail *et al.* [7]; Marzuki *et al.* [22] have shown that when *asnaf* entrepreneurs desire to be successful in establishing their entrepreneurial area, busyness is not an impediment towards ensuring their committal to establish the five obligatory prayer daily. This is part of fulfilling fardh ain. It is also a means of maintaining the vertical relationship with God as the Creator.

Meanwhile, based on the horizontal relationship, Rahman and Ahmad [23]; Mat Rania *et al.* [24]; Zakaria and Harun [25] seek to view from the Prophet's qualities and personal attitudes like *as-siddiq* (truthful), *amanah* (trustworthiness), *tabligh* (delivers), and *fathonah* (smart) and demonstrated the link between the development of entrepreneurship based on the view of humans as created beings. As a result, in seeking as well as in receiving God's pleasure as an *asnaf* entrepreneur, religious principles are inherently practised in business dealings, among fellow human beings. For example, honesty in business owners is fundamental a trait as there is a quranic

injunction prohibiting the tampering of the measuring tools by decreasing the measures or the scales when conducting business

“... and do not decrease from the measure and the scale..” (Surah Hud, 11: 84)

Furthermore, Hamid [26]; Mat Rania *et al.* [24] and Zaini *et al.* [27] view acquiring business knowledge as a significant part in the development of *asnaf* entrepreneurship. This is fulfilling *fardhu kifayah*. A keen interest and sincerity to operate a business enterprise must be accompanied by business expertise. Islam promotes the notion of knowledge, not only religious knowledge. In fact, the definition of knowledge is quite wide. As a consequence of knowledge and rightful actions, an *asnaf* entrepreneur can rise to become a successful *asnaf* entrepreneur. Such entrepreneurial expertise is required to avoid and lessen the risk of entrepreneurs failing in their businesses .

*Tasawwur* is the key that is generally perceived in the desire for God’s grace and joy by implementing religious ideals in daily life as a servant of God and a successful business. This demonstrates that in order for *asnaf* entrepreneurs to attain true success in the field of entrepreneurship, they require not just financial help from zakat institutions, but also programme and courses that uplift their characteristics and attitudes based on deep understanding of *tasawwur* in the effort to be successful entrepreneurs, as well as good grounding on business knowledge.

## 5. Conclusion

In general, the ultimate purpose of Islamic-based development is to seek and achieve God’s pleasure. This objective is tied to the growth of *asnaf* entrepreneurship, which is the catalyst for success in this world and the next. *Tasawwur* shapes human lives to live consciously with Islamic principles. As a result, the success of *asnaf* entrepreneurs is determined not only by profit, but also by how they balance the aims of the world and the ultimate goal of being a caliph on this planet. The act of doing activities that God likes, such as maintaining prayer, maintaining behaviour, being honest in business, and having knowledge in the field they are engaged in, will build resilient *asnaf* entrepreneurs. Sole reliance on their sustained business endeavours on zakat institutions and states Islamic religious institutions solely will cause a shift to proactively and consciously maintain the vertical relationship with God as the Creator as an inherent mean to change their lives in a better direction.

## References

- [1] Low MB, MacMillan IC. Entrepreneurship: Past research and future challenges. *Journal of management*. 1988 Jun;14(2):139-161.
- [2] Balwi MA. Mobilisasi zakat dalam pewujudan usahawan asnaf: satu tinjauan. *Jurnal Syariah*. 2008 Sep 1;16(3):567-584.
- [3] New Straits Time. New policy to drive entrepreneurs. 2019. Retrieved from <https://www.nst.com.my/news/nation/2019/07/503403/new-policy-drive-entrepreneurs>
- [4] Ismail M, Sheriff S, Hussin H. Pelaksanaan program pembangunan ekonomi usahawan asnaf melalui dana zakat. *Journal of Islamic Philanthropy & Social Finance (JIPSF)*. 2021;3(2):52-65.
- [5] Barham V, Boadway R, Marchand M, Pestieau P. Education and the poverty trap. *European Economic Review*. 1995 Aug 1;39(7):1257-1275.
- [6] Abai DS, Awang MD, Yusoff AN, Majid AA, Hamli H. Bentuk bantuan modal agihan zakat asnaf dan pencapaian usahawan asnaf di Malaysia: Kajian empirikal. *Malaysian Journal of Social Sciences and Humanities (MJSSH)*. 2020 Jan 30;5(1):93-99.
- [7] Ismail MY. Zakat Instrumen Pembasmi Kemiskinan: Pengalaman Majlis Agama Islam Wilayah Persekutuan (MAIWP). *Seminar Zakat Serantau (SZS)*. 2011: 1–40.
- [8] Alim MN. Utilization and accounting of Zakat for productive purposes in Indonesia: A review. *Procedia-Social and Behavioral Sciences*. 2015 Nov 25;211:232-236.
- [9] Suprayitno E, Kader RA, Harun A. The impact of zakat on aggregate consumption in Malaysia. *Journal of Islamic Economics, Banking and Finance*. 2013 Jan;9(1):39-62.
- [10] Khamis MR, Hashim MJ, Arifin NA, Kamarudin MF, Radzi FM, Rahman AA. Factors determining the success of ASNAF entrepreneurs through the ASNAF Entrepreneurship Program. *Empirical Economics Letters*. 2021;20(8).
- [11] Salleh MS. *Tujuh Prinsip Pembangunan Berteraskan Islam* (2nd ed.). Pulau Pinang: Pusat Kajian Pengurusan Pembangunan Islam (ISDEV), Universiti Sains Malaysia. 2021.
- [12] Ahmad S. Membangun keusahawanan asnaf: Analisis konsep model pemindahan teknologi. *Prosiding, Persidangan Kebangsaan Kebangsaan Ekonomi Malaysia ke-7*. 2012.
- [13] Meerangani KA, Mustafar MZ, Hamid MFA, Aziz MKNM. Keberkesanan Model Transformasi Usahawan Asnaf oleh Lembaga Zakat Selangor. *Akademi Zakat (AZKA-PPZ)*, June, 2021: 303–325.

- [14] Rama A, Yusuf B. Construction of Islamic human development index. *Journal of King Abdulaziz University: Islamic Economics*. 2019;32(1):43-64.
- [15] Salleh MS. *Pengurusan pembangunan berteraskan Islam: Konsep dan perkaedahan*. Penerbit Universiti Sains Malaysia; 2003.
- [16] Salleh MS. *Tujuh Prinsip Pembangunan Berteraskan Islam*. Kuala Lumpur: Zebra Sdn. Bhd.; 2003.
- [17] Hamid SA, Sa'ari CZ, Dahlan M, Dato'Dahaman A. Keutamaan Akhlak Dalam Pembangunan Keusahawanan Islam. *Jurnal Syariah*. 2016 Jun 1;24(2):271–286.
- [18] Taylor SJ, Bogdan R, DeVault ML. *Introduction to qualitative research methods (4th ed.)*. Canada: John Wiley & Sons; 2016.
- [19] Creswell JW. *Research design. Qualitative, quantitative and mixed methods approaches (4th ed.)*. United States: SAGE publication; 2014.
- [20] Kumar R. *Research Methodology. A step by step guide for beginners (3rd ed.)*. London: SAGE; 2011.
- [21] Hamid SA, Ishak MS, Hashim H. Penghayatan agama (Religiositi) dalam pembangunan keusahawanan. *Jurnal Pembangunan Sosial*. 2017 Sep 29;20:51-62.
- [22] Marzuki N, Zulkifli S, Wahid H. Pengukuran Kejayaan Bantuan Modal Perniagaan Usahawan Asnaf Dalam Konteks Pencapaian Maqasid Al-Shari'ah: Kajian Di Daerah Kuala Terengganu Dan Kuala Nerus, Terengganu: The Measurement of Asnaf Business Capital Assistance in the Context of Maqā'id al-Sharī 'ah: A Study at Kuala Terengganu and Kuala Nerus, Terengganu. *Jurnal Syariah*. 2019 Aug 31;27(2):201-232.
- [23] Rahman RA, Ahmad S. Strategi pembangunan keusahawanan asnaf fakir dan miskin melalui agihan bantuan modal zakat. *Jurnal Pengurusan*. 2011;33(2):37-44.
- [24] Mat Rania MA, Ahmad Rosli MS, Moidin S, Mohd Arif MI, Adenan F, Khairuldin NF. Pembangunan keusahawanan asnaf luar bandar di Negeri Pahang (Development of rural asnaf entrepreneurs in Pahang). *Journal of Islamic Philanthropy & Social Finance (JIPSF)*. 2020;2(1):48-60.
- [25] Zakaria FB, Harun AB. Faktor kemahiran dan kejayaan usahawan asnaf: Amalan kerohanian Islam sebagai penyederhana. *International Journal of Accounting, Finance and Business (IJAFB)*. 2019 Dec;4:98-108.
- [26] Hamid SA. Keinginan Pencapaian Dan Pembangunan Keusahawanan: Perspektif Islam. *International Journal*. 2021 Dec;4(18):1-7.
- [27] Zaini BJ, Sarkawi MN, Mansor R, Bohari AM, Mustaffa MA. Analisis terhadap faktor-faktor yang mempengaruhi sikap pelajar asnaf IPT terhadap keusahawanan. *Journal website: journal. zakatkedah. com. my*. 2021 Mar;3(1).