

ECONOMIC EMPOWERMENT AMONG ASNAF ENTREPRENEURS IN THE CONTEXT OF SELF-RELIANCE

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ABSTRACT

Asnaf Entrepreneurs is an effort to make zakat as a productive instrument to eliminate Asnaf from the poverty circle. However, the issue of dependence of the poor in the economic context is one of the problems in developing them. The issue of the ability of Asnaf entrepreneurs not to depend on their economy is an important one to discuss, but the results of Asnaf entrepreneurs who have the economic empowerment in terms of being able to be self-reliance are quite limited to obtain. To overcome this problem, this study was carried out to identify the economic empowerment of Asnaf entrepreneurs in terms of self-reliance and to analyse the differences in economic empowerment in the context of self-reliance based on the level of education of Asnaf entrepreneurs. Using a survey as a study design, this study was using a systematic random sampling method with a total of 125 respondents were selected as the study respondents. The results show that the economic empowerment of Asnaf entrepreneurs in the context of self-reliance only occasionally occurs and there is no significant difference in their economic ability (self-reliance) based on their level of education. This shows that dependence still occurs and the level of education does not differentiate the nature of an Asnaf individual.

Keywords: Asnaf Entrepreneurs, Economic Empowerment, Community Development

INTRODUCTION

Zakat is one of the methods used in Islam to help the underprivileged or known as Asnaf. In Islam, at least eight groups are categorized as Asnaf; Faqr (the needy), Masakin (the poor), Amil (those who manage Zakat), Muallaf (new converters to Islam), slaves, debtors, Fisabilillah (those who serve the cause of Islam) and the wayfarer (Mohd Balwi & Abd Halim, 2008). The focus of Asnaf development is usually focused on the poor, the needy and converts who are poor through various forms of zakat assistance. However, according to Azman, et al., (2012), the distribution of zakat through the form of periodic payment transfer cannot solve the problem of poverty in Islamic society. On the other hand, the assistance is only short-term for Asnaf survival to meet their basic needs such as medical, monthly remuneration, food, house rent and others (Meerangani & Umami Khasidah, 2019). In other words, giving zakat as such is known as unproductive zakat giving.

It is undeniable that economic incentive is form of helping the poor. However, the incentive or cash assistance cannot solve the issue of dependence of the poor on any offers of help. Therefore, in the context of developing the Asnaf concept of Asnaf entrepreneurs was introduced. Asnaf entrepreneurs mean a group of Asnaf especially from the poor and the needy who want to be transformed from non-productive Asnaf into productive Asnaf through

entrepreneurship platform (Shobihah et al., 2020). The existence of Asnaf entrepreneurs is the intention to seek Asnaf to be self-reliant, improve the socio-economic status, and enhance the economy and better quality of life (Meerangani & Umami Khasidah, 2019; Azman et al., 2016).

As the poor, economic capacity is the main outcome that is expected to happen to Asnaf entrepreneurs. In the context of community development, economic empowerment is an indicator to evaluate the development efforts undertaken in improving the community economy (Moyle, Dollard & Biswas, 2006; Hollifield, Donnermeyer, Wolford & Agung, 2007; Vyas & Watts, 2009). While economic capacity refers to the increased revenue, for the weak and over-reliant Asnaf, economic growth is not the main thing, but what should be noted is the economic ability in the context of self-reliance. In other words, in the economic aspect they have the ability to rely on their own capabilities as well as to be able to manage their own economy. In addition, self-reliance is an indication of the ability that a community can continue its survival and be able to mobilize and utilize its existing resources, for a more sustainable future (Madhavappallil & Pawar, 2010).

However, there have been only limited studies that examine Asnaf entrepreneurs that scrutinise Asnaf's economic empowerment in the self-reliance aspect even though the main objective of the programme is to ensure that they are able to be independent in their economic aspects. On the other hand, the study is generally focused on other elements such as business performance (Hashim et al., 2020) the success factor of Asnaf entrepreneurs icons (Zuriyati & Nurul Ilyana, 2018), the influence of religiosity elements on the muamalat of Asnaf entrepreneur (Abd Rahman & Idris, 2020), increased income (Meerangani & Zaham Azman, 2019) and others. Based on these realities, this study identifies the economic empowerment of Asnaf entrepreneurs in the self-reliance aspect and to analyse their differences based on their level of education.

LITERATURE REVIEW

Asnaf entrepreneurs are a group of faqr, poor and muallaf who are trying to be formed through the process of creating a business with the cooperation of Lembaga Zakat Malaysia (Zuriyati & Nurul Ilyana, 2018). Asnaf entrepreneurs are also observed as a zakat distribution programme in the form of business capital and it is a reform of the zakat distribution done by the Zakat Board (Azman Ab Rahman et al., 2014). Asnaf entrepreneurs are also trying to be transformed from non-productive Asnaf into productive Asnaf through the entrepreneurship platform (Shobihah et al., 2020).

Basically, there are various studies have been conducted on Asnaf entrepreneurs and the Asnaf entrepreneur project itself. Among the studies that are being the focus is the effectiveness of Asnaf entrepreneur programmes. However, studies on the effectiveness implemented do not clearly reflect the effectiveness of the programme because it was conducted qualitatively. A study by Meerangani & Zaham Azman (2019) for example had studied the effectiveness of Asnaf entrepreneur programmes in Selangor through qualitative method. The results showed that the programme was effective due to the awareness of freeing the families from poverty and at the same time explaining that they were satisfied with the Asnaf entrepreneur programme.

Similarly, the evaluation of the effectiveness of Asnaf entrepreneur programmes in Selangor and Kuala Lumpur was also being conducted qualitatively by Azman, et al., (2016). Interview results from Asnaf entrepreneurs and Lembaga Zakat Selangor officers found that entrepreneur programmes conducted have a high impact on the Asnaf entrepreneur economy as well as are able to remove the Asnaf entrepreneurs from the poverty zone. Although this study showed its effectiveness, the findings did not indicate the effectiveness of the programme to the population by referring to the clear variables but only based on the opinions of some informants from the study on the effectiveness of the Asnaf entrepreneur programme being followed.

In addition, Zuriyati & Nurul Ilyana (2018) had examined the success factors of Asnaf entrepreneurs under the supervision of the Malacca Islamic Religious Council (MAIM). The results found that the success of Asnaf entrepreneurs has been influenced by external and internal factors. External factors refer to capital assistance, knowledge on entrepreneurship, support and assistance from family members and Asnaf friends. While internal factors are related to the practice of Islamic teachings in life such as charity, five-time prayer, sincere intention and deep attitude and interest. This study also does not reflect the true reality of Asnaf entrepreneurs that have been developed.

Subsequently, the study of Mohd Din, et al., (2019) tried to test the factors that influenced the intention of Asnaf entrepreneurs to explain business zakat. The intention is assessed based on The Theory of Organized Behavior involving attitudes, subjective norms and behaviour control. All three variables show strong relationships to influence Asnaf entrepreneurs to pay business zakat. Abd Rahman & Ahmad (2011) examined the factors that influence the success and failure of Asnaf entrepreneurs. The results showed that the success of Asnaf entrepreneurs business is influenced by capital factors, age, and gender, business age, monitoring aspects, business features, zakat management efficiency, optimism, social skills, social networking and risk-taker. Meanwhile, Hazlina, et al., (2015) found that successful Asnaf entrepreneurs are Asnaf entrepreneurs who dare to take risks in their business, be creative about their business and always be positive-minded in the business conducted. In addition, there are several aspects that need to be examined to enhance the success of Asnaf entrepreneurs such as attitude and commitment to business as well as internal and external strengths of Asnaf to ensure the success of the world and the hereafter.

There are also studies that explain the challenges faced by Asnaf entrepreneurs. Hashim, et al., (2020) for example showed that there are challenges faced by Asnaf entrepreneurs such as lack of skills and knowledge in business management, especially in financial, marketing and production operation. Md Ramli, et al., (2011) on the other hand, examined the relationship of Asnaf attitude towards the success and failure of zakat capital assistance. The results of the study found that zakat capital assistance serves as a capital injection that benefits Asnaf to start a business. This assistance also provides support not only from the economic aspects but also social support and moral aspects of Asnaf. However, zakat centres still need to increase the monitoring of Asnaf entrepreneurs to ensure that economic development programmes achieve the targeted targets.

Although there are many studies that have conducted on Asnaf entrepreneurs, there is not a single study that clearly demonstrates Asnaf's economic efforts in the self-reliance aspect. Economic mobility is a declaration of Asnaf entrepreneurs, that they are not passive objects in a community that depends on others for its economic needs. Hence, this study identifies the economic ability of Asnaf entrepreneurs in the self-reliance aspect and also analyses the differences based on the level of education of Asnaf entrepreneurs.

METHODOLOGY

The research design used is the survey study design. This design is suitable to answer the objectives of the study that want to obtain data that can be analysed on the study population. According to Babbie (2012) survey is the best study design to describe a large population that can be observed directly. Thus, the researchers obtained the research data through questionnaires. To implement the design of this study the population was predetermined and the sample size was calculated using the method of determining the sample size of Krejci & Morgan (1970).

The population of this study was 184 of Terengganu Asnaf Entrepreneurs. The sample size involved was 125 people. To ensure that the study samples can be generalised over the study population, a systematic random sampling method was used to select the study sample based on

the size set. To implement this procedure, the researchers obtained a sample framework from the parties responsible for the study population namely the Islamic Council and Malay Customs Terengganu (MAIDAM).

The sample framework refers to the list of names of the study populations involved (Creswell, 2012). For data collection purposes, questionnaires were developed by the researchers. The questionnaires are based on the concept of economic effort in self-reliance (Wilson, 1996; Kantor, 2005; Kapitsa, 2008). Trained enumerators were appointed and briefed prior to the data collection process. Each enumerator was briefed on research instruments, study areas and respondents in the study. Each questionnaire took 15 to 20 minutes to complete. The data obtained using questionnaires were analysed using two types of statistical procedures, namely descriptive and inference statistics. All the data obtained were analysed using Statistical Package for the Social Sciences (SPSS) software.

FINDINGS AND DISCUSSION

Economic Capacity in the Context of Self-Reliance

The economic ability in the context of self-reliance shows the extent to which Asnaf entrepreneurs are able to become independent after they are directly involved as entrepreneurs through zakat capital assistance. Asnaf is eligible to receive zakat assistance as they fall into the category of faqr, muallaf and others. The results of the study based on Table 1 show that “moderate” (3.0) economic capacity in self-reliance is occurring among the respondents. Where sometimes independent respondents determine their business (3.24), have the ability to market the results of business products (3.21) and self-determine the price of their business products. Respondents also showed ability occurs for them to do side work based on business skills at the moderate level (2.18). The ability of respondents to be self-reliant also showed at the moderate level which it occurs in the aspect of finding other methods of increasing sales revenue (2.88), obtaining information on courses or programmes (2.75), taking risks (2.89), managing business outcomes for families (2.98) and the ability to diversify entrepreneurship products also sometimes happens to Asnaf entrepreneurs. In conclusion, the Asnaf's economic ability in the self-reliance aspect only sometimes happens to them.

To be concluded, the economic capacity of Asnaf entrepreneurs in the self-reliance aspect is at a moderate level. This is not in line with the aims and objectives of the Asnaf entrepreneurship programme to produce independent individuals (Meerangani & Ummi Khasidah, 2019; Izzatul et al., 2020) whereas believing in the independent aspect of economic capacity will determine the eradication of poverty (Basargekar, 2009). The reason is, the economic ability will exist when the poor maximize their available resources independently to increase their poverty income (Basargekar, 2009). On the other hand, it occurs in Asnaf entrepreneurship programmes where the resources or capital provided cannot be maximized to drive them more self-reliance to determine the economic empowerment that occurs.

| No | Item | Min |
|-----------|---|------------|
| 1 | Freely determine the business. | 3.24 |
| 2 | Determine for yourself how to work, without following the way of others | 3.21 |
| 3 | Able to market your own business products. | 3.14 |
| 4 | Determine the price of business products without being determined by others. | 3.18 |
| 5 | Do side jobs based on business skills to further increase the source of income. | 2.84 |

| | | |
|----|--|------|
| 6 | Find other ways to increase business sales revenue. | 2.88 |
| 7 | Obtain information about courses or programs to improve skills in business | 2.75 |
| 8 | Dare to take any risk to become a successful entrepreneur. | 2.89 |
| 9 | Able to manage family financial resources as a result of business. | 2.98 |
| 10 | Diversify sales products in an effort to grow the business | 2.88 |
| | Total Mean | 3.00 |

Differences in Economic Ability (Self-Reliance) based on Education Level

Based on Table 2, ANOVA test showed that there was no significant difference in the economic ability of Asnaf entrepreneurs based on the level of education in the context of self-reliance ($F=1.692$, $p=0.189$). The results of this study show that the economic ability of Asnaf entrepreneurs does not differ between Asnaf entrepreneurs who have primary, secondary and higher education. Despite being given the name of an entrepreneur, the population of this study is still Asnaf, which is a poor community that is eligible to receive zakat assistance. This shows that although this entrepreneurship programme is applied to Asnaf, their self-reliance does not show any difference despite having different levels of education. This finding is not in line with Todaro (2003) who stated that education possessed by individuals can reduce income inequality and reduce poverty. In the meantime, the findings of this study support the reality that poverty no longer counts a person's educational background. This can be seen in the issue of graduate unemployment that is being faced globally. Even Malaysia is facing the problem of prolonged unemployment among graduates throughout the country (Nadarajah, 2021). Being poor becomes the existence of dependence among them and reduces the ability to be self-reliant. According to Bagong (2001) the poor have poor working ability and limited access to economic activities which have caused them to lag far behind other communities that have higher potential.

| Economic Ability (Self-Reliance) based on Education Level | Sum of squares | Degrees of Freedom | Min squares | F Value | Significant |
|--|-----------------------|---------------------------|--------------------|----------------|--------------------|
| Between Groups | 2.545 | 2 | 1.272 | 1.692 | 0.189 |
| In Group | 91.765 | 122 | 0.752 | | |
| Total | 94.309 | 124 | | | |

CONCLUSIONS, IMPLICATIONS AND RECOMMENDATIONS

For Asnaf entrepreneurs, their economic ability in the context of self-reliance only occasionally occurs and this ability does not show a difference between the levels of Asnaf education. This study shows negative implications in terms of their ability to be self-reliant in determining their economy. In other words, dependence is still prevalent as is the norm for Asnaf communities who depend to continue their lives. In addition, education is not a determinant to choose an Asnaf to be involved as an entrepreneur or not, therefore this study suggests a more practical approach to efforts to develop Asnaf by focusing on the potential of Asnaf. In other words, not all Asnaf can be made Asnaf entrepreneur through the application, instead, their potential needs to be determined first. The potential is an element that can be utilized to develop the Asnaf entrepreneur with the effort of outside potential in the belief that the potential can change their lives.

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