

**UNDERSTANDING ASNAF ATTITUDE: MALAYSIA'S EXPERIENCE
IN QUEST FOR AN EFFECTIVE ZAKAT DISTRIBUTION
PROGRAMME¹**

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ABSTRACT

Most of the capital assistance ended in failure despite the training, facilities and monitoring have been provided. Various parties baffled about the real causes of failure. An important aspect that has been overlooked is the attitude of *Zakat* recipients that is whether the recipients are really committed and possess the characteristics of entrepreneurship. Negligence on the attitude of recipients has leads to providing assistance to non eligible recipients. This study aims to examine the attitude of recipients and its relationship with the success rate or failure rate of capital assistance. A total of 687 respondents receiving capital assistance were sampled and the data were analyzed using descriptive and Logistic Regression (sometimes called the logistic model or logic model). Ambitious recipients that possess the characteristics of entrepreneurship found to achieve high percentage of success and otherwise found to achieve high failure rate. The important implications of this study are that the attitudes of recipients need to be clearly understood before capital assistance is given, and furthermore the amount and type of assistance should be appropriate with the recipient's attitude.

Keywords: *Asnaf* attitude, *Zakat* capital assistance, effectiveness of *Zakat* distribution, *asnaf* entrepreneurship.

¹ Paper presented at the International Zakat Conference: "*Sustainable Development of Zakat in the Poverty Alleviation and Improvement of Welfare of the Ummah*". Organized by World Zakat Forum and Collaboration with the Department of Economics, Faculty Economics and Management Bogor Agricultural University, Centre for Islamic Development Studies of Bogor Agricultural University on 19 – 21 July 2011.

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INTRODUCTION

In this era of rapid development, the balance of advancement between physical and spiritual are need to be given concern equally. Aspects that need to be mindfully taken care in conducting the development are poverty and an equal income distribution in the society. Poverty and unequal income distribution are prone to be the main issue of development in many countries. So, various policies and plans have been performed in order to eradicate the poverty. The aim was to create a fair difference of economy in the society so that the rich cannot get richer and the poor will not get poorer, and eventually would reduce the income gap between these two groups.

Islam as a perfect religion revealed by Allah SWT to the universe is very accentuates the prosperity of human, either in the world or hereafter. Many people who live on scarcity and poverty in many countries including Muslim countries. Therefore, it is a must for Muslim to have an attitude to help others without considering a status differential, so that they could support those people that live under poverty. Islam has been providing the most effective guidance so that the poverty can be eliminated and finally would reach an equal income distribution as well as wealth, the improvement of their socioeconomic stage will also not make these group from being marginalized from the society.

Therefore, the existence of system known as *Zakat* in Islam that intends on helping those groups to ease the burden they bear. Indirectly, it would solve the poverty problem. This system that has been known also as one of the pillars of Islam is obliged for Muslim who is qualified and meets the criteria. Allah says in Al-Quran:

“Take alms from their wealth, so that they may thereby be cleansed (of sins) and purified (from bad conduct), and pray for them, for truly your prayers will give them comfort. And (remember) Allah is Most Hearing, Most Knowing”. (Surah At-Taubah 9:103)”

Zakat plays an important role in the Islamic life trough out the history of its existence; it is one mechanism of both monetary and economy that intends to purify the soul and the wealth of the *Muzakki* (*Zakat* payer) and would support those groups of underprivileged or *asnaf* (Hairunnizam et. al. 2009). Every *Zakat* payer would not only gain reward from Allah SWT for the obligation they fulfilled, they also would gain merit and blessing for the aid they gave to other Muslim. For this, *Zakat* would produce individual *Muslim* who abides the obligation of religion, also considerate and loving towards the society.

Money or donation that is obtained from the people would be well managed by the *Zakat* committee so that the donation would not be misused. The management of *Zakat* in Malaysia is under the supervision and responsibility of every state, which are the State Council of Islamic Religion, or *Majlis Agama Islam Negeri (MAIN)*. The execution of every plans and activity of *MAIN* in the state are conducted trough administrative enactment of Islam and to be reported to the *MAIN*. The existence of the specific institution that managed to handle and control the collection of *Zakat* professionally has opened the new era of *Zakat* management in this country. Started with the establishment of Centre of *Zakat* Collection or *Pusat Pungutan Zakat (PPZ)* in Wilayah Persekutuan on 1991, and continuously followed by other states like the Selangor *Zakat* Board or (*Lembaga Zakat Selangor (SZB)*) previously known as Centre *Zakat* of Selangor (*Pusat Zakat Selangor*) Central Management of *Zakat* or (*Pusat Urus Zakat in Pulau Pinang*), Centre of *Zakat* Collection in Pahang, Centre of *Zakat* in Negeri

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Sembilan (*Pusat Zakat Negeri Sembilan*), and The Centre of *Zakat* in Melaka (*Pusat Zakat Melaka*) (Ahmad Shahir & Adibah, 2010).

The Centre distribution of *Zakat* is responsible to assist the *asnaf* who are experiencing an immense situation so that their daily burden would be lightened. In general, the idea of *Zakat* that is conducted under the rule of Islam was to fulfill the right and responsibility, and to enhance the life of *asnaf* to the stage of standard development that has been set by *Ijtihad*, which are including socio development, economy, education, and spiritual, and also to intensify and to defend by helping to administer the programs, projects, and striving to enhance the Islamic thought as well as defending the dignity of the *Ummah*. The ruling party and the agency that control the *Zakat* distribution would ensure that the distributions that given to *asnaf* would actually change and improve the standard of living to a better way (Rosbi & Sanep, 2011). The optimum process of *Zakat* distribution would give an impact that is effective and substantial not only for the *Zakat's asnaf*, also generally to the economy of the State. *Asnaf* would become the productive employment and would contribute to the State's economy.

Zakat distribution method is still focused on the periodical form of transfer payment which is unable to solve the poverty issue in the Islamic society. The current concept of distribution has to be refreshed with new approaches that are capable of producing more entrepreneurs among *asnaf* to be independent and able to support themselves and their families and their lives to change for the better. Economic and business projects are seen as new mechanism in the distribution of *Zakat*. The long term goal of this project is to produce and raise competitive *Muslim* entrepreneurs. Capital aid of *Zakat* that is distributed to the *asnaf* who meet certain criteria would be used to start or to continue their business. In Malaysia, those states that have been actively distributing the *Zakat* in the form of business capital are Selangor and Federal Territory of Kuala Lumpur (*Wilayah Persekutuan*) (Rosbi & Sanep, 2010).

The Selangor *Zakat* Board (SZB) in the state of Selangor have been concentrating on distributing the *Zakat* in the form of capital aid since 2003, thus creating a special department for the development of *asnaf* called *Asnaf* Development Department (*Jabatan Pembangunan Asnaf (JPA)*) to ensure that the entrepreneurship program has meet the needs of entrepreneurial *asnaf* development (*Asnaf*, 1/2007). This program also become a solution to overcome the poverty issue on the long term in nature and thus develops human capital and their economies. Poverty cannot be solved just by providing material assistance and money only. So SZB has been outlining the implementation of *Zakat* Distribution by educating, providing knowledge, nurturing and developing the *Zakat* recipients based on their potentials.

Only the selected group of *Asnaf*, who are fully qualified and potential, only be selected to participate in the program. Eligibility is based on the ability of individuals, business interests, physical abilities and mindsets to succeed in business. They are also exposed to further courses of entrepreneurship and basic business courses including financial operations and motivation. SZB has contributed capital of RM 130, 463.65 to help and produce 10 entrepreneurs from among the poor⁶.

⁶ Noor Azimah Romli. 2010. LZS Sumbang RM130,000 Bantuan Modal Niaga. Berita Harian, 25 January: 4

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The forms of assistance provided by the SZB to *asnaf* are giving hardware or equipment needed to start business activities. In addition, the SZB also provide the infrastructure needed, like stalls, booth, workshops, and given the cash as capital round⁷. Basically, the rate of capital aid given is in between the amount of RM2000 until RM50, 000 depending on the type of business conducted (Ahmad Shahir & Adibah, 2010). The SZB will provide additional capital if the business is seen to be developed. SZB will also monitor the progress of ongoing business continuously and the *asnaf* also have the opportunity to follow further courses to expand their business.

Zakat distribution centre is under the supervision of *Baitulmal* which is under the Federal Territory Islamic Religious Council (*Majlis Agama Islam Wilayah Persekutuan (MAIWP)*) responsible for distributing the charity money collected to be distributed to eight group of *asnaf* who are qualified to receive the *Zakat*. One of the groups of *asnaf* is the poor and the indigent who need assistance for business capital and starting a business. Determination of the poor and the indigent are subject to calculation of needed limit (*Kifayah limit*). The rate of capital aid granted subject to the grant of RM5, 000 for the first time gift.

In 1995, the Federal Territory *Baitulmal* spent a total of RM253, 003 in the form of business assistance. This amount was distributed to 75 people of the poor *asnaf* to open the business. Meanwhile, in 1996, the *Baitulmal* has allocated RM 383, 233 (*Baitulmal* News, Year 12, No. 11) for business support. In 2000 only about 143 *asnaf* received assistance amounting to RM405, 710, a total of 139 people in 2004 with the assistance of RM439, 461 and 141 of the recipients in 2005 with the assistance of RM 436, 150.

Therefore, the study focuses on aspects of *Zakat* distribution mechanism for the development of entrepreneurs among *asnaf*. The discussion will evaluate the extent of *Zakat* that is attempting to solve the *ummah's* issue with the contemporary method of distribution. Success in a progressive of distributing the *Zakat* will strengthen efforts to galvanize the economy of Muslims in the country. *Zakat* institution requires long term planning to enable the *asnaf* out of poverty. The objective of the distribution of the *Zakat* is duly concentrating on turning the recipient of *Zakat* to be the payer of *Zakat* later in the future.

ISSUES AND OBJECTIVE OF STUDY

In Malaysia, the centre of *Zakat* and *baitulmal* that takes the mandate as a recipient, collector, as well as distributor of *Zakat*, has been applying many methods and approaches from the way of channelizing the donation to the *asnaf*. The donation and the distribution extended in various form whether in the form of productive and unproductive aid (Patmawati, 2005; Abdul Halim et. al. 2004). The unproductive aids are such as monthly remuneration, special aid, home rental, and educational aid. This type of aid is intended to help the poor to continue their life and fulfilling their principal needs.

The productive aid is in the form of productive capital assistance either in cash or equipment. Capital aid is intended to help the poor and indigents with physical and mental strength, still able to work to change their life for the better good. This assistance also enables them to independently conducting business, so that they can exit the cycle of poverty (Patmawati,

⁷ Bantuan Modal Menjana Usahawan *Asnaf* (2007). *Op.cit.*, h.24.

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2005). This type of *Zakat* aid aim that the *Zakat* recipients would change their status to be *Zakat* payer in the long-term.

The capital assistance provided by *Zakat* centre will be successful when *asnaf* past the adequacy rate of the minimum basic needs (*kifayah* limit). This success will take the group of *asnaf* out of poverty and become a *Zakat* payer in a future. Despite various efforts such as training, a variety of facilities and capital assistance has been channeled, but it has yet to show significant success to solve the problem of poverty among this *asnaf*. Although there were among the successful *asnaf* become a successful entrepreneur with the aid provided by *Zakat* centre, but many more *asnaf* at the level unsatisfactory to change their lives towards a better quality of life.

An entrepreneur among *asnaf* who are involved in the business world is a new phenomenon for them. They have to face many challenges and obstacles and have to compete with other entrepreneurs who have been long established and have knowledge and experience in this field. The ability of an entrepreneur to face challenges in the business world is depending on their own attitudes, the mentally and physically strength as well as the spirit in themselves. Failure in the new business venture in a very short period of time can break the spirit on entrepreneurs who just want to venture into entrepreneurship.

The main factor that influences a business is capital. The most problem face by the poor to begin their business is capital. Capital plays an important role as an efficient mechanism in helping poor and the indigents out of poverty especially when they involve in business and entrepreneurship. Moreover, capital aid is a tool that can help a poor household to start and expand their businesses and enhance their life skills to increase income and better socioeconomic status. When the failure occurs, it will be linked with a lack of business capital. The issue is, is it true that the lack of capital can be the main cause of failure in business? Besides, the issues that arises is whether the centre of *Zakat* institution was distribute *Zakat* in term of capital assistance to the *asnaf* who is committed, qualified and having the criteria to be an entrepreneur.

These problems should be refined so that the failure can be minimized to the entrepreneurs who received capital aid from *Zakat* institution to start business. An important aspect that has been overlooked is the attitude of the *asnaf* whether the *asnaf* committed and had entrepreneur feature. Detailed review need to be carried out to the management of *Zakat* institution in terms of capital allocation to these entrepreneurs. Conducting a specific research to the *asnaf* before allocating capital assistance will bring success to *Zakat* institution in terms of capital distribution. An accurate calculation to *asnaf* who are eligible would result a successful entrepreneur from *asnaf*. Omission about the attitude of the *asnaf* would lead to the misdistribution of the aid to the *asnaf* who are unqualified and would fail the program.

Therefore, the objective of this study is to identify the attitude of the *asnaf* before determining what form of aid to be given, beside expecting the aid that might influence the achievement or the failure of the capital aid program to the *asnaf*. The capital aid that is given must be initially adjusted with the capabilities of *asnaf*. The identification of the aspect would be conducted by the authorities in planning the strategy to ensure the only *asnaf* who are fully qualified and so own the positive attitude to out of poverty who are eligible to get aid capital of *Zakat*. In addition, the authorities would also ensure the success of the *asnaf* who receive the aid with providing the training, various facilities, and continous monitor. Besides giving up the aid, it is necessary for the *Zakat* institution to emerge the cultural

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entrepreneurship among the *asnaf* so that they would not keep remaining as *Zakat* recipient every month. The failure of the economy and business project was also affected by the human factors which are the *asnaf* it self who are less initiative and not proactive.

LITERATURE REVIEW

Zakat or alms-giving is not a matter of collecting money but also a matter of distributing which has been a major issue until today (Abdul Halim Mohd Noor, et. al. 2004; Mohd Ali, et. al. 2003; Mohd Parid, 2001). The distribution of *Zakat* is explained in detailed in the Quran according to what is said by Allah SWT (Hasan & Ezani, 2006). However there are questions about it which need to be answered in order to distribute *Zakat* to *asnaf* who deserve to have it. The main reason of the distribution of *Zakat* is to obey Allah and at the same time to develop both individual and neighborhood socioeconomic. Generally, the distribution of *Zakat* can be classified into three objectives that are to satisfy the needs of an average cost of living. These objectives are focused on the *Faqr* (The poor of straitened), *Masakin* (The poor), for slaves, debtors and *ibn sabil* (the wayfarer). These are all done for the sake of the religion as well as *Syariah* law where the target group is for those who act for the lawful warfare for the defense of Islam of Muslim people and the territories (*Fi sabilillah*), and also for those who convert to Islam (*Muallaf*). Apart from that, the distribution of *Zakat* is as an incentive for *Amil* officer (those who manage *Zakat*). This research is focused on the *Asnaf faqr* and poor in order to help them to improve their standard of living.

The effectiveness of helping the poor is depends on the method of distribution and also the purpose of it. This method however need to be strengthened and analyzed from time to time so it will serve the purpose to help the poor to have a better life. The previous research which discussed on the effectiveness of the distribution of *Zakat* only touched on few aspects. Fuad Johari (2004) viewed this from the effects of the distribution of the income, while Patmawati Ibrahim (2005) viewed this on the pro rata distribution, Hairunizam Wahid, et. al (2001) only viewed this on the aspect of the quality of life. According to Mohd Parid (2001), the method of the distribution of *Zakat* in Islamic perspective needs to satisfy up to the level where the *Zakat* receivers feel comfort with their lives and also for their family members. The distribution needs to reach the *Qadr* (ratio) which to secure the quality of life continuously. The effectiveness of this method also need to be analyzed on wider aspects in order to satisfy *Maqasid Al-Syariah* (Objectives of Islamic Law) which is more comprehensive and satisfy the needs of the needier according to Islam (Rosbi & Sanep, 2001).

Baitulmal is one of the department in the Organization of Islamic States (*Organisasi Majlis Agama Islam Negeri-negeri*) who directly responsible in *Muslims* property in Malaysia specifically in the aspect of collecting and distributing (Hasan & Ezani, 2006). This is a social responsibility in order to help the poor to improve their standard of living especially in exterminating poverty (Siddiqi, 2004) and capital aid is the most appropriate aid for that particular purpose (Aniza & Sanep, 2010). This is to help *Asnaf* and the poor who has strong physically and mentally defense to be able to do their best to improve their lives. This will also help them to independently find the way to get away from poverty (Patmawati, 2005). According to Rosbi and Mohd Abd Wahid Fatoni (2008), this has given the poor the opportunity to become entrepreneur then be able to earn fixed income which later can boost up the economy and improve their standard of living. As stated by Ahmad Shahir and Adibah (2010), the government has been doing entrepreneurship activities especially for Malays after

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it has been approved through the research where the distribution of *Zakat* is really effective by doing this kind of method.

The economy boosting up program for *asnaf* through *Zakat* entrepreneurship program in Lembaga *Zakat* Selangor look on the effectiveness on how far can it help to boost up the *Faqr* and the poor's economy in order to exterminate poverty (Azman Abd Rahman, 2009; Ahmad Shahir & Adibah 2010). This is for long term process in order to develop human capital for *asnaf*. Through this paper work, few ideas have been suggested including the *Faqr* and the poor to run small business as the first step by using minimum capital. However, poverty cannot be exterminated with only materials or money aid. Therefore, SZB has highlighted few ways on distributing *Zakat* by educating and also develop *Zakat* for *asnaf* based on the potential they possess (Ahmad Shahir & Adibah 2010). In addition, if they succeed and show high commitment, they will get some aid for their businesses. It is a must since the poor and indigent *asnaf* are not able to start any businesses themselves due to the short of money capital (Anizah & Sanep, 2010).

Most of the previous researches which looked at the factors of success and failure in distributing *Zakat*, where most of them were focused more on the demography of the *Zakat* receiver. For instance age, gender, level of education, expertise, experience in business as well as the total aid received etc. (Rosbi & Sanep; 2008). However, the success and failure in business is depends on both inside and outside factors (Rosbi & Sanep, 2010; Thuaibah et al., 2007). The main outside factor is the capital. It is because the total capital which is given will also determine the success or the failure of the particular business for *asnaf*. The sufficiency in determining the need of the capital is crucial before start running a business. Lack of capital will affect *Faqr* and poor *asnaf* to increase their income. Research done by Aniza and Sanep (2010) found that *Zakat* aid has its own increase and decrease trend in the percentage of success and failure for the entrepreneurs. If the capital aid given is very little the possibility of failure is higher. On the contrary, the percentage of success is higher if the aid given is in average amount. However, it will decrease if the aid given is too many. Thus, the total amount of the capital aid needs to be determined because too little and too many in aid given will result in failure (Aniza & Sanep, 2010).

As for the inside factors, they are more on the inside factor of the individuals. For instance, interest, expertise, experience and attitude while outside factors are outside of the individuals like capital aid, training, government policy, opportunity etc. (Thuaibah et. al., 2007). In this research, the inside factors which drive an *asnaf* to succeed in business is actually the attitude of the *asnaf* himself whether he is committed, passionate enough in doing business after receiving the capital aid and trainings from *Pusat Pungutan Zakat* (*Zakat* Collecting Centre). For those who do not determined enough to be entrepreneur, they will not succeed (Ahmad Shahir & Adibah, 2010). Attitude determines whether an individual has what it takes in order to do something in the context of personnel, interpersonal as well the profession (Pahrol 2008). He also states that attitude will determine whether an individual has the creativity, innovative, passion, and effort, determination in anything that he or she does. A committed and passionate *asnaf* in doing a business will help them to improve his or her family economy and also reach for a better life.

The importance of inside factors of strong attitudes will make an individual to succeed in business. Apart from that, innovation is one of the most important factors for an entrepreneur. Innovation in an individual reflects every aspect of his or her life in creating a better scope in doing a business. Entrepreneurs need to be creative and innovative at the same time in

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creating new things for their products. They also must get ready to handle risk, love challenges, have creativity, confident and not easily give up and think rationally (Yep Putih, 1985; Mohd Asri, 1999; Zaidatol & Habibah, 1997). Thuaibah (2007) shares the same view on this where an entrepreneur is seen as the medium between the supplier and the consumer who dares to take risk in order to succeed in business. Therefore, entrepreneurs are the individuals who are always do their best and seek opportunity to gain profit in their business by investing half of the assets and do their part in this world as the Allah' caliph (Mohamad Dahlan Ibrahim, 1992).

Entrepreneurship is important missionary in Islam. Islam encourages its believer to get involve in entrepreneurship because almost all prosperities come from a business. A Muslim entrepreneur is asked to always obey Allah, follow His orders of what been stated in the Quran and *Hadith*. According to Muhammad Syukri Salleh (2009), the strength of a Muslim is depends on the relationship between human beings and Allah (*Hablu min Allah*) and also all the honorable traits (*Mahmudah*) in an individual's to reach the *Al-Falah* and not to mention, the relationship amongst human beings (*Hablumin naas*). The relationship between human beings and Allah is the most important and must come first before anything else as it is essential for a Muslim. Lack of spiritual input in practicing the honorable traits will result in business failure for *asnaf* (Ahmad Shahir & Adibah, 2010). This can be supported by the theories from the western thinkers about the entrepreneurship as to strengthen the system of Muslim entrepreneurs. Every action must be based on the *Aqidah* and *Syariah*.

To conclude based on the views and researches as stated above, we found that there are things and important factors which affect the success of a particular enterprise or business is because of the inside factors by the help of other outside factors. The attitude of the *Asnaf* need to be considered before the capital aid can be distributed. The *asnaf* who receive the capital aid must have all characteristics of an entrepreneur which stated previously so that the distribution of *Zakat* will be more effective. Those who are committed in their business together with the obedience in *Syariah* will secure the success in anything they do.

METHODOLOGY

Data Collection And Sampling

Data sample for analysis in this study consists of 687 respondents among local *asnaf* who are poor and received monthly financial and food aid. This category of *asnaf* represents the biggest group of *Zakat* recipients, which is approximately 50 percent (Hairunizam et. al, 2010). Respondents in this study are concentrated in the states of Selangor, Pulau Pinang, Wilayah Persekutuan, Melaka, Terengganu, and Kedah. (see Table 1).

Logit Model Estimation Method

Data is analyzed using logit regression analysis to examine the probability for each characteristic of every *asnaf* who desires to change their life from being the recipients of *Zakat* to becoming a *Zakat* contributor. The dependant variable in this study is a *dichotomous variable* and the independent variables are mostly dummies. Hence the most suitable estimation model is the logit binomial model, which generally can be written as follows:

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$$P_i = E(Y = 1/X) = 1 / (1 + e^{-Z_i}). \quad (1)$$

Where:

P_i probability for a respondent who wants to become a *Zakat* contributor (in which case, $Y = 1$, $Y=0$, do not change).

Z_i function of X where X are the affecting factors.

The function (1) can also be written as:

$$P_i = 1 / (1 + e^{-Z_i}) = e^{Z_i} / (1 + e^{Z_i}). \quad (2)$$

Since P_i is the possibility for the respondent who wants to become a *Zakat* contributor, then the possibility for the respondent who wants to continue to receive *Zakat* as *asnaf* is $(1-P)$. Hence the probability of unwillingness to change is:

$$(1 - P_i) = 1 / (1 + e^{Z_i}). \quad (3)$$

The ratio of the probability for the respondents who want to become a *Zakat* contributor is:

$$P_i / (1 - P_i) = e^{Z_i}. \quad (4)$$

By taking the natural log from equation (4) we derive equation (5) which is:

$$\begin{aligned} L &= \ln (P_i / (1 - P_i)) = \ln (e^{Z_i}) \\ &= Z_i \\ &= f(X). \end{aligned} \quad (5)$$

Based on equation (5), this study also examines several variables that are deemed important in influencing the choice of *asnaf* between wanting to become a *Zakat* contributor or continues receiving *Zakat*:

$$Z_i = b_0 + b_1 X_1 + b_2 X_2 + b_3 X_3 + \dots + b_i X_i. \quad (6)$$

Z_i is the function of X with X variables consisting of gender, age, level of education, place of residence, total of monthly income, and total of *Zakat* received per month. Therefore, based on equation (6), the complete estimated model used in this study is:

$$L = \ln (P_i / (1 - P_i)) = b_0 + b_1 X_1 + b_2 X_2 + b_3 X_3 + b_4 X_4 + b_5 X_5 + b_6 X_6 + u_i \quad (7)$$

Where:

- P probability of *asnaf* to change (change = 1, not change = 0)
- X_1 gender, 1 for male and 0 for female
- X_2 age of the respondent
- X_3 level of education
- X_4 place of residence
- X_5 total monthly income

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X_6 total monthly *Zakat* received
 u_i error term

RESULTS OF SURVEY

Brief information of the respondents by state, gender, age, education level, location, and placement, type of job, monthly income and number of dependents is illustrated in Table 1. In this study case, a total of 582 respondents (84.7%) want to change their life from a receiver *Zakat* to a paying *Zakat* (Table 2). Table 3 shows that most of *asnaf* have choose entrepreneurs as their suitable job to undertake.

Table 4 shows the results of the logistic regression analysis. The relationship between the independent variables with the dependent variable is the strong drive towards a moderate level. This is shown by the records of Cox and Snell $R^2 = 0.32$ dan Nagelkerke $R^2 = 0.57$. Table 5 of the classification table exhibits the results of that model are expected to make Predictability at a rate of 91.9% accuracy. In addition to the variables of focus in this study, other variables were also tested. Some of them are significantly associated with attitude change. These include the factors of education level (X_3), site locations (X_4), the total monthly income (X_5) and the amount received *Zakat* (X_6). However, these variables are not discussed.

We found that X_6 variables (Table 6) are more significance than the other variables on changing the *asnaf* attitudes. One unit increase in the amount of *Zakat* received, related to the increase in log ratios of behavior change in attitude *asnaf* 0.014, in other words, the increase per unit amount of *Zakat* received a month will affect the attitude of a *asnaf* to change from the recipient to the payer by 54.5%.

However, these demographic factors only makes these *asnaf* recipients tend to turn from a recipient of aid to someone who can pay *Zakat* in the future. Although each of these factors is significant for the attitude of *asnaf* for changing to become entrepreneurs, this does not mean they will succeed in entrepreneurship or business as they ventured into. Literature review has described the characteristics of successful entrepreneurs in the business such as a strong commitment to business, entrepreneurship skills, willingness the risk, and many others. Attitudes *asnaf* and initial monitoring by the *Zakat* Center before aid distributed. Those who are truly committed to the business entrepreneurs would be the focus of the distribution.

This aspect can be explained when the study case found that 60.6% (Table 7) respondent did not attending the entrepreneurship training organized by the *Zakat* Center. It could be a factor in the failure of *asnaf* business because knowledge about entrepreneurship is low. The purpose of training is to change attitudes, skills and knowledge that can give them satisfaction and improvement. This courses and training not include the knowledge of business skills only, but also apply spiritual values of Islam which emphasizes responsibility

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as a Muslim, *mahmudah* attitude such as trust, honesty, sincerity, and so on. In addition, motivational drives also stressed to strengthen their identity. Courses and training is important for an entrepreneur to succeed in their business.

Malaysia's Experience

The development of *Zakat* distribution in some states in Malaysia has shown an increase of distribution that stimulates the poor and the indigent. Every year, the level of fund collected has been rising as well as the work of distributing that gets better. In 2009 for instance, SZB has successfully collected RM 283.67 Millions of *Zakat* (*Zakat* Report of 2009) which is higher, compared to what they got at 2008 which was RM 276.62 Million. RM 276.62 Million were distributed to eight group of *asnaf* in the state of Selangor. The amount of 102.55 million has been distributed to the poor and the indigent. However, SZB has been always getting a large surplus of money collected as *Zakat*. The issue of the surplus of money that is not utterly distributed has been detected (Zulfikliy Abdul Karim et. al., 2002). For example, in 2001, all the 14 institutions of *Zakat* in the entire country did not distribute all of their collected *Zakat*. Only 75.2% of the total of RM 230 Million of the collected *Zakat* was distributed to various group of *asnaf* (Muhammad Syukri Salleh, 2002).

There are some weaknesses found while conducting the *Zakat* distribution in Malaysia. One of them is that the distribution of *Zakat* that is not lead to the creation of job demand to the *asnaf*. The *Zakat* institution is just concentrating on monthly alimony and aid for the need of *asnaf*. For example, in the state of Melaka, the aids given are in the form of monthly aid, holiday allowance (annually), also school uniforms, bicycle, school tuition aid, *Ramadhan* aid, and natural disaster aid. Even the state of Melaka are giving a lot of aids directly to the *asnaf*, it resulted on the fact that the *asnaf* only obtain the aid in the form alimony, but it doesn't improve their socio economy in the long run. The *Zakat* institutions need to distribute the *Zakat* to encourage them to be self sufficient and to increase the potential of the *asnaf* to be productive.

Moreover, they are still lack of allocation for human development such as trainings, courses and programs to build the entrepreneurship minds and thoughts. The training given is not comprehensive, and just a share of knowledge, and not in the form of professional skill. Some studies were also conducted to several *Zakat* institutions in Malaysia, and it found that no all of the *asnaf* were succeeded the economy project provided by the *Zakat* institutions. This because the lack of commitment and sincerity by the *asnaf*, and also there are no periodical observation from the institution. There are no capital incentives; there are no sideline assistance like marketing, and the issue of employee fraud. For example, in the state of Perak, a capital was handed to *asnaf* in order for them to start a small business; however the program has to be terminated because the mismanagement of the aid due to lack of staff for the purpose of monitoring and advisory (Ahmad Fauzi Abdullah, 2004).

SZB has taken an initiative acts to drive the economy project along with *asnaf* by giving up a money capital, training, and equipment for a certain area like agriculture, fishery, culinary, and tailoring. Indeed that various effort such as training, facilities, and capital aid that has been given, but yet it doesn't show any success of taking out *asnaf* off poverty. It is not denied that some *asnaf* were succeeded in utilizing the chance and aid available to transform their life, but those *asnaf* who did not reach the goal weren't a view. This is because, the aid

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given is just a capital aid and training, and it did not make the *asnaf* to be fully skilled and their worked were not fully monitored intensively.

Study about the capital aid of *Zakat* upon entrepreneur by Aniza and Sanep (2010) has been conducted to 534 of *asnaf* of poor and indigent in Wilayah Persekutuan Kuala Lumpur and Selangor. The *asnaf* has been given an incentive capital as a first money to start a business picked by them. The result of the study showed that capital aid of *Zakat* has a trend of inclining as well as declining in percentage of successful or failure to these entrepreneur. If the amount of aid given was small (little) the possibility of this program to fail is high, the percentage of success is increasing if the aid was added into the stage of simple. But the percentage of success would be reduced to zero if the aid given is big (many). The evidence showed that the aid given cannot be too much, or too small (Table 8).

To increase the probability of the success of the *asnaf* in conducting their work, *asnaf's* attitude needs to be emphasized. Most of the *asnaf* want to be entrepreneur, but also mostly are only delusion. They do not have the mind of entrepreneur, and the issue of commitment and sincerity in running the business. Besides, the attitude of *asnaf* that is dependant to the aid of *Zakat* institution and doesn't want to be self sufficient. Instead, if the aid given, they would still fail their business, and yet expecting for another aid.

On the Rosbi's study (2011), 84.6% of *asnaf* who receive the business aid were never join the entrepreneurship course before they started a business (Table 9). Table 10 also describes that 52.4% of the entrepreneur only attending the entrepreneurship training once, compared to the another 16.3% who managed to attend it twice. The group who been to the training twice has shown us their interest in the field they were doing. They who are very potential would show their high commitment to drum up their business. Every *asnaf* who gets involve in the business field needs to participate by attending training course or entrepreneurship seminar recommended by the *Zakat* institution to improve their mastery and knowledge in business management and would give a direct impact in the business they are into as well as their entrepreneur attitude in a effort to promote their business. Business potential that keeps on raising would motivate the aid recipient to become more competent with the other entrepreneur.

Besides, factor that would influence the *asnaf* who receive the aid to go to the training is from the initiative of the *Zakat* initiative is 58.1% in assisting the *asnaf* were success in their business. Only 26% respondents who are self motivated to attend the entrepreneurship training, this is clearly showing us that the attitude of *asnaf* who are willing to be entrepreneur are not fully committed to run the business. The willingness to success on the business they were into has to start from their self. The successful entrepreneur has to have the initiative in the field of building the business. It's an obligatory to own an extensive knowledge also a high skill in the field for being capable to compete with other entrepreneur. So that the number of failure out of this capital aid program would be reduced if the *asnaf* has the knowledge of business management by involving in the training courses suggested by the *Zakat* institution.

How far the ability of the *asnaf* entrepreneur to handle and overcome the challenge given by business environment would depend on the power of mentality, physical, and also enthusiasm on their self. It's because a failure occurred in the newly born business in the short period of time would harm the spirit of the *asnaf*, and eventually would make them mentally break down the spirit of the *asnaf* who are about to start this field.

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Besides the physical strength, there are other power resource for the *asnaf* to compete against other competitors and gain success, Muhammad Syukri Salleh (2009). This source is *hablum minallah* and *mahmudah*, the attitude of *mahmudah* or spirituality such as being humble, being grateful, giving alms, tolerant are the attitude of human with *Taqwa*. Allah SWT promised to give all the power to those people who has *taqwa*. Firman Allah SWT (Surah Al-A'raf 7:96).

“And (Allah said again). Had the people of those countries believed and kept away from evil, We would have surely opened for them (the gateway) to the blessings out of heaven and earth. But they rejected (Our Messengers), so We seized them because of what they had been doing”

These source of power in cannot be denied if they are willing to solve their problem, competing, and reach the success in any field. The defects of *Hablun Minallah* would be isolated the help from Allah SWT.

In conclusion, the result of the study has analysed that *asnaf* that have been receiving the aid from the *Zakat* institutio, the willingness to change the attitude of someone who has been receiving the *Zakat*, to become the one who pays the *Zakat*. Some factors such as educational stage, location of placement, the monthly income, and the amount of *Zakat* received has encouraged those *asnaf* to change. Most of them prefer the business field as an endeavor to improve their standard of socioeconomy of the family, and to leave the prolonged poverty, the life quality would be better, compared to what they had before.

The errors in giving the aid to the *asnaf* who are not qualified is the factor that would lead a business to failure, The aid would be given as long as the committee could identify in detail about the attitude of the *asnaf* who receive *Zakat*, attitude and the attribute of entrepreneur are compulsory for the *asnaf* who are into this field of business. The physical and spiritual strength need to be applied sistematically and constantly if the success is becoming the goal. These aspects would allow us to reduce the failure of the capital aid program, and so would enhance the building of Ummah among *Asnaf*.

CONCLUSION

The efforts undertaken by the Malaysian centre of *Zakat* in developing entrepreneurship among *Zakat* recipients should be applauded. *Zakat* capital assistance serves as an alternative capital injection that benefits an *asnaf* who faces difficulties in obtaining bank loans to start a business. This capital assistance provides support not only from the economic aspect but also in terms of social aspects and morale of the individuals.

However, centre of *Zakat* still need to develop an appropriate method of observation on *asnaf* entrepreneurs to ensure that the economic development programmes are achieving targeted goals. Several aspects need to be examined by the centers of *Zakat* to increase the probability of success among *asnaf* entrepreneurs. Among others, the study should look at the attitude and commitment of the entrepreneurs in starting business. Internal and external strength of an individual are also important qualities in developing a successful Muslim for this world or the Hereafter.

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This paper suggests that a complete and comprehensive strategy of a business capital aid distribution need to consider various other factors besides the capital aspects alone. This strategy can help *asnaf* to improve their standards of living in the future, consequently becoming a *Zakat* contributor instead of a recipient.

SUGGESTION AND IMPLICATION

The *Zakat* institution needs to prepare an action plan in detail before providing capital assistance. Besides, *Zakat* institution should streamline the selection procedure towards *asnaf* before distribute the assistance. For instance, *Zakat* institution make an interview to *asnaf* who are eligible, ensure that the applicant provide a business plan before applying for capital assistance as a sign of commitment from their side, manage licenses, business location and coordination of marketing activities. This is important to ensure smooth distribution process and facilitate *asnaf*.

Capital is only given to *asnaf* who already trained and undergo a process from entrepreneurship aspect to enhance *asnaf* mastery from theory and practical aspects of the business world. A group of *asnaf* who are applied capital assistance should possess the accounting skills, business planning, stock management and so on. This is for ensuring them to have perfection of thinking and high enthusiasm to stabilize family.

The learning process should be organized by the *Zakat* institution or private consultant agent comprehensively and periodically, so that participant continuously disciplined to enhance their knowledge of entrepreneurship and business. Reappraisal of required capital amount assistance is needed to be applying prior to achieve the suitability with the business.

Monitoring should be done efficiently by the institution of *Zakat* after distributing the capital assistance to the *asnaf*. Monitoring form such as periodic visits for at least six months, account auditing, advice, capital injection, monthly report should be made to ensure that the business undertaken by *asnaf* really help them in terms of income and make them to be *Zakat* payer.

Creating incubator of entrepreneur, which is the centre of special bussines that funcionates as the office of business and a company for *asnaf*. Supporting on providing services such as contionous training course that could be given in the centre incubator as well as facilitaties such as providing office equipment, telecommunication, meeting room, and storage. This incubator centre would also has a role as an Info Centre for the capital recepients. This centre would create a single grand database about progress, achievement as well as information of failure or success of the aid recipients. This centre would organize a social network for the aid recepients and would held an interview and a meeting with all the recepients at least once a year. The *Zakat* institution and the capital aid recipients would share knowledge, experience and opinion to increase the performance of their business

The *Zakat* institution needs to set up a monitoring committee or appointing professional's agents to provide consultancy services such as business account management services, marketing and others after the *asnaf* starts their business. All the services provided by the agent or committee will help *asnaf* systematically to manage their business and ensure them

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to be a successful entrepreneur in a future. In addition, the *Zakat* institutions can also organize a ceremony to conferment and celebrate successful entrepreneur as a motivation to other *asnaf*.

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Table 1: Respondents' Background Information

Respondents' Background	Number of persons	Percentage (%)
1) State		
Selangor	69	10.0
Pulau Pinang	101	14.7
WP Kuala Lumpur	130	18.9
Melaka	113	16.4
Terengganu	171	24.9
Kedah	103	15.1
Total	687	100.0
2) Gender		
Male	337	49.1
Female	350	50.9
Total	687	100.0
3) Age (Years)		
Less than 25	11	1.6
25-35	56	8.2
36-45	198	28.8
46-55	242	35.2
More than 56	180	26.2
Total	687	100.0
4) Level of Education		
Did not go to school	114	16.5
Primary school	258	37.6
Secondary school	315	45.9
Total	687	100.0
5) Place of residence		
City	329	47.9
Suburbs	208	30.3
Rural	150	21.8
Total	687	100.0
6) Occupations by type		
Unemployed	212	30.9
Self-employed	266	38.7
Salaried Employee	180	26.2
Retiree	29	4.2
Total	687	100.0
7) Total monthly income		
Incomeless	206	30.0
RM 415 and below	121	17.6
RM 416 - RM 691	203	29.5
RM692 - RM900	142	20.7
RM 901 and above	15	2.2

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Total	687	100.0
8) Number of dependents		
No dependent	79	11.5
1 - 4 persons	470	68.4
5 - 8 persons	122	17.8
9 - 11 persons	14	2.0
12 person and more	2	0.3
Total	687	100.0

Source: Surveys on The Effectiveness of Capital Assistance in the Distribution of Zakat: Case of Poor and Indigent *Asnaf* 2010

Table 2: Number of respondents who are willing to change their attitude

	Number of respondents	Percent (%)
Yes	582	84.7
No	105	15.3
Total	687	100.0

Source: Surveys on The Effectiveness of Capital Assistance in the Distribution of Zakat: Case of Poor and Indigent *Asnaf* 2010

Table 3: Suitable career choices

	Frequency	Percent (%)
Entrepreneurs	532	77.4
Regular salaried employment	112	16.3
Others	43	6.3
Total	687	100.0

Source: Surveys on The Effectiveness of Capital Assistance in the Distribution of Zakat: Case of Poor and Indigent *Asnaf* 2010

Table 4: Model Summary

	Cox & Snell R Square	Nagelkerke R Square
-2 Log likelihood	0.317	0.568
269.745^a		

^a : Estimation terminated at iteration number 9 because parameter estimates changed by less than .001

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Table 5: : Classification Table^a

			Predicted		Percentage correct
			Attitude to change		
			Yes	No	
Step 1	Do you want to change from being a zakat recipient to a zakat payer?	Yes	518	13	58
		No	37	51	97.6
Overall percentage					91.9

^a: The cut value is .500

Table 6: Variables in equation

	Koefisien β	Wald	Sig.	Exp(B)
Gender (X1)	-0.051	0.022	0.883	0.95
Age (X2)	-0.387	2.681	0.102	0.679
Education level (X3)	-1.307**	6.101	0.014**	0.271
Placement (X4)	-1.678**	6.225	0.013**	0.187
Total monthly income (X5)	0.435**	4.906	0.027**	1.545
Total zakat received (X6)	0.014*	29.782	0.000*	1.014
Constant	-0.99	0.488	0.485	0.372

*Significance at 1%

**Significance at 5%

Table 7: Number asnaf attending entrepreneurship courses

	Number of respondents	Percent (%)
Yes	271	39.4
No	416	60.6
Total	687	100.0

Source: Surveys on The Effectiveness of Capital Assistance in the Distribution of Zakat: Case of Poor and Indigent Asnaf 2010

Table 8: Percentage of success and failure in surpassing the kifayah limit based on capital classification

Capital Classification (RM)	Number of Asnaf (person)	Number of Successful asnaf (person)	Number of Failed asnaf (person)	Percentage of Success (%)	Percentage of Failure (%)
1,000 – 3,000	155	3	152	1.9	98.1
3,001 – 5,000	311	22	289	7.1	92.9

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5,001 – 10,000	47	6	41	12.8	87.2
10,001 – 20,000	12	4	8	33.3	66.7
>20,000	9	2	7	22.2	77.8
TOTAL	534	37	497	6.9	93.1

Source: Aniza and Sanep (2010)

Table 9: Number of respondent joining entrepreneurship courses before venturing into businesses

	Number of respondents	Percent (%)
Yes	82	15.4
No	452	84.6
Total	534	100.0

Source: Rosbi Abd Rahman (2011)

Table 10: Number of respondents attending training / entrepreneurship courses

	Number of respondents	Percent (%)
Once	280	52.4
Twice	82	15.4
> Twice	87	16.3
Never	85	15.9
Total	534	100.0

Source: Rosbi Abd Rahman (2011)