

CHAPTER 10

MyEMA-Entrepreneur Monitoring Apps

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Abstract

The Malaysian government has channelled a lot of funds to facilitate the entrepreneurship ecosystem in Malaysia. Funds are distributed through loans and special grants to entrepreneurs throughout the country. While conducting a focus groups on Asnaf who received grants from Lembaga Zakat Selangor (LZS), the researchers realized that LZS cannot monitor the performance of the grant receivers because they are understaff. The researchers believed that an app that can monitor entrepreneurs' performance is the best solution to tackle this problem.

Introduction

Zakat is one of the five fundamental pillars of Islam. Allah (s.w.t.) has prescribed on the believers the payment of zakat as an obligatory form of worship (Ibadah). Zakat is categorized under obligatory charity. There is Zakat on the wealth (Zakat-ul-Maal) and there is Zakat on the individual (Zakat-ul-Fitr). The zakat system if managed efficiently will definitely have a positive impact on the socio-economic positions of the poor and needy among the Ummah. Zakat has a number of objectives. The first is the purification of one's wealth. Payment of zakat is a divinely ordained method to cleanse one's heart and soul from greed and obsession for material wealth. This enhances one's love for Allah (s.w.t.) making one an obedient servant to Him. Payment of zakat is an expression of caring for the welfare of the less fortunate members of society. It cannot however be

regarded as an act of charity perse because a portion of one's wealth is the right of the poor and the needy (Mohamed, 1991).

The general principle of zakat distribution has been laid down clearly in the Al Quran as underlined in the Surah al Taubah verse 60 that states: "Alms are for the poor and the needy, and those employed to administer the (funds) for those whose hearts have been (recently) reconciled (to Truth) for those in bondage and in debt in the cause of Allah and for the wayfarer: (thus is it) ordained by Allah, and Allah is full of knowledge and wisdom".

From the above verse, there are eight categories of people defined in the Al Quran as those who are entitled for zakat payment: the indigent, the poor, those in-charge of the distribution of zakat (*amil*), the new Muslim converts, those who are freeing themselves from bondage, those who are in debt, those who serve the cause of Islam and the wayfarer. (Mahyuddin Haji Abu Bakar and Abdullah Haji Abd. Ghani. (2011) The details are as follows:

1. Extreme poor (*Faqir*)
This group of people whose property is below the *nisab* threshold. They are poor and destitute and need other people's help to survive, either because of their physical inability, old age or others. Muslims who do not own property or work, or have jobs that are not lawful or no income, but do not reach 50 per cent of the *kifayah* (sufficiency) limit to meet the need for one's self or self-dependency.
2. *Masakin*
Muslims who have *halal* wealth or income that can only accommodate 50 per cent of personal needs or family needs, but do not reach the limit of *kifayah*.
3. *Amilin*
Those who work in administering and managing matters related to zakat. Inclusive in this category are the officers and members of the staff appointed by the state to manage zakat matters such as calculation, collection and disbursement. This group of people is entitled to be paid from the zakat fund.
4. *Al Qulub*
This group of people are those who are inclined to be close to Islam. Those in this category include those who have close relationship and strong commitment to solidify Islam such as the newly converts who have to give up their property and family relations. The gift of zakat is hoped to strengthen their faith and creates a sense of belonging among Muslims to aid those who are in need like this group of people.
5. *Riqab*
To free slaves. In the current situation, the slave system has long been abolished. These days, however, the interpretation has been extended to those who are oppressed such as Muslims who are restricted from performing their duties under the rule of non-Muslim reign.

6. *Gharimin*

People who are in debt. Muslims who are in debt and have no resources to pay their debts considered acceptable in Islam such as being in debt to get basic amenities to sustain their lives and those under their care.

7. *Fi sabilillah*

Fighters in the cause of Allah to promote Islam such as students and those who are in the war to protect Islamic countries from the invasion of enemies of Islam.

Lembaga Zakat Selangor was established on February 15, 1994 as Pusat Zakat Selangor. Its main function was to handle professionally the collection of zakat payment in the state. The main reason behind the establishment of LZS was to improve the management of zakat institution to the new professional system as used by other corporate sector. In 2006, PZS was renamed as LZS and registered under the virtue of Trustee (Corporation) Act 1952. The foundation of LZS is one of the significant steps to reform and strengthen the management of zakat institution. By professionalizing the zakat institution, it will maximize collection of zakat payments and the process of distribution of zakat to legitimate asnaf will become more efficient and widen. The main objectives of the foundation of LZS are to strengthen the management of zakat institution, optimize the collection of zakat payments, handling and eradicating poverty among Muslims in Selangor, spread and expand syiar Islam, improving and developing socio economic of ummah and providing efficient services to stakeholders. (Muhammad Sayifullah, Personal Communication, 2013)

Unlike other zakat institutions in other states, LZS has carried two functions simultaneously which are collecting zakat payments and distributing zakat collections to legitimate asnaf. LZS has used five main approaches in distributing zakat collection to legitimate asnaf. These approaches are social development program, education development program, religious institution development, human development program and economic development program. Under the economic development program, LZS provides assistances to asnaf which will elevate their living standards and be financially independent. The assistances given to asnaf are in the form of initial and additional capital to initiate their business (Program Asnaf, 2009). The participants under this program have to attend certain courses such as Entrepreneurship course during the pre-approval stage of capital assistance scheme, business management and Skill development training course. These courses will expose the participants with basic entrepreneurship and business knowledge including financial operation and motivation.

Economic Development Program

The entrepreneurship program for asnaf is under the purview of the economic development program. This program has been specially designed to provide resources to potential and qualified asnaf to start their own business. The assistance is also extended in other activities such agriculture, fishery, poultry and working capital. The LZS has focused on two main programs which are entrepreneurship program and collective

economic program. Through the programs, LZS provides assistance in the form of initial and additional capital, business management and entrepreneurship courses and Skills development training to selected asnaf.

Form Of Capital Assistance

The LZS provides capital assistance to qualified and potential asnaf. These qualified asnaf are not only from fuqara and masakin asnaf but also include other asnaf such as al-muallaf and al-gharimin. The resource given depends on the type of business conducted. Basically the capital assistance provided is between the amount of RM2, 000 and RM 50,000. It will be approved after the business prospect is identified. This business grant is normally is in the form of plant and equipment like machines, stalls, workshops and small trade commercial vehicles. There are two main categories of capital assistances under the zakat entrepreneurship program. The first category is small cash amount between RM 500.00 and RM5,000 provided for asnaf who conducts micro businesses like selling nasi lemak, pisang goreng and lawn mowing services. For those who involve or conduct small and medium business in the area of food and beverage, laundry, traditional snacks and crackers, car workshop and other businesses, a bigger grant in the amount between RM 5,000 and RM 50,000 will be provided by LZS (Muhammad Sayifullah, Personal Communication, 2013). The researchers were informed that the LZS will provide an additional capital for the purpose of working capital and business expansion if the business is seen to be developed and profitable. However, the progress of ongoing business activities will be monitored closely and the entrepreneurs are requested to attend other further courses if they plan to expand their businesses. LZS has been always willing to provide further assistance either in the form of cash capital or equipments provided that the business can provide indication of success

Selection Of Asnaf Zakat Entrepreneur

To ensure that this program achieve its objectives, the LZS will make selection of the participants among the asnafs. The background of the candidates will be carefully examined and evaluated. The vetting process is important as to make sure that only proactive and qualified candidates be selected as participants of the program. The candidates must really be capable and interested in business, physically and mentally fit, enthusiastic to learn new things. LZS will support the selected participants by providing training and courses continuously. The successful participants will have to join basic entrepreneurship courses and skill and technical training. This includes financial monitoring and motivation courses before conducting business. Besides the entrepreneurship and skill courses, LZS also conduct religious courses which contain spiritual and moral elements for the participants. After completing these courses, the participants may gain various skills and basic business operation knowledge. The participants also may be able to strengthen their mental and spirituals. (Muhammad Sayifullah, Personal Communication, 2013)

How MyEMA Comes Into the Picture?

Aspects of development and poverty eradication are the issues to be addressed in order to strengthen the Muslim ummah. One of the measures of the success agenda is through the distribution of Zakat funds to the poor and needy recipients. In zakat distribution, a portion of it is given to Asnaf who wanted to venture into business in order to get out of poverty. Most of the reports from zakat distribution agencies showed that majority of the recipients are not performing well or are using the funds received for purposes other than setting up their own business. One of the reasons reported is as a result of not having a proper monitoring system due to lack of manpower to monitor these entrepreneurs.

My-EMA is an apps specifically invented to tackle this issue. It is an apps that can monitor entrepreneur performance on a daily basis. Instead of being a mere accounting apps, my-EMA incorporate other modules such as motivational tip on entrepreneurship, Islamic approach (through daily feed of relevant Quranic and Hadith excerpt) and also a real time complaint counter. Other than that, in order to monitor the Asnaf's performance in terms of ringgit and sen, the apps incorporate a simple daily cash flow forms to be completed by the Asnaf on a daily basis. Furthermore, instead of having to recruit more personnel to monitor the Asnaf, the Zakat distribution agencies can reduce financial burden and the surplus of funds as a result of this saving can be channeled to other activities that can further help the Asnaf.

The benefit of this apps is that it is a simple apps to use which require a simple smart phone. It is easy to understand and the researchers have tailored it to the level of understanding of the Asnaf based on our preliminary study. The future of this apps is endless. It can be further enhanced by incorporating other modules such as profit and loss, performance analysis and also balance sheet. By having minor modifications, this apps can be used by other loan or grant providers such as TEKUN, MARA, PUNB, SME Bank and also AIM in monitoring their borrowers or grant recipients.

Conclusion

Taxpayers money will go to waste if microcredit agencies do not have a proper monitoring system that can monitor the performance of the borrower or the grant recipients. Reasons such as lack of manpower and lack of funds to monitor the entrepreneurs will no longer be a burden to these microcredit agencies.

References

Al-Quran

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