

Conference Paper

The Spiritual's Post-Covid Asnaf Entrepreneurs Toward Zakat on Business

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Abstract.

This study assesses the spiritual's post-covid *Asnaf* entrepreneur's toward zakat on business. It indicated the new insight of *Asnaf* entrepreneur's spirituality after covid. After participating in the AEP, *Asnaf* became the zakat payer and directly will be give the positive effect to zakat collection. However, many small businesses, especially business from *Asnaf* entrepreneurs are financially fragile because of Covid-19 challenges. To meet the challenges posed by the Covid-19, the *Asnaf* entrepreneurs had to react in agile and decisive ways by relating the spirituality toward business and able to maintain as the zakat payer soon. This involves conducting an after-action review in spiritual by lessons learned from the pandemic and enhance the business value. Therefore, in this paper, we explore the Spiritual's *Asnaf* entrepreneurs toward zakat on business after facing the Covid-19. The analysis was performed to examine the reliability and validity of the measurement, and the structural equation modelling techniques (SEM). Spiritual among *Asnaf* entrepreneur's toward zakat on business after Covid-19. Hence, the study provides an insight to zakat institution that the Covid-19 seek out the opportunities emerging in the recovery and stability return by move to digitalization business.

Keywords: asnaf, entrepreneur, spiritual quotient, post covid

1. Introduction

The Malaysian zakat institution supports any comprehensive effort such as developing the *Asnaf* Entrepreneurial Programme (AEP) as well as to assists improves *Asnaf*'s life. AEP providing facilities for instances training, capital sources and motivation. These facilities will contribute towards socio-economic development among the *Asnaf*. Moreover, through these facilities such as training; it could be improving the *Asnaf* entrepreneur's skill in manage their business [1]. Moreover, this development also becomes a productive aid and enables the *Asnaf* to become independent from Zakat assistance and eventually become zakat payer in the future [2-3]. In an expression of qualities of Muslim, it is important to have view from the Islamic perspective. For instance, the faithful men have

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the sustainable in moral and religious intelligence criteria. By achieving the criteria, the person becomes a better Muslim [4-5]. Apart from this issue, the Islamic value among Muslims should be considered. This Islamic value has been explained by relating it with the spiritual quotient (SQ). Under this quotient, it is highlighted that the quality of intellectual framework, especially for the entrepreneur’s intention and behaviour [6]. Previously, it is only focusing on the different situation, however, now, we are facing the post-covid situation have seen many businesses faced with challenges the likes of which never faced before. However, which seemed uncertain post pandemic, has reached the normalcy, it important to small businesses especially Asnaf entrepreneurs have the strong spiritual in order to reach the resilience and recovery. Therefore, based on the related issue, this paper interested to examines the Spiritual’s Post-Covid Asnaf entrepreneur’s towards zakat in business by relating the Spiritual Quotient elements such as Siddiq, Amanah, Fatanah and Tabligh.

1.1. Asnaf entrepreneurs review

This model particularly focused on several elements such as exposure, education, implementation, marketing, monitoring, knowledge and consultation for Asnaf entrepreneurs. Each of elements are important in order to support business development among Asnaf entrepreneurs to establish the business enterprises as referred Fig. 1.

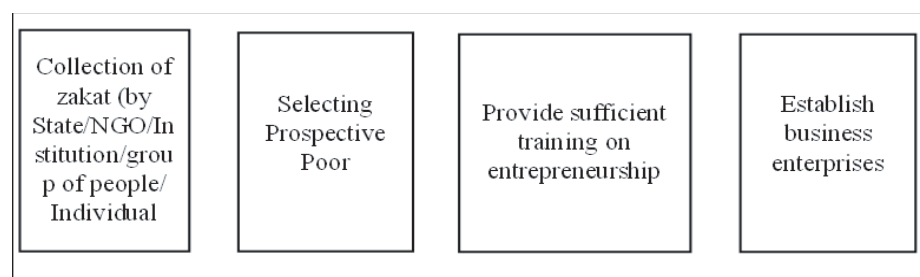


Figure 1: Zakat distribution entrepreneurs development process (Source: Hoque et al. [7]).

Based on Figure 1, the process that depends on the collection of zakat and how effectiveness zakat distribution through productivity alternative. This alternative begins with selecting the prospective Asnaf under poor category. Under poor category, the zakat institution provides the sufficient training on entrepreneurship or knowns Asnaf Entrepreneurial Programme (AEP). Such as Selangor [2], the first process that conducted by Lembaga Zakat Selangor (LZS) is identified the candidates for AEP among Asnaf. The process of selected based on Asnaf’s interest and background. In order to access

Asnaf's interest, it have certain requirements such as the first is interest to the subject matter and the second is the willingness to study; third is the physical capabilities. In terms of the types of zakat recipients [8], explained the three types of zakat receipts under AEP as stated below; *Asnaf* who is not capable to do anything except to continue his own life;

1. *Asnaf* one who need one off assistance in order for him to face or exit the situation; and
2. *Asnaf* one who is currently in the hardship but has a potential to develop, grow and graduate from the *Asnaf* status.

2. Spiritual Quotient

The role of Spiritual intelligence/quotient (SQ) acts as a fundamental value. The value play in lives, strategies and thinking process that reflecting the moral sense. This quotient develops the awareness and capacity of intelligence for any context such as corporate, community and family [9]. This intelligence directly covered the emotional (EQ), intelligence (IQ), physical (PQ) and spiritual quotients (SQ). However, the emotional (EQ), physical (PQ) and Intelligence quotients (IQ) presented the low contribution in predicting the people with meaning and value [10]. Therefore, previously found that the SQ play as important tools for evaluate the level of personal quality of managers rather than IQ [11]. Moreover, in Islamic Azad University of Mashhad found that the SQ positively influence the ability of entrepreneurs facing the problems and threats by applied the strong spiritual value [12]. This condition relating the concept of leadership as well as shown the positive attitude that affect from the level of spiritual. In the context of leadership and Islamic, the SQ acts as transformation of leadership traditional approaches in order to managing the change from the outside [13]. In the context of Islamic, in order to contribute the main behaviors, the measurement the value of Siddiq, Tabligh, Amanah and Fatanah are important as refer Al Israq 17:36, Allah has mentioned;

"You shall not follow anyone blindly in those matters of which you have no knowledge, surely the use of your ears and the eyes and the heart - all of these, shall be questioned on the Day of Judgement" (Al-Israq 17:36).

3. Methodology

3.1. Study population

The study is conducted in the Malaysia that focused of two states from East Coast Region state and West Coast known as Kelantan and Selangor. Kelantan state is chosen because more than 90 percent of its population are Malays who are Muslims [14].

3.2. Sample size and sampling techniques

The selected sample size will also guide by the 5% level of significant at which the formulated hypotheses will be tested. This level of significance is standard that specified for rejecting the null hypothesis. At this level of significance the level of confidence is 95% that normally used for research in social science [15]. By applied the level of confidence, the sample size will be calculated based on formula [16] representing 274 respondents.

4. Results and Discussion

4.1. Statistical analysis and results

The profile of respondents, descriptive statistics of constructs, and data screening conducted at the first phase. Under data screening, it is consisting of missing data, outliers, factor analysis, normality, linearity and homoscedasticity, multicollinearity, correlations, reliability and validity. These are followed by the analysis on the structural equation modeling's (SEM). It included the goodness of fit of measurement, structure and hypothesized model. In the end, the results of hypotheses testing are presented.

4.2. Structural equation model results

In order to achieve the objective of study, it is necessary to confirmed the several requirements such as goodness of fit, convergent and discriminate validity. After the requirements achieved, the model was applied into structural model. The goodness of fit indices has shown satisfactory results. The structural model fit to the data with value of $\text{ChiSq}/\text{df}=2.428$, the $\text{CFI}=0.912$, $\text{IFI}=0.913$, $\text{TLI}=0.897$, $\text{NFI}=0.837$, $\text{RFI}=0.837$ and root mean $\text{RMSEA}=0.072$. It shows that, all fit indices was achieved. It shows that all the indices value exceeded the commonly accepted levels, indicating that the model can be used to determine the hypothesis in this study.

5. Conclusion

This study mainly focused on the Spiritual *Asnaf* entrepreneur's towards zakat on business after Covid-19. Significantly, this study examines the Spiritual quotient towards *Asnaf* entrepreneur's. Moreover, it also supported by many previous findings presented in the literature review. The results provide support for contribution of Spiritual quotient towards the improvement of *Asnaf* entrepreneurs in surviving the post covid. In conceptual perspective, the SQ related with intelligences influence the decision and action. It comes as the better scope in lead the individual's decision such as the truthfulness (*Siddiq*). It is related with individual internal prediction and well supported in Al Quran such as truthfulness (*Siddiq*). This truthfulness moreover has been highlighted by Allah SWT in Surah At Tawbah: 119;

"O you who believe! Have fear of God, and be among the truthful." (Surah At Tawbah:119)

Nevertheless, the individual internal will be changes based on the condition in the future that is related with the suggestion or opinion from another person. As stated in Al Quran Surah Ar Ra'ad (13:11);

"For each one are successive [angels] before and behind him who protect him by the decree of Allah. Indeed, Allah will not change the condition of a people until they change what is in themselves. And when Allah intends for a people ill, there is no repelling it. And there is not for them besides Him any patron" (Surah Ar Ra'ad 13:11).

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