

ENHANCEMENT OF SURPLUS IN MANAGEMENT SYSTEM: DO ASNAF (NEEDY AND POOR) MILLENNIALS POSSIBLE IN MANNER?

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Abstract: *Managing the surplus in Zakat funds to the eligible recipients tend to exhibit the best possible outcome generating ummah's issue. Zakat institutions are predominantly involved to monitor the administrative developments for collecting and distributing the funds of Zakat and regularly to build the trust and confident among Zakat payers. However, despite many facets offering improvement in Zakat management, the surplus still glares being managed, as identifying new initiatives towards management and implementation is quite challenging. This paper proposes Asnaf Millennials as group to adopt alternative mechanisms for surplus issue as well it given the positive feedback to the societ. The study was conducted to the 310 Asnaf Millennials in four identified districts in Kelantan through structured interview. Result revealed that attitude towards entrepreneurship of Asnaf Millennials is at a high level. Therefore, surplus programme on Asnaf Millennials is still beneficial to initiate their entrepreneurial ventures on a small scale venture. This paper recommends the best practice of surplus, Zakat institutions should be expanded some allocation to Asnaf Millennials towards increase skill worker as the backbone for developing Islamic economic system.*

Keywords: Zakat institutions, Surplus, Asnaf Millennials, Attitude towards entrepreneurship

INTRODUCTION

Alms giving called *Zakat* has bear witnessed socially balanced to the all named less fortunate (i.e. the needy and poor) confront economic matter. *Zakat* is obligated by Muslim who is qualified in criteria to transform the portion of wealth (Norazlina & Abdul Rahim, 2011). *Zakat* has been viewed as a unique distributive mechanism, which delineate the poor against provisions provided (Zainal et al., 2016). The objectives of *Zakat* embedded at societal and economic level (Zainal et al., 2016). In the societal level, the *Zakat* is the cornerstone of Islamic economic system for poverty alleviation purposed which delineate the poor by being able to meet their basic needs (Zainal et al., 2016). Meanwhile, in the economic level, *Zakat* can be used as a source of establish new venture for the long term survival, which might lead *Zakat* recipients will one day become as *Zakat* payer. This is improving the economy within the needy

and poor community to produce more and to secure better income (Ahmad & Mohamad, 2012). The relevance of *Zakat* has expressed concern the social benefit from being neglected to the society at large. In this regard, the tremendous effort initiates by *Zakat* institutions to achieve the best possible outcome in the timely collection and distribution of *Zakat* as prescribed in Islamic Syariah. The effectiveness of *Zakat* management is important to enable *Zakat* to be a catalyst to solve *ummah*'s issue.

Albeit, *Zakat* collection has become increasingly by year, but the issue of *Zakat* distribution still raised a lot of debate and concerns to deal with (Zainal, Basarud-din, Yusuf, & Omar, 2016; Rahman, 2010). The study done by Zainal et al. (2016) addressed the *Zakat* institutions has failed to liberate their responsibilities in terms of *Zakat* distribution to the needy and poor as a whole. The issue of *Zakat* distribution that is predominantly involved surplus which hinges on the undistributed balance to the recipient (Wahid, Ahmad, Nor & Rashi, 2017; Saad & Sawandi, 2016; Ahmad Shahir & Adibah, 2010). The untapped *Zakat* funds exhibit the performance and achievement of the *Zakat* institutions on their professionalism and trust to maintaining the efficiency in managing *Zakat* funds. This inefficiency might cause dissatisfaction among *Zakat* payers which lead to pay *Zakat* directly to the needy and poor (Sanep et. al, 2006) instead of going through the *Zakat* institutions (Wahid, Ahmad, Nor & Rashi, 2017). If the phenomenon keeps happening, the concept of *Zakat* distribution has provided little means on *ummah*'s issues. As the surplus issues are essential in the current study, the caused as well as suggestion however needs to be scrutinized in order to enhance their performance.

LITERATURE REVIEW

Surplus & Economic Development

In Malaysia, *Zakat* centres and Baitulmal have been entrusted to receive, collected and distribute *Zakat* funds to the needy and poor. Hence, assistance and distribution of *Zakat* funds are channelled in various forms, both for productive and unproductive activities (Hamdan, Othman & Hussin, 2012). Recent study, however, revealed a number of leads to *Zakat* surplus particularly that include unmatched amount of *Zakat* collection and distribution, late *Zakat* payment, and difficulty in identifying eligible *Zakat* recipients (Zainal et al., 2016; Saad & Sawandi, 2016). There are challenges where the shortage staff are placed for *Zakat* processing were found duplicate applications and non-eligible recipients which need to verify accordingly by visiting their houses in similar cases happen (Saad & Sawandi, 2016). Previous study highlighted inefficiency of *Zakat* distribution have affected level of confidence (Rahman & Jusoh, 2018) and trust of the *Zakat* payers against *Zakat* institutions to pay constantly (Ali, Tazilah, Shamsudin, Shukri, Adelin & Zaman, 2017; Hairunnizam et al., 2010). This leads them to extend on *Zakat* payment which effect on late *Zakat* payment. The late payment such at the very end of the year caused some portion of *Zakat* fund need to be extended distribute on the following year (Saad & Sawandi, 2016). However, according to Nurulhazwani (2016), it found that *Zakat* funds have been surplus as well *Zakat* payers more that recipients. This scenario possible to increase the *Zakat* distribution among the poor by none focused on others

such as their Millennial. It should be realizes that the important of *Zakat* by narrowing the gap between the rich and poor and boost up the purchasing power among poor.

However, the important of *Zakat* surplus towards economic development limited to discuss by previous researchers. Previous studies have highlighted that the *Zakat* institutions should monitor the micro business among the needy and poor by using the surplus funds (Hafizah, Azizi & Ram Al-Jaffri, 2016). Nevertheless, it failed to mention and highlight the eligible recipients in surplus. Previous suggestions by several studies have been clarified in many facets offering improvement in *Zakat* management. These are by investing the surplus in short to medium term investment, buy lands and build houses for the *Zakat* recipients (Saad & Sawandi, 2016) and centralize of *Zakat* distribution that is subject to equally distributes (Lubis et al., 2011). To the contrary with the needy and poor improvement, it is still glares for long term objectives despite their own income. Back to the ummah's issue, the surplus in *Zakat* funds could be identified the skill worker to country's development and form the back bone of work force within community. Despite to the fund is being managed is still scarce (Saad & Sawandi, 2016), while performance of *Zakat* distribution is still inefficient and did not satisfy the Muslim community (Rahman & Jusoh, 2018), this study tries to corroborate the suitable study settings within the needy and poor context, as one possible way to surplus development in *Zakat* by examining the continuity as a source of economic system within community.

In order to re-establish economic system in surplus or relative surplus, *Zakat* institutions could provide the best possible way to allocate funds to *Asnaf Millennials*. Experience as the needy and poor failure in business which leads in cycle of poverty may give chance to their children to get rid of poverty. Those dominating and prominent economic system's failure to accomplish economic justice, prosperity, the eradication of the inequality and poverty make necessary an alternative economic system which can successfully make a starvation free and poverty free world. Various studies on the aspect of the needy and poor entrepreneurs have been undertaken in this kind of poverty eradication (Rahman & Ahmad, 2011), but *Asnaf Millennials* embarks on entrepreneurship is still glares to the area of *Zakat* fund. To the children of the needy and poor, the programs has been allocate for education. The potential Millennial who possesses entrepreneurship features to provide their skill and work force that is expected to give positive feedback to the society (Szamosi, 2006) who inclined entrepreneurship cannot be neglected. A better understanding and improvement of *Zakat* management in surplus may influence contributors' intention to contribute *Asnaf Millennials* allocate fund on a small scale ventures. A new approach towards the non-profit charitable organization has also is expected to boost economic system to the eligible recipients. Despite to this suggestion, the stagnant point to be raised is do the *Asnaf Millennials* possible in Manner?. The in-depth understanding over the economic system of the *Zakat* institutions may assist to allocate to the community.

This paper discusses the way of using surplus *Zakat* funds as a resource in generating *Asnaf Millennials* and its effectiveness in getting rid of poverty their community. This *Asnaf Millennials* also presenting as the needy and poor category. The needy and poor refers to the group who are eligible for receiving alms called *Zakat* (Khairuldin & Mohammad, 2013) from *Zakat* institutions for improving socio-economic of the poor and needy. Out of eight groups mentioned in Surah al-Baqarah, the needy (*fuqara*) and the poor (*masakin*) are two main groups eligible to receive aid by local and development agencies for poverty alleviation. According to the council of *ulama* meeting of Islamic Religious and Customs Council, the needy refers to a

Muslim who do not reach the fifty per cent from *had kifayah* for themselves and their dependent while the poor is those who are able to bear fifty per cent for themselves and their dependent but still not achieve *had kifayah*. From Malaysia perspectives, the poor is defined as those who receive income below the Poverty Line Income, while the needy or hard-core poor (*fuqara*) refer to those who receive half the income or less from Poverty Line Income (Ali et al., 2015; Lehar, Yaacob & Tey, 2014).

Asnaf Millennials

Asnaf Millennials refers to the children of the needy and poor who were born between 1980 and 2000 (Howes & Strauss, 2006). The lacking of targeting programs and policy specifically *Asnaf Millennials* embarks several links activities that generates for young generation around the age of *Millennials*. Several programs have been launched for securing human development among the children of the needy and poor are educational and institutions of higher education and skills training programs. As in Selangor, Selangor Zakat Board (LZS) provides educational programs and assistance schemes to the recipients such as the form of educational needs, help primary and secondary school fees, tuition scholarships. The education is important to issue tickets for the recipients out of poverty in the economic development of the country towards a high-income economy. Due to an education, because education in terms of ongoing assistance to the recipients so that they are successful is very important, it can change the lives and improve the national economy (Halim & Saladin, 2015).

Besides, the poor and need Parenting Skills Training provides the children of the need and poor with six months of training in the field of making bread at the academy of Culinary Terengganu. After completion of the course, some of them able to earn up to RM4,000 a month by doing business from home and it is expected to provide jobs to the local community. As in Perak, Majlis Agama Islam dan Adat Melayu Perak (MAIPk) has provided sponsorship to twenty the children of the needy and poor to undergo Skills Training Schemes in the field of Welding Technology at Technology Park Malaysia (TPM), Bukit Jalil, Kuala Lumpur. The six months programs aim to secure skilled workers among the children of the needy and poor to be successful in their respective fields in turn help families to escape poverty. After completion, participants will receive a special certificate before returning to work with agencies that are interested in obtaining them.

In line with this initiative, several institutes and relevant government departments such as Majlis Agama Islam Negeri, the Malaysian Agricultural Research and Development Institute (MARDI), Veterinary Services Department, Agriculture Department and Fisheries Department would undergo by expressing their support and commitment to grow Millennialpreneur. The government is positive in increasing the percentage of young people to be participating in the industry. The ministry will continue various approaches to lure the young to join the industry. Although less attention towards *Asnaf Millennials* programs, various activities dedicated by the Malaysian government to fame Millennial get involved in entrepreneurial activities should be revamped so as they could help their families hinders from poverty.

Attitude Towards Entrepreneurship

Attitude is the degree or extent to which an individual favourable or unfavourable of performing behaviour. An individual who has beliefs that result from engaging in a positive behaviour will have a positive attitude toward performing the behaviour while a person who has beliefs that result from engaging in a negative behaviour will have a negative attitude toward performing the behaviour (Ajzen, 2011). An attitude refers to the person's interest in entrepreneurship. Previous studies highlighted positive attitudes determine success in entrepreneurship activities. An individual with low level of poor attitude leads to failure in business (Yaacob, Othman & Buang, 2015). For instance, the study done by Rahman et al. (2016) addressed the attitude of the needy and poor has lead the success of the entrepreneurship programme. Therefore, one possesses entrepreneurship should have positive attitude toward entrepreneurship (Yaacob, Othman & Buang, 2015)

RESEARCH METHODS

This study employed a survey technique through using questionnaires as instrument for data collection. The needy and poor population covered the four districts in the state of Kelantan involving 2,667 the needy and poor (MAIK, 2016). However, the *Asnaf Millennials* are selected based on the model of four people in the household (LPPKN, 2014) and one of them classifying as Millennials which ages at in between 17 to 35 (LPPKN, 2014). Thus, the study applied several stages of cluster since it is suitable to alter the district (Cohen & Manion, 1994). After four districts are chosen as an inconsistent in mean income and has represented as the highest number of hardcore poor are identified (Ali et al., 2015; Abdullah et al., 2016), then the needy and poor were randomly selected and every the needy and poor within the chosen cluster is sampled to identify *Asnaf Millennials* as representative the respondents to that of the total population. Based on Krejcie dan Morgan (1970), this study takes into account the population of 2,667 the needy and poor, and selected a number of respondents appropriate for the study. Therefore the number of *Asnaf Millennials* involved in this study is 310 respondents.

RESULT AND DISCUSSION

The result was found that majority of the respondent were females with 179 (57.7%) than males with 131 (42.3%). Majority of them, 191 (61.6%) do not have experience in business assistance than 119 (38.4%) do business assistance. Those acquire business assistance experience, 97 (31.3%) people reported having below than six year experience followed by 20 (6.5%) reported having experience between 6 to 10 years, 3 (1%) people reported having 16 to 20 years while 2 (0.6%) people reported of having experience between 11 to 15 years and above 21 years respectively. This is a series of experience that *Asnaf Millennials* acquire from their family background and working as business assistance. The study indicated that 130 (41.9%) of the respondents were from family business background while 180 (58.19%) were not. This means that those who are from family background have acquired skills, knowledge and hand in information that exposed in the business hence influence them to have a positive intention toward entrepreneurship. As shown in Table 1, all items for Cronbach's α were 0.842 and 0.864, In the above mentioned by Hair et al. (2011) and Bernstein and Nunnally (1994), indicating high reliability. The mean score values were between 3.94 and 4.13 indicating all items of

attitude towards entrepreneurship are at the highest level. It could be conclude that the prevalent attitudes among *Asnaf Millennials* are compatible with the aims of being entrepreneur. The attitudes of *Asnaf Millennials* towards entrepreneurship have made a high impact on the attainment in carrying out entrepreneurship activities. The finding is in line with Yaacob, Othman and Buang (2015) that noted positive attitude as an element that can develop entrepreneurship among *Asnaf Millennials*. Therefore, *Asnaf Millennials* viewed the *Zakat* institutions as very important to develop positive entrepreneurial attitude in themselves.

Table 1. Level of Attitude towards Entrepreneurship

Item	Mean	S.D	α	Interpretation
1. If I have the opportunities and resources, I would love to start a business.	4.13	0.68	0.864	High
2. With various options available, I would rather be an entrepreneur.	3.94	0.666	0.853	High
3. Being an entrepreneur would give me a great satisfaction.	4.03	0.648	0.842	High
4. Being an entrepreneur is attractive to me.	4.10	0.633	0.847	High
5. Being an entrepreneur has more advantages than disadvantages.	4.08	0.605	0.851	High
6. Being an entrepreneur is desirable for me.	4.12	0.650	0.855	High
Overall score for attitude	4.06	0.507	0.874	High

Note: H-High; S.D – Standard Deviation

CONCLUSION

Such surplus is crucial for the Islamic financial system to being managed through proper surplus distribution. Through the identification, the *Zakat* institutions may undertake necessary steps in improving surplus in *Zakat* fund. A comprehensive surplus strategy could be utilizing involving *Asnaf Millennials*, which enables them bring about skill force and country development. In this plan, one aspect may be introduce and expand for developing human capital among *Asnaf Millennials* where them within community cum investment and this act as may be realised in easy long term basis based on the level of reaching capability to achieve. Interestingly, *Asnaf Millennials* possess positive attitude to be entrepreneurs which can increase more young generations about involving in entrepreneurship. In this view, this proposed solution could improve Islamic economic development by the *Zakat* management.

The findings of this study may only be generalizable for the *Asnaf Millennials* in Kelantan, since the respondents of this study were only consisted of the Kelantan *Asnaf Millennial* who are available for an interview. Since attitude is one of criteria to measure one possesses of being successful entrepreneur, further research might carry out another factor on the level personality, resource and opportunity available for them, and their interest in entrepreneurship. For the future implementation, *Zakat* institutions are necessary to carry out research of whether *Asnaf Millennials* using surplus fund in generating income activities. This is to ensure to observe whether they are not misbehaving of using surplus fund in financial management.

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