

**ZAKAT ON BUSINESS AMONG SMALL AND MEDIUM ENTREPRENEURS: FACTORS
AND IMPACT ON THE BUSINESS.**



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BY :

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JUNE 2011

Date : 24 JUN 2011
Project File No. : 600-RMI/SSP/DANA 5/3/Dsp (81/2010)

Assistant Vice Chancellor (Research)
Research Management Institute (RMI)
UiTM, Shah Alam

Sir,

LETTER OF REPORT SUBMISSION

Referring to the above, herewith enclosed copies of the Research Final Report entitled "Zakat on Business Among Small and Medium Entrepreneurs: Factors and Impact on The Business' by a group of researchers from the Faculty of Business Management, UiTM Melaka for your information.

Thank You.

Sincerely,



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JUMAELYA BINTI JOGERAN
Head of Research Project

Surat Kami : 600-RMI/SSP/DANA 5/3/Dsp (81/2010)
Tarikh : 24 Januari 2010



Pn Jumaelya Jogeran
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KELULUSAN PERMOHONAN DANA KECEMERLANGAN 12/2010

Tajuk Projek : Zakat on Business Among Small and Medium Entrepreneurs : Factor and Impact on the Business
Kod Projek : 600-RMI/SSP/DANA 5/3/Dsp (81/2010)
Kategori Projek : Kategori F (2010)
Tempoh : 15 Disember 2010 – 14 Disember 2011 (12 bulan)
Jumlah Peruntukan : RM 5,000.00
Ketua Projek : Pn Jumaelya Jogeran

Dengan hormatnya perkara di atas adalah dirujuk.

2. Sukacita dimaklumkan pihak Universiti telah meluluskan cadangan penyelidikan Y. Brs Prof./tuan/puan untuk membiayai projek penyelidikan di bawah Dana Kecemerlangan UiTM.
3. Bagi pihak Universiti kami mengucapkan tahniah kepada Y. Brs. Prof./tuan/puan kerana kejayaan ini dan seterusnya diharapkan berjaya menyiapkan projek ini dengan cemerlang.
4. Peruntukan kewangan akan disalurkan melalui tiga (3) peringkat berdasarkan kepada laporan kemajuan serta kewangan yang mencapai perbelanjaan lebih kurang 50% dari peruntukan yang diterima.

Peringkat Pertama	20%
Peringkat Kedua	40%
Peringkat Ketiga	40%

5. Untuk tujuan mengemaskini, pihak Y. Brs. Prof./tuan/puan adalah diminta untuk melengkapkan semula kertas cadangan penyelidikan sekiranya perlu, mengisi borang setuju terima projek penyelidikan dan menyusun perancangan semula bajet yang baru seperti yang diluluskan. Sila lihat lampiran bagi tatacara tambahan untuk pengurusan projek.

Sekian, harap maklum.

“SELAMAT MENJALANKAN PENYELIDIKAN DENGAN JAYANYA”

Yang benar

DR. OSKAR HASDINOR HASSAN
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EXECUTIVE SUMMARY

In Malaysia, the zakat's revenue is one of the factor to equilibrium of economics, especially for zakat on business because it is the most lucrative source of income is earned by businesses. However, the study regarding zakat on business is very small relative to the others zakat. Referring to the Zakat Central Statistics, found there are still many SMEs are not paying zakat. Thus, the research of zakat on business is very crucial to solve the issues related on zakat. This study attempts to identify factors that influence the practice of Zakat among SMEs, and to analyze the impact of the payment of zakat on business and the company. In other words, this research main focus is to identify the cause and factors that result towards poor zakah on business contribution participation among the Muslim Small and Medium Entrepreneurs in Melaka and how does the zakah on business gives impact towards the business. The sample consists of a list of SMEs issued by the relevant zakat center, where the Muslim population is amongst the SMEs in Malacca. Primary data collected from questionnaires and interviews with experts, as well as secondary data collected through zakat institutions, state governments and financial institutions. Data collected will be analyzed using logistic regression which to identify the determinants and to view the possibility weather the SME's entrepreneur comply to zakat practices or not. (Hairunnizam dan Sanep 2005: Mohd Ali 2004:Kamil Md. Idris (2005). This study also uses a logit binomial model to test variable under controlled. The result shows that knowledge is the most significant factor that influence the payment of zakat on business. A few suggestions are also being made to ensure the awareness among the zakat payers increases in the near future.

CHAPTER 1

INTRODUCTION

1.0 INTRODUCTION

The nature of business that may be included involves manufacturing, agro based industries, primary agriculture, service and Information and Communication Technology (ICT). Generally, the micro enterprises comprise fewer capitals, of not more than 5 manpower, and with annual income turnover of not more than RM 200,000 profit gained, while the small enterprises comprises capitals of approximately not more than 50 manpower, and with annual income turnover between RM 250,000 and not more than RM 10 million, and finally the medium enterprises comprises capitals of not more than 150 manpower, and with its income gained between RM 10 million to RM 25 million. (Majlis Tindakan Ekonomi & Sosial Bumiputera Negeri Melaka, 2010)

'Take a alms (Zakat) from their wealth in order to purify them and sanctify them with it, and invoke Allah for them. Verily! Your invocations are a source of security for them, and Allah is All-Hearer, All-Knower. (Holy Quran; Surah At-Taubah, verse 103)

Zakat is one of the 5 essential pillars in Islam that must be complying by all eligible Muslims. *Zakat* is actually the act of faith by the Muslims to purify themselves by giving out some of the wealth, precious possessions, property, valuable savings in terms of cash or commodity which they had own not less or more than a year ('*Haul*') and the amount meets or passes the minimum amount ('*Nisab*') in order to allow them to perform their *zakat* contributions (Yusuf Qardawi, 1973). Although they are many categories of *zakat* contributions in Islam, such as *zakat on income*, *zakat on business*, *zakat on gold and silver*, *zakat fitrah*, *zakat on shares*, and others, this paper will only focus of research and findings into the issues of *zakat* on business by the Small and Medium Enterprises Muslim's Entrepreneurs in the Melaka