

Chapter in Book

The Channels of Digitalization on Business Model Practice Among *Asnaf* in Perlis

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Abstract: Digital technology has forced entrepreneurs and businessmen to reconsider their business models (BMs). Although research on entrepreneurial intention and business models is gaining attention, there is still a large knowledge gap on both fields. In this chapter in book, we specifically address the channels of digitalization on business model practice among *asnaf* in Perlis. Several channels or platforms such as social media, business websites and online delivery application are emphasized. It is to foresee the business model practice among *asnaf*. In addition, this chapter in book will detailed out nine elements of business model practice. Furthermore, this chapter in book will discuss on the benefits of those digital channel's implementation by *asnaf*preneurs and economic development of Perlis state.

Keywords: digitalization, business model, *asnaf*preneur.



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1. INTRODUCTION

This part indicated the Initiatives Plan of Perlis 2021-2025 which mentioned on Perlis Go Cashless, Perlis Go Digital and Perlis Economy. Besides, *asnaf*preneur was explained as they were related to the topic and the study. In addition, what is business model practice come from was revealed in the function of business model canvas.

1.1 Perlis Go Cashless

The state government of Perlis emphasized on spreading awareness and information about 'digital culture' to public by creating a Digital Government platform which parallel to Digital Perlis 2025 plan. There are several initiatives taken which were promotion of 'Cashless Perlis' which is a cashless payment method, virtual adventure at Perlis Digital Geopark, Digital Mosque and many more. Besides, this effort was a short-term plan in order to maintain the movement of generations towards digitalization.

Digital technology is a necessity today when almost all daily affairs such as paying utility bills, buying goods and bank transactions are done online. Currently, business people around tourism spot such as Padang Besar already into the digitalization where they allowing customers to scan QR code for payment or online transfer payment.

1.2 Perlis Go Digital

Bernama (October 22, 2020) stated that "the three main elements of the Digital Perlis 2025 plan involved government, people and private sector, which are more holistic in nature where this plan is comprehensive and does not just focus on one party". Thus, Perlis State Government Secretary, Azman Mohd Yusof told that there were seven clusters aimed in the plan including government cluster, security, infrastructure, community, economy, tourism and agriculture. In addition, there was signboard located in the middle of Kangar's town which showing and supporting the slogan of "Perlis Go Digital" and "Perlis Go Cashless".

1.3 Perlis Economy

Based on the book of Initiatives Plan of Perlis 2021-2025, economy digital was one of the seven clusters in producing digitalization of Perlis. Thus, under economy digital were mentioned on e-commerce, digital city, digital enhancement centre and biz @SocialMedia. For the e-commerce, entrepreneurs are targeted to participate in these items. This is because, Perlis state currently undergo new system development and involved existed e-commerce platforms such as Lazada, Shopee, Lelong, Mudah and so on. Furthermore, digital city was targeted to Kangar, Chuping Valley and Kuala Perlis Port. Moreover, the digital economy of Perlis was relevance and related with others six clusters of digitalization.

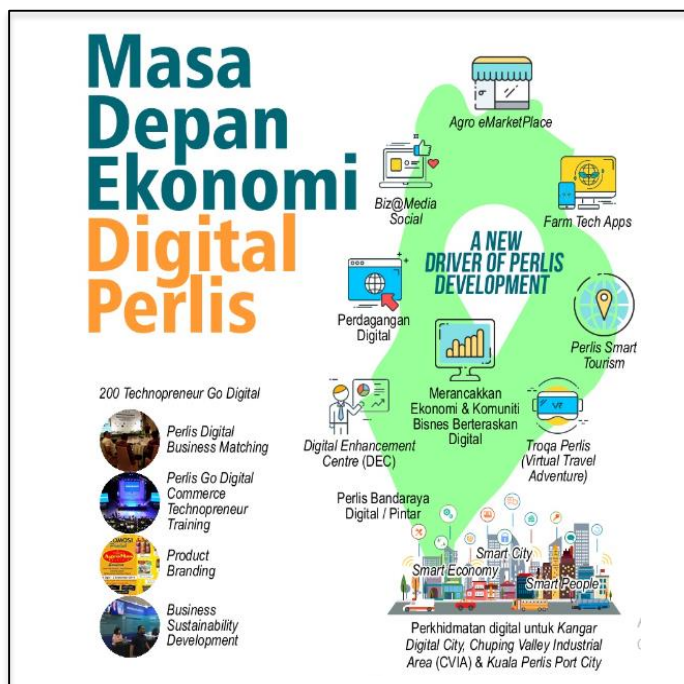


Figure 1. Plan Economy Digital of Perlis

1.4 *Asnafpreneur*

Asnafpreneur was a combination of two terms which were *asnaf* and entrepreneur. *Asnaf* was the group of citizens which labelled under low income and fall under class of B40 in Malaysia. In Perlis, Majlis Agama Islam Perlis (MAIPs) was one of the organizations that give attention to the *asnaf*. Whereas, entrepreneur was defined as people or citizens that having business activities through creating their own products and services. This was supported by a study of Meerangani et al., (2022), *asnafpreneurs*, as one of the *asnaf* groups, always want to be transformed from non-productive *asnaf* to productive *asnaf* through entrepreneurial platforms. Moreover, this group will have the necessary assistance and guidance to become entrepreneurs. Therefore, it is time for these *asnafpreneurs* to move into the digital business segment to expand their potential while ensuring their business's future survival.

Besides, the implications of this COVID-19 pandemic indirectly expose society more rapidly to the Industrial Revolution 4.0 (IR 4.0) era that cater the adaptation of digital technology in daily life. The survival of a business is closely related to the ability and creativity of entrepreneurs to take advantage of the existing situation and turn challenges and obstacles into opportunities. Rural entrepreneurs need to strengthen their digital skills and knowledge in line with the new norms prevailing today, thus helping to overcome the problem of product marketability. Marketers were encouraged to change traditional marketing methods to digital marketing of their products by marketing goods directly to consumers' homes through digital application ordering. This goal is to produce *asnafpreneurs* who can remain competitive and develop their potential to face the changes in the current world.

1.5 *Business Model Canvas*

Profit is the aimed for business or companies. Hence, building a plan is a must for generating profit. Numerous steps required to put on strategies and develop the best plan. Firstly, what products and services must be identified before selling. Then, which market involve? Who are the target and potential customers? How many costs and expenses are considered for the business activities? From the questioning plan, all the items were compiled on a business model. The different between business model and business plan was business model just consisted the summarization of the item in a template called business model canvas which suitable for first step of exposing idea. While, the business plan consisted detailed explanation on the plan and suitable for a business proposal to be submitted as tender, searching for business fund and so on. However, business model canvas able to be used by established and new business. Businesses need to regularly update their plans and strategy as they need to take into accounts the challenges and trends for the future models. Also, business plan assisted investor in reviewing company strengths, weaknesses, opportunities and threats.

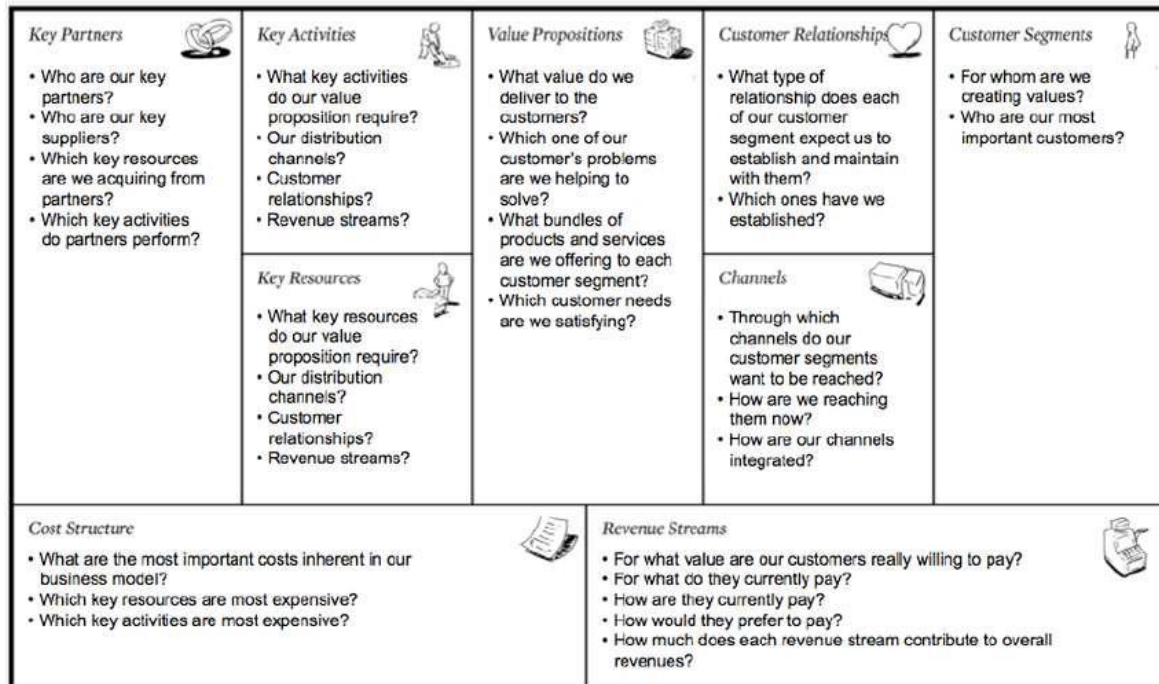


Figure 2. Template of Business Model Canvas

2. ELEMENTS OF BUSINESS MODEL PRACTICE

In this part, nine elements of business model practice that have been allocated in the template of business model canvas were described.

2.1 Key Partners

Key partners involved external companies or suppliers that will help *asnafpreneurs* carry out their key activities. These are various types of partners which were strategic alliance, coopetition, joint ventures, and buyer-supplier relationships. All types of partners have similar objective that was maintaining the relationship between entrepreneurs and their partners for continuity of resources.

2.2 Key Activities

Key activities assisted *asnafpreneurs* in targeting their customers. These key activities usually emphasized on fulfilling value proposition, reaching customer segments and maintaining customer relationships, and generating revenue. Hence, there are three categories of key activities. Firstly, production which include designing, manufacturing and delivering a product in significant quantities and of superior quality. Secondly, problem-solving that required finding new solutions to individual problems faced by customers. Thirdly, platform or network. For example, Microsoft provides a reliable operating system to support third-party software products.

2.3 Key Resources

Key resources related to the key partners. This is because partners needed to support the activities of the entrepreneurship. Hence, there are numerous importance key resources likewise,

human (employees), financial (cash, lines of credit, etc.), intellectual (brand, patents, IP, copyright), physical (equipment, inventory, buildings).

2.4 Value Propositions

Value propositions was about giving the best value or quality or service to the customers. A value proposition should be unique or should be different from competitors. If a new product was offered, it should be innovative and disruptive. Whereas, a product offered similar to what was existed in the market, it should stand out with new features and attributes. In addition, value propositions can be either quantitative (price and speed of service) or qualitative (customer experience or design).

2.5 Customer Relationships

Customer relationships was importance and a company or *asnafpreneurs* must take into consideration. This is because, a good relationship with customers able to sustain the growth of business. Therefore, there are several types of customer relationships likewise, personal assistance that include interact with the customer in person or by email, through phone call or other means. Then, dedicated personal assistance which assigning a dedicated customer representative to an individual customer. Next, self-service which maintain no relationship with the customer, but provides what the customer needs to help themselves. Besides, automated services, this including automated processes or machinery that helps customers perform services themselves. Also, communities that include online communities where customers can help each other solve their own problems with regard to the product or service. Lastly, co-creation which the company allows the customer to get involved in the designing or development of the product. For example, YouTube has given its users the opportunity to create content for its audience.

2.6 Customer Segments

Usually, customers were segmentized according to their similarities such as geographical area, gender, age, behaviours, interests, etc. Customers segments block helped in giving the opportunity to better serve their needs, especially by customizing the solution based on their issues and preferences. On the other hand, planning on targeted customer segments able to increase the volume of production and sales. This later lead to increasing of profit gain.

2.7 Channels

Channels initiated communication medium between *asnafpreneurs*, customers and partners. Furthermore, channels played a role in raising awareness of products or services from *asnafpreneurs* to customers. Besides, channels can also be used to make a payment or delivery of the products or services. There are two types of channels which were owned channels including company website, social media sites, in-house sales, etc. Another type of channel was partner channels consists of partner-owned websites, wholesale distribution, retail, etc.

2.8 Cost Structure

Cost structure indicated operating cost of the business activities. The business activities were creating and delivering value propositions, creating revenue streams, and maintaining customer relationships and so on. There were two ways of cost structure. Firstly, it is called cost-driven which focused on minimizing costs whenever possible. Next, the cost structure was value-driven which focused on providing maximum value to the customer.

2.9 Revenue Stream

Revenue stream was a block that plan on money from *asnafpreneurship* through revenue and producing a good return on capital invested. It could potentially include advertising revenue, subscription revenue, transaction fees, sales revenue, and affiliate revenue. Generally, revenues streams are the profit gained from selling products or services to the customers.

3. CHANNELS OF DIGITALIZATION

Regarding to the business model practice in part two, channel was one of it. Therefore, adapting to the new norms today required digitalization. Moreover, entrepreneurship and business activities need to reform their strategies to gain high profit and return. Digital Entrepreneurship (DE) is a strategy for creating and using new technologies to transform conventional businesses into new business models that are more competitive and competitive with current market demands It involves utilizing technology and digital media for marketing and business purposes to obtain optimal access and revenue while simultaneously reducing costs efficiently. There were various purposes of digitalization in entrepreneurship activities such as for spreading information, promotion, payment, delivery and so on. Thus, influential social media platforms such as Facebook, Instagram, Tik Tok, and YouTube can provide opportunities for entrepreneurs to explore, generate and develop entrepreneurial activities more effectively. These opportunities are coupled with digital sales platforms such as Shopee and Lazada, which are gaining ground among today's customers. Furthermore, online delivery companies were joining the phenomenon of digitalization orders by servicing the products deliveries likewise Foodpanda, Lalamove, Grabfood and so on.

4. DISCUSSION

Numerous government initiatives were released such as MyDigitalWorkforce Work in Tech (MYWiT), a total of 892 participants from 3,763 applicants were successfully placed in technology and digital services jobs. In addition, through the Professional Training and Education for Growing Entrepreneurs (PROTEGE) initiative under the Ministry of Entrepreneur Development and Cooperatives (MEDAC), for the implementation of the employability improvement programmes and foster entrepreneurial skills among graduates, a total of 4,053 graduates were successfully placed. the PENJANA Tourism Financing programme, which was specifically allocated for Bumiputera SMEs to support SMEs and micro-SMEs which were still affected by the COVID-19 pandemic. Next, to support and encourage SMEs and Technical and Digital Mid-tier Companies (MTCs) to digitalise their operations and trade channels, a total of RM92.9 million had been channelled to 13,893 businesses in the form of grants and loans for digitalisation services subscriptions and may more (Department of Statistics, 2022).

Therefore, this show that digitalization and entrepreneurship activities are highly supported by the government to generate economic growth of our country, Malaysia. Same goes to MAIPs, their initiatives contributed a lot on ummah or society development especially on *asnafpreneurship*. On the other hand, the business model practice was function as a plan to move forward for an action after reviewing the ideas. Furthermore, business model practice able to avoid disruptive innovation on *asnafpreneurs* as they will prepare on the updated technologies and innovations present. For example, *asnafpreneurs* also practicing distributing information, promotion, payment and delivery products and services through websites and digital channels.

5. CONCLUSION

This chapter in book have five parts including part one which was introduction. The introduction part exposed on Perlis Go Cashless, Perlis Go Digital, Perlis Economy, *asnafpreneur*, and the function of business model canvas. Next, part two involved nine elements of business model practice that have been allocated in the template of business model canvas were described. Then, part three of this chapter in book was channels of digitalization which emphasized on the types of channels. Pasrt four was discussion and this chapter in book ended with chapter five that was conclusion that indicated summarization of all parts.

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