QUALITATIVE ASSESSMENT OF ENTREPRENEURIAL ACTIVITIES OF MALAYSIAN PRIVATE TAHFIZ INSTITUTIONS (PTIs)

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Abstract

PTIs are encouraged to participate in entrepreneurial activities that are appropriate for their area and ability. Thus, this qualitative case study where a semi-structured interview with the selected Malaysian Private Tahfiz Institutions (PTIs) was conducted to identify entrepreneurial activities to pay operational and management costs, to analyze the obstacles, limitations, problems faced and to assess the balance of entrepreneurial activities in educational governance of these religious, educational institutions. The findings demonstrated that involving PTIs in entrepreneurship can cover ranging from 40 to 50 percent of total operating costs.

Keywords: Qualitative Assessment; Entrepreneurial Activities; Malaysian Private Tahfiz Institutions (PTIs); Malaysia

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1.0 Introduction

The establishment of Private Tahfiz Institutions (PTIs) has received an encouraging response in order to meet the country’s mainstream education in order to produce a generation of high-quality huffaz and contribute to the country’s development. However, PTI infrastructure and management standards were discovered to be non-uniform due to the varying backgrounds of each institution's establishment as well as poor governance (Ridza et al., 2017), and a lack of planned and organized work, which affects most aspects of its implementation (Nawi et al., 2014; Nawi & Salleh, 2017). Government funds, alms and endowments channelled directly to PTIs in Malaysian states such as Selangor, Pahang, Melaka and several others were insufficient (Azha et al., 2013; Kamal & Seman, 2017). This is in addition to PTI accountability issues involving illegal fundraising and misgovernance (Fatah, 2014; Bani et al., 2017). Ismail (2016) strongly supports it, stating that the main problems of PTIs are poor educational management and financial resource constraints which have a direct impact on the production of excellent huffaz. The reliance on funding, financial resource constraints and poor governance have made the viability of PTIs increasingly uncertain, complicating the implementation of the National Tahfiz Education

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Policy (NTEP), which aims to produce 125,000 professional huffaz by 2050. As a result, PTIs are encouraged to engage in entrepreneurial activities as an alternative to generating their income (Anas et al., 2019) rather than relying solely on government assistance, endowment funds and public fundraising through charity to elevate and increase a PTI's level of self-sufficiency from time to time.

2.0 Literature Review

2.1 Islamic Entrepreneurship: Fundamentals of Shariah Compliance

Entrepreneurship is defined as the creation of new things from existing values over some time, a while and financial resources to make a prot and gain self-satisfaction (Mardia et al., 2021). Furthermore, it seizes the opportunity to combine new resources that influence the market operated by entrepreneurs (Abdullah & Azam, 2020). From ancient times to the present, entrepreneurship has been a vital part of human life, providing a source of livelihood and income. Therefore, Islamic teachings regard this field as high and noble even if done on a small scale as long as the results are halal in the eyes of Islamic law (Ariyadi, 2018). It is conclusive from Islamic history that the Prophet Muhammad (PBUH) became a role model and icon of Islamic entrepreneurship, followed by some of his companions who were also very successful in the field of entrepreneurship, such as 'Abdurrahman bin' Awf, Az-Zubayr bin al 'Awwam,' Uthman bin 'Affan, Thalhah bin' Ubaydillah and Sa'd bin Abi Waqqash.

Islamic entrepreneurship refers to business activities directly related to religion, making al-Quran and al-Sunnah the primary driving forces behind Islamic entrepreneurial activity (Ramadani, 2021). According to Ashraf (2019), Islamic law significantly influences Islamic entrepreneurial activities to maintain a stable, fair and balanced Muslim economy. It is also known as shariah-compliant entrepreneurship, which is guided by two primary levels, namely entrepreneurial behaviours and enterprise actions and strategies (Mebroui & Mosbah, 2020). The Islamic moral code, which emphasizes wrong and right values, governs the conduct of Muslim entrepreneurs. They are encouraged to exhibit features such as honesty, trust, justice, keeping promises, making timely payments, assisting poor families and neighbours and so on. It corresponds to the characteristics of the Prophet Muhammad (PBUH), i.e. Siddiq (Say true or honest), Amanah (Trustworthy), Tabligh (The ability to convey, practical communication ability) and Fathonah (Business intelligence), as mentioned by Syahrul and Abdullah (2019). Being a devout Muslim entrepreneur demonstrates obedience to Allah SWT (Harizan & Mustafa, 2020). The level of business actions and strategies comes next. Staff relations in a company, type of operation (halal investment), financing conditions, supplier-buyer transactions, corporate social responsibility and zakat payment are all governed by Shariah.

Hence, it is concluded that Islamic entrepreneurship makes shariah compliance the core of Islamic ethics that Muslim entrepreneurs must follow, so that entrepreneurial activity are carried out in tandem with the preservation of shariah maqasid to gain Allah SWT's pleasure.

![Fig. 1: The Islamic Entrepreneurship Concept (Source: Mebroui & Mosbah, 2020)](image)

2.2 Educational Governance in Malaysian Private Tahfiz Institutions (PTIs)

In Malaysian Private Tahfiz Institutions (PTIs), educational governance is generally closed. As a result, it is the responsibility of tahfiz education providers (TEPs) to administer their PTIs with the best management, accountability and integrity to gain the trust of parents and maintain its good name (Bani et al., 2017). According to Othman and Anas (2020), PTIs are rapidly expanding in Malaysia due to the Muslim community’s growing awareness of the importance of understanding the Quran. However, the high demand for Quranic
education has resulted in the establishment of uncontrolled PTIs, which harm on curriculum, financial management, facility governance, academic collaboration with government-recognized institutions and other areas.

According to Ismail (2016), these institutions face several challenges to survive, including modernization, technology and certification. Therefore, he proposed several initiatives to strengthen and empower ta’lim institutions including (i) registering all ta’lim institutions, (ii) curriculum coordination, (iii) establishing a Ta’lim Certificate standard and (iv) introducing skill-based programmes. Entrepreneurship, management, tourism, commercial agriculture and other fields can also be introduced and offered. The Ta’lim Schools Special Task Force’s High-Level Committee has recommended changes to the Education Act 1996 (Act 550) to allow private ta’lim educational institutions to be registered under the act. Its role is to coordinate welfare and assistance. It is also to monitor the governance of ta’lim schools to ensure that they meet the government’s standards. Aside from that, six recommendations have been submitted, i.e. (i) Amendment of the Education Act 1996 (Act 550) to include the registration of private religious schools, (ii) Establishment of a framework for approval criteria for the formation and management of maahad ta’lim, (iii) Compliance with minimum safety and health standards, (iv) Establishment of volunteer firefighters, (v) Registration of maahad ta’lim coordinated between state and federal governments and (vi) Joint control and responsibility.

Hence, Islamic education-related bodies in Malaysia, such as the Department of Islamic Development Malaysia (JAKIM), must collaborate with TEP to improve PTI governance by channelling appropriate and adequate assistance, coordinating the ta’lim curriculum in an integrated manner formulating existing ta’lim education standards to meet high demand. Not only that, focusing on producing high-quality huffaz remains the main plan to meet the National Ta’lim Education Policy (NTEP) goal of creating 125,000 huffaz by 2050.

Fig. 2: Governance Framework of Ta’lim Schools in Malaysia
(Source: Bani et al., 2017)

3.0 Methodology
This was a qualitative case study, with the leading research instrument being a semi-structured interview with the founders, principals, and administrators of Malaysian Private Ta’lim Institutions (PTIs) that engage in entrepreneurial activities. The sampling technique used in this study included seven participants (Darusalam & Hussin, 2016) from Malaysia’s selected PTIs. They had two types of entrepreneurial activities, i.e. products and services. Thematic analysis was used to analyze the data, which had three main themes: (i) PTI entrepreneurial activities, (ii) Challenges, constraints, and problems faced by PTIs, and (iii) The balance of entrepreneurial activities in educational governance in PTIs.

4.0 Findings
This section presents the results from the semi-structured interview.

4.1 PTI’s Entrepreneurial Activities
Based on the findings, six PTIs rely entirely on income generated from entrepreneurial activities to cover their respective institutions’ operating costs (P1-P6), while P7 only generates entrepreneurial income as a side income. This is because P7 is a branch of a well-known PTI with 10,000 units around the world. In contrast, P1-P6 is a PTI managed by a local founder. Furthermore, PTI-led
entrepreneurial activities were found to be capable of covering between 40 and 50 percent of an institution's operating costs, in addition to tuition fees charged to students, government assistance, alms and endowments.

4.2 Challenges, Constraints, and Problems Faced by PTI's
The institutions involved in the study face three significant challenges: (i) working capital, (ii) raw material supply and product quality, and (iii) effective marketing of products and services. Other issues include the lack of knowledge in entrepreneurial activities, competition with non-Muslim supermarkets and shops, staff constraints and negative public perceptions of student involvement in PTI enrolment.

4.3 The Balance of Entrepreneurial Activities in Educational Governance in PTI’s
All PTI’s were balanced in carrying out entrepreneurial activities with separate governance between entrepreneurship and education. This is followed by student involvement that does not interfere with teaching and learning activities and makes entrepreneurial activities a co-curricular training ground for the students.

<table>
<thead>
<tr>
<th>T/P</th>
<th>T1 - Cattle, goat &amp; duck farming</th>
<th>T2 - Livestock diseases, Weak product marketing</th>
<th>T3 - Student involvement in entrepreneurial activities as an exercise that does not interfere with TnL activities, Education according to the ability of students, Balance between educational &amp; entrepreneurial activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>P1</td>
<td>Restaurant, Frozen &amp; smoked food products, Agriculture, Able to cover PTI operating costs</td>
<td>Food quality, Weak product marketing, Lack of aquaculture &amp; agricultural expertise</td>
<td>Student involvement in entrepreneurial activities as a co-curricular exercise that does not interfere with TnL activities, Not manipulating students as employees in entrepreneurial activities undertaken</td>
</tr>
<tr>
<td>P2</td>
<td>Wholesaler of necessities, Co-operatives &amp; convenience stores, Able to cover PTI operating costs</td>
<td>The difference in the price of goods between PTI and non-Muslim supermarkets/shops</td>
<td>The involvement of PTI in entrepreneurship depends on the resources and expertise of PTI itself, No student involvement in entrepreneurship</td>
</tr>
<tr>
<td>P3</td>
<td>Cattle, goat &amp; chicken farming, Agriculture, Able to cover PTI operating costs</td>
<td>Negative society's perception of the use of student labour in entrepreneurial activities, Difficulty finding permanent employees who engage in entrepreneurial activities</td>
<td>The involvement of PTI in entrepreneurship is neatly arranged, Balance through governance is broken down into two, i.e. education &amp; entrepreneurship</td>
</tr>
<tr>
<td>P4</td>
<td>Vocational training, Restaurant, Cattle farming, Aquaculture, Will management &amp; takaful services, Able to cover PTI operating costs</td>
<td>Limited capital, Agricultural products are only marketed in the local locality only &amp; limited</td>
<td>Utilization of existing PTI resources in the involvement of entrepreneurial activities</td>
</tr>
<tr>
<td>P5</td>
<td>Cattle, goat &amp; chicken farming, Fresh &amp; frozen meat, Food-based products, Able to cover PTI operating costs</td>
<td>Limited capital, Insufficient stock of goods, Limited product marketing</td>
<td>Entrepreneurial entities are segregated with PTI education, Fully supported by parents and the local community, No student involvement in PTI entrepreneurial activities</td>
</tr>
<tr>
<td>P6</td>
<td>Haj &amp; Umrah travel agents, Takaful &amp; insurance services, Halal chicken processing, Side income to PTI</td>
<td></td>
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<tr>
<td>P7</td>
<td>Products &amp; services are not well known, Lack of promotion</td>
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</tr>
</tbody>
</table>

Table 1. Entrepreneurial Activities of Malaysia’s selected PTI

5.0 Discussion
Livestock and agriculture involving cattle, goats, chickens, ducks and aquaculture such as freshwater fish and banana and vegetable crops are the most popular entrepreneurial activities explored by Private Tahfiz Institutions (PTIs). There are also food-based products
such as salted eggs, frozen and smoked foods, herbal products and so forth, whether fresh or frozen. It is due to the high demand for halal products and foods, which are at the heart of Islamic teachings, particularly in Islamic consumer fiqh (Kamaruddin & Wahid, 2020). Aside from that, the institutions also engage in service-based entrepreneurship such as will management, takaful and insurance, Amil Zakat, selected bank agents and hajj and umrah packages. In comparison to the product-based entrepreneurship category, this service-based entrepreneurship category does not necessitate a large amount of capital. As a result, PTIs that lack capital or significant sources of funding can still enter the field of entrepreneurship with little or no money. Based on the findings of the study, it was discovered that the entrepreneurial activities carried out by the institutions are capable of covering the operating costs of each institution up to 50%, which is very significant, especially in the current COVID-19 pandemic era.

Nonetheless, the institutions involved in the study face significant challenges in their respective businesses, such as working capital, the production of goods and services and effective marketing. According to Sahut and Braune (2021), a company that conducts entrepreneurship will inevitably face financial problems due to limited financial resources at the establishment of a business entity. Furthermore, the issue of the quality of products for sale is entirely dependent on the supply of raw materials, which is the basis of a business’s success in the market. According to Litvaj and Ponliaková (2014), the most essential prerequisite for being observed as an entrepreneurial phenomenon is product quality is followed by effective marketing for the stability of products and services in consumer-preferred markets (Bakar & anak Jimel, 2020). According to Amelia et al. (2019), marketing strategy should focus on seven dimensions, i.e. product, price, place, promotion, people, process, and physical evidence, also known as 7P (Products, Prices, Places, Promotions, People, Processes, and Physical Evidence) as one factor that influences consumer purchasing decisions. Particular attention is also paid to the creation and development of internal brands to face competitive pressures and create a strategic and competitive market position (Zéman & Bogdan, 2019) and to follow everyday marketing trends that have made digital marketing (E-commerce) the primary product marketing platform and services preferred by current consumers (Noor et al., 2021).

Next, as noted by Fatah (2014) and Bani et al. (2017), the accountability issues plaguing PTIs in Malaysia have given these institutions a lousy image and tarnished their good name. According to the situation, a few PTIs in Malaysia was manipulating and using their students to raise funds to cover the operating costs of their respective premises by asking for alms at petrol stations, banks, and other places where the local community congregated. This situation has demonstrated that the imbalance between this al-Quran education and the responsibility of finding funds should be fully accountable to the management of PTIs. Nonetheless, the findings of this study revealed that there is a balance between education and entrepreneurship in these institutions, with student involvement in entrepreneurship as a co-curricular activity that does not interfere with teaching and learning activities, and the two entities are separated by different management. As can be seen, these PTIs involving education and entrepreneurship is well managed and organized.

6.0 Conclusion & Recommendations
In addition to tuition fees paid by students, government or private funds, endowments and alms, entrepreneurial activities carried out by Private Tahfiz Institutions (PTIs) in Malaysia can cover up to 50% of each institution’s operating costs. Nonetheless, they face some challenges such as working capital, product and service quality and effective product marketing to remain stable and competitive in the market. Therefore, the solution that can be proposed to solve this main problem is government intervention through the Ministry of Entrepreneur and Cooperative Development (MEDAC), Malaysian Small and Medium Enterprises Corporation (SME Corp. Malaysia) and the National Entrepreneurship Institute (INSKEN) as well as the involvement of Islamic institutions related to tahfiz such as The Malaysian Islamic Development Department (JAKIM), the State Islamic Religious Council (MAIN), the State Islamic Religious Department (JAIN) and tahfiz associations in our country to provide ample space and opportunities for PTIs to venture into this field of entrepreneurship for their survival in the future. It also indirectly saves government funds by providing annual assistance to PTIs in Malaysia that generate income through entrepreneurial activities and compete in global and international markets. Concerning accountability for the illegal collection of public funds by a small number of PTI operators, the authorities must strictly enforce the law to prevent this activity from becoming widespread. Nonetheless, due to of the separation of the two entities into excellent and orderly separate governance, the institutions in the study were found to be balanced in carrying out educational and entrepreneurial activities. Thus, the entrepreneurial activities carried out can be used as an entrepreneurship model that all PTIs in Malaysia can emulate to meet the National Tahfiz Education Policy (NTEP) goal of producing 125,000 huffaz by 2060.

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Paper Contribution to Related Field of Study
Commercial/Retail/Services Environment

References


