International Journal of Trend in Scientific Research and Development (IJTSRD)
Volume 10 Issue 5, Sep-Oct 2026 Available Online: www.ijtsrd.com e-ISSN: 2456 – 6470

Enhancing SMEs Productivity through Islamic Financing Options: The Impact of Takaful

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ABSTRACT

From every perspective, productivity of enterprises is a factor of finance. SMEs cannot effectively translate the most of ideas into reality without sufficient and costless finance. Thus, SMEs entrepreneurial vision and innovative quality need to be continuously financially supported. For the utmost function of such enterprises in any economy is employing the surplus labour productivity. Hence, influence all economic growth variables particularly in developing economic (community). They are part of economic fabric in developing economy, thus play crucial role in furthering growth innovation, prosperity and more profitable as compared to large-scale enterprises. However, conventional financial institutions neglect SMEs socioeconomic contribution for not offering financing options for their needs. To this effect, productivity of small-businesses is inhibited, which likely easily augment poverty and other social vices that may distort standard quality of lives and retard economic growth. Therefore, the paper aims to determine acceptability of Takaful and equally analyzes its socioeconomic growth in communities of developing economy. It uses secondary research method through which theoretical and empirical evidence reported by earlier scholars studies were synthesized. It was found to be the most convenient and sustainable financial option for SMEs in developing communities particularly to poor and low-income business owners. The source creates less burden and zero costs, hence the need to ensure SMEs productivity. Among others, the paper concludes that takaful plays significant role in mitigating financial constraints of SMEs, thus alleviates poverty and improves productivity of the enterprises. Similarly, recommendations were proffered of which modern channel of enlightenment about takaful be adopted to increase adaptability.

How to cite this paper: Fatima Abubakar Gidadawa "Enhancing SMEs Productivity through Islamic Financing Options: The Impact of Takaful" Published in International Journal of Trend in Scientific Research and Development (ijtsrd), ISSN: 2456-6470, Volume-10 | Issue-5, October 2026, pp.1651-1659, URL: www.ijtsrd.com/papers/ijtsrd142330.pdf

IJTSRD142330

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KEYWORDS: *Takaful (Islamic Insurance), Productivity, SMEs, Financing and Economic Growth.*

INTRODUCTION

It is important for any economy to identify the total financial needs of SMEs in order to accelerate their productivity. Adequate financing of such enterprises is essential for they largely contribute towards economic growth in any economy and more particulars the developing economies. Micro and small businesses are catalyst in socioeconomic development of any country. They are veritable for the achievement of national macro-economic objectives in terms of employment generations at low investment cost and advancement of apprenticeship training (Osolimehin, et al, 2012). Thus, qualifies to prevail in any developing community. No enterprise can effectively translate it benefits into reality without sufficient and cost-less financing means. Therefore, to enhance SMEs productivity, their entrepreneurial vision and innovative quality need to be continuously financially supported. More so, Kurfi (2003) pointed that, the entrepreneur has to determine the effective ways of allocating (investing) reliable funds to various aspects of the enterprise for better performance. To this effect, financial sufficiency is everything that ensures productivity in small businesses likely even the big ones. Thus, financial management matters as a best complementary constituent. The greatest factor responsible for business failures is finance cause by poor management of finance and business financial instruments (Hisrick and Peters, 2008).Padachi (2006) stated that, "liquidity is precondition to ensure that firms are able to meet its short and long terms obligations and its continued flow can be guaranteed

from a profitable venture". Upon this, profits in any form of business is a function of financial Management and particularly working capital management in SMEs.

From the economic perspective, SMEs are the most suitable businesses that can conveniently thrive in developing economy. They can get all their relevant needs from the economic capabilities of developing economy. Thus, play a crucial role in furthering growth innovation, prosperity and possibly more profitable as compared to large-size enterprises. Also, constitutes the most dynamic segment of many transitions in developing economies (Cecchetti and Kharroubi, 2012).

Specially, over five decades in Nigeria, Kilby (1969) identified that, "SMEs contribute to long-run industrial growth by producing and increasing number of firms that grow-up and out of the small-scale sector… the emergence of wholly small-scale Nigerians' industries is likely to be pre-requisite for enduring industrialization" .Additionally, what makes them most convenient is that they can play a significant role in employing the surplus labour productivity. Their existence creates opportunities that can be transformed into fortunes which would influence increase in growth-induced variables as well as stimulate economic growth through improved productivity of SMEs. Generally, SMEs productivity is essential for increasing income and improving standard of living for it raises the level of wealth generation. It is an engine of economic growth and it is only through increase in productivity that economies are able to sustain the levels of economic growth needed to increase investment opportunities and sustain economic growth and development to enhance working men and women obtain income and assets to lift themselves out of poverty (ILO, 2004). More so, Karaomerlioglu and Ansal (2000), outlined the benefits of productivity growth as declining products prices, increased wage earning, increased investment, create new products and increase employment overall. As productivity of SMEs can be influenced with adequate less costly capital which can easily and conveniently source from among the entrepreneurs. Hence, financing source that suits developing country's economic condition is paramount for small business productivity.

In spite their numerous socioeconomic benefits, SMES are deliberately neglected to be appropriately financed. This outright cripples performance and inhibits productivity of SMES in economically less-developed communities. Conventional financial institutions in any economy, prioritize owners needs and profit motives; which result to putting difficult lending conditions to be met by SMEs. Irrespective of this, SMEs are considered incapable to be granted with financing opportunities by the responsible institution in developing economies. Smaller firms usually do not have any access to funds from traditional financial intuitions (Berger et al, 1998).Stressing this discrimination Menyah (2009) opined that, small-scale enterprises generally do not have access to credit on banking institutions and other forms of institutional credit. These have caused the need to create appropriate and convenient financing source to improve productivity of small businesses in developing economy

LITERATURE REVIEW

Review of valuable concepts is greatly relevant for effective comprehension of the paper. The review is equally essential and significant particularly for research which adopts secondary method approach. Thus, leading variable (independent) ought to be theoretical analyzed and where necessary empirically to.

THEORETICAL REVIEW

Historically, Takaful is an Arabic word which originated from the Arabic verb 'KAFALA' which means to guarantee, to help, to keep and to take care of another's need. Thus, Takaful may be defined as a scheme of brotherhood, mutual assistance and solidarity that provides mutual financial assistance to participants in case of need, whereby participants mutually agree to contribute to this purpose (Nor Syahidah, 2020). Global Reinsurance Co. Report (2015) defined it, "as an engine block of Islamic finance, Islamic economic, Islamic banking/finance and Islamic capital market instrument i.e. Sukuk are other economic engines (Sulaiman, 2017). These depict the concept of takaful to precisely be as assistance in case of peril and exist as valuable instrument to ensure prosperity of entrepreneurs and productivity of businesses when it is used. Thus, introspectively the concept could generally be adjudged as financing instrument holding economic consideration. Far from the recent contextual perspective, takaful is linked to Islam, thus it first emerges over 1500 years. According to Moh'd Sallah et al (2012), the Qur'anic definition of takaful stems from (5:2) "and collaborates you one another in righteousness and piety" refers to shared accountability, reciprocal insurance, joint assurance and mutual assistance also known as Ta'awun in Arabic. In addition, the traditions of Prophet Mohammad (S.A.W) Similarly backed Takaful. According to Sulaiman (2017) highlighted that, *Prophet Muhammad (P.S.U.H) said: the believers, in their affection, mercy and sympathy to each other, are like the body if one of its organs suffer and*

complains, the entire body responds with insomnia and fever" (Muslim) also in a separate Hadith narrated by Abu Hurayrah, the prophet (S.A.W) said, whoever removes a worldly grief from a Muslim, Allah will take away one of his grief's in the hereafter. Whoever alleviates the needy, Allah will alleviate from him in both the world and hereafter"

However, takaful is non secular in operation. Looking back at the objectives of takaful itself, it is intended for everyone regardless of their religion (Htay and Salman, 2017). Rather, it considered as socioeconomic concept; which is non-discriminatory. This role of takaful as a social institution is very much related to the socio-economic (Moh'd Sallah et al, 2012) Therefore, exist to complement Islamic finance; which essentially concerned with human lives and their possessions. According to Sulaiman (2017), "Islam does not like the concept of the 'pious person' as distinct from 'worldly person'. It enjoins a system of devotions/worship as well as guides on the economy, political affairs and international relations". Similarly, Islamic principles do not encourage people to engage in business transactions as long as they do not expect a predetermined return even when the outcomes of such transactions are uncertain (Maysami & Kwon, 1999). This opposes the conventional system of insurance; which is a gamble upon the incidence of the contingency that is being insured against; that is, interest of both parties (the insured and insurer) are entirely opposed, and both parties do not know their respective right and liabilities until the occurrence of the Insured events (Wahab, Lewis and Hassan, 2007).

Distinct from Islamic religion, it links to the recognition of the Ancient Arab's practices of *Aqila*; that is, monetary compensation to the heirs of the victim by the relatives of the killer. Willingness of the ancient Arabs of that time to pay compensation seemed to be a kind of financial protection for the heirs of the deceased against unexpected death of the victim (Al-Amri, 2013). This practice of having a fund that pools contribution from a group of people to assist others in need was further encouraged in the early Islamic period (IFSB and IAIS, 2006). Further added that, to Muslim, Islamic laws reveal complete pattern of life, inter-personal relationship, conduct of business, and/or simply a complete culture. Thus, it dictates the way of life for mankind. It is all-embracing and covers not only the practice of religious worship, but also how Muslims should live their lives and, by extension, conduct commerce. Adhering to Shariah principles is the main concern in risk management for takaful; notably the protection of life, protection of money, and protection of dignity (Abdullah, 2012). According to Aziz and Muhammad et al. (2013), Takaful aspires to safeguard lives and promotes the free flow of income by fostering a feeling of social responsibility, promoting cross-socio cooperation, and fostering ethical business practice. In Islam, social obligation (*Fard -Kifayah*) is linked to financial capability. However, on certain occasions, human beings are expected to handle social obligation through collaboration among themselves.

Therefore, takaful might be a mechanism that takes care of financial needs of designated people as either a relief to loss or support to business through mutual collaboration and cooperation.

EMPIRICAL REVIEW

Practically, takaful acts as a hedging mechanism that follows Islamic principles and laws in its operation. It can be visualized as a method of joint guarantee among participants against loss or damage that may be inflicted upon any of them (Shahid, 2018). According to Gor (2013), takaful is a unique concept of social institution to counter poverty and deprivation...as mutual insurance allowing for sharing of risk transparently by pooling contributions of individuals for the benefit of all subscribers".

Essentially, acceptability and socioeconomic analyses drive empirical review of this discourse. Generally, Ansari (2021) pointed that economic and behavioral factors greatly influence insurance demand... these factors are used to assess the direct and indirect effect on the adoption of takaful. Specifically, the economic factors influential for the demand of Islamic insurance include dependency ratio, income, education, Islamic banking development, Muslim population, inflation rate, interest rate, financial sector development, life expectancy, trade, and consumer price index, government consumption and savings rate (Ansari, 2020). Similarly, cost efficiency is greatly invaluable for positive existence of both the firm and firm's customers. Kader et al. (2011) examined the cost of efficiency of takaful firms based on seventeen Islamic countries. The study suggests that average cost efficiency scores of takaful firms can be compared to conventional insurers as having positive growth and profitability rate. The study further suggests that skilled and experienced board of directors can contribute positively to the efficiency of a company by allocating optimum resources. Similarly, Saad (2012) investigated efficiency of conventional insurance companies and general takaful over the period of 2007 to 2009 using DEA to analyze the data of 28 companies. The study suggests that conventional firms are performing better as compared to takaful firms. It suggests further that Takaful insurers must grow the size of the company to

optimal level which can result in the improvement of the efficiency score.

Operationally, takaful firms enjoy economies of scope. Al-Amri (2013) estimated cost efficiency utilizing DEA and test for scope economies and agency problems by regressing efficiency scores on control variables and an indicator variable for strategic focus and type of operating model. The result reveals a positive relationship between focused Takaful firms and cost scope economies. The regression results provides that Mudharabah (profit sharing) model is positively related to cost efficiency. These would to large extent influence acceptability of Takaful on one side while portraying performance capability of takaful firms on the other. Salman et al. (2018), using the new product adoption theory to examine whether internal factors are crucial to open up by Indian consumers, found that internal factors are significant in the acceptance of Takaful services by Indian policyholders. Ayinde and Echchabi (2012) have measured the willingness of Malaysians to adopt takaful services. They found that compatibility and awareness are the significant factors influencing the adoption of takaful among Malaysians. But, compatibility is the only deciding factor for takaful adoption among Tunisian consumers (Echchabi et al., 2014). In further analysis of takaful adoption, Ali et al. (2019) observe the application of Theory of Innovation Diffusion (TID) for the adoption of Takaful in Pakistan. They find that trialability, compatibility, observability, relative advantage, consumer awareness and religiosity have a positive and significant impact on takaful adoption. Complexity has a negative and significant impact on the adoption of takaful (Ansari, 2021).

Similarly, examining the economic determinants of takaful demand, Akhter and Khan (2017) applied two panel data regressions to analyze the conventional and Takaful and their possible demand determinants from Asian countries for the period of 2005 - 2012. The result exhibits that the demographic factors, education and urbanization, macroeconomic variables, per capital income and inflation influence the demand for both conventional and takaful. Likewise, the quantitative study compares the takaful and conventional insurance based on 35 criteria of higher performance organization framework and reveals that there would be no difference between the performance of conventional insurance companies and takaful. Yakob et al (2014) have identified the risk and investment management efficiency of takaful and conventional insurance companies using two-stage DEA. These exogenous variables consist of the operating system, organizational form, consumer size and preferences. It found that mutual and takaful companies are more efficient than their conventional counterparts.

On takaful performance, Daud et al, (2018) contributed to the literature by qualitatively examining the measures of quantity of Islamic leadership which are truthfulness, trust, knowledge and communication contributing to the takaful organizational performance. Nazri et al (2015) have examined the managers of Malaysian takaful companies to examine the impact of entrepreneurial orientation on organizational performance. The result demonstrates that managers' autonomy and pro-activeness are significantly influencing the firm performance, while the competitive aggressiveness, risk taking and innovativeness are not significant predicators. The panel aggression estimates show that liquidity and lagged gross domestic product (GDP) significantly determine the investment funds performance in takaful companies (Ahmed et al 2019). Guendouz and Quassat (2018) consider the return on investment fund as a proxy variable for profitability and find that the age, size, written premium, growth rate and loss ratio are significant determinants.

TAKAFUL OPERATION

Takaful is an ethical and Islam oriented scheme which practice is based on the contract of profit and loss sharing (Aqd al Mudharabah) and unilateral contract of donation (Aqd al Tabarru). It birth was due to the prevailing need of Muslim population for an Islamic alternative to Conventional insurance. It was also aimed to complement the operation of Islamic banking system (Saad, 2012). Essentially, Takaful is based on the concept of social solidarity, cooperation and mutual indemnification of losses of members. It is a pact among a group of persons who agree of jointly indemnify the loss or damage that may inflict upon any of them, out of the fund they donate effectively (Ayub---). Several programs and initiatives made for the poor to meet their demand for a financial product are micro takaful (Hazami Rapi et al, 2022). According to Yusoff, Raslan and Arafin (2020) takaful combine with micro is defined as a takaful product explicitly designed to give financial protection to low-income households. They further pointed that it is a Shariah-complaint protection plan designed exclusively for the unfortunate segment of population namely the poor, at a low price.

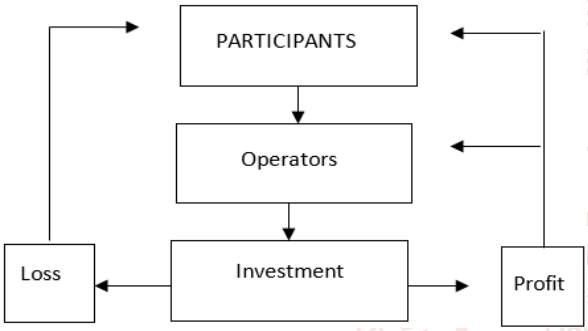
Generally, takaful operates under Islamic laws and ethics. From its basis, that corporation is not general, then it has a limit. Allah (SWT) prohibited people from cooperating in any way that involves sinful elements. He says "*And do not cooperate in sin and rancor*". Hence, in order for insurance transaction to

become valid and enforceable, it should be free from unlawful elements such as fraud. Muslims are obliged to express elements of sincerity, justice and moral values when making decision. More so, any financial activities in Islamic financial institution are based on the Shariah principle. The prohibition of gambling, interest and uncertainty in any financial transaction is fundamental to Islamic finance (Nor Syafridah, 2020).

The most widely used contract or takaful model are:

1. Mudharaba Model: In this model takaful operator acts as a Mudarib (entrepreneur) and the participant are capital providers (rab al mal). This contract (profit sharing) details how profit from investment are to be shared, as losses are to be shouldered by capital provider that if the cause of losses did not occur as a result of operators misconduct or negligence.

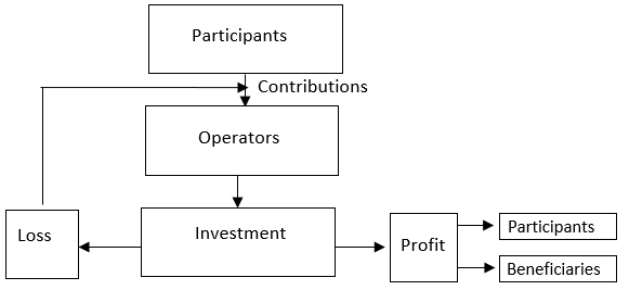
Table 1: Mudharabah Illustration



Source: Author, 2026

2. Wakala Model: this model is an agency contract where the principal-agent relationship is used for both underwriting and investment activities. In underwriting, the takaful operator acts as an agent on behalf of the participants to run the takaful firm. All risk are borne by the fund and any operating surplus belongs exclusively to the participants. The takaful operator does not share directly in either the risk borne by the fund and any surplus/deficit of the fund. Instead, the operator receives a said fee called a wakala fee for managing the operation on the participant's behalf which is usually a percentage of contributions paid (IFSB & IAIS,)

Table 2: Wakala Illustration



Source: Author, 2026

3. Mudharabah-Wakala model (Hybrid): In this hybrid model the wakala contract is adopted to underwriting activities while the madharabah contract is employed for the investment activities of the takaful fund (IFSASHIS 2006). This model expresses that wakalla stands for technical management and Mudharabah for investment. It is the most practiced in Middle East.

4. Cooperatives or Purely mutual companies: In this model, the company belongs to participant and the funds are managed and controlled completely by the company. These companies regardless of legal form are managed on purely cooperative or mutual basis by and on behalf of the takaful participants. (Billan et ol 2024). The model is highly regulated by statutes and supervised by agencies specifically constituted by law.

Irrespective of models, takaful operates on either tabbaru (donation) or ta'aruwa (contributions) principles. The policy of takaful must observe the following as outlined by Ballan et al 2024

1. Under Islamic financial law: takaful contract would be cancel if any financial transactions has the elements of unjustified profitability, uncertainty and unidentified risks
2. Takaful operation is void if its operation proven to be contrary to the shariah principles.
3. Takaful operation is governed by the principle of muhdarabah; which is profit and loss sharing financing technique.
4. Takaful operation is generally supervised by an independent body called the Shariah supervisory Council.
5. It is a fundamental principle of takaful operation to maintain good faith. The duty to disclose information is imposed on both the operators and participants.

IMPACT OF TAKAFUL ON SMEs' PRODUCTIVITY

Irrespective of their assets holding and operational capital, SMEs play important roles in economic growth and development of developing economy. They create opportunities for interactions of different economic units and provide chances of prosperity among both large economically neglected individuals and enterprises. The owners of SMEs are mostly poor or low-income, which disqualify them to access funds from financial institutions and rich individuals as well.

Essentially, takaful was created to assist poor and low-income people to manage their entrepreneurial activities despite their financial in-capabilities.

Ahmed (2016) stated that, "micro takaful for SMEs can fill the gap of microfinance regarding the need for collateral and provide adequate security to the SMEs against various risk. Therefore, it reduces and fight poverty and prepare perfect grounds for graduation across the layers of poverty to its end. It offers important economic benefits where activities are seen as risky and risk control or transfer is needed. (Shahid, 2018), it found to be very stabilized and productive due to its fiscal nature, hence emphasizes fiscal policy. Thus prioritized fiscal policy and measures in ensuring economic productivity.

According to Keynes (2016), for economic development, investment and necessary and made out of savings. A takaful operating company mobilizes savings of people particularly from the middle and low income groups. These savings are channeled into investment. In various sectors contributing directly and indirectly to country's economic development. More so, the takaful contributions to poverty alleviation and welfare of the poor is potentially of considerable importance (Yusuf, 2012). Further added that, their services is essential for stability of economy and can make business participants accept aggravated risks. Thus, make vital contribution to the growth of the economy by enhancing cash flow from the contributors and creating large amount of assets placed on the capital market. Likewise, takaful may trigger establishment SMEs of jobs opportunities as the risks inherent in their operations are largely taken care of.

The major role of takaful from financial perspective is generation of savings, which invaluable considered as good effective – economic case, which other economic growth variables depend on. It exists as a core component in determining national income as well as a significant for individuals' income from micro-economic perspective. Specifically, socioeconomic effects of takaful include:

- Stabilizes small businesses: Takaful offers safety nets that enhance business resilience and risk management against financial shucks.
- Stimulates Economic Growth: Accumulated takaful funds build domestic savings and finance shariah complaint investments supporting capital formation and protecting the national economy from resilience on foreign exploitative financial structures.
- Enhance Social Solidarity: By pooling resources into a shared funds, participants mutually guarantee each other against unexpected loses, like accident, property damage or illness, fostering community welfare over individual corporate profit.
- Promote Financial Inclusion: Takaful extends risk management tools to understand or faith-conscious population against interest (riba) gambling (maysir) and uncertainty (gharar).

PROSPECTS AND CHALLENGES OF TAKAFUL

Prospects

The first Takafal company came up in 1979 from Sudan then worldwide, It base was created in 1985 upon the formal recognition and acceptance of Takaful as an alternative to conventional insurance. Initiated by the Grand Council of Islamic Scholars of Organization of the Islamic Conference in order to overcome the inherent factors of interest and uncertainty in conventional insurance. Despite their late emergence, with over 130 takaful companies in operation world-wide of which nearly half are to be found in the GCC countries of Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE. The economic growth rates in these countries are well ahead of the conventional insurance market in the region. The market expected to be worth $4 billion in the next few years at present rate of expansion. (Prince Water House Corpers, 2008), further added that the world's 1.5 billion Muslims' represent a huge potential customer base and form a youthful and increasingly affluent society. Takaful contributions are forecast to grow roughly six-fold over the next decade.

Current scenario depicts that, there are enormous opportunity for Takaful World-wide. The Takaful market share is 10% and 15% out of the 22% and 25% share of Islamic finance in Malaysia and Saudi Arabia respectively. (Gor, 2013) Further highlighted that, around 60% of total Muslim populations in African and South Asian countries are not insured. This percentage is economically un-neglectable to be insured as the derivable contribution will form large capital to serve as investable funds. According to Gor (2013), the Takaful has prospect due to:

1. Takaful growth rate of 35% (CAGR) over 5 years world-wide and if it continues.
2. With around 1.113 billion Muslim population in 12 countries namely; Indonesia, Pakistan, India, Bangladesh, Egypt, Turkey, Nigeria, CIS Region, Algeria, Morocco, China and Russia – which is more than 70% of total Muslim population across the world.
3. With low penetration of Takaful in those 12 countries.

Conclusively, pointed that if Takaful maintains its growth rate in (a) and gets supportive regulation across the world – there is large prospect in those

markets (i.e. of the 12 countries). He is equally optimistic that given the proper technical and financial assistance from IDB and other regulatory framework as well as encouragement and support from government and regulators to local insurance - Micro takaful can be established and grow in these countries. Similarly, the very low penetration across 1.6billion Muslim populations be conventional insurance due to religious and financial reasons indicate a large market waiting for Takaful.

CHALLENGES

The Takaful potential is enormous, but there are many obstacles to inhibit bountiful potentialities. The major obstacle to the market growth is human resource categorized into shortage of qualified and experienced staff to handle Takaful technically and by Shariah principles.

A. Low awareness of Customers is a challenge for many Muslims have misconception that insurance is contrary to the principle of Islam.

B. The limited Short-term non-equity financial instruments and Shariah-compliant money market instrument pose a great challenge for takaful companies to manage their instrument portfolio.

C. Incapability to face rapid growth of takaful: Simply most takaful products do not offer different satisfactory services to customers due to limited number of products.

D. Lack of IT and Operating Infrastructure to meet the World Digital ask.

E. Problem of standards for Reporting, Accounting and Auditing information. As financial institutions Takaful need an acceptable reporting standard that can easily be understood and interpreted.

- Low Market Adaptation. Utilization rate remain low in many developing regions, limiting Takaful immediate impact on job creation and large-scale poverty alleviation,
- Affordability and Economic volatility: Economic instability, inflation and low per-capita income restrict individuals and small business from consistently affecting or maintaining contributions.
- Trust and Institutional Gaps: A shortage of local providers coupled with occasional consumer mistrust in digital platforms or agents show down market penetration (www.google.com).

CONCLUSION AND RECOMMENDATIONS

Foregone discussion made it clear that to improve socio-economic status of poor and low-income people in developing communities and particularly Muslim dominated, it becomes necessary to encourage establishment of Takaful groups. As financing scheme, takaful provides free finance; that is, through tabarru (donation) principle and without any cost, through tarawanu principle. It comprehensively accommodate any peril by sharing it among the participants, thus promote peace, harmony and enterprises productivity. Therefore, it complements other Islamic financing means that concern with human lives and wealth protection. By managing occurred business risks, takaful enhances operation of SMEs, which in turn creates job opportunities and wealth, increased productivity and accelerates economic growth.

Conclusively, takaful plays an important role in mitigating SMEs financing inhibiting factors. For it absorbs business risks with immediate coverage of the lost amount, thereby ensuring uninterrupted operation of any business. To ensure SMEs productivity, suitable Takaful products that can meet different needs of customers and markets ought to be initiated. This will expand the customers reach, hence serve as safety net to different forms of businesses in a Community. Therefore, takaful is the most convenient institution to defeat poverty and enhance human development in any developing Community.

To achieve the full benefits of Takaful in developing Communities, the following recommendations were proposed:

- Poor and low-income entrepreneurs in developing Communities should be encouraged to participate in Takaful Schemes.
- Develop unified and standard accepted accounting and auditing reporting system that will contain financial transactions information.
- Develop different Takaful products that would cover as many trades or types of businesses as possible within Communities.
- Develop appropriate means/method for measuring risks, in order to detect and justify cause of the risks.
- Both participants (policyholder) and operators of Takaful should regularly be trained on organization and management of Small business as well as financial Management.
- Adopt modern method of creating enlightening Communities about Takaful and its inherent benefits to socio-economic prosperity in society.
- Takaful should be rebranded, that is, to ensure Takaful practices respond to prevailing circumstances provided that Shariah laws are not compromised.

- Establish Shariah Compliant money market to provide Short-term financial instruments on which Takaful contributions could be used according to Islamic laws.
- Ensure that the tabarru (donation) component of Takaful is fairly and appropriate used in accordance to Islamic perspective.
- Re-takaful should be encouraged in order to create more convenient financing options, which could improve SMEs productivity and increase Socioeconomic benefits in Communities.

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