

# MANAGEMENT & ACCOUNTING REVIEW

Volume 16 No. 1  
June 2017

# MANAGEMENT & ACCOUNTING REVIEW

## Joint Sponsors

Accounting Research Institute & Faculty of Accountancy, Universiti Teknologi MARA Malaysia, Malaysia.

## Chief Editor

Prof Dr Normah Hj. Omar

Universiti Teknologi MARA Malaysia, Malaysia

## Managing Editors

Assoc. Prof Dr Roshayani Arshad

Universiti Teknologi MARA Malaysia, Malaysia

Assoc. Prof Dr Jamaliah Said

Universiti Teknologi MARA Malaysia, Malaysia

Dr Nor Balkish Zakaria

Universiti Teknologi MARA Malaysia, Malaysia

Dr Intan Salwani Mohamed

Universiti Teknologi MARA Malaysia, Malaysia

## Journal Administrators

Ms Wan Mariati Wan Omar

Universiti Teknologi MARA Malaysia, Malaysia

Ms Munirah Morad

Universiti Teknologi MARA Malaysia, Malaysia

## Editorial Advisory Board

Prof Dr Jimmy Tsay

National Taiwan University, Taiwan

Prof Dr Chan Jane Lin

National Taiwan University, Taiwan

Prof Dr Chris Patel

Macquarie University, AUS

Prof Dr David Crowther

De Monfort University, UK

Prof Dr Gerald J. Lobo

University of Houston, Texas, USA

Prof Dr Hiromasa Okada

Nagasaki University, Japan

Prof Dr Jeong Boon Kim

City University of Hong Kong, Hong Kong

Prof Dr Sakthi Mahenthiran

Butler University, USA

Prof Dr Yasuhiro Monden

Mejiro University, Japan

Prof Dr Foong Soon Yau

Universiti Putra Malaysia, Malaysia

Prof Dato' Dr Hasnah Haron

Universiti Malaysia Pahang, Malaysia

Prof Dr Paul Anthony Barnes

Mcquarie University, AUS

Prof Dr R. K. Mishra

Institute of Public Enterprise, India

Prof Dr Stuart Locke

University of Waikato, NZ

Prof Dr Norman Mohd Saleh

Universiti Kebangsaan Malaysia, Malaysia

Prof Dr Milind Sathye

University of Canberra, AUS

Prof Dr Grahita Chandarin

Universitas Merdeka Malang, Indonesia

Prof Dr Mazlina Mat Zain

Multimedia University, Cyberjaya, Malaysia

Prof Dr S. Susela Devi

Universiti Tun Abdul Razak, Malaysia

Prof Dr Mohammed Abdel-Haq

University of Bolton, UK

Assoc Prof Dr Samuel Chan

The Hong Kong Polytechnic University, HK

Assoc Prof Dr Jeffrey Faux

Victoria University, AUS

Assoc. Prof Dr Eko Suwardi

Universitas Gadjah Mada, Indonesia

---

**MAR is indexed in Ebscohost, Cabell's Directory of Publishing Opportunities in Management (www.cabells.com), Ulrichs (www.ulrichweb.com) and the Journal Ranked List of Australia Research Council with ERA (Excellence in Research for Australia) and Australian Business Deans Council (ABDC). MAR is also indexed by UDLedge Social Science & Humanities Citation Index (SS&HCI) and Focus (Journals and Conference Proceedings).**

---

© 2017 *Management & Accounting Review* is jointly published by Accounting Research Institute & Faculty of Accountancy and University Publication Centre (UiTM Press), Universiti Teknologi MARA Malaysia, 40450 Shah Alam, Selangor, Malaysia. The journal was previously known as *Malaysian Accounting Review*.

The views and opinions expressed therein are those of the individual authors, and the publication of these statements in *Management & Accounting Review* does not imply endorsement by the publisher or the editorial staff. Copyright is reserved jointly in Universiti Teknologi MARA Malaysia and the Malaysian Accounting Research and Education Foundation.

## CONTENTS

- 1 Determinant of Human Capital Disclosure in the Post IFRS Regime:  
An Examination of Listed Firms in Nigeria  
*Mutalib Anifowose, Hafiz Majdi Ab. Rashid  
and Hairul Azlan Bin Annuar*
- 31 R&D Information and Market Valuation: Empirical Evidence from  
Malaysian Listed Firms  
*Sunarti Halid, Amizahanum Adam, Marina Ibrahim,  
Masetah Ahmad Tarmizi and Prof. Dr. Muhd Kamil Ibrahim*
- 55 Risk Management Practices in Tourism Industry – A Case Study of  
Resort Management  
*Nur Rahifah Amirudin, Anuar Nawawi  
and Ahmad Saiful Azlin Puteh Salin*
- 75 Analysis of Unconditional Conservatism and Earnings Quality on  
Financial Reporting Practices in Indonesia upon IFRS Convergence  
*Monica Santi, Evita Puspitasari and Erlane K Ghani*
- 89 The Effect of Corporate Social Responsibility Disclosure and  
Corporate Governance Mechanisms on Earnings Management and  
Stock Risk: Evidence from Public Banks in Indonesia  
*Idrianita Anis and Ancella A. Hermawan*
- 119 Effective Depreciation Model for Commercial Vehicles 119-136  
in Malaysia  
*Alan Lim Khiew Loon, Dr. Krishna Moorthy Manicka  
and Theresa Wong Lai Har*
- 137 Zakat Fund in Malaysia: Where Does it Go To?  
*Roshaiza Taha, Mohd Nazli Mohd Nor, Mohd Rodzi Embong  
and Muhammad Faris Zulkifli*

- 167 Retailers' Behavioural Factors Towards Goods and Services Tax (Gst) Compliance: Sociological and Psychological Approach Study  
*Norhasliza Zainan, Rohaya Md Noor, Normah Omar, Roszainun Abd Aziz and Soliha Sanusi*
- 189 Corporate Risk Governance and Board of Directors: Evidence from Malaysian Listed Companies  
*Grace Hwee-Ling, Lee and Angeline Kiew-Heong, Yap*
- 213 The Relevance of Internal Governance Mechanisms to Financial Reports Timeliness  
*Rahimah Mohamed Yunos*



## Zakat Fund in Malaysia: Where Does it Go To?

Roshaiza Taha<sup>1</sup>, Mohd Nazli Mohd Nor<sup>1</sup>,  
Mohd Rodzi Embong<sup>2</sup>, and Muhammad Faris Zulkifli<sup>1</sup>

<sup>1</sup>School of Maritime Business and Mangement,  
Universiti Malaysia Terengganu, Malaysia

<sup>2</sup>Centre for Foundation and Liberal Education,  
Universiti Malaysia Terengganu, Malaysia

### ABSTRACT

*This paper investigates the Zakat institutions' management performance in the East Coast Region of Malaysia. Although this study was carried out in this region, the outcome is useful and may offer some insights on Zakat management to interested parties. To achieve the objective, a document analysis was carried out on annual reports, published bulletins, brochures, and periodical news of Zakat institutions in the selected region to assess their performance. The results suggested that the distribution practices by Zakat institutions had adhered to the stipulated Islamic law, whereby, Zakat fund is distributed to the eight qualified groups of recipients. The main contentious issue in Zakat is the existence of a large percentage of undistributed Zakat that does not appear in any Zakat report. This issue is very serious and needs to be addressed by the Muslim communities and may also be presented in other Muslim countries. This study provides the public and stakeholders, first-hand information regarding the existing management issues of Zakat fund in the Malaysian East Coast Region and thus, contributes to the sharing of Zakat management experience with other Muslim countries for a better solution.*

**Keywords:** Zakat Fund, Zakat Management, Eligible Asnaf, East Coast Region.

---

#### ARTICLE INFO

**Article History:**

Received: 3 February 2017

Accepted: 13 June 2017

Published: 24 November 2017

## INTRODUCTION

*Zakat* is a very important component of the Islamic economic system. If it is effectively and efficiently managed, it has good and beneficial effects on Muslims life , in this world or in the hereafter. Globally in the daily life of Muslims, they are required to practise their religious activities based on Islamic principles. These Islamic principles are grounded in the five pillars of Islam. The five pillars of Islam are testimony of faith (reciting the Kalima), five daily prayers, giving *Zakat* (support for the needy), fasting during the month of Ramadan, and a pilgrimage to Makkah. Thus, *Zakat* as the third pillar of Islam, is a compulsory practice for Muslims, wherever they live on this planet. The time when *Zakat* is made compulsory has been debated by scholars. One group believed it was legislated in the month of Shawwal in the second year after Hijrah to Madinah, while the other cohorts suggested it began before the Prophet (S.A.W) departed from Mecca (Ahmad Shafi'i, 2005). The obligations to pay *Zakat* are enshrined in the Quran. Some of such verses are as follows:

*“And be steadfast in prayer and practice regular charity and bow down (in worship) with those who bow down”*

(Surah Al Baqarah, verse 43)

*“Take alms out of their property, you would cleanse them (of sin) and purify them (of bad character) thereby; and pray for them; surely your prayer is a relief for them, and (remember) Allah is Hearing, Knowing”*

(Surah At-Tauba, verse 103)

*“And in their property was a portion due to him who begs and to him who is prevented (from asking)”*

(Surah Adh-Dhariat, verse 19)

The death of Prophet Muhammad (S.A.W) did not lead to a stop to the *Zakat* system termination. *Zakat* collection practices had continued under the rule of the first Caliph of Islam, Abu Bakr. During this period, the law enforcement of *Zakat* system was secured, whereby the Caliph had declared war on those who did not pay *Zakat* in the *Yamamah* war which resulted in the deaths of many *huffaz* (Mohammad Nidzam, 2006). To Muslims, this

event showed the importance of paying *Zakat* as the third pillar of Islam. The administration of Caliph Umar bin Abdul Aziz portrayed the best effective distribution example of *Zakat* fund. During his less than 3 year rule as the head of government, Caliph Umar bin Abdul Aziz managed to administer a government with no internal rebellion, less conflicts and every citizen gets proper treatment. The effectiveness and efficiency of *Zakat* fund management during his rule had resulted in an overflow of money and treasures in *Baitulmal* (treasury) since nobody was eligible to receive *Zakat* as the people have either managed to come out from poverty, or at least they were self-reliant. Thus, the history of *Zakat* had shown that in the past *Zakat* was a very important charity fund in the economic development of Muslims.

Since then, *Zakat* has become one of the most prominent tools in Islamic economy, especially in Muslim countries. *Zakat* is seen as an important tool which may assist the government to combat poverty. In fact a pioneer study by Ahmad (1997) in Pakistan revealed the success of poverty eradication programme through efficient *Zakat* distribution. In Malaysia, the importance of paying *Zakat* was highlighted by Muslims scholars and *Zakat* institutions. Through analysing various years of data from *Zakat* institutions, *Zakat* collection in Malaysia has shown an increasing trend. For instance, in 2013 the amount of *Zakat* collected in Malaysia was RM1,885 million (USD496 million, at the exchange rate of 1USD = RM3.8), doubled the amount collected in 2007, which was RM806 million (USD212 million) (Laporan *Zakat*, 2007-2013) and a significant increase in their collections. In fact, the total amount in 2013 did not include the *Zakat* amount from three states, namely Perak, Kelantan and Perlis. This increasing trend sparked many researchers' interest (Hairunnizam et al., 2004; Abu Bakar & Abdul Rashid, 2010; Arif et al., 2011; Abu Bakar & Abd. Ghani, 2011; Siska & Siswantoro, 2012; Sapingi et al., 2013) in observing the determinant factors that contribute to the obligation awareness of paying *Zakat*. It can be simplified that the important factors that influence the awareness of paying *Zakat* is personal or individual's religious value of the *Zakat* payers as well as the easy paying method promoted by *Zakat* institutions.

Considering the huge increase of *Zakat* collection for the past 7 years, it certainly showed the effectiveness of *Zakat* institutions in improving the *Zakat* collection system. However, the question arises on how effective



is the distribution process. Based on the observation of *Zakat* reports, the trend of *Zakat* distribution, although it was increasing yearly, it still showed the abundance of undistributed *Zakat*. For instance, in 2012 and 2013 the percentage of undistributed *Zakat* was 18.7% and 20%, respectively. In the case of undistributed or unallocated *Zakat*, there was no information given in the *Zakat* reports in regard to where the *Zakat* fund went and how the institutions had managed the excess fund or money. Since it was not reported, questions on where the *Zakat* fund went to had become very important management questions. Was the excess fund being carried forward for the next year or was it being recognised as profits to *Zakat* institutions? Did the *Zakat* money really reach the eligible groups of *asnaf*? How did the *Zakat* institutions manage the undistributed amount? How will this fund be redistributed among the eight *asnaf* groups?

In general, there are many views on how the *Zakat* money will be distributed among the eight *asnaf*. As Al-Shafi’l and Hambalites stated that the collected *Zakat* should be distributed to all the eight categories if they exist, otherwise to those who are available among them. Whereas Malik and Abu Hanifah highlighted that it is not necessary to cover all the eight groups. A study by Al-Qaradawi (2005) mentioned that collected *Zakat* should be distributed to all eight *asnaf* if the funds are in abundance and the degree of their needs is similar. However, as mentioned in the Holy Quran, all collected *Zakat* should be distributed to the eight qualified *asnaf*. The qualified *asnaf* consists of *al-fuqara*, *al-masakin*, *amil*, a convert whose heart has been reconciled, *al-Riqab*, *al-Gharimin*, *fee-sabilillah* and finally *ibn sabeel*. This is in line with the Quranic verse which means:

*“Verily alms (Zakat) is just for poor people, and needy people, and amil who administer and those whose hearts have been reconciled and for slaves to be freed and people owing to (spent) the way of Allah and the people traveling (wayfarer) on the way. (Ordinance that is) as a provision (really) from Allah. And (remember) Allah is All-Knowing, All-Wise”*

(Surah At-Tauba, verse 60)

Hassan (2007) stated that a *Zakat* institution is said to be efficient and effective if the *Zakat* collection increases continuously and all collected *Zakat* are being distributed in the same year. This issue is very crucial as

*Zakat* payers will lose confidence towards *Zakat* institutions and may decide to pay the money directly to the recipients. In fact the existence of 0.2% people under hardcore poverty in Malaysia had triggered public concern on the management of *Zakat* money (Economic Planning Unit, 2013). Thus, it is crucial for the *Zakat* institutions to be transparent in providing the necessary information as they are dealing with public money. Realising the public concern on the management of *Zakat* fund, this study aims to find answers to the questions on where did the *Zakat* fund go. The study was conducted in the three states in the east coast region of Malaysia, namely Kelantan, Terengganu and Pahang. A document analysis was utilised to analyse information pertaining to the management of *Zakat* money by *Zakat* institutions. This study hopes to clear the *Zakat* institutions' image and improve their performance. The next section reviews literature related to *Zakat*, *Zakat* management and *Zakat* institutions, followed by a discussion on the document analysis. The final section concludes with the discussion on implications, limitations and guidelines for future research.

## LITERATURE REVIEW

*Zakat* is an economic system in Islam that is able to finance the economic and social needs of Muslims. To pay and distribute *Zakat* is a mandatory practice to Muslims. Thus, the proper management of *Zakat* fund is a very important area in research. To date, a good amount of research was devoted to study on the importance of *Zakat* system (Kamil & Ahmad Mahdzan, 2002; Abdul Ghafar & Mujitani, 2006; Shawal, 2009). These studies highlighted that *Zakat* is used as a mechanism to help Muslims in need where through the distribution of *Zakat*, the fate of these poor and needy, who are listed among the groups of *asnaf*, will be taken care of. The issues on *Zakat*, in terms of the importance of *Zakat* fund, its management and performance were widely discussed by previous researchers, such as Mahmud (1991), Al-Abdin (2002), Ismail (2007), Azman et al. (2012) and Sayed Ahmad and Zainuddin (2017). It is believed that one needs to understand the basic principle of *Zakat* before being able to discuss the unique system. In this system, Muslims, who own a certain *Zakatable* property for more than one Islamic calendar year, and the values of properties exceed a certain amount, are required by the Islamic law to pay a portion (2.5%) from this property and this payment is usually collected by the *Zakat* institutions. This portion

is actually called *Zakat*, and will then be distributed by the *Zakat* institutions among the eight groups of eligible recipients (*asnaf*). All Muslim countries have their own *Zakat* management system. Many scholars had discussed *Zakat* management performance in Muslim countries. Among them were Lessy (2009), Hassan (2010), Lubis et al. (2011), and Firdaus et al. (2012).

According to Lessy (2009), the *Zakat* institutions were instituted by Muslim countries, such as Indonesia, Malaysia, Bangladesh, and Pakistan, in order to improve the social and economic welfare of Muslims. Based on Hassan (2010), the practice and the management of *Zakat* are different among countries, although in the early Islamic Caliphate period, *Zakat* funds were collected and managed by the state. *Zakat* management has gone through many changes in its history after the end of the early Islamic Caliphate states. Libya, Yemen, Pakistan and Malaysia are examples of countries that have opted for mandatory management of *Zakat* through governments' religious institutions. Meanwhile, Kuwait, Bangladesh, Bahrain, and Egypt are examples of countries that have formed specialised state institutions; however, public participation is made voluntary. A study by Lubis et al. (2011) stated that countries, such as Indonesia, South Africa, Egypt, Kuwait, and Jordan, have established voluntary *Zakat* administration by states. As emphasised earlier, *Zakat* is the concept to purify the wealth of Muslims. Muslims who pay *Zakat* will be purified of their souls from greed and arrogant and then their souls will be filled with compassion, humility, generosity and willingness to sacrifice for their fellow Muslims. In order to have an in depth understanding on the concept of *Zakat*, it is worthwhile to look into four different aspects of *Zakat*. The next section will continue with the discussion on *Zakat*, in terms of language and law, the importance of *Zakat* management, and the aspects of *Zakat* collection and distribution.

### **Zakat Definition**

*Zakat* was ordained by Allah (S.W.T) with the ultimate goal to be as a form of social security for the poor and needy in the community by developing a stable economic growth through the redistribution of wealth and also as a form of purification and spiritual development (Ismail, 2007). The meaning of *Zakat* can be viewed from two different angles: language and law. *Zakat* in terms of language came from the root word of *Zakah* which means blessing, grow, clean, and good which portray the real

purpose of *Zakat* in purifying wealth. According to *Imam Syafi'e*, *Zakat* was derived from the Arabic word which means clean or fertile. Thus, from both definitions, we can see the real purpose of *Zakat*, which is meant to enable Muslims clean their wealth by giving to others. Sarkis and Daou (2013) highlighted the well acceptable practice of *Zakat* among Muslims, by which one will achieve purity of their hearts through sharing their wealth with poorer people. Even though this concept is deeply rooted into Muslim beliefs, it is accomplished in an informal way with personal conscience and personal image regarding the amount of *Zakat* paid.

Looking from the law principle, *Zakat* is described as the process of issuing a portion of property to eligible *asnaf*. This process can only exist in a condition where the property of the payer has reached the minimum limit and meets the stipulated requirement as stated in the Shariah law (Mahmud, 1991; Abu Bakar & Abdul Rahman, 2007). In addition, *Zakat* is also described as a payment of wealth to the qualified groups which were stated in the Holy Qur'an (Abdul Majid, 2009). Adding to this, Abdullah, (2010) highlighted that *Zakat* is the portion that must be given to certain people once it meets the specified conditions. Table 1 below simplified the definition of *Zakat*.

**Table 1: *Zakat* Definition**

Aspects	Author	Discussion
Languages	General	Blessing, grow, clean, and good which portray the real purpose of <i>Zakat</i> in purifying wealth.
	Imam Syafi'e	Derived from the Arabic word which means clean or fertile.
Law	Shara', Mahmud (1991) and Abu Bakar and Abdul Rahman (2007)	The process of issuing a portion of property to eligible <i>asnaf</i> .
	Abdullah (2010)	The portion that must be given to certain people with specified conditions.
	Abdul Aziz (1987)	An important mechanism for social justice as it leads to increased prosperity in this world and also leads to increased religious merit ( <i>thawab</i> ) in the hereafter as its payment purifies individuals from sins.

Al-Qaradawi (2007)	Amounts drawn from the wealth produced is called <i>Zakat</i> because it adds a lot, makes charity more meaningful, and protect wealth from destruction.
Abdul Majid (1992)	A payment of wealth for the qualified groups which have been stated in the Holy Quran.
Shariff et al. (2011)	A wide and deep impact on the socioeconomic development of a nation.

Focusing on the pivotal role of *Zakat*, Abdul Aziz (1987) emphasised that according to the law, *Zakat* is an important mechanism for social justice in two aspects. First, it leads to increased prosperity in this world. This is when the rich willingly pays *Zakat* from their own wealth and the money will help the poor. Second, it facilitates the increase of religious merit (*thawab*) in the hereafter as *Zakat* payment purifies individuals from sins. Amounts drawn from the wealth produced is called *Zakat* because it adds a lot, make charity more meaningful, and protect wealth from destruction (Al-Qaradawi, 2007). Further, as *Zakat* helps the payers to cleanse their wealth, it will also assist people who are in need. Theoretically, *Zakat* has a wide and deep impact on the socioeconomic development of a nation (Shariff et al., 2011).

## **Zakat Management**

*Zakat* is one source of wealth that needs to be distributed to the qualified recipients as prescribed by Allah in the Holy Quran. The *Zakat* management system in Malaysia is under the authority of each state government and is usually run by a body known as State Islamic Religious Councils. This means that the State Islamic Religious Council is responsible and has authority in matters related to the collection and distribution of *Zakat* funds to those who are entitled to receive them (Bahrom & Yaakub, 2006). The *Zakat* institution is a non-profit organisation that is responsible for ensuring the effectiveness and discipline of *Zakat* payment and to achieve a target in *Zakat* usage by following the main standard guidelines all in one place (Zakaria, 2007). There are two important roles of *Zakat* institutions, which are collecting *Zakat* dues and distributing *Zakat* funds (Lubis et al, 2011). *Zakat* institution is a body that is entrusted to manage *Zakat* collection and distribution fund. Besides, Mohd Asri (2011) added that *Zakat* institutions need to comply with Shariah law and are responsible

towards the administration and management of Islamic fund. As non-profit organisations, the performance of *Zakat* organisations in Malaysia is being negatively perceived by the public (Syed Yusuf et al., 2011; Ghani & Said et al., 2011). However, this is not only the case in Malaysia. Focusing on the same issue, Muhammad Ibrahim and Muhammad (2015) stated that the lack of trust was also faced by Kano State Zakah and Hubusi Commission, which was established to manage the Kano Zakat funds.

*Zakat* organisations carry huge responsibilities in managing the collection and distribution of *Zakat* in Malaysia. Thus, there is a need to know how well *Zakat* institutions fulfil their role of being entrusted with the collection and distribution of *Zakat*. The purpose of managing by each individual state is to ensure that *Zakat* management is capable in providing quality service in maximising customer satisfaction through professional approach, latest technology use and in line with Islamic values (Laporan *Zakat* 2006, 2006; p. 24). The description regarding *Zakat* collection and *Zakat* distribution will be discussed in the next topic.

### **Zakat Collection**

*Zakat* is collected by *Zakat* institutions and will be distributed to the eligible recipients (Azman et al., 2012). *Zakat* institutions have been providing various facilities, such as open counters for payment of *Zakat* in December, on Saturdays and Sundays and public holidays and continue to operate on Mondays to Fridays until 6.00 p.m. (Ahmad & Shofian, 2010). These efforts show *Zakat* institutions' commitment in fulfilling the obligation of *Zakat* collection to ensure that the needs of payers and recipients can be met and strengthen the economy. Besides, *Zakat* institutions also introduced a new method in paying *Zakat* which is through salary deduction. This method was proven to be effective and had contributed to a drastic increase in the amount of collected *Zakat*. Furthermore, Mirghani et al. (2011) added that payment of *Zakat* can be made by cash or cheque at any *Zakat* institution. *Zakat* payment can also be made through banks, such as Bank Rakyat and appointed Zakat collectors (Amil). In short, there are great effort taken by *Zakat* institution to encourage people to pay *Zakat*. Zainal et al. (2016) highlighted the importance of *Zakat* institutions to improve their method of *Zakat* collection to boost collection. In their seminar paper, they suggested microfinance as a tool to enhance recipient's income.

Presently, the development of *Zakat* institutions in Malaysia is getting better, especially in terms of *Zakat* collection (Hairunnizam et al., 2008). The total amount of *Zakat* collection in Malaysia has drastically increased yearly (Laporan *Zakat*, 2012). The factors that may contribute to this are like easy paying method, efficiency in *Zakat* management, *Zakat* institution privatisation, increasing number of *Zakat* payers and their incomes and so on (Hairunnizam et al., 2008; p. 806). Furthermore, by developing e-*Zakat* and making use of the Web-based Internet application to make *Zakat* information electronically available to the public, had increased awareness among Muslims on the obligation to pay *Zakat* (Shawal, 2009).

### **Zakat Distribution**

According to the Holy Quran, *Zakat* is the act of giving a small portion of specific properties by its owner to specific groups of people after meeting certain conditions as required by Allah (S.W.T). Therefore, *Zakat* cannot be given to any people other than those who have been mentioned by Allah (S.W.T) as the eight categories of recipients. *Zakat* will also clean the property and lives of people who give *Zakat*, and will further enrich their property through the practice of *Zakat*. Greed and arrogance will be purified from the souls of those who pay *Zakat* and then their souls will be filled with compassion, humility, generosity and willingness to sacrifice for their fellow Muslims. The property will be cleansed with the rights of others and returned to their owners (Mahmud, 1991).

Allah (S.W.T) has clearly explained in the Holy Quran about the distribution of *Zakat* where collected *Zakat* must be distributed to specific eight categories of recipients (Hairunnizam et al., 2010) as in the words of Allah (S.W.T) in Surah al-Tawbah, verse 60, which means:

*“Indeed, charity, alms are only for the poor, the needy, charity managers, the mu'allaf to reconcile his heart, for (freed slaves), those who owe, for the cause of Allah and of those who by the way, an ordinance that required by Allah.”*

(Translate from Al-Taubah 9:60)

Based on the text interpretation, it clearly showed there are eight groups of people who are eligible to receive *Zakat*. According to Abdul

Majid (2003), this verse gave a clear explanation on the distribution of *Zakat* as compared to the problem of determining the source of charity based on the verse detailing instructions. The definition of every *asnaf* (group of qualified *Zakat* recipients) was spelt out in many studies by Abu Bakar and Abd. Ghani (2011), Marhaini et al. (2012), Awang and Mokhtar (2012). The most recent study was by Embong et al. (2013) who described the definition of *asnaf* as below:

1. The *Masakeen* – translated as ‘the destitute’, these are people who do not have anything, and who need asking others for food, clothing and shelter.
2. *Fuqaraa* – translated as the ‘poor’ or ‘needy’, these people have some money, but not sufficient for their everyday needs.
3. *Amil’ Zakah* – these are the alms collectors, people who the authority employs to collect *Zakat*.
4. *Fi sabilillah* – this means ‘in the path of Allah’ and pertains to anyone struggling for a righteous cause, including expenditure towards the promotion for Islam and for all charitable purposes.
5. *Gharimun* – these are the debtors, people burdened by debts because of personal needs or social necessity.
6. *Ibnas’ Sabil* – traditionally, the wayfarers are travellers stranded in a foreign land in need of money.
7. *Riqab* – the *riqab* are people in bondage or slavery.
8. *Mu’Allaf* – translated as ‘those who have inclined towards Islam’. *Zakat* can be used to attract the hearts of those who have inclined towards Islam.

Next, the various definitions given by various papers on the definition of eligible ‘*asnaf*’ are summarised. The eight groups are *al-fuqara* (the poor), *al-masakin* (the poor), *amil*, a convert to tame him, *al-Riqab* (slave), *al-Gharimin* (the person who owns debts), *fee-sabilillah* (the cause of God) and finally *ibnsabeel* (traveller who was travelling) (Hairunnizam et al., 2010). Distribution of *Zakat* can be classified into three categories: the first category is distribution based on need and those who are in this category consists of recipients who are needy, poor, slaves, debtors and *IbnuSabil*. The second category is distribution based on the cultivation and encouragement of religious life and morality and the recipients who will receive assistance for this category is a convert (*Muallaf*) and *fisabilillah*. The third category



is distribution based on incentives and motivation to managers and the recipients are the *Zakat* collectors or the *Amil* (Tarimin, 2005).

There is no specific explanation, neither in the Holy Quran nor in the hadith of the Prophet (Al-Abdin, 2002), on how to distribute the *Zakat* amongst the eight groups and what portion of the *Zakat* fund to be allocated or received by each group. Thus, it opens the opportunity for the jurists to perform *ijtihad* in determining the appropriate amount of allocation for each group. There are differences of opinions as per Table 2 regarding the distribution of *Zakat* based on the recipient categories. Al-Shafi'i think that *Zakat* should be distributed to all the eight categories, if they exist or otherwise to those who are available and this is being supported by some of the *Hambalites*. However, Malik and Abu Hanifah argued and said it is not necessary to cover all groups.

**Table 2: The Contradictions of *Zakat* Distribution**

Author	Discussion
Al-Shaff'i and Hambalites	Distributed to all the eight categories if they exist, otherwise to those who are available of them
Malik and Abu Hanifah	It is not necessary to cover all groups
Ismail (2000)	To be collected from the rich and paid back to the poor. When excess, it is to be paid to those whose hearts are to be reconciled. If there are more excess, it is to be paid to those who are in debt
Al-Qaradawi (2005)	Distributed to all eight ' <i>asnaf</i> ' if the funds are in abundance and the degree of their needs is similar

Ismail (2000) quoted Abu Ubaid (in *al-Amwal*) as saying that the Prophet (peace be upon him) initially mentioned only one category to receive *Zakat* in his *hadith*: "The *Zakat* is to be collected from the rich and paid back to the poor". However, when the Prophet received more money and wealth as *Zakat*, he mentioned another category that was "those whose hearts are to be reconciled". Further, when more and more money is received, he added another category that was "those who are in debt". Following this discussion, Abu Ubaid stressed that the distribution of the *Zakat* fund is to be left to the discretion of the ruler to manage it.

Al-Qaradawi (2005) stated that the funds of *Zakat* should be distributed to all eight '*asnaf*' if the funds are in abundance and the degree of their needs

is similar. The share of each one should not necessarily be equal but should be according to their numbers in society and conditions of need. As most scholars believe preference should be given to the poor in distributing the *Zakat* fund rather than covering all the deserving categories, it is found that most countries give a greater percentage of the *Zakat* fund to the genuine poor group of people (Al-Abdin, 2002).

*Zakat* institutions have two main functions, which are the collection of *Zakat* from all eligible payers and the distribution of all *Zakat* collected to eligible recipients. In terms of collection, *Zakat* institutions have the responsibility to continuously reach the potential payers with a view to continuously improve the amount of *Zakat* fund. It is also the responsibility of *Zakat* institutions to have a mission of distributing all (100%) of *Zakat* collected to all eligible recipients. If *Zakat* institutions are able to effectively collect more *Zakat* and efficiently distribute all *Zakat* collected, then it can be claimed that *Zakat* institutions are managing *Zakat* according to Islam. In addition, Ahmad and Ma'in (2014) emphasises on the importance of *Zakat* institution to minimise operational cost in order to maximise the amount allocated to recipients. It is the intention of this study to analyse the existing management of *Zakat* collection and distribution practices by using *Zakat* information from *Zakat* institutions in Malaysia. The east coast region of Malaysia was chosen due to the presence of a large majority of Muslim population in the region. Pahang, Terengganu and Kelantan in the east coast region have more than 80% Muslim population. In the next section, the study will discuss the management processes of *Zakat* collection and distribution.

## **Zakat Fund Management**

### **Zakat collection process**

Since the purpose of this study is to examine the existing management practice of *Zakat* institutions, the first responsibility of any *Zakat* institutions is educating Muslims on their responsibility on paying *Zakat*. Effort to educate the public, especially the youngsters, on the obligation of *Zakat* as the third pillar of Islam is the responsibility of the *Zakat* institution (Abd. Wahab & Abdul Rahman, 2011). Therefore, *Zakat* institutions have intensified its efforts in various ways to increase public awareness in paying *Zakat* (Amir Husin, 2009). Among the various ways are road-shows, briefings, and spiritual programmes, permitting the collection of *Zakat* by certain groups, campaigns and many more.

**Table 3: Zakat Payment Method**

ZAKAT PAYMENT METHOD	KELANTAN	TERENGGANU	PAHANG
Zakat counter	√	√	√
Bank counter	√		
By salary deduction	√	√	√
Internet banking	√	√	√
Post office counter	√		
Agent (Amil)	√	√	√
Mini Zakat collection centres	√		
Mobile counter	√		√
Online payment (e-Zakat system)	√	√	√
Pay through post (checks, money orders and bank draft)	√		
Booth		√	√

Therefore, nowadays, in Malaysia, *Zakat* collection has drastically increased yearly due to Muslims' awareness in paying *Zakat*. This is proven by looking at the recorded data of every *Zakat* institution that showed a continuous increase in collection each year (Laporan *Zakat*, 2007–2012). Many researchers have discussed several factors that contribute to the increased awareness in paying *Zakat*. Among them are Kamil (2004), Hairunnizam (2004), Zainol (2008), and Daud and Ahmad (2010). These contributing factors do not come only from the *Zakat* institution itself, but they also come from government efforts that encourage payers to pay *Zakat* in order to enjoy a rebate on their income tax, which is stated under the Income Tax Act 1967 (Johari, 2013). However, the obligation to pay *Zakat* is mostly due to the awareness of *Zakat* payers themselves. In addition, *Zakat* institutions have worked hard introducing various methods of paying *Zakat* in order to make it very convenient for the payers to pay *Zakat*. Table 3 shows the various methods that are introduced by *Zakat* institution to facilitate an easier way of paying *Zakat*.

### Zakat distribution process

The main issue in the distribution process is the question whether all the collected *Zakat* is distributed and all the eight eligible groups of recipients have received the *Zakat* due to them. The Holy Quran describes *Zakat* in general, without prescribing the details as compared to the instructions on the obligation to prayers. The rate, *nisab*, type of property subject to *Zakat* or *Zakat* conditions are not clearly explained in the Holy Quran but it can be

clearly understood from the Prophet’s (S.A.W.) hadith. However, in terms of the *Zakat* distribution, the Holy Quran clearly states that *Zakat* should be distributed to the eight specific groups of recipients. If the collector does not have enough credible information on all the eight groups of *Zakat* recipients or the amount of collected *Zakat* is small, many scholars (Hairunnizam, 2004; Kasim, 2005) believe *Zakat* should be distributed to at least three categories of *Zakat* recipients. Lewis (2001) discussed the importance of financial economic disclosure where it will reflect the proper available amount to be distributed to eligible party.

The effectiveness of *Zakat* collection and distribution is highly dependent on the management programmes of *Zakat* institutions. However, presently the effective and efficient distribution of *Zakat* is one very important aspect because its effectiveness and efficiency can show how *Zakat* funds can have an impact on the society and country in terms of poverty reduction and economic development (Wess, 2002; Mannan, 2003; Hassan & Khan, 2007). The implication of an efficient *Zakat* fund management, especially its distribution programme, is important so that its implementation can achieve its economic objective.

**Table 4: *Zakat* Application Procedure**

RECIPIENT	PROCESS/METHOD
Amil	The portion will be transferred to <i>Baitul Mal</i> and to be used as administrative expenses such as paying staff salary.
Masakeen	<u>FORM</u>
Fuqaraa	The recipients need to fill the form.
Fi sabi ‘Lillah	The form will be sent to Majlis Agama according to their state
Gharimun	The form will be processed and the investigator will play their role in identifying whether they are qualified to receive <i>Zakat</i> or not.
Ibnas’ Sabil	After investigation is done, the form will be approved or rejected
Riqab	by the Director of Majlis Agama.
Mu’Allaf	
	<u>HEAD OF THE VILLAGE</u>
	The head of the village will identify those who are eligible to receive <i>Zakat</i> .
	They will ask the eligible person to fill the form.
	They will send that form to <i>Zakat</i> agent.
	<i>Zakat</i> distribution programme

In comparison, the collection method and distribution methods that were introduced by *Zakat* institutions as a channel for recipients to apply for *Zakat* fund were not well-developed. Table 4 shows the procedures in applying a *Zakat* fund. Based on the table given, it is worth to argue for *Zakat* institutions to simplify the complexity of *Zakat* application to the recipients, who are usually not so well-educated to apply *Zakat* fund. *Zakat* institutions are seen as able to continuously introduce various ways to make it easier for payers to pay *Zakat*. Ahmad et al. (2006) argued that the complexity of *Zakat* application process has caused many difficulties to the *Zakat* fund applicants.

## METHODOLOGY

The purpose of this study is to determine how *Zakat* fund in Malaysia is utilised. This study used secondary data to obtain the necessary *Zakat* information. Detailed information on *Zakat* collection and distribution amounts to discern the pattern of distribution was obtained by reading materials on *Zakat* in the form of journals, books related to the laws on *Zakat*, the annual reports of the Department of Islamic Affairs about the collection or distribution of *Zakat*, and articles from states' Islamic Councils, particularly in the distribution of *Zakat* funds and *Zakat* reports from 2007 to 2012. This information was obtained through official contacts with the institutions concerned and by gathering relevant data from their websites. The data were initially reviewed through the university library by using a range of information sources, such as the OPAC system, academic and commercial abstracts, bibliographic databases, and Internet search engines. To collect more data, the researchers made a courtesy visit to the *Zakat* institutions or get information from published reports, via the website of each institution associated with the study. This study is focused only in the Malaysian East Coast Region states, namely Kelantan, Terengganu and Pahang. In terms of analysis, data were analysed by using the content analysis approach with references to the descriptive statistics. Obtained data were tabulated and illustrated. The next section will discuss the results of the analysis on *Zakat* collection and distribution.

## RESULT

### Zakat Collection and Distribution Statistics

Table 5, Table 6, and Table 7 below shows the statistics for *Zakat* collection and distribution in three Malaysian states of Kelantan, Pahang and Terengganu (East Coast) in 2011 and 2012.

**Table 5: Statistics of *Zakat* Collection and Distribution in 2011 for Three States**

State/Year	2011		
	Collection	Distribution	Percentage of Distribution
Kelantan	94,083,476	80,046,658	85.08%
Pahang	88,592,219	58,307,886	65.82%
Terengganu	88,274,932	65,480,545	74.18%

(Source: *Zakat* Collection Centre Majlis Agama Islam Wilayah Persekutuan, PPZ-religious council)

**Table 6: Statistics of *Zakat* Collection and Distribution in 2012 for Three States**

State/Year	2012		
	Collection	Distribution	Percentage of Distribution
Kelantan	113,163,005	100,850,645	89.12%
Pahang	102,875,835	68,436,025	65.52%
Terengganu	107,080,441	84,518,496	78.93%

(Source: *Zakat* Collection Centre, Majlis Agama Islam Wilayah Persekutuan, PPZ-religious council)

In 2012, all the three states recorded an increase in the collection of *Zakat* money as compared to 2011. Kelantan, which recorded the highest collection of RM94 million (2011) and RM113 million (2012) is ahead of Pahang and Terengganu, with both Pahang and Terengganu recorded almost the same amount of RM88 million in 2011. In 2012, Terengganu collected more (RM107 million) as compared to Pahang, which collected RM102 million. In terms of distribution, it showed that the three states had a distribution percentage of less than 100%, which means that not all *Zakat* funds were distributed in that year. In 2011 and 2012, Kelantan recorded a distribution percentage of 89.08% and 89.12%, respectively, while Pahang recorded a distribution of 65.82% and 65.52% and Terengganu recorded

the highest percentage distribution of 74.18% and 78.93%. In terms of monetary amount, Kelantan is the state that distributed the biggest amount of collected *Zakat* for the two years of 2011 and 2012. Meanwhile, Pahang is the state that distributed the least amount of *Zakat* money collected in 2011 and 2012. The statistics on data collection and distribution for 2013 are as per Table 8. Reports for 2013 showed poor reporting practice by Majlis Agama dan Adat Istiadat Melayu Kelantan (MAIK) as they were unable to provide the amount of collection and distribution throughout that year.

**Table 7: Statistics of *Zakat* Collection and Distribution in 2011 for Three States**

State/Year	2013		
	Collection	Distribution	Percentage of Distribution
Kelantan	NA	NA	-
Pahang	115,826,642	94,806,310	81.85%
Terengganu	120,881,662	67,405,128	55.76%

(Source: *Zakat* Collection Centre, Majlis Agama Islam Wilayah Persekutuan, PPZ-religious council)

### Distribution Statistics towards Asnaf

Table 8 shows the statistics of *Zakat* fund distribution to recipients for Kelantan, Pahang and Terengganu in 2012. This distribution was based on the list of eight asnaf groups. It can be seen that Kelantan did not distribute *Zakat* funds to the needy and *Al-riqab* groups. MAIK defines poor and needy recipients under one group, the poor category. Thus, there will be no distribution made to the needy group. As for *Al-riqab*, there is always a dispute regarding the existence of this group nowadays, as slavery is considered does not exist in the civilised era. Thus, based on the review of current and past documents of *Zakat* distribution, there is no distribution under the *Al-riqab* category in Kelantan.

**Table 8: Distribution Statistics towards *Asnaf* in 2012 for Three States**

<i>Asnaf</i> /State	Kelantan		Pahang		Terengganu	
	(RM)	(%)	(RM)	(%)	(RM)	(%)
Poor	67,660,350	59.79	11,803,044	11.47	13,337,538	12.46
Needy	-	0.00	7,961,122	7.74	33,052,165	30.87
Amil	14,364,028	12.69	4,749,366	4.62	10,502,142	9.81
Muallaf	1,320,797	1.17	4,197,112	4.08	3,039,830	2.84
<i>Al-riqab</i>	-	0.00	4,000	0.00	19,800	0.02
<i>Al-Gharimin</i>	22,500	0.02	1,120,368	1.09	105,838	0.10
<i>Ibnu Sabil</i>	12,049	0.01	446,800	0.43	31,230	0.03
<i>Fisabilillah</i>	17,470,922	15.44	38,154,214	37.09	24,429,953	22.81
Total distribution	100,850,645	89.12	68,436,025	66.52	84,518,496	78.93
(+) <i>Unallocated fund</i>	12,312,360	10.88	34,439,810	33.48	22,561,945	21.07
Total collection	113,163,005	100	102,875,835	100	107,080,441	100

(Source: *Zakat* Collection Centre, Majlis Agama Islam Wilayah Persekutuan, PPZ-religious council).

## Data Analysis

As in Figure 1 below, in Kelantan the poor are the largest recipients of *Zakat* fund of RM67 million (59.79%), whereas, the *ibn Sabil* group received the least amount of RM12,000 (0.01%). *Zakat* was not distributed to the *Al-Riqab* and needy in which the percentage distribution is 0%. However, the distribution in Kelantan is only RM100 million, which is 89.12% out of more than RM113 million *Zakat* fund collected and available. Thus, there were unallocated or undistributed funds in Kelantan worth RM12 million (10.88%).

Referring to Figure 2 below, in Pahang, the largest recipient of *Zakat* fund is the *fisabilillah* category, which received RM38 million (37.09%), whereas, the *al-Riqab* category received the least amount, which is RM4 million. The collected *Zakat* was distributed to all the eight eligible categories (*asnaf*) of recipients. However, the distribution in Pahang is only RM68 million, which is 66.52% out of more than RM102 million collected *Zakat* and available for distribution. Thus, there were unallocated funds in Pahang worth RM34 million (33.48%).



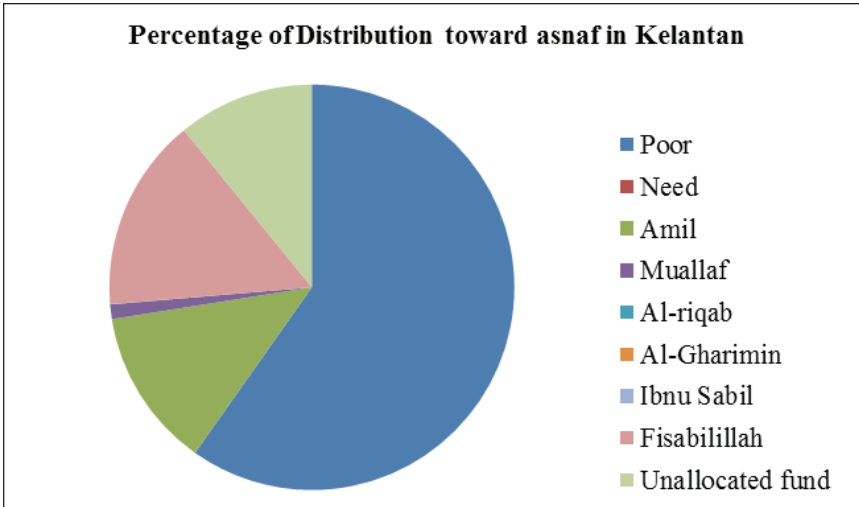


Figure 1: Percentage of Distribution towards *Asnaf* in Kelantan in 2012

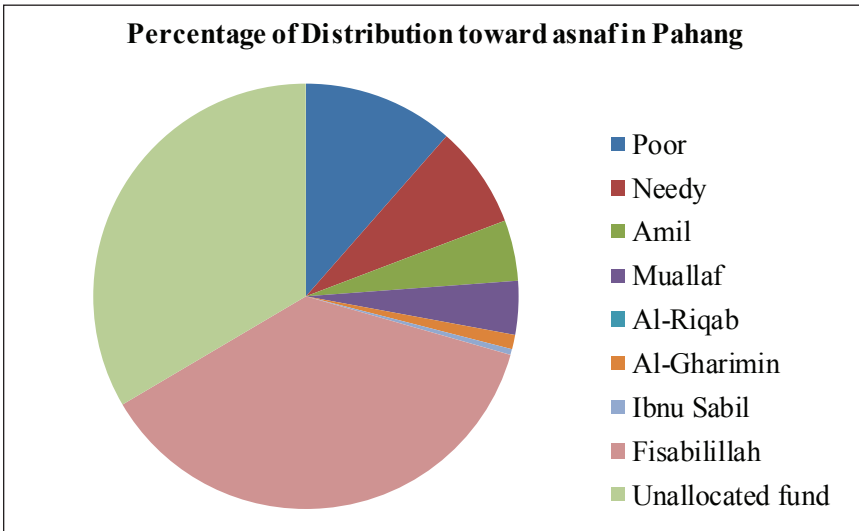
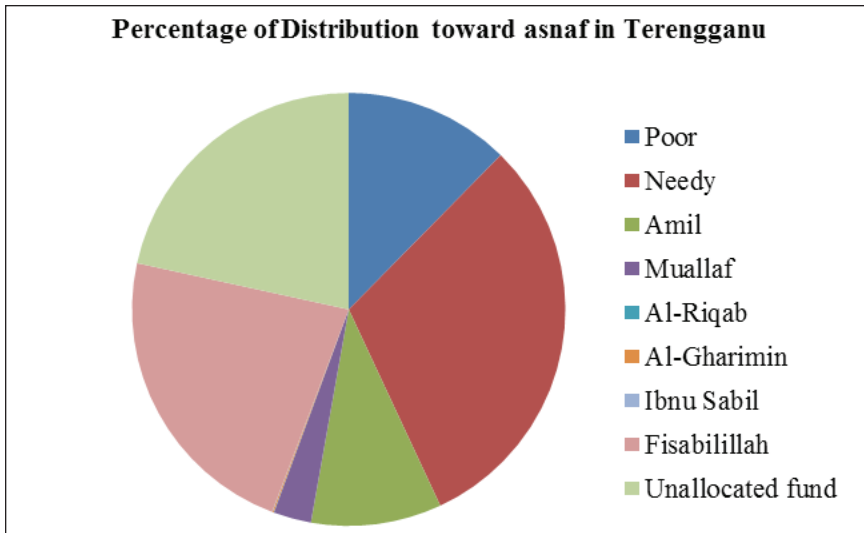


Figure 2: Percentage of Distribution towards *Asnaf* in Pahang in 2012



**Figure 3: Percentage of Distribution towards Asnaf in Terengganu in 2012**

Finally, in Figure 3, the poor are the biggest recipients of *Zakat* fund of RM33 million (38.97%) and the second largest recipient group is the *fisabilillah* category, which received RM24 million (22.81%) in Terengganu. Meanwhile, *Ibn al-Sabil* and *Al-Riqab* categories received the least amount of *Zakat* of RM19,000 (0.02%) and RM31,000 (0.03%), respectively. *Zakat* collected is distributed to all eight eligible groups of recipients. However, the amount distributed in Terengganu is only RM84 million, which is 78.93% of the total amount collected, RM107 million. Thus, there were unallocated or undistributed *Zakat* funds in Terengganu worth RM22 million (21.07%). Thus, a total of RM68 millions of *Zakat* funds collected remain undistributed for the east coast region. This undistributed amount is not reported anywhere and may be a cause for concern in terms of responsibility and transparency. This amount is from three states which are economically poor states in Malaysia. Imagine what happens to the other 11 Malaysian states of which are economically much richer and usually collect more *Zakat* funds.

## CONCLUSION

The implementation of *Zakat* involves two main activities; collection and distribution. In Malaysia, these two activities are managed by the elected

state governments through the establishment of *Zakat* institutions. In terms of managing collection, *Zakat* institutions recorded an increase in collection yearly and thus it increases the amount of *Zakat* fund to be distributed to the eligible groups of *asnaf*. As we can see from the above discussion, this increase was the result of the various payment channels and methods provided by *Zakat* institutions to facilitate easy payments by potential *Zakat* payers. Although the management of *Zakat* collection is very effective, the distribution management of *Zakat* fund was ineffective due to the availability of excess or undistributed fund. The cause of this undistributed fund could be attributed to the distribution process which was very complex and strict in procedures. As discussed by Ahmad et al. (2006), the complexity in *Zakat* application process had caused dissatisfaction among *Zakat* payers and *Zakat* recipients. The payers were unhappy as they think the money they paid to *Zakat* institutions did not reach the eight eligible *asnaf* and the recipients feel that they have to plead for their rights to receive *Zakat*. In some cases, this scenario has led to some payers who opted to pay *Zakat* directly to the recipients without going through the *Zakat* institutions.

Focusing on the distribution to the eligible *asnaf*, it was clearly shown that *Zakat* was distributed to all the eight qualified categories of *asnaf* except for Kelantan where the needy was categorised under poor and there was no category of *Ar-riqab* reported in that state. This showed that the *Zakat* institutions followed the rules and regulations in distributing the *Zakat* fund. Although *Zakat* was distributed to all the eight categories of eligible *asnaf*, there was still a huge amount of undistributed *Zakat* funds that existed every year. Unfortunately, based on the observations of *Zakat* reports, there was no clear information on the management of this undistributed amount, whether it was carried forward to the next year or being used for other purposes. This act of not reporting on how the undistributed *Zakat* is being utilised has created negative perception on the *Zakat* institutions, where the public usually assumes that the *Zakat* fund was misused or mismanaged. Thus, it is recommended that a *Zakat* institution shows true and fair reporting on this excess or undistributed *Zakat*. A transparent exposure on the use of undistributed *Zakat* will enable *Zakat* institutions to avoid negative perceptions from the public and stakeholders. In turn, it will increase the public confidence on *Zakat* institutions whose image were negatively viewed because of past weaknesses in management as well as several cases of irregularities that occurred in the past. Furthermore, it is suggested that

*Zakat* institutions could simplify the complexity of the distribution process as per collection. This can help in maximising the satisfaction of the *asnaf* and will assist the applicants who usually come from the unfortunate groups in society.

As we have only covered the document analysis in gathering information, this study will be more complete if a survey is done to elicit clear and relevant information from the *Zakat* administrators. This is our main study limitation. Thus, it is worthwhile for future research to focus on *Zakat* administrators as respondents to get clear information on how is the exact management for *Zakat* fund. It is hoped that the overall result of this study can provide the public with clear and relevant information on the management of *Zakat* funds. In fact, *Zakat* institutions should oversee their overall operations to clean their image from negative public viewing. As for *Zakat* administrators, the findings can be used as a guideline to improve the reporting system and their distribution process management. Even though this study was carried out in Malaysian East Coast Region, *Zakat* issues are global since it is practised and implemented by Muslims worldwide. However, it is more meaningful if in the future study, the coverage is made for all Malaysian states. There are opinions and suggestions that the excess or undistributed *Zakat* fund could be distributed to qualified *Zakat* recipients of other countries. If this can be implemented, then *Zakat* is an international agenda for Muslims. Hence, it is pertinent for Muslims to share *Zakat* management and information with other Muslim countries in order to contribute to a better *Zakat* practice, the third pillar of Islam. A study on the best reporting method for *Zakat* reporting should be the next research agenda for the Muslim community.

## REFERENCES

- Abd. Wahab, N. and Abdul Rahman, A.R. (2011). "Efficiency of *Zakat* institutions in Malaysia and its determinants. 8th International Conference on Islamic Economics and Finance, Qatar National Convention Center, Doha, Qatar.
- Abdul Aziz, M. (1987). *Zakat & rural development in Malaysia- An ethical analysis of the concepts of growth & redistribution of income*. Unpublished Thesis, UM Dissertation Service, Malaysia.

- Abdul Ghafar, I. and Mujitani, H. (2006). *Zakat: Pensiaryatan, perekonomian dan perundangan*. Penerbit UKM: Bangi.
- Abdul-Majid, M. Z. (1992). Syarat haul: Satu penilaian terhadap pandangan Al- Qaradawi dalam masalah Zakat gaji dan pendapatan profesional. *Medium*, 2, Universiti Malaya.
- Abdul Majid, M. Z. (2009). Memperkasa pengurusan *Zakat* di Wilayah Persekutuan. Seminar Perancangan Strategik 5 Tahun Majlis Agama Islam Wilayah Persekutuan (MAIWP).
- Abdul Majid, M. Z (2003). Pengurusan *Zakat*. Kuala Lumpur: Dewan Bahasa dan Pustaka.
- Abdullah (2010). *Panduan Menyempurnakan Zakat*. Johor Bahru: Perniagaan Jahabersa.
- Abu Bakar, M., & Abd. Ghani, A. (2011). Towards achieving the quality of life in the management of *Zakat* distribution to the rightful recipients (The poor and needy). *International Journal of Business and Social Science*, 2(4), 237-246.
- Abu Bakar, N.B., & Abdul Rahman, A. R. (2007). A comparative study of Zakah and modern taxation. *J.KAU: Islamic Econ.*, 20(1), 25-40.
- Abu Bakar, N.B. and Abdul Rashid, H.M. (2010). Motivations of paying *Zakat* on income: Evidence from Malaysia. *International Journal of Economics and Finance*, 2(3), 76-84.
- Ahmad, K. (1997). Futures for Pakistan: Deluge or destiny?. *Futures*, 29(10), 945-954.
- Ahmad, S.M., & Shofian, A. (2010). Transformasi pengurusan *Zakat* di Malaysia. International Islamic Development Management Conference (IDMAC), Pulau Pinang, Malaysia.
- Ahmad, S, Wahid, H. & Mohamad, A. (2006). Pensiwaan Institusi Zakat dan kesannya terhadap pembayaran secara formal di Malaysia. *International Journal of Management Studies*, 13(2), 175-196.

- Ahmad Syafi'i, K. (2005). *Siri keajaiban rukun Islam: Hikmah Zakat*. Kuala Lumpur: Jasmine Enterprise.
- Al-Abdin, A. Z. (2002). The distribution of Zakat. International Training Seminar on Zakah Management, International Islamic University, Islamabad, Pakistan and Islamic Research and Training Institute (IDB), Pakistan.
- Al-Qaradawi, Y. (2005). *A comparative study of Zakat regulations and philosophy in the light of Qur'an and Sunnah*, Scientific Publishing Centre, King Abdul Aziz University, Jeddah, Kingdom of Saudi Arabia.
- Al-Qaradawi, Y. (2007). *Hukum Zakat: Study komparatif mengenai status dan filsafat Zakat berdasarkan Qur'an dan Hadits (Zakat law: A comparative study on the status and Zakat philosophy according to the Qur'an and Hadits)*. Jakarta: Litera Antar Nusa.
- Amir Husin, M. N. (2009). Peningkatan kutipan *Zakat* di Malaysia: Analisa faktor. *Jurnal Pengurusan JAWHAR*, 4(2), 79-94.
- Arif, H., Alwi, K. & Tahir, A. (2011). Factors influence company towards *Zakat* payment : An explanatory studies. 2nd International Conference on Business and Economics Research (2nd ICBER 2011) Proceeding Factors, Negeri Sembilan.
- Awang, R & Mokhtar, M. Z. (2012). Comparative analysis of current values and historical cost in business *Zakat* assessment: An evidence from Malaysia. *International Journal of Business and Social Science*, 3(7), 286-298.
- Azman, A.R., Syed, M.N., Ahmed, W. M., & Wan Mohd, F.A. (2012). Persepsi dan pengetahuan mahasiswa tentang proses permohonan *Zakat*: Kajian ke atas Mahasiswa Universiti al-Azhar. Kaherah, Mesir. Nilai, USIM, N.Sembilan, Malaysia.
- Bahrom, H. & Yaakub, E. (2006). *Pengurusan Zakat Semasa*. Shah Alam: UPENA.

- Daud, Z., & Ahmad, S. (2010). Kesan perundangan Zakat ke atas kepatuhan bayaran Zakat: Ke arah strategi berkesan program pengurusan kutipan Zakat. Paper presented at The 4th ISDEV International Islamic Development Management Conference (IDMAC 2010), Universiti Sains Malaysia.
- Economic Planning Unit (EPU). (2013). Incidence of poverty by ethnicity, strata and state, Malaysia, (1970-2009). Available at <http://www.epu.gov.my/household-income-poverty>.
- Embong, M. R., Taha, R., & Mohd Noor, M. N. (2013). Role of *Zakat* to eradicate poverty in Malaysia. *Jurnal Pengurusan*, 39, 141-150.
- Firdaus, M., Beik, I. S., Irawan, T., & Juanda, B. (2012). Economic estimation and determinations of Zakat potential in Indonesia. IRTI Working Paper Series (WP# 1433-07), Islamic Research and Training Institute.
- Ghani, K., & Said, J. (2011). Carter instrument for *Zakat* organisation: An examination using Delphi technique. *Research Journal of International Studies*, 21, 138-144.
- Hairunnizam, W., Sanep, A., & Abdul Kader, R. (2010). Pengagihan Zakat oleh institusi Zakat kepada lapan asnaf: Kajian di Malaysia. *Jurnal Pengurusan JAWHAR*, 4(1), 141-170.
- Hairunnizam, W., Sanep, A., & Mohd Ali, M. N. (2004). Kesan bantuan Zakat terhadap kualiti hidup asnaf fakir dan miskin. *The Journal of Muamalat and Islamic Finance Research*, 1 (1), 151-166.
- Hairunnizam, W., & Sanep, A. (2008). Pengagihan *Zakat* oleh institusi *Zakat* di Malaysia: Mengapa masyarakat Islam tidak berpuas hati. Kertas Seminar Kebangsaan Ekonomi Malaysia.
- Hassan, M. K. & Khan J. M. (2007). Zakat, external debt and poverty reduction strategy in Bangladesh. *Journal of Economic Cooperation*, 28 (4), 1-38.

- Hassan, K. (2010). An integrated poverty alleviation model combining *Zakat*, awqaf and micro-finance. Seventh International Conference – The Tawhidi Epistemology: *Zakat* and Waqf Economy, Bangi – Malaysia 2010.
- Hassan, N. C. (2007). Sistem pengurusan dana secara Islam: Satu penelitian. *Jurnal Pengurusan JAWHAR*, 1(2), 85-101.
- Ismail, M. Y. (2007). Pelaksanaan agihan *Zakat* Majlis Agama Islam Persekutuan (MAIWP). *Jurnal Pengurusan JAWHAR*, 1(2), 45-52.
- Ismail, S. S. (2000). Limitation on the use of Zakah fund in financing the socio-economic infrastructure of society. Imtiaz, I. A., et.al (eds.), *Management of Zakah in Modern Muslim Society*. Jeddah: IDB.
- Johari, M. N. S. (2013). Issues on the implementation of tax rebate on business *Zakat*: The case of Malaysia. 5<sup>th</sup> Islamic Economics System Conference (iECONS 2013), USM, Kuala Lumpur.
- Kamil, M. I. (2004). Kesan persepsi undang-undang dan penguatkuasaan *Zakat* terhadap gelagat kepatuhan *Zakat* pendapatan gaji. Prosiding Muzakarah Pakar *Zakat*, Universiti Kebangsaan Malaysia, pp. 201-212.
- Kamil, M. I., & Ahmad Mahdzan, A. (2002). Peranan sikap dalam gelagat kepatuhan *Zakat* pendapatan gaji. *Analisis*, 1(1&2), 171-191.
- Lessy, Z. (2009). *Zakat* (Alms-Giving) management in Indonesia: Whose job should it be? La\_Riba. *Jurnal Ekonomi Islam*. III, 106-119.
- Lewis, M. K. (2001). Islam and accounting. *Accounting Forum*, 25(2), 103–127.
- Lubis, M., Yaacob N. I, Omar. Y., & Dahlan A. A. (2011). Enhancement of *Zakat* distribution management system: Case study in Malaysia. International Management Conference 2011 Proceedings, Kuala Lumpur.



- Mahmud, W. (1991). *Zakat peranannya dalam penyuburan harta*. Kuala Lumpur: Pustaka Al-Mizan.
- Mannan, M.A. (2003). *Zakat and poverty alleviation*. Dhaka: Islamic Economics Research Bureau.
- Marhaini, W., Ahmad, W., and Mohamad, S. (2012). Classical Jurists' View on the Allocation of *Zakat* : Is *Zakat* Investment Allowed?. *Middle-East Journal of Scientific Research* 12(2), 195–203.
- Mirghani, M., Mohammed, M., Bhuiyan, A. B. & Siwar, C. (2011). Islamic microcredit and poverty alleviation in the Muslim world: Prospects and challenges. *Australian Journal of Basic and Applied Sciences*, 5(9), 620-626.
- Mohammad Nidzam, A. K. (2006). *Soal jawab remeh-temeh tentang Zakat tapi anda malu bertanya*. Kuala Lumpur: Telaga Biru Sdn. Bhd.
- Mohd Asri, M. A. (2011). *Keberkesanan pengagihan Zakat terhadap asnaf: Kajian Kumpulan Usahawan asnaf Zakat negeri Pulau Pinang*. Unpublished Thesis, Universiti Utara Malaysia.
- Sapingi, R., Sheikh Obid, S. N., & Nelson, S. P. (2013). Towards developing a disclosure index for Malaysian Zakat institutions. *Proceeding of the 5th Islamic Economics System Conference (September)*, 1–15.
- Sarkis, N., & Daou, L. (2013). Giving back to the community, an obligation or an option today? – Case of the educational sector in Lebanon. *International Strategic Management Review*, 1(1–2), 59-64.
- Shariff, A.M., Wan Jusoh, W. N. H., Mansor, N., & Jusoff, K. (2011). A robust Zakah system : Towards a progressive socio-economic development in Malaysia. *Middle-East Journal of Scientific Research*, 7(4), 550–554.
- Shawal, K. (2009). The advancement of e-*Zakat* for delivering better quality service and enhancing governance sphere of *Zakat* institution in Malaysia. Forum *Zakat* Sedunia, University Gajah Mada Yogyakarta, Indonesia.

- Siska, H., & Siswantoro, D. (2012). Analysis of Zakat on income payers' preference in Indonesia (Potency of double Zakat). *3<sup>rd</sup> International Conference on Business and Economic Research (March)*, 2882-2890.
- Syed Yusuf, S.N., Said, J. & Abdul Halim, H. (2011). Project management in Zakat Institution: Housing projects for Asnaf. *The World Universities 1st Zakat Conference*, 22-24 November.
- Tarimin, M. (2005). *Golongan penerima Zakat: Agihan dana Zakat secara lebih berkesan*. Shah Alam: UPENA.
- Wess, H. (2002). Reorganizing social welfare among Muslims: Islamic voluntarism and other forms of communal support in Northern Ghana. *Journal of Religion in Africa*, 32(1).
- Zainol, B. (2008). *Faktor-faktor penentu niat gelagat kepatuhan Zakat pendapatan gaji*. Unpublished Ph.D Thesis, Universiti Utara Malaysia, Sintok.
- Zakaria A. R. (2007). Pengurusan Zakat kontemporari. *Jurnal Pengurusan JAWHAR*, 1(1), 13-22.

