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 Marsati 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 June 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
Meijiro 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
Macquarie 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 Graham 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

   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
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.
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-Dhariyat, 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 assists 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 & Siswanto, 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>
<thead>
<tr>
<th>Aspects</th>
<th>Author</th>
<th>Discussion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Languages</td>
<td>General</td>
<td>Blessing, grow, clean, and good which portray the real purpose of Zakat in purifying wealth.</td>
</tr>
<tr>
<td></td>
<td>Imam Syafi’e</td>
<td>Derived from the Arabic word which means clean or fertile.</td>
</tr>
<tr>
<td></td>
<td>Abdullah (2010)</td>
<td>The portion that must be given to certain people with specified conditions.</td>
</tr>
<tr>
<td></td>
<td>Abdul Aziz (1987)</td>
<td>An important mechanism for social justice as it leads to increased prosperity in this world and also leads to increased religious merit (thawab) in the hereafter as its payment purifies individuals from sins.</td>
</tr>
<tr>
<td>Author</td>
<td>Source</td>
<td>Description</td>
</tr>
<tr>
<td>------------------------</td>
<td>------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Al-Qaradawi (2007)</td>
<td></td>
<td>Amounts drawn from the wealth produced is called Zakat because it adds a lot,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>makes charity more meaningful, and protect wealth from destruction.</td>
</tr>
<tr>
<td>Abdul Majid (1992)</td>
<td></td>
<td>A payment of wealth for the qualified groups which have been stated in the</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Holy Quran.</td>
</tr>
<tr>
<td>Shariff et al. (2011)</td>
<td></td>
<td>A wide and deep impact on the socioeconomic development of a nation.</td>
</tr>
</tbody>
</table>

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’allaaf 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 sabi ‘Lillah** – 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>
<thead>
<tr>
<th>Author</th>
<th>Discussion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Al-Shafi’I and Hambalites</td>
<td>Distributed to all the eight categories if they exist, otherwise to those who are available of them</td>
</tr>
<tr>
<td>Malik and Abu Hanifah</td>
<td>It is not necessary to cover all groups</td>
</tr>
<tr>
<td>Ismail (2000)</td>
<td>To be collected from the rich and paid back to the poor.</td>
</tr>
<tr>
<td></td>
<td>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</td>
</tr>
<tr>
<td>Al-Qaradawi (2005)</td>
<td>Distributed to all eight ‘asnaf’ if the funds are in abundance and the degree of their needs is similar</td>
</tr>
</tbody>
</table>

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

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

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 economistic 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

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

Zakat 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

<table>
<thead>
<tr>
<th>State/Year</th>
<th>Collection</th>
<th>Distribution</th>
<th>Percentage of Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kelantan</td>
<td>94,083,476</td>
<td>80,046,658</td>
<td>85.08%</td>
</tr>
<tr>
<td>Pahang</td>
<td>88,592,219</td>
<td>58,307,886</td>
<td>65.82%</td>
</tr>
<tr>
<td>Terengganu</td>
<td>88,274,932</td>
<td>65,480,545</td>
<td>74.18%</td>
</tr>
</tbody>
</table>

(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

<table>
<thead>
<tr>
<th>State/Year</th>
<th>Collection</th>
<th>Distribution</th>
<th>Percentage of Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kelantan</td>
<td>113,163,005</td>
<td>100,850,645</td>
<td>89.12%</td>
</tr>
<tr>
<td>Pahang</td>
<td>102,875,835</td>
<td>68,436,025</td>
<td>65.52%</td>
</tr>
<tr>
<td>Terengganu</td>
<td>107,080,441</td>
<td>84,518,496</td>
<td>78.93%</td>
</tr>
</tbody>
</table>

(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

<table>
<thead>
<tr>
<th>State/Year</th>
<th>2013 Collection</th>
<th>Distribution</th>
<th>Percentage of Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kelantan</td>
<td>NA</td>
<td>NA</td>
<td>-</td>
</tr>
<tr>
<td>Pahang</td>
<td>115,826,642</td>
<td>94,806,310</td>
<td>81.85%</td>
</tr>
<tr>
<td>Terengganu</td>
<td>120,881,662</td>
<td>67,405,128</td>
<td>55.76%</td>
</tr>
</tbody>
</table>

(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

<table>
<thead>
<tr>
<th>Asnaf/State</th>
<th>Kelantan (RM)</th>
<th>(%)</th>
<th>Pahang (RM)</th>
<th>(%)</th>
<th>Terengganu (RM)</th>
<th>(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poor</td>
<td>67,660,350</td>
<td>59.79</td>
<td>11,803,044</td>
<td>11.47</td>
<td>13,337,538</td>
<td>12.46</td>
</tr>
<tr>
<td>Needy</td>
<td>-</td>
<td>0.00</td>
<td>7,961,122</td>
<td>7.74</td>
<td>33,052,165</td>
<td>30.87</td>
</tr>
<tr>
<td>Amil</td>
<td>14,364,028</td>
<td>12.69</td>
<td>4,749,366</td>
<td>4.62</td>
<td>10,502,142</td>
<td>9.81</td>
</tr>
<tr>
<td>Muallaf</td>
<td>1,320,797</td>
<td>1.17</td>
<td>4,197,112</td>
<td>4.08</td>
<td>3,039,830</td>
<td>2.84</td>
</tr>
<tr>
<td>Al-riqab</td>
<td>-</td>
<td>0.00</td>
<td>4,000</td>
<td>0.00</td>
<td>19,800</td>
<td>0.02</td>
</tr>
<tr>
<td>Al-Gharimin</td>
<td>22,500</td>
<td>0.17</td>
<td>1,120,368</td>
<td>1.09</td>
<td>105,838</td>
<td>0.10</td>
</tr>
<tr>
<td>Ibnu Sabil</td>
<td>12,049</td>
<td>0.11</td>
<td>446,800</td>
<td>0.43</td>
<td>31,230</td>
<td>0.03</td>
</tr>
<tr>
<td>Fisabilillah</td>
<td>17,470,922</td>
<td>15.44</td>
<td>38,154,214</td>
<td>37.09</td>
<td>24,429,953</td>
<td>22.81</td>
</tr>
<tr>
<td>Total distribution</td>
<td>100,850,645</td>
<td>89.12</td>
<td>68,436,025</td>
<td>66.52</td>
<td>84,518,496</td>
<td>78.93</td>
</tr>
<tr>
<td>(+) Unallocated fund</td>
<td>12,312,360</td>
<td>10.88</td>
<td>34,439,810</td>
<td>33.48</td>
<td>22,561,945</td>
<td>21.07</td>
</tr>
<tr>
<td>Total collection</td>
<td>113,163,005</td>
<td>100</td>
<td>102,875,835</td>
<td>100</td>
<td>107,080,441</td>
<td>100</td>
</tr>
</tbody>
</table>

(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
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 fisabillah 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


Ahmad, K. (1997). Futures for Pakistan: Deluge or destiny?. Futures, 29(10), 945-954.


