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## The Administration of Zakat Distribution in UiTM Kedah

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Lembaga Zakat Negeri Kedah

### Abstract

The role of zakat is to help asnaf in Public Universities (UA) specifically in the Universiti Teknologi MARA Kedah Branch. The existence of the zakat unit in UiTM Kedah under the administration of the Zakat, Donation and Waqf or *Zakat, Sedekah dan Wakaf* (ZASWA) Coordinator in UiTM Kedah has successfully lessened the burden of asnaf through the zakat distribution every semester. The efficacy of the management and the zakat work unit of UiTM Kedah has reduced the burden of the asnaf during the Covid 19 pandemic. Behind this phenomenon, this study aims to highlight the efficacy of the zakat management in UiTM Kedah. The methodology adopted for this study is data collection through an analysis of the document source and through an in-depth interview on the zakat managers appointed to manage the collection and distribution of zakat for UiTM Kedah. The analysis of the data obtained is in the form of the content analysis. The outcome establishes that since the setting up of the zakat unit in UiTM Kedah until today, various forms of assistance have been offered to the asnaf in both financial and non-financial forms. Meanwhile, the good relationship formed with the Lembaga Zakat Negeri Kedah (LZNK) also helps in the effort of strengthening the zakat unit management. The outcome also reveals that the improvement in the collection and distribution has led to the increase in the zakat collection, simultaneously giving a greater opportunity to the asnaf.

**Keywords:** Administration, Distribution, Zakat, UiTM Kedah Malaysia

### Introduction

Zakat is an obligation in Islam. Zakat is a deed that can help strengthen the economy of Muslims. The zakat fund can lessen the burden of the asnaf, at the same time givign them the

chance to stand on their own two feet and finally get out of the asnaf category. In the Quran, asnaf is divided into 8 sections, namely fakir (too poor), poor, amil (one employed to collect zakat), mualaf (converts), people in shackle (*al-riqab*), people in debt (*al-gharimin*), fi sabilillah and ibn sabil. Allah has decreed:

*“Alms are for the poor and the needy, and those employed to administer the (funds); for those whose hearts have been (recently) reconciled (to Truth); for those in bondage and in debt; in the cause of Allah. and for the wayfarer: (thus is it) ordained by Allah, and Allah is full of knowledge and wisdom.”.* (surah al-taubah:60)

The awareness of the Muslims in Malaysia to pay zakat is very good. According to Abdullah (2017) the total amount of zakat collection for the year 2012 had increased by 18 percent to RM1.927 billion compared to RM1.641 billion in the year 2011. In 2011, the zakat distribution in Malaysia totalled RM 1.519 billion with the distribution rate 92%. Thus, the number of asnaf deemed eligible to get zakat assistance is on the rise and its value also increases following the current requirement.

The zakat fund has aided the asnaf to improve their living conditions. Poverty is the main reason behind the dropouts in education, be it at primary school, secondary school or even at university level. Students lagging behind in higher education institutes are caused by the factor of family poverty and they need zakat and donation to continue their studies (Rosli et al., 2021).

The lack of support and motivation from family, especially parents is also a contributing factor for students' poor performance in education. Khalid et al (2018) stated that more parents from urban poor have poor education background, which explains why their children lack the motivation to further their studies.

With good education, every individual has the capability to get a good job and naturally will be able to improve their status of living. Studies have shown that urban poverty leaves a significant impact to children's development of education where this will lead to education under-performance (Choi & Calero, 2018; Abdullah et al., 2019)

This portrays the importance of being efficacious in administering zakat so that the fund can be distributed the best way possible to help many parties in need, especially students. According to Omar (2019) the lack of efficacy in distributing zakat to the asnaf is because the distribution does not follow the priority groups, and this leads to excess zakat. This gives a bad name to the zakat institutions and as the result, the public will become hesitant when it comes to paying zakat at the institution. It is evident here that it is really important to be efficient in managing zakat as it can influence zakat payers.

Thus, this paper work aims to shed light on the discussion with regard to the efficiency in managing zakat fund in HEI or IPT. The focus of this study is on the efficiency of zakat fund administration in UiTM Kedah. An interview was conducted with the management of *Zakat, Sedekah dan Wakaf (ZASWA)* department which is the agency held responsible for managing zakat fund in UiTM Kedah in terms of both the collection and distribution of zakat.

### **Literature Review**

Studies on zakat have been done excessively covering various themes, such as the management of distribution and collection of zakat fund, the effectiveness of distribution and collection, the tax payers' behaviour and many others. One of the studies relevant to this

current work is one by Wahid et al (2017) who reviews the pattern of zakat distribution to every asnaf by the Islamic Council in Malaysia. Their study is based on the secondary data source comprising of selected MAIN yearly report from 2000 to 2013. Their finding suggests that in general, there is a consistency between the MAIN financial management performance and the zakat distribution performance in terms of financial and non-financial distributions. It is also found that the pattern of zakat distribution by corporate institutions is different from the pattern of zakat distribution by non-corporate institutions. This clearly shows that the management of zakat institutions differs from one another.

Som, and Ab Rahman (2011) discussed the concept of amil in terms of the definition and position in both the Quran and hadiths. The study has also elaborated on the terms and conditions, also the ethics of being an amil to ensure the smooth running of the zakat management also the role and importance of amil in handling the zakat based on the al-Quran and hadiths. The outcome establishes that the amil of zakat is not only individuals, but also institutions that play the role of improving the zakat. The amil institutions carry out various tasks related to zakat that require the combination of several kinds of expertise. Improvement in the job scope of an amil has to be done to improve the zakat management and administration today, through the use of technology and creativity in the organisation's management.

Other than the zakat studies in general, there are also studies that give focus on certain types of zakat, as found in the work of (Doktoralina, 2016). She researched about the potential of the income zakat, also the relationship between the demographic characteristics and the payers of income zakat in Indonesia. It is discovered that although the total amount of collection increased, there were still many Muslims who did not fulfil their obligation of paying zakat although it is compulsory for them to do so in Indonesia. In Malaysia, such a study has been carried out by (Zaman & Wahid, 2014). Zaman & Wahid (2014) looked into the trend of collection and the payers before and after the fatwa that renders paying income zakat is compulsory in Malaysia. This study finds that the trend of collection and income zakat payers shows an increase after the fatwa is issued with regard to the obligation of paying income zakat. This highlights positive feedback from the Muslims in Malaysia on the fatwa issued. They also suggest that the effort in raising the awareness among Muslims must be elevated, to add to the amount of the collection and subsequently for more asnaf to benefit from the amount.

Studies on Zakat in HEI have been conducted by Shamsudin et. al (2021) who reviewed the impact of the money on higher education students during the spread of the Covid19 pandemic. Their study establishes that zakat was accepted to cater for the financial hardship faced due to the pandemic. Abu Bakar and Rejab (2018) studied about the potential of zakat assistance to the asnaf at the UiTM Kedah branch. It is found that zakat in UiTM Kedah has the potential to widen the scope of asnaf so that it can also benefit other groups and it has the potential to increase the amount of collection through ongoing promotion.

The study done by Azrul (2020), finds that zakat distribution can reduce the rate of dropouts in education, especially involving students of higher education institutions. It is a fact that the issue of the lack of performance of higher education students is not down to failure, but to poverty. Aided by the zakat fund, this group can be protected and they can also succeed like others. Thus, zakat fund has to be appreciated and used as much as possible for their own good and for the development of the asnaf themselves. However, according to Shamsuddin et al (2021) there are also asnaf among the students who do not appreciate and understand that the zakat assistance can lift their spirit in studying, and form their morality

and improve their acts of worship. This requires the management to strategise, to improve the students' motivation so that they can better appreciate the contribution they receive.

Based on the careful reading of past studies on zakat, studies related to the efficacy of zakat management in UiTM Kedah have yet to be carried out. Thus, this paper work studies the efficacy of Zakat management in UiTM Kedah in terms of the zakat fund collection and distribution to the students and staff of UiTM Kedah.

### **Methodology**

This is a qualitative study employing a descriptive design as it seeks to explain in detail about matters related to the efficacy of zakat management in UiTM Kedah. Data was gathered through an in-depth interview on three Zakat unit administrators in Zakat UiTM Kedah or ZASWA who are directly involved in managing matters related to zakat in UiTM Kedah. The interview was carried out using semi-structured questions on the medium *Google Meet*. Data were coded based on the themes that were decided earlier. The coding determination based on the appropriate themes facilitated the data analysis process.

### **Findings and Discussion**

#### **UiTM Kedah Zakat Management**

At the Shah Alam UiTM level, the management of zakat, donation and waqf is managed by the Zakat, donation and waqf department known as ZASWA. Shah Alam UiTM's ZASWA was formed under the co-operation of the highest management of UiTM and Lembaga Zakat Selangor (LZS), and started in 1998. On the other hand, UiTM Kedah ZASWA was given the responsibility to manage the zakat of UiTM Kedah. According to records, in the year 2004 a MoU understanding of agreement was held between the highest management of UiTM Kedah and Lembaga Zakat Negeri Kedah (LZNK), which was once known as Jabatan Zakat Negeri Kedah. The result of this agreement, at the beginning of the year 2005, made UiTM Kedah campus to officially, be responsible to collect and distribute income zakat to Muslim staff and subsequently distribute to qualified *asnaf* in UiTM Kedah. According to PZ 01, the establishment of zakat units in every UiTM campus should be created to help students and staff who face financial difficulty. This situation also allows the staff a chance to fulfil their zakat obligations.

Early on during their establishment, the management for UiTM Kedah ZASWA was initially headed by Ustaz Osman Abd Hamid as the Head of UiTM Kedah ZASWA who was also the ACIS Senior Lecturer of UiTM Kedah. After his retirement in September 2021, he was replaced by Ustaz Adib Sujaa' who is also an ACIS lecturer for UiTM Kedah. ZASWA was assisted by the heads of every department as elected based on their respective expertise. The UiTM Kedah ZASWA's organisational chart is shown in Chart 1.

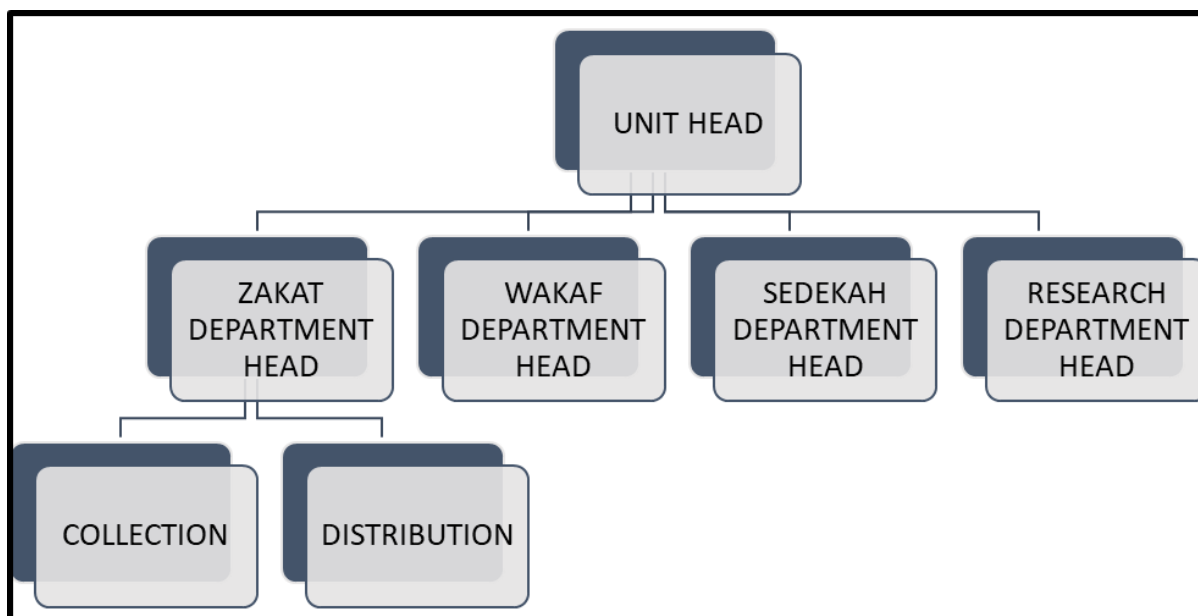


Chart 1: UITM Kedah ZASWA Organisational Chart

Source: ZASWA 2021 Report

Table 1 shows the UITM Kedah ZASWA organisational chart. Although ZASWA has a responsibility towards three main matters namely Zakat, Donation and Waqf, however this research only focuses on the management of the zakat fund for UITM Kedah. Based on Table 1, the zakat department is headed by a leader and is assisted by two committee members who are each responsible towards their duties related to zakat collection and duties related to zakat fund distribution for the *asnaf*.

Division of tasks such as these reveals the efficiency of the UITM Kedah ZASWA in handling matters related to UITM Kedah zakat. The committee in charge of collecting zakat fund is responsible to ensure that the administration staff and also the UITM Kedah lecturers perform their zakat obligation through promotions that help to bring awareness to fulfil their income zakat duties to UITM Kedah. The distribution committee, on the other hand, is responsible to identify zakat *asnaf* among the students as well as the staff of UITM Kedah so that the zakat fund may be distributed accordingly.

Efficiency in management allows the objective of establishing the UITM Kedah Zakat Unit, which is to provide services to the UITM Kedah staff to perform their zakat obligations, to channel zakat aid to students and staff who are under the *asnaf* category and thus allowing the accomplishment of the cooperation medium between UiTM and LZNK. The effectiveness in this management is also the mainstay for UITM Kedah to collect as much zakat fund as possible in order to be able to reach out to even more *asnaf* and to provide substantial donations of more than RM500. This matter is parallel with the rising costs of living today.

### UITM Kedah Zakat Fund

Zakat fund is the resulting fund from the zakat collection received by UITM Kedah. UITM Kedah, based on the MoA with LZNK, has agreed to allow UITM Kedah to collect the income zakat and property zakat. Income zakat encompasses whatever earnings earned through halal ventures and the fuqaha' members classify it as "*Mad al-Mustafad*". This includes any and all earnings other than those stated in the *syara'*. Calculation for income zakat is based on the individual's net income. This is based on a decree by Allah SWT which means:

*“Let the man of wealth provide according to his means. As for the one with limited resources, let him provide according to whatever Allah has given him. Allah does not require any soul beyond what He has given it. After hardship, Allah will bring about ease.” (al-Talaq:7)*

There are several opinions on income zakat in Malaysia. This has become an issue and topic of debate among the Muslim scholars (Ikhlas et al., 2017). Mujaini (2012) is of the opinion that there are three forms of responses in Malaysia on the obligation of paying income zakat. Firstly, those who reject the obligation as the fatwa do have a strong *nas*. Second, those who accept the obligations as communal benefits and for the receivers. Thirdly, those who accept the obligations to pay their income zakat as there is a word of law based on the *nas* in the al-Qur’an and al-Hadith.

However, the 31st Muzakarah (Conference) of the Fatwa Committee National Council for Islamic Religious Affairs (Muzakarah Committee MKI) and the Special Muzakarah which presided on 9<sup>th</sup> December 1992 had discussed Income Zakat and Professional Income. The *Muzakarah* decided that Muslims may issue zakat on their income and the Income Revenue Department must provide a zakat rebate on the amount payable. The same zakat obligation applies to professional income as it comes under business zakat (JAKIM, 2022). On the other hand, the obligation to contribute income zakat in Kedah was made into a fatwa on 10<sup>th</sup> April 1986 under the Administration of the Religion of Islam 1962 Vol.9 (LZNK, 2022).

There are several methods of income zakat assessment, such as the method of subtracting basic needs where  $[2.5\% \times \text{gross annual income}]$  divided by 12 months, or the method by performing basic deduction whereby 2.5% of gross annual income that has several allowed expenses is deducted (self, spouse, children, EPF) and divided by 12 months. The next method is by performing a deduction towards true expenditure which covers basic necessities (food, clothing, medical, transportation, education, and residence), and 2.5% of the balance (if *nisab* is sufficient) will be divided by 12 months (Suryani, 2012).

The income zakat obtained at UITM Kedah is the result of zakat collection from staff and employees through monthly deductions according to the current rate for employees who wish to pay zakat for themselves for other types of income such as gold zakat and so forth. Income zakat may also be paid to UITM Kedah ZASWA as an approved LZNK collection agent for income zakat.

### **Zakat Fund Collection Method for UITM Kedah**

UITM zakat fund is collected through the proceeds of income zakat payment from the staff of UITM Kedah. UITM Kedah staff may make payment every month through a deduction from their own salary. The proposed payment rate according to the current rate is in accordance to the employee’s total salary and dependants. Other than salary deduction, zakat payment may also be made at the counter with an appointed zakat *amil*. The monthly total zakat payment received by UITM Kedah is approximately RM50,000. This amount is collected for six months and afterwards it will be distributed to eligible students and staff every semester which amounts to two distributions a year.

### **UITM Kedah Zakat Fund Distribution**

Based on the signed memorandum of understanding, the collected total will be distributed evenly between LZNK and UITM Kedah with each receiving 50% of the total collection. Taking a RM50,000 monthly collection for example, UITM would use the RM25,000 to be distributed

to UiTM students and staff who fall under the *asnaf* category. In general, zakat *asnaf* is made up of 8 types of *asnaf*, namely the very poor (*fakir*), poor (*miskin*), zakat collectors (*amil*), converts (*mualaf*), slaves, those in debt, *fisabilillah*, and the stranded traveller (*ibn sabil*). However, for UiTM Kedah, there are only four listed types of *asnaf* which are *fakir*, *miskin*, *fisabilillah*, and *amil*. The categorical determination rate is shown in Table 1.

**TABLE 1: UITM KEDAH ASNAF CATEGORIES**

CATEGORY	TOTAL INCOME (RM)	GROUP	FORM OF HELP
<b>FAKIR</b>	0-1000	Students and staff	Finances for subsistence
<b>POOR</b>	1001-3000	Students and staff	Finances for subsistence
<b>FISABILILLAH</b>	3000 above	UITM Lecturers	Kedah For the purpose of zakat research
<b>AMIL</b>		Legitimate <i>amil</i>	Monetary

Source: Researcher's analysis from interview data

Table 2 defines the four *asnaf* categories that are eligible to receive UiTM Kedah zakat money. The first category is *fakir* (very poor) whereby the definition is households who have a total income of less than RM1,000. For the *miskin* (poor) category, it is defined as having income of less than RM3,000. For *fisabilillah*, it is given to lecturers with an income of over RM3,000 who wish to conduct research related to zakat. The total distribution does not have a set rate as it is dependent on the total collection and number of applicants.

Zakat applications are opened twice a year, which is once every semester. Students may make the application every semester. There is no limit for applications - as long as the student is under the zakat *asnaf*, they are eligible to apply.

### Conclusion

Good zakat management is a confidence factor for zakat payers towards the available zakat institutions. ZASWA has demonstrated a good management model. This matter is also proven through the efficiency in distributing zakat to the *asnaf* involved. ZASWA also succeeds in consistently increasing zakat collection for UiTM Kedah every year. Continuous promotion is



also highly effective in increasing awareness among staff members to pay their zakat with UITM Kedah. Programs with talks highlighting the awareness for zakat obligation have also managed to increase the existing zakat fund. Improving the efficiency and the existing zakat management structure is critical to stay harmonious with the needs and responsibilities at hand.

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