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## **TOPIC: A Revisit to Several Issues in Zakat: A Case Study of Zakat Collection Centre – Majlis Agama Islam Wilayah Persekutuan (MAIWP)**

### **ABSTRACT**

Zakat is one of the pillars of Islam and a major contributor to the development of Muslim economy. In Malaysia, zakat institution is under the State Islamic Religious Council which is governed by Islamic Religious Department in government department. Previously, state religious council are responsible to manage zakat collection and distribution office. However, starting 1991 there are number of zakat institution was corporatized in order to improve the performance of zakat collection and distribution. One of them is Zakat Collection Centre – Federal Territory Islamic Religious Council (MAIWP). This council was corporatized as the centre with subsidiary – Harta Suci Private Limited or it is called as Pusat Pungutan Zakat (PPZ). The main function of PPZ is to collect zakat throughout the federal territories of Kuala Lumpur, Putrajaya and Labuan, while the distribution of zakat to asnaf still maintained by Baitulmal Division. The centre of this research is focusing on the Zakat Collection Centre (PPZ) operation (mainly at Majlis Islam Wilayah Persekutuan). In this research, the main focus is to observe how this centre operates, and its performance after MAIWP has corporatized the organisation and also to study the issues arise in terms of collection and distribution of zakat. The process of observation is done by identifying the performance in 4 perspectives; consumer, financial, internal business process and learning and growth. Meanwhile, the external factor which will influence the performance of collection will be identified. The proposed method of analysis in this research is SLEPT analysis (for general environment), Balanced Scorecard analysis, SWOT analysis and TOWS Matrix analysis. By using this method of analysis,

the performance and effectiveness of the organisation will be clearly discovered and some alternative solution will be recommended in the final stage of the research.

**Keywords;**

**Zakat, collection and distribution of zakat, elimination of poverty, balance score card, TOWS analysis**

## **Introduction**

Zakat institution in this country is listed under the jurisdiction of the respective states. Even though Islam is the official religion in Malaysia, Federal Government does not have the fullest authority in religious affairs. Every state has its own religious Administration Enactment for the Islam matters including administering of zakat affairs. Islamic Religious Department, in the state government provide administrative services and implement the decision of the Council which is responsible as a policymaker and supervisory body headed by the Sultan or Ruler of each state.

Zakat management office is under the respective Islamic Religious Council of each state known as various names such as Zakat and Baitulmal Office, Zakat Committee, Zakat Unit or Zakat Department. In Zakat Collection office, there are zakat officers or amil who are appointed to collect the zakat.

In this case study, before 1991, Zakat Collection Centre was managed by Federal Territory Islamic Religious Council (MAIWP). In that period, the collection and distribution of zakat has been conducted by one organisation and it was similar with other states.

At that particular time, the performance of collection in zakat organisation was also poor. This situation became worse due to inefficiency of the zakat organisation itself in managing the zakat. As mentioned by Sanep Ahmad, Hairunnizam Wahid & Adnan Mohamad, one of the factors why Muslim society pay the zakat to informal zakat organisation is because the non- effectiveness of zakat management, corruption in

organisation, inaccurate distribution etc. It also will affect the good will of organisation among public. This situation automatically makes Muslim society lost their trust on the credibility of the organisation as the zakat collector and distributor. In some cases, there are people who prefer to pay zakat directly to asnaf rather than zakat collection centre. As a result, it affects the performance of collection within the states and the distribution of the zakat also was imbalanced among the asnaf. In order to prevent and reduce this problem, in 1991, Federal Territory Islamic Religious Council (MAIWP) has taken initiative to corporatize the Zakat Collection Centre. The zakat management has divided by 2 divisions, which is Zakat Collection Centre for collection and Baitulmal Division for distribution. By this corporatization, there are some improvements in the statistic of zakat collection.

### **Background of Study**

Zakat means grow (in goodness) or ‘increase’, ‘purifying’ or ‘making pure’. According Yusuf Qardawi<sup>1</sup>; Zakah means to grow and to increase. When it is said about a person, it means to improve, to become better. Consequently, zakah is blessing, growth, cleanliness, and betterment.<sup>2</sup>

In Malaysia, Zakat institution is organized under State Islamic Religious Council. Based on Rawi Nordin<sup>3</sup> and Siti Mashitoh Mahmood<sup>4</sup> research, the zakat law in each state is legislating by a state law council and caused no uniformity of the zakat collection in every area. Therefore, each state has their own zakat law (contains in enactment of states Islamic Management). It may cause non-concordance in zakat matters.

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<sup>1</sup> *Hukum Zakat*, 10nd edition, Linter AntarNusa

<sup>2</sup> *Mu'jam al Wasit*, Vol.. 1 p. 398

<sup>3</sup> *Enactment and Fatwa of Zakat in Malaysia*. Zakat Research Institute Malaysia (IKAZ), UITM

<sup>4</sup> *Sistem Perundangan Zakat di Malaysia: Antara Realiti dan Harapan*. Akademi Pengajian Islam, Universiti Malaya, KL.

In term of organization of Zakat institution, there is a formal institution which is responsible to collect the zakat payment. This institution should effectively play their role. According Syawal Kassim<sup>5</sup>, Zakat must be governed in the most proper manner according to the Syariah law, and the State has the full responsibility and accountability to implement the law of zakat within the jurisdiction. On the other hand, Ariffin Md Salleh<sup>6</sup> said, amil is important person in Zakat institution, that's because they are representative for institution to collect the zakat payment. To be a good amil, they must building workforce excellence across cultures and job roles, should know how to valuing people, implement their responsibility with transparency, and always improve their performance by consistence of strength training. Musa Ahmed<sup>7</sup>, also said zakat institution should implement professionalism in management. Professionalism from his view is performing tasks as best as possible to achieve mission and objective of the organization. Government also take some action to create an excellence zakat organisation by institutionalize zakat as a social institution by establishment of Zakat Collection and Distribution unit, and appointment of zakat officials at every states to implement zakat rules and regulation (Shawal Kaslam<sup>8</sup>). During 1991, government has corporatized Zakat Collection Centre Wilayah Persekutan Kuala Lumpur and followed by other states (Selangor, Penang, Pahang, Negeri Sembilan, and Melaka). Meanwhile, the effectiveness of management in zakat institution also depend on the span of control in the organization. There are two approaches in managing zakah; centralised and decentralised approach which are discussed in Ataina Hidayati & Achmad Tohirin<sup>9</sup> research; 3 different countries; Malaysia, Pakistan and Indonesia, which is

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<sup>5</sup> *Corporate governance in zakat institution*. Zakat Research Institute Malaysia (IKAZ), UITM.

<sup>6</sup> *Theory and Concepts of Excellence for Amil*. Zakat Research Institute Malaysia (IKAZ), UITM

<sup>7</sup> *Excellence in Zakat Management*. Research Institute Malaysia (IKAZ), UITM

<sup>8</sup> *Governing Zakat as a Social Institution: The Malaysian Perspective*. Zakat Research Institute Malaysia (IKAZ), UITM

<sup>9</sup> *Management of Zakah: Centralized Vs Decentralized Approach*. 7<sup>th</sup> International Conference – The Tawhidi Epistemology: Zakat and Waqf Economy, Bangi 2010.

Pakistan tends to use centralised approach, Indonesia uses decentralised approach, and Malaysia has provide interesting learning; centralised zakat institution at the state level, and might also viewed as decentralised at federal level. Nevertheless, the researchers prefer centralised approach, that's because, the coordination between national zakah institution and the fiscal policy maker can be implemented with more easily.

On the other hand, tax issues could affect the performance of collection in zakat institution. According to Mahmood Zuhdi Hj. Abd Majid<sup>10</sup>, the cooperation between income tax department (LHDN) and Zakat institution has already established; provide deduction tax or rebate from the amount of zakat on income. He also suggested, government also should give this rebate to zakat on business payer. That's because, based on Abd Rahim<sup>11</sup> article, currently Islamic business entities such as Bank Islam Malaysia Berhad (BIMB) and Lembaga Urusan dan Tabung Haji (LUTH) must pay 2 types of payment which is corporate tax and zakah on business wealth. According to Ruziah Ghazali<sup>12</sup>, in 2005 government has allowed the company who paid zakat (2.5% from aggregate income); they can get the discharge in company's allowable expenses. But, this incentive still couldn't reduce company financial burden in order to encourage them to pay the zakat. She also stated that, the company and individual prefer to pay the tax because of no penalty in this country can be imposed for those are averse to pay the zakat.

Even though there is a lot of initiative has been taken, the level of awareness in Muslim society is still in moderate level. From the research that has been done by Hairunnizam Wahid, Mohd Ali Mohd Noor & Sanep Ahmad. (2005)<sup>13</sup>, the increasing of

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<sup>10</sup> *Pemantapan Sistem Zakat dan Cukai ke arah Kemajuan Ekonomi Ummah. Akademi Pengajian Islam, UM.*

<sup>11</sup> *Pre-requisite for Effective Integration of Zakah into Mainstream Financial System in Malaysia. Islamic Economic Studies Vol.14, No1&2, Aug. 2006 & Jan. 2007. IIUM.*

<sup>12</sup> *Implikasi Zakat Terhadap Sistem Percukaian Negara. Nordant Management Consultant's (M) Sdn. Bhd. KL.*

<sup>13</sup> *Kesedaran Membayar Zakat: Apakah Faktor Penentunya. Fakulti Ekonomi dan Peniagaan, UKM.*

age, people who already married and also increasing the level of income is a factor of influences to raise awareness for Muslim to fulfil this obligation. From this result, they suggested that, the awareness program must be focused to younger generation who haven't got married, and have a lower income. In their other research<sup>14</sup> (Hairunnizam Wahid, Mohd Ali Mohd Noor & Sanep Ahmad); one of the methods to attract more Muslim to pay the zakat is through salary deduction scheme. So, zakat institution must more cooperate with employer in order to make the employee more flexible to pay their zakat. There is another factor also will influence the awareness of zakat payment. Azman Ab Rahman & Syed Mohd Najib Syed Omar<sup>15</sup> has viewed the other factors in their research which is about Tauhid Epistemology approach. In their article, they have explained how Tauhid Epistemology approach may raise awareness among Muslim community which is; first, zakat is religious obligation, through the zakat, the monetary responsibility and ibadah could be performed for the sake of society, second, the payment of zakah is an obligatory act under Syariah and related to the act of upholding aqidah, and third, the capability to pay zakat sincerely and wholeheartedly to Allah SWT is only a form of test to the people who has been granted with worldly wealth. Thus, Muslim community need to be explained in all these matters in order to encourage them to pay zakat.

On the other hand, there is a research which was conducted by Sanep Ahmad & Hairunnizam Wahid<sup>16</sup>, to observe whether Muslim society in this country willing to share their wealth through the payment of zakat. From their study, the Muslim society has given

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<sup>14</sup> *Kesedaran Membayar Zakat Pendapatan di Malaysia*. Kumpulan kajian ekonomi & kewangan Islam, Fakulti Ekonomi & Perniagaan, UKM.

<sup>15</sup> *Tauhid epistemology in increasing the number of zakat of wealth payers and its contribution toward the development of Malaysia economy*. 7<sup>th</sup> International Conference – The Tawhidi Epistemology: Zakat and Waqf Economy, Bangi 2010.

<sup>16</sup> *Kesediaan Berkongsi Kekayaan dan Kebahagiaan : Kajian Kes Bayaran Zakat bagi Harta yang Diikhtilaf*. Persidangan Kebangsaan Ke-2 PPSPP 5-6 September 2005.

positive response to the payment of zakat for income, agriculture, livestock, and mineral. They also recommended that zakat institution should increase the understanding of Muslim society through campaign, talk and others. The factors to encourage payment of zakat do not depend on their demographic condition or Tauhid Epistemology only, but the level of motivation also can influence the individual decision in zakat contribution. Based on Muhammad Muda, Ainulashikin Marzuki & Amir Shaharuddin. (2006)<sup>17</sup> research, from the response by the respondent, it shows that the factor of motivation which most influenced is altruism and personal reward is not an important contribution in this factor. They also conclude that, individuals pay zakat not only because of religious factor, such as level of iman and belief but also because of satisfaction received performing the activity. Furthermore, the marketing in zakat institution also plays an important part in order to attract zakat payer to contribute the zakat. From Hj. Mohd Rais Hj Alias<sup>18</sup> article; marketing is an important element that can ensure whether a product or its service is successful, or fail if the marketing is ineffective. One factor that needs to be highlighted is the maintenance of client relationship and satisfaction, particularly in regards to the zakat payers.

In surah al-Taubah verse 60, Allah SWT explained regarding the type of asnaf who have right to receive the zakat;

*“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.”*

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<sup>17</sup> *Factors Influencing Individual Participation in Zakat Contribution: Exploratory Investigation*. Islamic Banking and Finance Seminar, Kuala Lumpur.

<sup>18</sup> *The marketing of zakat: PPZ Federal Territory's experience*. Majlis Agama Islam Wilayah Persekutuan.

This verse, has mentioned 8 of types of asnaf. The person in this group who is responsible to find the asnaf is amil. They must analyse and make sure this people are truly asnaf. However, based on Hairunnizam Wahid, Sanep Ahmad & Radiah Abd Kadir<sup>19</sup>, majority of Muslim respondents are not satisfied with the distribution of zakat and there a lot of surplus of zakat collection which failed to allocate to the asnaf. From their observation, this problem is resulted from the ineffectiveness of the distribution system and amil also has face difficulty to recognize the asnaf especially for al-riqab, al-gharimin, and ibn- sabil. So, they suggest the collection and distribution of zakat should implement by zakat institution in a several of level which involved a rural or urban area, and state which based on the Muslim area. For the same problem also, Hairunizam Wahid & Radiah Abd Kader<sup>20</sup> recommend that, to localize zakat institution in every area. The advantage is that the local government could easily distribute the goods and service to the local residents especially asnaf which has been recognised by them.

In other context, the distribution of zakat must be efficient to the asnaf and meet the Maqasid- Al Syariah perspective. According Rosbi Abd Rahman & Sanep Ahmad<sup>21</sup>, the contribution of zakat must equivalent with Maqasid – Al Syariah which is maqasid dharuriyat, ad-din, al-nafs, al-aql, al-nasl and al-mal. Then, they try to match with Maslow Hierarchy which has 5 types of need for every human life. Besides that, Patmawati Hj Ibrahim<sup>22</sup> also studied about the effectiveness of the contribution of zakat in order to improve the ummah economic. From her research, she found distribution of zakah is

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<sup>19</sup> *Pengagihan Zakat oleh Institusi Zakat kepada Lapan asnaf: Kajian di Malaysia*. Seminar Kebangsaan Ekonomi Islam 2009.

<sup>20</sup> *Localization of Malaysian Zakat Distribution: Perceptions of Amil and Zakat Recipients*. 7<sup>th</sup> International Conference – The Tawhidi Epistemology: Zakat and Waqf Economy, Bangi 2010.

<sup>21</sup> *Pengukuran Keberkesanan Agihan Zakat: Perspektif Maqasid Al-Syariah*. 7<sup>th</sup> International Conference – The Tawhidi Epistemology: Zakat and Waqf Economy, Bangi 2010.

<sup>22</sup> *Pembangunan Ekonomi Melalui Agihan Zakat : Tinjauan Empirikal*. Shariah Journal, Vol. 16, No. 2 (2008) 223-244.

capable to reduce imbalance of income distribution among asnaf; al-fuqara, al-masakin. She also recommend the distribution of zakat to asnaf should based with 'kifayah limit' as income poverty line and also taking into account about the location of asnaf whether from rural or urban area. The amount of assistance must up or more than poverty line according to kifayah limit.

As a conclusion, we can see there are many issues regarding zakat institution. However, there is no study about the effectiveness of Zakat Collection Centre, in term of operation and also the performance after MAIWP corporatized the organisation. The study will identify the performance in 4 perspective; consumer, financial, internal business process and learning growth, which haven't touched by other researcher. All this perspective is considered as the important factors which can influence the effectiveness of the Zakat Collection Centre in the performance of zakat collection. Meanwhile, the external factor also will be taken into account, to observe how this element affects the performance. Finally, by using Balanced Scorecard Analysis, SLEPT analysis, SWOT, and also Tows Matrix, the performance and effectiveness of institution will be clearly discovered. Finally, after the observation, we can recommend some alternative solution which can help zakat institution to improve or maintain their performance.

## **Methodology**

In this study the researcher intends to verify the strategy of Zakat Collection Centre in order to see the performance of zakat collection after the strategy has been implemented and the factor that can influence the performance of zakat collection.

The method of analysis which used in this study is SLEPT analysis for external environment. While for internal environment, the method is balanced scorecard and

SWOT analysis. Finally, all the information from analysis will proceed to TOWS Matrix analysis in order to formulate the appropriate strategy and solution for the case study.

The structure of SLEPT is categorised in various factor such as a) Social factor, which discussing about population, aging population, level of education and workforce, level of unemployment, b) Legal factor, involved with zakat law and the enforcement of zakat law to Muslim society and company, c) Economic factor regarding economic growth rate, Consumer Price Index (CPI) and New Economic Model (MEB), d) Politic factor which related current political structure and e) Technology factor discover about technology (ICT) facility and the trend of technology usage

Meanwhile in Balanced Scorecard analysis, it is used to observe how the performance in 4 perspective; customer perspective, financial perspective, internal business process perspective and learning and growth perspective which are related with effectiveness of the Zakat Collection Centre to improve the zakat collection. Nevertheless, this analysis will focus to the specific area which involved with performance of collection.

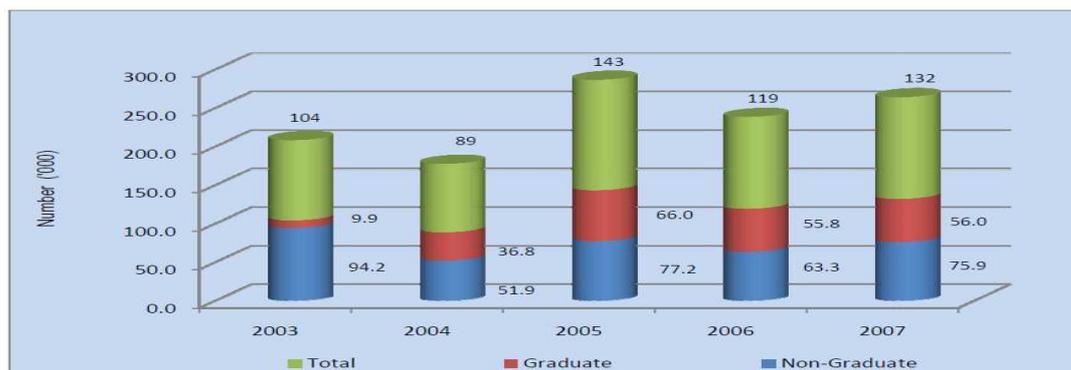
Next in SWOT analysis, the internal environment will list the strengths and weaknesses which are controllable factors in organisation. Whereas external environment will classify the factor in opportunities and threats which are uncontrollable factors for organisation. However, in the same time some of strengths items also can be consider as opportunities for improving the organisation performance.

Finally TOWS Matrix analysis will conduct in order to formulate the appropriate strategies and alternative in order to solve the problem or to improve the performance.

## DATA ANALYSIS AND FINDINGS

### SLEPT Analysis

**Social factor** - The population for the country is 28,306,7000 people which is 31.9% is below than 15 years old, 63.6% is from 15-64 years old and 4.5% is people who are 65 years old and above. For level of education,



Source: Electronics Labour Exchange, Ministry of Human Resources

### Number of graduate and non-graduate registrants, Malaysia, 2003-2007

In 2007, from the total of 132 thousands of registrants, there are 75.9 thousand (57.5%) were non graduate, while 56.0 thousand (42.4%) were graduate registrants. In workforce and level of unemployment,

Main Indicators	Q1/2008	Q4/2008	Q1/2009
Labour force ('000)	10,923.3	11,170.8	11,208.5
Employed ('000)	10,525.3	10,819.8	10,757.8
Unemployed ('000)	398.0	351.0	450.7
Outside labour force ('000)	6,608.1	6,625.6	6,703.2
Labour force participation rates, LFPR (%)	62.3	62.8	62.6
Unemployment rate (%)	3.6	3.1	4.0

### Principal statistics of labour force, Malaysia

The involvement of labour force was increased from quarter 4 in 2008 which is 11,170.8 thousand to 11,208.5 thousand in first quarter 2009. However, the total of employed labour was decreased to 10,757.8 thousand in quarter 1, 2009 if compared with pervious year.

Meanwhile, the unemployment rate rose by 4.0% in first quarter 2009 while during quarter 4, 2008 the rate was only 3.1%. In other case, the involvement of three races in labour force;

<i>Ethnic group</i>	<i>Q4/2008</i>	<i>Q1/2009</i>
<b>Total</b>	<b>100.0</b>	<b>100.0</b>
<b>Malaysian citizens</b>	<b>89.9</b>	<b>90.0</b>
<i>Bumiputera</i>	<i>57.1</i>	<i>57.9</i>
<i>Malay</i>	<i>46.3</i>	<i>47.1</i>
<i>Other Bumiputera</i>	<i>10.8</i>	<i>10.7</i>
<i>Chinese</i>	<i>24.9</i>	<i>24.3</i>
<i>Indians</i>	<i>7.1</i>	<i>7.0</i>
<i>Others</i>	<i>0.8</i>	<i>0.8</i>
<b>Non-Malaysian citizens</b>	<b>10.1</b>	<b>10.0</b>

Percentage distribution of employed persons by ethnic group, Malaysia, Q4/2008 and Q1/2009.

57.9% of the total employed was Bumiputera followed by Chinese (24.3%) and Indians (7.0%). The involvement of workforce of the majority of employed persons was from secondary level. However, the percentage was increased in tertiary level from 21.5% in quarter 4 in 2008 to 23.2% in quarter 1, 2009.

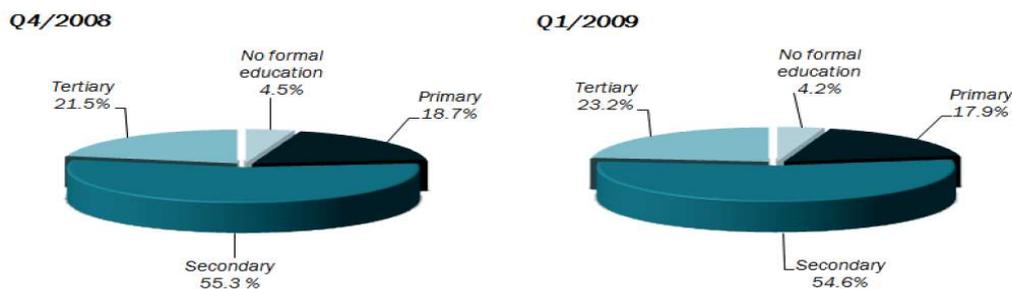
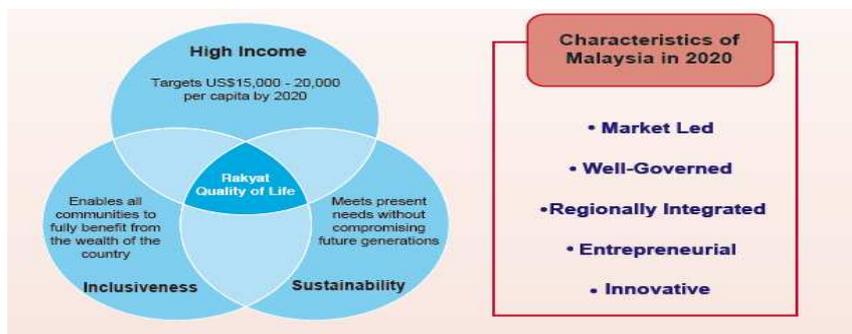


Figure 5: Percentage distribution of employed persons by educational attainment, Malaysia, Q4/2008 and Q1/2009.

b) **Legal factor** - the zakat law is listed in Act 559, Syariah Criminal Offences (Federal Territories) Act 1997 in i) section 16, section 33, and section 34. For the enforcement of zakat law to Muslim society and company, according Siti Mashitoh Mahmood, the enforcement of zakat law is not fully imposed in the whole country. Most of Zakat Centre

and council are more emphasized to the dakwah method in order to create the awareness among the Muslim society.

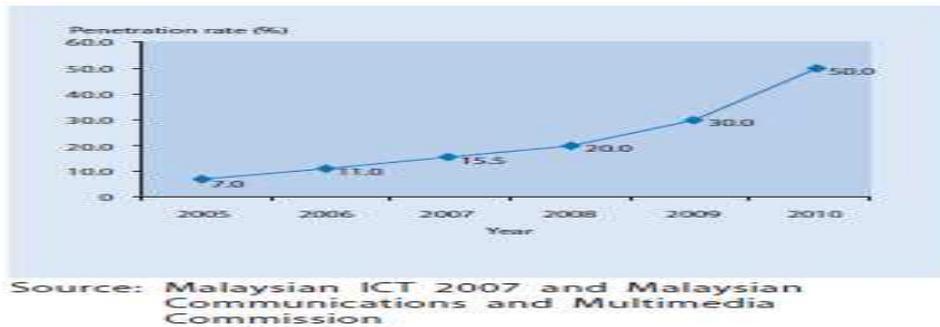
c) **Economic factor** - The economic growth rate in first quarter of 2010 is 10.9%. This growth are expanded robustly if compared with the fourth quarter in the last year 2009; 4.4%. For Consumer Price Index (CPI) is increased by 1.4% to 113.3 from 111.7 for January-May 2010 in the same period last year. In New Economic Model (MEB), is the transformation of the economic model for economic movement for the country in the new revolution from the 'middle income trap' due to the slow of economic growth. The goals and characteristics of MEB will show as below:



d) **Politic factor** - The political structure in this country is constitutional monarchy – federal states. The head of state is Yang Di Pertuan Agong Tuanku Mizan Zainal Abidin, while the prime minister is Najib Tun Razak. In the National Legislative Bodies; there have 2 houses which is lower house; house of representative (dewan rakyat), and upper house; senate (dewan Negara). There are 3 major parties in this country; Barisan Nasional (BN), Parti Keadilan Rakyat (PKR), Democratic Action Party (DAP) and Parti Islam se-Malaysia (PAS).

e) **Technology factor** - Since eighth Malaysian Plan, government has provided several facilities for ICT infrastructure such as electronic government (e-government), National

Multipurpose Card (my-card), smart school, telehealth, E-business, R&D clusters and technopreneur development. For the trend of technology



usage is shown in the increase usage of broadband and the performance will sustain until 2010 due to widest usage of internet and upgraded of ICT facility by government.

## Balanced Scorecard Analysis

### Customer Perspective

- i. The social activity which has been done to create awareness to the community.

The activity which has been done were; adoption program to Orphan and Poor Hostel, created a “First-aid Squad” to help the victim from disaster such as flood, landslide and fire, distribution of free food for al-fuqara and al-masakin group for every Wednesday and Ramadhan evening in the whole year, assisted the dialysis centre and sponsored the patient who are in need of the medical fund, launched a program with community such as collaborative events, sponsored free newspaper to a selected secondary and primary school in Federal Territory, and sponsored a motivation program to a selected school.

- ii. The Statistic of Zakat Payer

Type of Zakat	2008 No. of Payer	2007 No. of Payer	+/-%
Zakat on Income	55,020	46,559	18.17%

<b>Zakat on Business</b>	1,169	1,062	10.8%
<b>Zakat on Saving</b>	9,978	9,708	2.78%
<b>Zakat on Property</b>	4,158	4,100	1.41%
<b>Qadha Zakat</b>	254	223	13.90%
<b>Others</b>	3,070	2,685	14.34%
<b>Total</b>	73,649	64,337	14.47%

From the data above, it is shown that the percentage of increase of zakat on income is higher (18.17%) than other types of zakat. The lowest of percentage of growing is in zakat on property (1.41%).

iii. The statistic of asnaf (receiver)

<b>Types of Asnaf</b>	<b>2008 (RM)</b>	<b>2007 (RM)</b>
<b>Al – Fuqara</b>	20,506,789.33	19,363,534.39
<b>Al-Masakan</b>	22,616,745.81	20,675,005.82
<b>Amil</b>	31,643,535.29	16,249,998.20
<b>Muallaf</b>	5,652,879.45	3,796,131.37
<b>Al-Riqab</b>	0.00	0.00
<b>Al-Gharimin</b>	1,652,908.30	1,395,073.19
<b>Ibnu Sabil</b>	399,643.90	382,981.80
<b>Fisabilillah</b>	85,035,345.54	56,361,593.42
<b>Total</b>	167,507,847.62	121,224,318.69

It was found that, the majority of fund for asnaf are mostly contributed to fisabilillah group. This group consists of people who are pursuing something for the way to Allah and Islam. One of the types in this group is student. Some of them need a fund to further their study. While for the other group, PPZ is focused to assist al-fuqara and al-masakan.

iv. Any recognition for quality service

PPZ-MAIWP has obtained the recognition of MS ISO 9001:2000 until 24 January 2011 and meanwhile, SIRIM QAS International Sdn Bhd has found the record of PPZ-MAIWP is free from Non-Compliance Report (NCR).

### Financial Perspective

i. The revenue which collected in different method of payment

Method	Collection		+/-%
	2008 (RM)	2007 (RM)	
<b>Salary Deduction Scheme</b>	115,429,577.27	91,009,773.02	26.83%
<b>PPZ-MAIWP Counter</b>	81,057,035.38	69,818,950.23	16.10%
<b>Postal</b>	3,190,877.29	4,200,747.02	-24.04%
<b>Bank Counter</b>	5,072,702.82	3,655,645.88	38.76%
<b>Post Office</b>	506,355.38	337,363.75	50.09%
<b>Credit Card</b>	12,710.00	11,610.00	9.47%
<b>Cheque Deposit Machine</b>	83,799.08	183,058.75	-54.22%
<b>Mobile Money</b>	362.57	85.00	326.55%
<b>Collection Agent</b>	879,308.72	-	-
<b>Kiosk</b>	28,438.77	-	-
<b>Total</b>	206,261,147.28	169,217,233.65	21.89%

Majority of the revenue comes from salary deduction scheme. It is shown that, PPZ-MAIWP has done their work efficiently in this method, because they are able to attract more people to pay zakat through this scheme.

ii. The statistics of zakat collection

The table below has shown the collection of revenue in different of type of zakat. Most of the revenue of zakat is generated from zakat on income. Nevertheless, zakat on property and saving are still low.

Type of Zakat	2008 (RM)	2007 (RM)	+/-%
<b>Zakat on Income</b>	137,571,807.25	109,800,306.20	25.29%
<b>Zakat on Business</b>	28,702,947.32	23,326,234.39	23.05%
<b>Zakat on Saving</b>	15,063,180.16	13,670,863.27	10.18%
<b>Zakat on Property</b>	23,680,791.26	21,500,920.34	10.14%
<b>Qadha Zakat</b>	545,092.67	281,230.27	93.82%
<b>Others</b>	697,328.62	637,679.18	9.35%

<b>Total</b>	206,261,147.28	169,217,233.65	21.89%
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iii. The percentage of distribution of zakat fund which has been distributed to asnaf

	<b>2008 (RM)</b>	<b>2007 (RM)</b>
<b>Collection</b>	206,261,147.28	169,217,233.65
<b>Distribution</b>	167,507,847.62	121,224,318.69
<b>Balance of Collection</b>	38,753,299.6	47,992,915.0
<b>% of distribution</b>	81.21%	71.64%

This table showed that the percentage of distribution of zakat fund to asnaf has improved.

iv. The total expenditure for corporate social responsibility (CSR) by PPZ-MAIWP

<b>Activity</b>	<b>RM</b>
Orphan and Poor Hostel	63,714.78
First-aid Squad	25,200.00
Distribution of free food	72,000.00
Dialysis Centre	586,910.00
Community Program	20,000.00
Motivational Program	37,420.00
Others	637,505.38
<b>Total</b>	<b>1,442,750.16</b>

Even though the responsibility of distribution of Zakat is done by Baitulmal division, PPZ-MAIWP is still making the CSR activity to the Muslim society. The total of distribution is approximately RM1,442,750.16.

### **Internal Business Process Perspective**

i. The trend of payer in different method of payment

<b>Method</b>	<b>No. of Payers</b>		<b>+/-%</b>
	<b>2008 (RM)</b>	<b>2007 (RM)</b>	
<b>Salary Deduction Scheme</b>	41,554	34,137	21.73%

<b>PPZ-MAIWP Counter</b>	22,508	21,413	5.11%
<b>Postal</b>	889	1,122	-20.77%
<b>Bank Counter</b>	5,321	4,264	24.79%
<b>Post Office</b>	615	531	15.82%
<b>Credit Card</b>	11	13	-15.38%
<b>Cheque Deposit Machine</b>	32	66	-51.52%
<b>Mobile Money</b>	3	6	-50
<b>Collection Agent</b>	43	-	-
<b>Kiosk</b>	72	-	-
<b>Total</b>	71,048	61,552	15.24%

Most of zakat payers prefer to pay their zakat through salary deduction scheme and bank counter.

The trend of zakat payer in e-zakat system

Based on the PPZ annual report, the method of counter bank includes other method of payment such as internet banking, ATM machine and phone banking. Consequently, the trend of usage of e-system as shown from the previous table is increased and the performance is encouraging (24.79%).

ii. Awareness Program

During 2008, Zakat Collection Centre (PPZ) has organized several activities such as; Festival Zakat in National level and federal territory, produced a mini album; “Zakat Menjunjung Amanah”, in collaboration with Malaysia Administrative Modernisation and Management Planning Unit (MAMPU) to implement the online payment facility using “MyBayar”, cooperated with Maybank Bhd through Maybank2e service in order to facilitate employer with system for salary deduction scheme, introducing the new payment facility; kiosk at mosque association with Majumaz Aktif Sdn. Bhd, internet banking by Bank Rakyat and kiosk at Petronas petrol pump station in Kuala Lumpur, provided the new service in online system such as zakat calculator, advertisement of zakat, nisab and

zakat online. Meanwhile, this organisation is also involved in other medium of advertisement such as through article published in the newspaper (Harian Metro), awareness program in radio station (Labuan FM, IKIM, KL FM), and also through TV program (Rancangan Selamat Pagi Malaysia-RTM 1, Rancangan Tazkirah Ramadhan-TV3).

### **Learning and Growth Perspective**

- i. The training program for staff in order to improve the efficiency of collection activity

There are several training program which has been conducted by PPZ-MAIWP in order to improve their performance. The training programs are; Presentation of I and II of Procedure of Internal Audit, First Aid talk by Red Crescent club, briefing of Hartasuci Sdn Bhd Management to MAIWP CEO, Training of Document Management System usage (DMS), Presentation of Head Unit Program for 2009 Strategic Plan, Base Camp Self-Development Courses at Hulu Langat, Selangor, and Internal Workshop Management of Zakat on Business.

- ii. The performance of technology development in organisation

The main system which is used in PPZ-MAIWP is Zakat Integration System (SIZA). Based on annual report 2008, the development progress of SIZA system is achieved 90% before launching.

In the meantime, this organisation has started using Document Management System (DR-DOK) to renovate the physical file practice.

For the internet usage, they also upgraded the online networking from 100kbps to 1Gbps which using AMP Cat 6.

## **SWOT analysis**

### **Strengths**

- PPZ-MAIWP has good reputation among the public via the social activity which actively done in the whole year. This feedback of good reputation can be seen from the performance of statistics of zakat payer in every year.
- They have achieved recognition of quality service; MS ISO 9001:2000 until 24 January 2011 and cleaned record from Non-Compliance Report (NCR).
- There are several of types of payment facilities which can give convenience for Muslim to pay the zakat.
- Able to attract more zakat payer to pay the zakat through Salary Deduction Scheme and Bank Counter
- One of organisation which active with CSR activity
- Energetic in advertisement program and capable to produce mini album in order to create awareness

- Sustain to improve the development of working system by existing Zakat Integration System (SIZA) and Document Management System (DR-DOK). In the meantime, they also upgraded the online networking from 100kbps to 1Gbps which using AMP Cat 6.

### **Weaknesses**

- The performance of collection of zakat on business, savings, and property is not really good if compared with other types of zakat.
- The statistics also showed the payment facilities like postal, credit card and cheque deposit machine is less preferable from the payer. It could be the service has provided is not up to payer expectation.
- The awareness program for zakat on business, saving, and property is quite less if compared with zakat on income. Most people interested to pay zakat on income because of deduction tax or rebate from the payment of zakat.
- The advertisement is not fully encouraging; don't have the advertisement in medium such on TV in order to inform all the Muslim about the facility which have been provided by this organisation.
- PPZ-MAIWP prefer to implement dakwah method rather than law enforcement. Therefore, people will take this responsibility as a simple thing.

### **Opportunities**

- Most of employed labour is Malay which equivalent with the total of population of the race. Consequently, the PPZ-MAIWP can generate more zakat collection.

- Increasing labours which are from tertiary level. So, more people are eligible to pay the zakat.
- Malaysia has showed economic growth and launched new economic model. Every citizen will get the benefit from this transformation. So, it will effect zakat collection.
- Politic in this country also is considered as a stable and systematic.
- Government also has provided a lot of ICT facility, and the penetration of ICT usage is showed encouraging. So, this organisation can promote more about e-zakat to the society.

### Threats

- The employed labour was decreased and the unemployment rate also increased
- Enforcement of zakat law is not fully standardized in the whole country – affect the operation of zakat management
- Consumer Price Index (CPI) is increased, so people will fill burden to pay another expenses-zakat
- With 3 different politic parties also could interfere the zakat management system.

### TOWS Matrix analysis

<b>TOWS Matrix Analysis</b>		
	External Opportunities (O)	External Threats (T)
Internal Strengths (S)	<b>SO</b> <i>"Maxi-Maxi" Strategy</i> Strategies that use strengths to maximise	<b>ST</b> <i>"Maxi-Mini" Strategy</i> Strategies that use strengths to minimise

	opportunities.	threats.
Internal Weaknesses (W)	<b>WO</b> <i>"Mini-Maxi" Strategy</i> Strategies that minimise weaknesses by taking advantage of opportunities.	<b>WT</b> <i>"Mini-Mini" Strategy</i> Strategies that minimise weaknesses and avoid threats

### Maxi-Maxi strategy

Maximise Strengths	Maximise opportunities	Strategy
<ul style="list-style-type: none"> <li>• Good reputation</li> <li>• Quality service recognition</li> <li>• Excellence in Salary Deduction Scheme and Bank Counter</li> <li>• Several types of payment facilities</li> <li>• Active doing CSR</li> <li>• Active in awareness program</li> <li>• Working system – SIZA, DR-DOK, 1Gps – Amp cat 6</li> </ul>	<ul style="list-style-type: none"> <li>• Most of Bumiputera employed</li> <li>• Increased the group in tertiary level</li> <li>• Good economic growth and launched New Economic Model</li> <li>• Politic stable</li> <li>• Good facility in ICT, and ICT usage is increased</li> </ul>	<ul style="list-style-type: none"> <li>✓ Sustain and maximise the strengths which are implemented in the organisation, in order to generate more zakat collection by taking the advantage from opportunities which are occurred outside of the organisation.</li> </ul>

### Maxi-Mini strategy

Maximise Strengths	Minimise threats	Strategies
<ul style="list-style-type: none"> <li>• Good reputation</li> <li>• Quality service recognition</li> <li>• Excellence in Salary Deduction Scheme and Bank Counter</li> <li>• Several types of payment facilities</li> <li>• Active doing CSR</li> <li>• Active in awareness</li> </ul>	<ul style="list-style-type: none"> <li>• Decreased of employed labour</li> <li>• Increased of unemployment rate</li> <li>• Not standardised of law enforcement</li> <li>• Increased of CPI\</li> <li>• 3 different parties politic – interfere zakat management</li> </ul>	<ul style="list-style-type: none"> <li>✓ Sustain the good reputation, and provide a good service in several payment facilities in order to attract more payer although labour force percentage is not in good performance</li> <li>✓ Always active in</li> </ul>

<ul style="list-style-type: none"> <li>program</li> <li>Working system – SIZA, DR-DOK, 1Gps – Amp cat</li> </ul>		<p>awareness program, in order to get cooperation from other zakat centre to standardised the law enforcement and also to avoid from the interfering of politic parties in organisation.</p>
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### Mini-Maxi Strategy

Minimise Weakness	Maximise Opportunities	Strategies
<ul style="list-style-type: none"> <li>Collection of zakat on business, saving, and property is not very good</li> <li>Service for postal, credit card and cheque deposit machine is poor</li> <li>Less awareness program for zakat on business, saving and property</li> <li>Advertising is not encouraging</li> <li>Not strictly in law enforcement</li> </ul>	<ul style="list-style-type: none"> <li>Most of Bumiputera employed</li> <li>Increased the group in tertiary level</li> <li>Good economic growth and launched New Economic Model</li> <li>Politic stable</li> <li>Good facility in ICT, and ICT usage is increased</li> </ul>	<ul style="list-style-type: none"> <li>✓ They should improving the collection for this type of zakat by attract more payer through awareness program</li> <li>✓ Upgrade the service in postal, credit card and cheque deposit machine by taking advantage from ICT facilities that provided by government.</li> <li>✓ Should strict in law enforcement, since zakat law has established</li> </ul>

### Mini-Mini Strategies

Minimise weaknesses	Avoid threats	Strategies
<ul style="list-style-type: none"> <li>Collection of zakat on business, saving, and property is not very good</li> </ul>	<ul style="list-style-type: none"> <li>Decreased of employed labour</li> <li>Increased of unemployment rate</li> </ul>	<ul style="list-style-type: none"> <li>✓ PPZ should develop or transforms the new ways to improving the zakat especially in</li> </ul>

<ul style="list-style-type: none"> <li>• Service for postal, credit card and cheque deposit machine is poor</li> <li>• Less awareness program for zakat on business, saving and property</li> <li>• Advertising is not encouraging</li> <li>• Not strictly in law enforcement</li> </ul>	<ul style="list-style-type: none"> <li>• Not standardised of law enforcement</li> <li>• Increased of CPI\</li> <li>• 3 different parties politic – interfere zakat management</li> </ul>	<p>zakat on business.</p> <p>✓ They also must be strictly imposing the law even though this country not standardised the zakat law, that's because it will avoid the zakat management from interfering by parties politic.</p>
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### **Suggestion and Recommendation**

After the analysis, it showed that the performance PPZ-MAIWP in zakat collection has improved since its corporatisation. By the statistic of zakat collection, it has shown that the collection of zakat was still not in balance. People tend to pay zakat on income in order to get the benefit from tax deduction. The awareness of paying zakat in its true sense for Islam is still far from encouraging.

Another loophole of the system is the implementation of law pertaining to zakat. As what we are aware zakat is one of the pillars of Islam same like other obligations like solat and fasting. If we noticed in Malaysia if is found that any muslim who does not fast or eat in public during Ramadhan will be arrested and fined. However it is not in the case of any muslims who do not pay zakat, no legal implication will be imposed on them. The failure to perform this ibadah is not only effect to the one person, but it will give more impact to the whole society. In this case, we have to bear in mind, the concept of wealth in Islam emphasize more on the sharing of wealth among the people.

## CONCLUSION

As a conclusion, zakat is one of the important ibadah that all the Muslim must perform. If the Muslim failed to perform, it will affect the society especially to the asnaf group which is in need of zakat.

The organisation of the zakat also must play their role with accountability and integrity. Failure to implement this thing will influence the zakat collection performance. People will lose their trust with zakat organisation, and it will cause themr to pay the zakat directly to asnaf or do not pay at all.. If this happen, the distribution of zakat to asnaf will not balance. However, the effectiveness of zakat institution does not only depend on the internal factor but also by external factor such as economic condition, labour force condition, level of education and the development of ICT facility in this country.

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