

Zakat

AND
ITS POVERTY ALLEVIATION GOAL



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CONTENTS

<i>Preface</i>	<i>i</i>
SECTION ONE: INTRODUCTION	
Chapter 1: ISSUES ON <i>ZAKAT</i> AND ITS POVERTY ALLEVIATION GOAL <i>Naziruddin Abdullah & Mohd Mahyudi Mohd Yusop</i>	1
Chapter 2: FACTORS THAT MOTIVATE PAYMENTS OF <i>ZAKAT</i> ON INCOME AND INCOME TAX AMONG IUM STAFF <i>Muhammad Ibrahim Abdullahi, Mohd Mahyudi Mohd Yusop & Syezlin Hasan</i>	8
SECTION TWO: MANAGEMENT OF <i>ZAKAT</i> INSTITUTIONS	
Chapter 3: ASSESSMENT ON THE EFFICIENCY OF <i>ZAKAT</i> DISBURSEMENT IN MALAYSIAN <i>ZAKAT</i> INSTITUTIONS <i>Siti Normala Sheikh Obid, Sherliza Puat Nelson & Nazifah Mustapha</i>	30
Chapter 4: FINANCIAL CONTROL PRACTICES OF <i>ZAKAT</i> INSTITUTIONS IN MALAYSIA <i>Muhammad Akhyar Adnan & Bashir Abdisamad Hareed</i>	68
Chapter 5: PAKISTAN'S POVERTY- <i>ZAKAT</i> NEXUS: A MEASUREMENT USING <i>ZAKAT</i> EFFECTIVENESS INDEX <i>Naziruddin Abdullah, Mohd Mahyudi Mohd Yusop & Che Omar Hj. Awang</i>	86
SECTION THREE- FULFILLMENT OF <i>ZAKAT</i> POLICIES TO ALLEVIATE POVERTY	

Chapter 6: ZAKAT DISTRIBUTION IN THE ECONOMIC DEVELOPMENT PROGRAMME: A CASE STUDY OF SELANGOR <i>Husna Jamaludin, Nabila Ahmad, Sharifah Nabilah Syed Salleh & Naziruddin Abdullah</i>	103
Chapter 7: ZAKAT RECIPIENTS' SATISFACTION ON HOUSING PROGRAMME <i>Mohammad Abdul Mohit & Nurul Nazzyddah</i>	120
Chapter 8: ZAKAT AS A FINANCIAL CATALYST FOR MICRO AND SMALL BUSINESSES IN MALAYSIA <i>Zuhairah Ariff Abd Ghadas & Mohd Fahme Hasnor</i>	143
Chapter 9: ZAKAT AS A SOURCE FOR MICROFINANCING <i>Norma Md Saad & Jarita Duasa</i>	152
Chapter 10: ANALYSIS OF ZAKAT DISTRIBUTION IMPACT TOWARDS REDUCTION OF POVERTY AND INCOME INEQUALITY <i>Irfan Syauqi Beik & Tiara Tsani</i>	167
List of Contributors	184
Index	186

CHAPTER THREE

ASSESSMENT ON THE EFFICIENCY OF ZAKAT DISBURSEMENT IN MALAYSIAN ZAKAT INSTITUTIONS

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INTRODUCTION

Principally, *zakat* funds should be disbursed immediately to the beneficiaries; i.e. the eight categories of *asnaf* in order to avoid misuse and mismanagement of the funds. However, due to shortage of staff and experts in the *zakat* institutions, relative to the numerous tasks, this leads to inefficiency and ineffectiveness of *zakat* management as performed by the *zakat* institutions (Ahmad Hidayat, 1997; Wahairi, 2001). This scenario creates dissatisfaction among the society in terms of the *zakat* management and subsequently it jeopardises the reputation of the *zakat* institution in the country.

Realizing the weaknesses of the *zakat* management as performed by the individual state's *zakat* institutions, there are various initiatives taken by each institution in order to improve the *zakat* collection, disbursement and administration, respectively. One of the initiatives is corporatisation of *zakat* institution. Hence, past research findings suggested the following (i) the increase in the number of *zakat* personnel (Wahairi, 2001); (ii) the use of computerised system in *zakat* management (i.e. partial or comprehensive *zakat* disbursement system) (Mohamed Dahan, 1997; Ismail, 2001) and (iii) the number of *zakat* institutional branch (Ibrahim, 1981) have some influence in *zakat* management in the country.

The minimal number of literature on *zakat* disbursement, specifically measuring performance and efficiency, has created the need for such study. This is particularly true in measuring the efficiency of the *zakat* disbursement in Malaysia. The need for measuring *zakat* disbursement efficiency is more crucial as literature depicts that the *zakat* disbursement is inefficiently and ineffectively managed by the *zakat* institutions or *Baitulmal* (Wahairi, 2001; Zulkefly et al., 2002) and thus, result into their unimpressive performance. Prior studies fails to provide support in their findings statistically and empirically, on such low performance of *zakat* institutions. This limitation motivated the current study of the efficiency of the *zakat* disbursement as managed by the *zakat* institutions statistically.

***Zakat* disbursement management**