

Efficiency and productivity performance of zakat funds in Algeria

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Abstract

Purpose The purpose of this study is to examine the efficiency and productivity performance of zakat funds managed by Directorates of Religious Affairs and Endowments (DRAE) in Algeria.

Design/methodology/approach In this study, the authors employ data envelopment analysis and measure Malmquist Productivity Index for DRAE's input and output data spanning from 2003 to 2013.

Findings The authors find that total factor productivity has increased sharply for all zakat funds, mainly due to a technical rather than efficiency change. Further decomposition of the efficiency change into its pure technical and scale efficiency components suggests that the pure efficiency is a more important source of efficiency change than the scale efficiency component, meaning that 200 funds rely on technical aspects to gain efficiency.

Originality/value The findings of this study are expected to contribute considerably to the existing knowledge on the operating performance of zakat funds in Algeria.

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