

COMPETENCY OF ZAKAT INSTITUTION AND MINIMIZING EXCLUSION OF POTENTIAL ZAKAT BENEFICIARIES

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Abstract	<p><i>Zakat is the third pillar of Islam. It serves as an important instrument in ensuring equitable economic distribution and an improved standard of living for zakat recipients. However, despite its importance, zakat institutions entrusted to collect and distribute zakat have yet to register a commendable impact in materializing better public welfare and reducing poverty levels. This was evident by excluding potential zakat recipients due to organizational factors and refusing a section of the potential recipients to apply for zakat fund assistance. This led to zakat's objective being compromised and jeopardizing poverty alleviation programs; as such, it is crucial to identify the factors contributing to potential recipients' exclusion and refusal. Furthermore, zakat institutions' policies, guidelines, and processes in distributing and developing zakat should achieve an acceptable level of competency. This study examined the list of poor households from Malaysia's National Databank of Poverty(e-Kasih). It employed poverty and social exclusion theory on institutional exclusion as its main theoretical framework. Opinion based questionnaires using the Likert scale were used to analyze applicants of zakat fund assessment on the activities and processes of zakat institutions. The findings showed that institutional exclusion affects the individual eligible to apply for zakat but is left out because they did not know how to apply or did not want to apply for zakat. Therefore, it is vital to consider about the process of social exclusion since it becomes a drawback to social integration.</i></p> <p>Keywords: <i>Competency, ekasih, Zakat, Beneficiaries, Exclusion.</i></p>
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INTRODUCTION

Competency is essential in that it links the organization's human resource management and strategic policy to get better results and achieve organizational goals (Astuti & Themba,2020). Regarding zakat institution, competency involves collecting zakat funds and distributing zakat appropriately to those who are rightfully the beneficiaries. Economically and financially, zakat is the redistribution of income and wealth from trust and responsibility in carrying out zakat on behalf of the ummah, which emphasizes how important this job be done effectively (Mohd Noor & Abdul Rasool, 2011).

One of the objectives of zakat is *to redistribute income and wealth from those who are liable to pay zakat (muzzaki) to those who are entitled to receive zakat (asnaf) to improve the living condition of the poor.* Thus, it brought a fair distribution of that wealth and resources in a Muslim society (Yusof Qardhawi, 1999).

There is no denying that the continuous increase in zakat collection from year to year has shown good performance in zakat institutions (Zakat Report, 2010-2019). However, there are complaints made by the public that zakat fails to reach the targeted

group due to lack of publicity by the authority, lack of knowledge on the other part of the community or differences in opinions, ideology, and different schools of law (Azman, Mohammad & Syed Najib, 2012). In addition, the zakat institution is often blamed for not identifying the poor and needy Muslims. Besides, zakat distribution methods and the selection process of *asnaf* will be questioned as zakat payees are concerned about how the zakat is distributed.

The primary reason for this issue was the mismatch of information between zakat institutions and zakat recipients (Salleh, 2014). A study by Mohd Noor, Kaslam, Che Yaacob & Md Idris (2010) mentioned the ineffectiveness of identifying and selecting zakat recipients. Thus, the staff of zakat institutions is encouraged to do fieldwork to search for *asnaf* (Mohd Noor et al., 2010).

For example, Lembaga Zakat Selangor was the first Baitulmal to take the new courage by forming Poverty Track Squad or Skuad Jejak Kemiskinan (SJK) to search for the eligible *asnaf*, especially in an urban area. In 2011, 533 new applications were found in the Petaling Jaya district. This figure showed those eligible but excluded from the zakat fund that needs to be reached. The exclusion of these groups from the zakat fund compromised the role of zakat in poverty alleviation programs (Othman & Mohd Noor, 2012). The SJK report stated that most eligible *asnaf* did not know how to apply and where to apply for the fund. Unfortunately, for the other states, the obstacles to searching for the eligible *asnaf* are due to financial constraints and understaffing.

Bureaucracy is also disrupting the process of applying zakat. The poor must go to the office to ask for zakat assistance rather than a zakat officer. Ab Rahman, Alias & Syed Omar (2012) mentioned that students studying abroad are made to apply every year to MAIN with all documents to be submitted just as a new application to receive zakat. The study also pointed out that the applications took some time for approval in some cases.

A study by Salleh (2014) revealed an information gap between zakat institutions and zakat recipients, whereby the zakat institutions could not identify the exact number of *zakat* recipients every year. In the same study, Salleh also pointed out evidence of an inaccurate *asnaf* database. The database was not updated, and those *asnaf* that have successfully moved out of poverty are still on the list. The problem is the difficulty of getting information regarding the *asnaf*, especially deep in the interior.

POVERTY AND SOCIAL EXCLUSION

Poverty and social exclusion are frequently used synonymously. Social exclusion and poverty are considered the same phenomenon by Eurostat (2010). Others see poverty as one form of social exclusion, and others consider social exclusion as a possible consequence of living in poverty (Flotten, 2011). When analyzing poverty and exclusion, the actions and characteristics of individuals are often emphasized (Flotten & Lorentzen, 2008). Individuals become and remain poor because of specific individual characteristics.

Social exclusion need not relate solely to the process of being socially excluded (dynamic) but also denote the condition of being socially excluded (static) (Jehoel-Gijsbers & Vrooman, 2007). Social exclusion can relate to non-material characteristics (relation dimension) and material aspects (distributional dimension). They denote two main aspects of social exclusion 1) economic-structural exclusion and 2) social-cultural exclusion. Economic-structural exclusion is divided into the material (income and goods) and non-material (social rights).

Meanwhile, social-cultural exclusion is divided into social integration (social relations and network) and cultural integration (values and norms). Jehoel-Gijsbers and Vrooman (2007) stated that social exclusion is a multidimensional phenomenon that consists of social rights, deficient social participation, and lack of cultural/normative integration. Levitas et al. (2007) also agreed that social exclusion is complex and multidimensional. It involves the denial of resources, rights, goods and services and the inability to participate in the normal relationships and activities available to most people,

whether in economic, social, cultural, or political arenas. It affects both the quality of life of individuals and the equity and cohesion of society.

Piachaud (1997), Beall & Piron (2005), Atkinson (2000) and Farrington (2011) added another dimension that is institutional exclusion. Rules, policies, and processes characterize the dimension. Furthermore, Piachaud (1997) outlines the importance of welfare institutions' success in response to poverty and social exclusion.

A preliminary study on social exclusion in the context of non-recipients *asnaf* of zakat fund (NRAZF) is done by Othman, Mohd Noor & Salleh (2015). This study will imply institutional exclusion, including rules, policies, and zakat institution processes to identify, select, and distribute zakat to the rightful zakat beneficiaries. Institutional reflects the zakat institutions' competency, especially in zakat distribution.

FINDINGS AND ANALYSIS

The two categories of respondents in this research namely are 1) potential beneficiaries who are naive or ignorant of the availability of *zakat* funds and 2) potential beneficiaries who refuse to request or accept zakat funds for personal reasons (Hasan, Othman, Mohd Noor, & Mohd Rafien, 2015).

The focus of the research is to determine why they are marginalized or excluded from the zakat fund? They are eligible to receive zakat but ignore or refuse to apply zakat fund. The determinants of poverty and social exclusion, the principal institutional exclusion, will be the foundation for discussing the determinants of the exclusion of these potential beneficiaries. Table 1.1 showed that the higher number of respondents (19) (23.08%) were between 41 to 50 years old for the ignorance age category. The lowest percentage of respondents (1) (1.4%) is below 30 years. Of the 78 respondents, four of them refuse to apply for zakat. Their age range is between 31-40, 41-50 and 51-60. The majority are aged between 51 to 60 years old.

For the number of dependencies illustrated, most ignorance (51) 69.8% had 1-5 members, while (21) 28.7% had 6 to 10 dependencies in the range. In the refusal, the majority (3) 60% had 6-10 members, and the remaining (2) 40% had 1-5 members. Meanwhile, the higher number of ignorant are married (51), 69.8% and single mothers (17), with 23.2% the marital status. At the same time, all the refusal is married (5) 100%.

The higher ignorance had secondary (46.2%) and primary (35.9%) education. There are also 5.1% who had vocational training, and 12.8% had no formal education. 40% had no formal education for the refusal, 40% had secondary education, and 20% had vocational training. Most of the ignorance are unemployed (33) (45%), while those who refuse either are self-employed (40%), doing small businesses (40%) or others (20%).

In terms of total income, the highest group of ignorance had an income of RM500 and below (58.9%) and RM501-1000 (31.5%), RM 1001-1500 (8.21%), and RM1500 to RM1001 (1.37%). On the other hand, the refusal's income ranges from RM500 and below (40%), RM501-1000 (20%), and RM1001-1500(40%).

	REFUSAL	IGNORANCE
AGE		
20-30	0	1
31-40	1	13
41-50	1	18
51-60	3	17
61-70	0	9
71-80	0	11
81-90	0	4
DEPENDENCY		
1-5	2	51
6-10	3	21

11-15	0	1
STATUS		
married	5	51
divorce	0	2
single	0	3
single mother	0	17
EDUCATION		
No formal education	2	8
Primary school	0	28
Secondary school	2	34
Vocational Training	1	2
Short Course	0	1
Training	0	0
EMPLOYMENT		
Unemployed	0	33
Self-employed	2	11
Factory workers	0	4
Small Business	1	4
Temporary worker	0	10
Others	2	11
LEVEL OF INCOME		
RM0-500	2	43
RM501-1000	1	23
RM1001-1500	2	6
RM1501-2000	0	1

Table *Error! No text of specified style in document.*1: Respondent's Demographic

Table 1.2 shows that 83.33% of the respondents agreed that the zakat officer has never visited the potential zakat recipients nor provided information on zakat are the main reasons they refuse or are ignorant to apply for zakat. 60% agreed that they refuse to apply zakat because they have never visited them.

		Exclude		Total
		Refusal	Ignorance	
MAIM officer never visited nor provided information on zakat	Strongly disagree	2(33.3%)	4 (66.7%)	6(100%)
	Disagree	0 (0.0%)	4 (100.0%)	4(100%)
	Uncertain	0 (0.0%)	3 (100.0%)	3(100%)
	Agree	2 (10.5%)	17 (89.5%)	19(100%)
	Strongly agree	1 (2.1%)	45(97.8%)	46(100%)
TOTAL		5(6.4%)	73 (93.6%)	78(100%)

Table *Error! No text of specified style in document.*2: Cross Tab Between Excluded Potential Beneficiaries (Zakat Recipients) And MAIM Officer Has Never Visited nor Provided Information on Zakat

Table 1.3 shows that 65 respondents (83.33%) agreed that they understood the type of zakat to be applied. Although, 40% are categorized as refusing, 86% are ignorant.

		Refusal	Exclude Ignorance	Total
Understand with the type of zakat applied	Strongly disagree	2(40%)	3 (60%)	5 (100%)
	Disagree	1 (12.5%)	7 (87.5%)	8 (100%)
	Uncertain	0 (0.0%)	0 (0.0%)	0 (0.0%)
	Agree	1 (5.0%)	19 (95.0%)	20 (100%)
	Strongly agree	1 (2.12)	44(97.8%)	45(100%)
TOTAL		5(6.4%)	73 (93.6%)	78(100%)

Table **Error! No text of specified style in document.**.3: Cross Tab Between Exclude Potential Beneficiaries (Zakat Recipients) And Their Understanding of The Type of Zakat to Be Applied

Table 1.4 showed that 40% of the respondents disagreed that selecting zakat recipients is fair. It is the main reason why they refuse to apply to zakat. On the other hand, 49% of the ignorance agreed that selecting zakat recipients is fair. It reflects that they trust MAIM in selecting the zakat recipients. Thus, zakat will be given to the rightful recipients.

		Refusal	Exclude Ignorance	Total
Fair decision in selecting zakat recipient	Strongly disagree	2(33.3%)	4 (66.7%)	6 (100%)
	Disagree	0 (0.0%)	10 (100.0%)	10 (100%)
	Uncertain	1 (0.0%)	23 (0.0%)	24(100.0%)
	Agree	1 (11.1%)	8 (88.9%)	9 (100%)
	Strongly agree	1 (3.4%)	44(96.6%)	29(100%)
TOTAL		5(6.4%)	73 (93.6%)	78(100%)

Table **Error! No text of specified style in document.**.4: Cross Tab Between Exclude Potential Beneficiaries (Zakat Recipients) And Fair Decision in Selecting Zakat Recipients

Table 1.5 showed that 64% of the respondents agreed that zakat distribution effectively raises the living standard of zakat recipients. Forty-nine percent of the ignorant agreed that selecting zakat recipients is to apply for zakat. Thus, they want to apply for zakat. Unfortunately, they did not know how to apply for zakat. While they refused, most did not agree that zakat would effectively raise their living standard.

		Refusal	Exclude Ignorance	Total
Zakat distribution effectively raise the living standard of zakat recipients	Strongly disagree	2(66.7%)	1 (33.3%)	3(100%)
	Disagree	0 (0.0%)	1 (100.0%)	1(100%)
	Uncertain	1 (42.0%)	23 (95.8%)	24(100.0%)
	Agree	1 (14.3%)	6 (85.7%)	7(100%)
	Strongly agree	1 (3.4%)	42(96.6%)	43(100%)
TOTAL		5(6.4%)	73 (93.6%)	78(100%)

Table **Error! No text of specified style in document.**.5: Cross Tab Between Excluded Potential Beneficiaries (Zakat Recipients) And Zakat Distribution Effectively Raise the Living Standard of Zakat Recipients

Table 1.6 shows that most respondents (36%) are uncertain whether they feel a burden to get the zakat form from MAIM. Although some refuse to apply for zakat, they mostly disagree that they feel a burden to get it. The majority (53.4 percent) of those unaware of the zakat application felt no obligation to obtain the form from MAIM. To measure how the potential zakat recipients have been left out from the zakat, either they

did not know how to apply zakat or did not want to apply zakat, six questions for institutional exclusion were asked. The respondents need to answer 5 Likert type questions with five possible choices.

		Refusal	Exclude Ignorance	Total
Feel burden to get the form	Strongly disagree	3(18.8%)	13 (81.2%)	16(100%)
	Disagree	0 (0.0%)	26(100.0%)	26(100%)
	Uncertain	1 (3.6%)	27 (96.4%)	28(100.0%)
	Agree	0 (0.0%)	2(100.0%)	2(100%)
	Strongly agree	1 (16.7%)	5(83.3%)	6(100%)
TOTAL		5(6.4%)	73 (93.6%)	78(100%)

Table **Error! No text of specified style in document.**6: Cross Tab Between Exclude Potential Beneficiaries (Zakat Recipients) And Feeling Burden to Get the Zakat Form

Table 1.7 shows the mean for each question. For question one, whether MAIM has officer never visited nor provided information on zakat, mostly agreed (mean=4.22). On questions two (mean=2.74) and three (mean=2.44), the mean is nearly 3; it shows that most respondents are uncertain about the type of zakat that has been applied and the fairness in selecting zakat recipients. Next, mostly agreed (mean=4.10) that zakat distribution has effectively raised the living standard of zakat recipients. Third, the respondents agreed that they feel a burden to get the form (mean=3.58). Lastly, for question six, they mostly agreed (mean=4.28) that they did not know the requirement to apply for zakat.

	MAIM officers never visit nor provide information on zakat	Understand the type of zakat applied	A fair decision in selecting a zakat recipient	Zakat distribution effectively raises the living standard of zakat recipients	Feel burdened to get the form	I do not know the requirement to apply
N	78	77	78	78	78	78
Mean	4.22	2.74	2.44	4.10	3.58	4.28

Table **Error! No text of specified style in document.**7: Analysis of Institutional Exclusion

CONCLUSION

Social exclusion or marginalization is a social disadvantage and lack of society's commitment. The process of social exclusion leads individuals or whole communities of people to be systematically blocked from or denied full access to various rights, opportunities and resources which are generally available to members of a different group and which are fundamental to social integration within that group, such as housing, employment, healthcare, civic engagement, democratic participation, and process.

To date, there is already some research expressed on the role of zakat, especially in improving the quality of life and well-being of *zakat* recipients (*asnaf*), such as Abdulssalam, Johari and Alias, 2015; Abdullah, Derus and Al-Malkawi 2015; Ali, Abd Rashid, Johari, 2015; Nadzri, Abd Rahman and Omar, 2012). Rini (2020) also concluded that most of the research in many countries discussed poverty as one of the zakat's purposes to alleviate poverty. However, the study on the eligible *asnaf* that are voluntary or involuntary marginalized or excluded from the zakat fund is still lacking. A preliminary study on this category of *asnaf* was done by Othman, Mohd Noor & Salleh (2015) and Othman and Mohd Noor (2012).

This study seeks to provide a clear picture of the competency of zakat institutions in minimizing the exclusion of zakat beneficiaries. The exclusion of these groups from the zakat fund compromised the objective of zakat distribution and jeopardized poverty alleviation measures and development programs. Identification of the determinants contributes to further enhancement of institutional zakat management in zakat distribution and zakat collection. In the zakat institution context, the focus of this study is to analyze the ignorant or refusal of eligible zakat recipients towards zakat from the perspective of institutional exclusion.

From the findings, we can conclude that institutional exclusion affects the individual eligible to apply for zakat but is left out because they did not know how to apply or did not want to apply for zakat. Most of them are not specific on the type of zakat to apply and fair decision on their selection. They also do not know the essential requirement to apply zakat. Despite that, they did agree that zakat helped increase their living standard.

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