

EFFECTIVENESS OF ZAKAT COLLECTION AND DISTRIBUTION OF ZAKAT COUNTER AT HIGHER LEARNING INSTITUTIONS

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ABSTRACT

This paper attempt to analyse the effectiveness of zakat collection and distribution of zakat counter at higher learning institutions. Lembaga Zakat Selangor (LZS) has taken initiative to further localize its collection and distribution by appointing higher learning institution as collection and distribution agency on behalf of LZS. Although the zakat distribution might help asnaf including their tuition fees, accommodation and cost of living, students whom are under the categories of *fisabilillah* claimed that there were difficulties in the application of zakat fund due to the incomplete records or eligibility, communication gap among zakat institution, zakat payer and asnaf give a negative impact to the distribution process due to wide coverage of zakat administration. Using Zakat Effectiveness Index (ZEIN) our findings show ineffectiveness of zakat collection and distribution at counter in higher learning institutions. LZS should revised the *had kifayah* used in determining the basic needs of the asnaf. It is also necessary for LZS to revise the portion of distribution for zakat counter in higher learning institutions to remain effective.

Keywords: collection, distribution, zakat, effectiveness, *had kifayah*

INTRODUCTION

Zakat is one of the five pillars of Islamic faith. Qardhawi (2001) defines the term zakat literally as to increase and to grow. Further clarified by Azlina & Abdul Rahim (2011) defines zakat to three different terminologies linguistically, theologically and legally. Linguistically zakat is cleansing or purification of something from dirt or filth while theologically zakat means spiritual purification resulting from giving of zakat and in legal term zakat means transfer of ownership of specific property to specific individuals under specific conditions. Maududi (1988) viewed zakat as a purification of person's wealth by paying the right of Allah's servant from the wealth bestowed by him. Zakat is a growth or increase which has two effects from the side of the spiritual by pleasing Allah and obeys His order, and second by redistribution of income which will lead to greater enjoyment and in turn, will stimulate production and growth. A Muslim is obliged to spend as zakat on specified activities in specific ways at a specific time, as spelt out in the Quran and Sunnah.

The economic cycle that zakat plays is in ways by distribution of certain percentage of excess wealth from the rich Muslims if exceeds the minimum threshold (nisab) to be given to the poor Muslims. This multiplier effect is able to reduce the gap between the rich and the poor. Moreover, the zakat system promotes an equitable income and wealth distribution by eliminating the concentration of wealth among the few (Muhammad et.al, 2010). The Quran highlighted the importance of zakat contribution and distribution by clearly mentioned the eight categories whom are the poor, the needy, zakat administrators, new converts to Islam, slaves, debtors, fighters for the cause of Allah, and finally wayfarers (Surah At-Taubah: 60). Zakat system is practiced since the prophethood and is an ancient and is the most influential system of wealth-sharing. The system is proven to promote economic activity and assures a minimum standard of living for Muslims. Zakat is a symbol of Islamic economic justice that assurance of an equal and trustworthy distribution of wealth. Thus, a sustainable collection and distribution of zakat funds assist a productive economic and helps the recipients to be free them from poverty. In Malaysia, zakat system is administered by zakat institution which is a religious-based non-profit organization. The existence of this institution in every state in Malaysia is to assist the state government in collecting, allocating and managing zakat funds. Pointed out by Azman et al. (2012), a proper and efficient management of zakat system will certainly bring a wonderful impact on the socio-economic positions of the poor and needy among the ummah. Hence, the efficiency and effectiveness of zakat funds collection and distribution is crucial as it is the substance in Islamic economic which can be the mechanism in improving the lives of the poor and the needy. Hence, the efficiency and effectiveness of zakat funds collection and distribution is crucial as it is the substance in Islamic economic which can be the mechanism in improving the lives of the poor and the needy. In achieving the objective, performance of the zakat institution is important in assessing the ability to achieve organization's goals and objective.

The performance measurement is varying and can be measured by quality, duration and cost effectiveness (Abdul Halim et. al,2015). Performance measure also can be assessed from the process of benchmarking in which comparison is made to the best practices. The zakat system in the Islamic economy promotes an equitable income and wealth distribution by eliminating the concentration of wealth among the few (Muhammad et.al, 2010). Therefore, the emergence of zakat institutions is indeed crucial in one country to ensure the successfulness and suitable system has been applied to collect and allocate the zakat funds to the recipients. As highlighted by Norazlina and Abdul Rahim (2011), the zakat system aims at achieving several dimensions of economic balance such as aggregate consumption, savings and investment, aggregate supply of labor and capital, poverty eradication and economic growth. Therefore, the management efficiency of the zakat institution is crucial in fulfilling the obligations. In the context of zakat institution, the management efficiency refers to how well the institutions are using its resources for example the staff, the expenditure in meeting the objectives of socio-economic justice that is reducing poverty and enhancing social welfare of the rightful zakat recipients as well as demonstrating accountability to the zakat payers (Norazlina and Abdul Rahim,2011).

In Malaysia zakat institutions fall under the purview of the state authorities. In the early 1990's, the State Islamic Religious Councils (SIRCs) have undergone various phases of development especially the corporatization process which embarked a new phase of management and development. The corporatization objective is to make a way to a better management of zakat organizations. It is notably that after the corporatization, the collection of zakat had increased nearly tenfold. The increase in collection is also contributed by other strategies to motivate and encourage Muslims to pay zakat.

Malaysia is practicing the localization zakat management as each State has its own zakat management institutions. Zakat matters are further administered by dividing it into zakat administration, collection and distribution. Some of the zakat institutions have undergone a privatization or corporatization with the objective to increase its efficiency and effectiveness of the zakat management in collection and distribution. Lembaga Zakat Selangor (LZS) for example has corporatized its collection and distribution department and proven to increase its collection amounting to nearly 1/3 of total zakat collected in Malaysia (Abdul Halim et.al, 2015). However, as far as zakat distribution is concerned, despite the increase in collection, its distribution increase at a slower pace (Ismail and Masturah, 2014). Thus, in response to the issues, LZS has taken initiative to further localize its collection and distribution by appointing higher learning institution as collection and distribution agency on behalf of LZS. Moreover, the distribution of zakat in higher learning institution is given from certificate up to Doctorate level. The coverage of the fund is including tuition fees, accommodation and cost of living. However, students whom are under the categories of *fisabilillah* claimed that there were difficulties in the application of zakat fund due to the incomplete records or eligibility. The same result revealed in the same year of study by Abd Halim and Mohd Saladin (2011), where the study suggested the distribution method need to be improved along with the increase in collection as there was lacking in the education distribution process. Other than that, existed communication gap among zakat institution, zakat payer and asnaf give a negative impact to the distribution process due to wide coverage of zakat administration (Ahmad Fahme et.al, 2015). Other than that, there is limited, or certain percentage is eligible for IPT to make distribution to the asnaf in which the collection needs to be reimbursed to LZS at a portion of 50 percentage from the total collection. In view of these, the study aims to analyse the effectiveness of zakat collection and distribution of zakat counter at higher learning institutions as the importance role played in assisting LZS zakat distribution. The rest of the paper is organized as follows: Section 2 reviews selected studies on zakat, Basic Needs Deficiency Index (BNDI), Zakat Effectiveness Index (ZEIN) and zakat effectiveness and efficiency. Section 3 explains the data and methodology undertaken in this study. Section 4 discusses the result and findings, Section 5 concludes.

ZAKAT

Zakat is an integral economic instrument in the development of the country as it harmonizes the social security by reducing the gap between the higher income earners with lower income earner. Zakat also is one of the mechanisms to strengthen the economic independence of the Muslim community apart from sadaqah and waqf. Zakat also is a financial for country in addition to the tax funds. Moreover, the distribution of zakat funds could help the government to generate economic multiplier effect through an increase in individual's purchasing power and finally help to alleviate poverty. As to the fact, the administration of zakat has undergone many improvements in terms of standard of procedure, infrastructure, human resource development, delivery system and governance disclosure, yet are still issues that need to be tackled to ensure that the administration of zakat is moving on the right track, due to the matter that the fund is public fund.

Zakat is a business of trust therefore, it is not a matter of good system developed, if it could not cater the needs of the community especially the poor and needy, such system is considered as ineffective in delivering the fund and gaining the trust. Thus, in order to empower zakat institutions in Malaysia a number of issues need to be addressed. There is a need to enhance/strengthen the zakat management system to address the inefficiency issue especially in distribution aspect, approval for zakat, etc. The principle that should be practised is that

zakat collected should be disbursed as soon as possible. This was the practice of the Prophet (pbuh). To solve the issues problem, the zakat institutions can an up-to-date register of the asnafs or the rightful recipients must be developed, and the delivery system put in place and monitored, fast approval for zakat requirement.

Zakat is the third pillars in Islam hence, it is obligatory on every Muslim who has the financial means (nisab). Nisab is considered an amount equal to the essential needs of a person or family for 1 year. Basic needs refer include any or all of the following: food, clothing, housing, medical treatment, and transportation for oneself and one's dependents. In many modern societies, nisab is considered equivalent to a governmentally determined poverty threshold (ishaque & zulkarnain,2014).

Basic Needs Deficiency Index (BNDI)

Many scholars from various fields of studies had developed and discovered objective measurement or indexes to measure effectiveness (Kakwani,2000; Kakwani and Son 2001; Sen 1976). One of the indexes are the Basic Needs Deficiency Index (BNDI) developed by Naziruddin and Husam Al-din (2009) is significant because it allows comparison between basic need deficiency between countries, states, regions or various sub-groups of the population such as types of employment, sectors or ethnic groups. Comparisons is essential as it allows an overall assessment of a country's progress in poverty alleviation to be reflected against the level of its economic development depends on the condition and performance of the states. Moreover, a representative profile of the BNDI can help to reveal a number of aspects of basic needs-reduction policies and assisting in formulating a measure of deficiency and the impact on poverty to the government expenditure. It is worth to note that the BNDI is a computed index in identifying a single unequivocal number or value. The result can be as a measure to compare levels of poverty not only for a particular place and time, but also across subgroups in the population, over time, and under different policy settings. The index implies the Consumption-Based Measure rather than income due to volatility of the income especially those in informal sector like self-employed workers, or receive in-kind payments such as food or housing; in addition consumption is considered to be more accurate in representing long-term living standards and finally, household consumption has a standard consumption data application. Another variable measured in BNDI is the government spending to constitutes expenditures on poverty alleviation. Specifically, this portion of government spending may increase/improve both the level and distribution of consumption for the poor. The data is accessible and available, but also available from numerous internationally recognized case studies like Hasan (1997), Weiss (2005), and more recently Kipanga (2008), among others.

Zakat Effectiveness Index (ZEIN)

The formula of Zakat effectiveness index (ZEIN) is introduced by Naziruddin, Mahyudi and Che Omar (2012) which is a continuation to the BNDI (2009) introduced earlier. The ZEIN has zakat as one of the determinants can be used to measure the basic needs status of the population of a country. The fact to index the zakat effectiveness is due to the responsibilities or amanah that's brings along with zakat administration. The proposed index enables comparability on the effectiveness of zakat administration in bridging the households' expenditure on basic needs between countries, states, regions or various sub-groups of the population. It is essential as the comparisons are considered enables overall assessment of a country's progress in poverty alleviation reflected in zakat management. The ZEIN also can help to reveal rooms of improvements that may offer more refined basic needs-expansion

policies which can suit specific regions, sectors or ethnic groups. It is to be aimed that the index can provide an improved measure on the effectiveness, as well as the impact of zakat on household expenditure upon the zakat collector to extend it to zakat recipients.

Zakat Effectiveness and Efficiency

Almost a decade ago, Ahmed (2002) and Kahf (2004) studied the implementation of zakat in assisting the poor with micro financing. The blend of zakat with of micro financing provide an escape door for the poor to free them from poverty cycle. Another study by Monzer Khaf (2004) suggested the expansion of the zakat base by putting on the limitations of the zakat proceeds. Saiful Azhar Rosly, (2008) pointed out that, zakat role is able to curb poverty eradication and stabilize the income redistribution of the Muslim people which is a critical component of public finance in Islam. Basically, zakat administration in essence deals with the collection of zakat from zakat payers and distribution of zakat to the 8 recipients (Asnaf) and with the increasing number of shareholdings by Muslims in business corporations as well as companies has provided a strong basis for a systematic and efficient zakat system of collection and distribution. Rahman (2007) identify and examine factors contributed to the effective integration of zakat as one of the mainstreams in Islamic financial system proposed three components namely wealth, standardize zakat accounting practices and proper performance management in order to uplift the zakat administration and governance.

In 2015 Ahmed Fahme et.al attempts to examine the effectiveness of monthly zakat distribution as a mechanism to poverty reduction in the state of Kelantan examined using four major indices of poverty, which include the Headcount Index, Average Poverty Gap, Income Gap and Sen Index. The study found that, zakat distribution reduces poverty incidence, reduces the extent of poverty and lessens the severity of poverty. However, the result discovers the current zakat distribution in Kelantan only gives a small effect on increasing the income of the poor. Hence, by locating the perfect amount of zakat distribution to eliminate poverty and to offer alternative zakat distribution model is the best way in reducing the income inequality and maximization of social welfare.

The zakat distribution effectiveness in the perspective of Maqasid al-Syari'ah had also been investigate by Maheran (2014) specifically the element of religion, physical-self, knowledge, family and wealth on zakat (almsgiving) distribution effectiveness. The findings discover that all human needs in the perspective of Maqasid al-Syari'ah namely religion, knowledge, physical- self, family and wealth positively influence zakat distribution effectiveness. Hence, the study provides an insight to zakat institutions, policy makers and the public that the effectiveness of zakat distribution could not only be judged in terms of monetary value but also to other non-monetary values that include religion, physical life, knowledge, family and wealth.

Effectiveness is very much keen to the role of efficiency as the terms effective and efficient portray a good and best practices of administration and governance. In most of zakat administration studies, it is to be found that highlight is more given to effective distribution and efficient management. A most referred studies on zakat efficiency by Norazlina and Abdul Rahim (2011) had developed a conceptual model on efficiency and governance to supervise the collection and distribution of zakat institution in Malaysia. Employing the Data Envelopment Analysis (DEA) the study outlined governance factor and administrative / structural factors to be analyze against three efficiency which are the technical efficiency, pure technical efficiency and scale efficiency. A further study by Norazlina and Abdul Rahim (2013) using the Malmquist Productivity Index to estimate productivity and efficiency of zakat institutions in Malaysia and the Tobit model to determine the factors affecting efficiency of

zakat institutions in Malaysia. The study had discovered that during the period of 2003 to 2007 for a panel of fourteen zakat institutions in Malaysia Total Factor Productivity (TFP) of zakat institutions in Malaysia increased at an average rate of 2.4 per cent contributed by technical progress rather than efficiency components. Based on the Tobit regression suggest that zakat payment system, computerized zakat system, board size, audit committee and decentralization significantly affect the efficiency of zakat institutions in Malaysia.

Despite the institutionalized and corporatized of zakat institution there are stills issues with regards to the quality of services as the study by Raja Azrin et. al (2015) identify the medium of information utilized by the recipients to obtain information on zakat distribution is from the words of mouth. Furthermore, the result found that, time and service quality are factors that can increase the satisfaction of the asnaf thus increase the efficiency of zakat management in meeting the needs.

RESEARCH METHODOLOGY

Data and Variables

This study includes 5 higher institutions that practices zakat counter collection for the period of 2016 -2018. It includes Kolej Universiti Islam Antarabangsa Selangor (KUIS), Universiti Putra Malaysia (UPM), Universiti Teknologi Mara (UiTM), Universiti Kebangsaan Malaysia (UKM) and Universiti Islam Antarabangsa Malaysia (UIAM).

The data obtained from the Higher Learning Institution Annual Report and Lembaga Zakat Selangor Annual Report. The choice of sample as aforementioned due to data availability and reliability and for the sake of comparison and ranking.

In order to measure the effectiveness of zakat in Higher Learning Institution, this study implies the Basic Need Deficiency Index (BNDI). This index can be used to measure and rank poverty more directly where zakat is incorporated in the model. The zakat incorporated model was further improvised Abdullah et.al (2012) which named as ZEIN. The ZEIN is adapted from the BNDI as the BNDI is significant and it enables us to compare basic need deficiency between countries, states, regions or various sub-groups of the population thus for the ZEIN, comparison can be made among the zakat services provider, branches or agents appointed.

To construct the ZEIN for the periods 2016-2018, data that are related to several variables associated with poverty are gathered. They are:

1. **Population:** total number of zakat recipients for each Higher Learning Institutions. The BNDI uses population and total number of households whose incomes are below poverty line in a period. The poverty line may refer to the one used by the government or international entities like the World Bank or the UNDP in their definition of poor households.
2. **Total expenditure of the recipients on basic needs:** In this study, we refer to haddul kifayah rate to determine the basic need of each recipient who are jobless and 18 years and above. Haddul kifayah is the rate by Lembaga Zakat Selangor which quantify the amount of basic needs spend on food, clothing and health and personal care. The original BNDI applies total expenditure of the poor households on basic needs. The basic needs refer to an amount of money used by a poor household, which can be confined to Quintile 1 (Q1=the poorest/destitute) and Quintile 2 (Q2=second poor/the poor) to maintain a minimum livelihood of its members which include, among others, expenditures on food, shelter (rental), clothing, health care and education.
3. **Zakat distribution:** in this study, the amount of zakat distributed represent the variable for the spending in assisting the zakat recipients in Higher Learning Institutions. The

original BNDI represent it as government spending on poverty alleviation programs, i.e., the safety nets, and its sources. It is the source of fund used to alleviate the poverty; which in our case is the amount of zakat collected in turn distributed to the zakat recipients.

Assuming that all data mentioned above are at our disposal, the ZEIN can be computed, as shown below.

Mathematical Expositions of the ZEIN

This study adopted the pioneering work of Abdullah and Al-Makawi (2009) and further refined by Abdullah et al. (2012). Briefly, Zakat Effectiveness Index (ZEIN) that has zakat as one of the determinants can be used to measure the basic needs status of the population of a country. The reason for zakat being treated as one of the determinants is as follow: one, it is an amount of money that is made compulsory upon the zakat collector to extend it to zakat recipients as mentioned in the holy Quran (At-Tawbah: 34-35); and two, the amount itself is specifically cited in a hadith narrated by Ali ibn AbuTalib:

Al-Harith al-A'war reported from Ali. Zuhayr said: I think, the Prophet (peace be upon him) said: "Pay a fortieth. A dirham is payable on every forty, but you are not liable for payment until you have accumulated two hundred dirhams. When you have two hundred dirhams, five dirhams are payable, and that proportion is applicable to larger amounts (Abu Dawud: 1567).

Accordingly, we strongly believe that ZEIN is potentially useful for Muslim countries to design a comprehensive poverty alleviation plan to eliminate the deficiency, if any.

Furthermore ZEIN, is significant because it enables us to verify and subsequently compare how effective is the government spending (or any government-authorized institutions) in terms of zakat in bridging the households' expenditure on basic needs between countries, states, regions or various sub-groups of the population; for instance, types of employment, sectors or ethnic groups. Such comparisons are considered important mainly because an overall assessment of a country's progress in poverty alleviation reflects the level of its economic development. Moreover, a representative profile of ZEIN can help to reveal a variety of aspects that may offer more refined basic needs-expansion policies; like in specific regions, sectors or ethnic groups. To sum up, the index is formulated with the aim of being an improved measure on the effectiveness, as well as the impact of zakat on household expenditure.

ZEIN is derived on the following assumptions: one, that zakat is collected and disbursed by a designated or authorized government institution; two, that the zakat is disbursed to zakat recipients who fall into the eight asnaf (heads), as vividly enumerated in the holy Quran (At-Tawbah: 60); and three, the zakat is used to cover partially or wholly the zakat recipients' expenditure on the basic needs.

The mathematical derivation of the ZEIN is shown as follows:

First, the expenditures on basic needs (E_B) of the poorest population of a Muslim country, Quintile 1 ($Q1$ =the poorest/destitute) and Quintile 2 ($Q2$ =second poor/the poor), are mathematically expressed as:

$$E_B = \sum_{i=1}^m \sum_{j=1}^n E_{Bit} \dots\dots (1)$$

Where $i = (1, 2, \dots, m)$ are the basic need (**B**), which included food, clothing, shelter, medical and education; $j = (1, 2, \dots, n)$ are provinces or region in the country and t =time period.
 Second, Government spending on safety nets (**G**) is confined to zakat disbursement (**Z**) to the selected recipients can be computed as follows:

$$G_Z = \sum_{j=1}^n G_{jzt} \dots\dots (2)$$

Where $j = (1, 2, \dots, n)$ and t remained as in equation (1).

Third, the number of zakat recipients Z_R can be expressed as:

$$Z_R = \sum_{i=1}^n Z_{jRt} \dots\dots (3)$$

Where $j = (1, 2, \dots, n)$ and t remained as in equation (1).

Fourth, ZEIN is obtained by subtracting equation (2) from (1) and then dividing with equation (3) as shown below:

$$ZEIN = \frac{E_B}{Z_R} - \frac{G_Z}{Z_R} \dots\dots (4)$$

While the first term of the right side of equation (4) implies the average expenditure of the zakat recipients associated with Q1 on the basic needs, the second term implies the average government spending in the of zakat to respected recipients.
 Finally, the ZEIN is derive by dividing through equation (1) with the first term of the right side of the equation. Specifically:

$$ZEIN = \frac{E_B/Z_R}{E_B/Z_R} - \frac{G_Z/Z_R}{E_B/Z_R} \dots\dots (5)$$

A further refinement to equation (5) will give rise to equation (6), the final equation is:

$$ZEIN = 1 - \frac{G_Z}{E_B} \dots\dots (6)$$

The index measures the shortfall of the amount of government spending devoted to zakat as compared to the total consumption/expenditure on basic need that is required for people to have a decent minimum livelihood. *ZEIN* has 0 to 1 scale. The larger the index, shows the poorer performance while the smaller the index, vice versa. *ZEIN* can be explained using three different hypothetical cases below:

Case 1: If $G_Z = 0$ and $E_Z = 1$, then the *ZEIN* is 1, which implies that the basic needs deficiency has reach it maximum. This is the worst scenario.

Case 2: If $G_Z = 1$ and $E_Z = 1$, then the *ZEIN* is 0, which implies that there is no basic needs deficiency. This is the best scenario.

Case 3: If $G_Z = 0.5$ and $E_Z = 1$, then the *ZEIN* is 0.5, which implies that the basic needs deficiency exists but is tolerable.

It is to be noted that all the values used in these three cases, where it ranges from 0 to 1, are merely for description purposes; while the empirical use of the numbers and the rankings of ZEIN are further explained. Thus, the ZEIN can be conclude as within this scale: $0 \leq \text{ZEIN} \leq 1$.

DATA SAMPLE

Currently, LZS had appointed 14 IPT in Selangor to operate as IPT zakat counter which are Universiti Kebangsaan Malaysia (UKM),Universiti Putra Malaysia (UPM), Universiti Islam Antarabangsa Malaysia(UIAM), Universiti Teknologi Mara (UiTM), Universiti Tenaga Nasional (UNITEN), Universiti Tunku Abdul Rahman (UNITAR), Kolej Universiti Islam Antarabangsa Selangor (KUIS),Universiti Multimedia (MMU), Universiti Selangor (UNISEL), Universiti Infrastruktur Kuala Lumpur (IUKL),Multimedia Science Universiti (MSU), Universiti Islam Malaysia(UIM), Cyberjaya University College of Medical Science and Universiti Kuala Lumpur (UniKL). The IPT zakat counter will act on behalf of LZS to collect and distribute the zakat fund within the locality of the IPT and the decentralization will reduce the gap between zakat payers and zakat recipients. Added by Hairunnizam et.al (2012) it is the best to locate the zakat counter at IPT at mosque as a one stop center in collecting and distributing due to it accessibility. In fact, most of zakat IPT is located at the Institution's mosque as practiced by UKM, UPM, UiTM and UNITEN. However due to data availability, we only manage to collect data from five IPT only. It includes Kolej Universiti Islam Antarabangsa Selangor (KUIS), Universiti Putra Malaysia (UPM), Universiti Teknologi Mara (UiTM), Universiti Kebangsaan Malaysia (UKM) and Universiti Islam Antarabangsa Malaysia (UIAM).

The initial intention was to examine all the 14 IPT zakat counters. However, this proved not to be possible. The data needed to run the analysis was not publicly available. Some of the information was incomplete. Nevertheless, the complete data is only made available upon request for several times, there were only five zakat counters responded to the request of the data. Although the most recent accounting period is 2019, we focused only for collection and distribution for 2015 until 2018 only. These years of data disclosure that we possessed the greatest. However, in terms of disclosure only UPM and UiTM provided a readily complete available data on the web. The other zakat counters have only published several data and most of the disclose data is the collection and distribution. For example, the zakat counter of UKM only disclose the collection and distribution figure and incomplete information on numbers of zakat payers and zakat recipients. In some cases, where possible we attempted to extract, reconstruct, browsing the available data from other sources from the internet. We also do personally write a formal request letter from the LZS, however it ended unanswered. Nonetheless, we attempted to request data by calling and emailing the person in charge for the IPT zakat counters, however, the response was delayed and due to the time constraint, we have to satisfied with only five IPT zakat counters to run the effective analysis.

Based on the 5 IPT, the analysis was conducted using the ZEIN. From the ZEIN, if

- ZEIN is 1, which implies that the basic needs deficiency has reached its maximum. This is the worst scenario.
- ZEIN is 0, which implies that there is no deficiency in basic needs. This is the best scenario.
- ZEIN is 0.5, which implies that a basic needs deficiency exists but is tolerable.

The result on this chapters is describe based on each ZEIN result for each institution and further is reflected to the objectives of the research.

DATA ANALYSIS AND FINDINGS

Kolej Universiti Islam Antarabangsa Selangor (KUIS)

Kolej Universiti Islam Antarabangsa Selangor is a private higher learning institution and one of the appointed LZS as zakat collector and zakat distributor. From the table 1, in 2014 KUIS was yet to be appointed as IPT LZS agent in collecting and distributing the zakat to the asnaf. Based on the result generated from the ZEIN, the score shows that KUIS been scoring near to 1 which implies the basic needs deficiency is almost maximum. The lowest score was in 2017 with a score of 0.893 which showed an effective zakat management based on the ZEIN. The highest score in the next year at 0.985 show less effective of zakat administration. From the figure 1 it can be seen that the trend is fluctuating and KUIS is moving towards effective zakat management as it score near to 1 score.

Table 1: ZEIN table for KUIS

HLI	Year	ZEIN
KUIS	2015	0.981
KUIS	2016	0.985
KUIS	2017	0.893
KUIS	2018	0.953

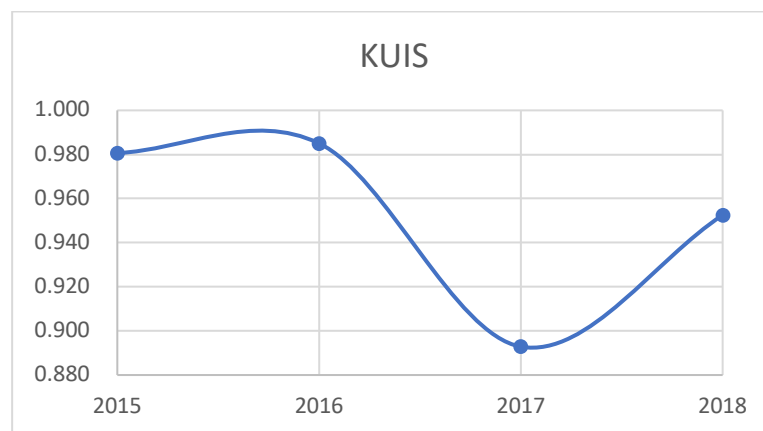


Figure 1: ZEIN graph index for KUIS

Universiti Putra Malaysia (UPM)

WAZAN or wakaf, zakat and endowment unit of Universiti Putra Malaysia has been existence since 1 October 2016. WAZAN's management is placed directly under the Office of the Vice Chancellor, UPM with a vision to become the center of excellence in international and internationally recognized wakaf, zakat and endowment management. This vision is supported by the clear mission of WAZAN, which is to provide the entire community with integrity and professionalism in the management of Waqf, Zakat and Endowment. The aim of the establishment of WAZAN is very important in strengthening the potential and ongoing momentum of all philanthropic-based funding activities, including management of wakaf, charity, endowment and infaq. The ZEIN for UPM was conducted from year 2015 until 2018. From the ZEIN result, the most ineffective year among the years was in 2018 which shows

ZEIN nearest to 1 while 2016 and 2017 indicate more or less the same index which is 0.974 and 0.973 (table 2). Moreover, from the figure 2 the trend showed a stagnant movement from 2015 to 2018.

Table 2: ZEIN table for UPM

HLI	Year	ZEIN
UPM	2015	0.977
UPM	2016	0.974
UPM	2017	0.973
UPM	2018	0.981

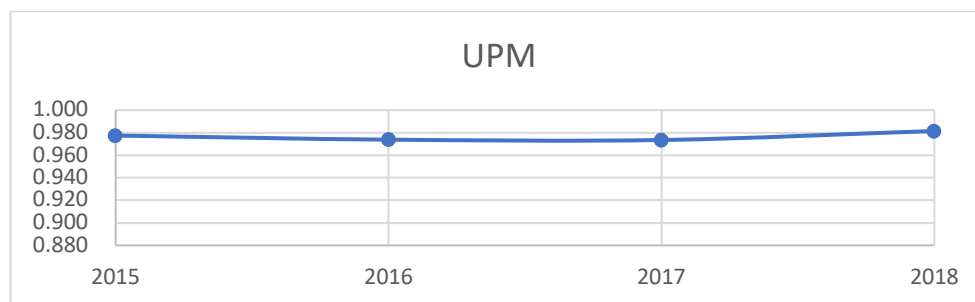


Figure 2: ZEIN graph index for UPM

Universiti Teknologi Mara (UiTM)

University Teknologi Mara is among the earliest higher learning institution established in Malaysia. For that reason, the zakat, wakaf and endowment fund of the university had been well developed in catering the needs of the asnaf. It is to be recorded that UiTM has its branches and alliances IPT all over Malaysia and can be considered as the largest public higher learning institution, however, the centre of zakat, wakaf and endowment is managed by the centre located in Shah Alam Selangor. The data collected is based on the total collection and distribution of the centre in Shah Alam. From the ZEIN findings, the data is only complete for 3 years from 2015 to 2017 and the result yield that the score is near to 1 with 2015 is the highest and 2017 is the lowest. From the score in Table 3 it showed that UiTM is improving in terms of effectiveness in delivering the basic needs to the asnaf. It is reflected from the ZEIN figure 3 which indicate a flat graph moving towards 0 score.

Table 3: ZEIN table for UiTM

HLI	Year	ZEIN
UiTM	2015	0.986
UiTM	2016	0.985
UiTM	2017	0.984

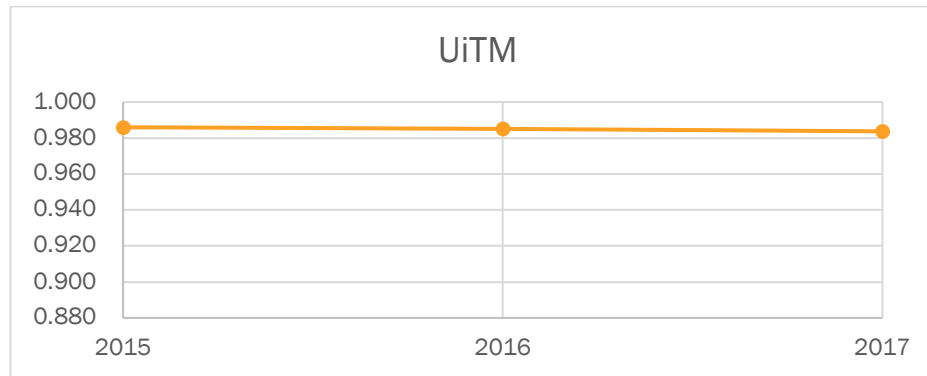


Figure 3: ZEIN graph index for UiTM

Universiti Kebangsaan Malaysia (UKM)

Universiti Kebangsaan Malaysia is the oldest and pioneering university in Malaysia as well as the centre of zakat collection and distribution. For many times, the zakat management centre of UKM had championing the effective and efficient zakat management recognized by LZS. Even more, the collection is among the highest between all the IPT zakat counters. However, the data to run the ZEIN score for UKM is only made available for 2016 and 2017 only. Nevertheless, the ZEIN score between the 2 years showed that the score is also nearing to 1 which can be explained as the worst scenario in delivering basic needs to the asnaf. The ZEIN score at table 4 also reflected the same slope as UPM and UiTM.

Table 4: ZEIN table for UKM

HLI	Year	ZEIN
UKM	2015	-
UKM	2016	0.954
UKM	2017	0.958

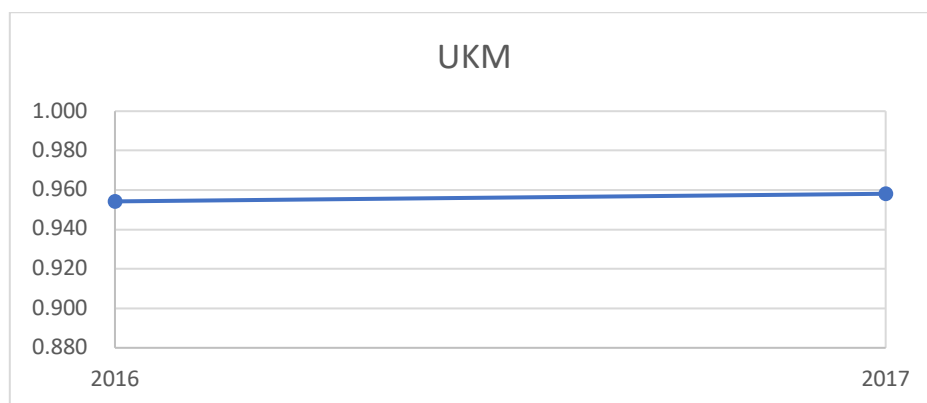


Figure 4: ZEIN graph index for UKM

Universiti Islam Antarabangsa Malaysia (UIAM)

Universiti Islam Antarabangsa Malaysia is the pioneer international university in Malaysia which international students around the world enrolled. The university is developed from the spirit of the OIC to educate and fostering the Islamic education system. From the ZEIN score

for UIAM it indicates that score is nearing to 1 which indicate a worst scenario or ineffective in providing the basic needs to the zakat recipients. As from the yield result the lowest score which signalling better score is for year 2017 with 0.954 score and the highest score which signalling worst scenario is for year 2015 with 0.984 score based on Table 5. Thus, from the ZEIN score in figure 5, it reflected a small fluctuated movement in 2017 as compared other IPT.

The result of the ZEIN score to be suit to the reseach objectives of this study is to measure the level of effectiveness in zakat management in the terms of collection and distribution against the basic needs of the asnaf. The score is to be generalize as if the score is near to 1 indicate ineffective and if the score is closer to 0 score indicate most effective. However, from the findings of the 5 IPT, it is to be found that most of the score for year 2015 until 2018 the score is closer to ZEIN score 1. It is to be noted that from the total collection of the counter, only 50% is given authorization to be disbursed among the asnaf within the locality. Another 50% need to be submit to LZS for the state general zakat distribution. From the result yield, it can be suggested that LZS should revised the had kifayah used in determining the basic needs of the asnaf.

Table 5: ZEIN table for UIAM

HLI	Year	ZEIN
UIAM	2015	0.984
UIAM	2016	0.977
UIAM	2017	0.954
UIAM	2018	0.968

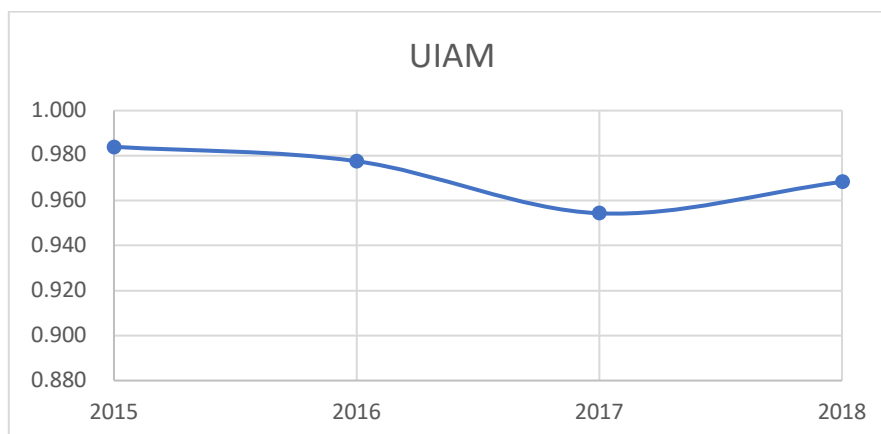


Figure 5: ZEIN graph index for UIAM

CONCLUSION

The purpose of the current study was to analyze the effectiveness of zakat collection and distribution counter in higher learning institution. By employing the relevant data, we estimated the effectiveness of zakat collection and distribution score using Zakat Effectiveness Index (ZEIN). Our findings showed that most of the score for year 2015 until 2018 is closer to 1. Our result showed ineffectiveness of zakat collection and distribution counter in higher learning institutions. It is to be noted that from the total collection of the counter, only 50% is given authorization to be disbursed among the asnaf within the locality. Another 50% need to be submit to LZS for the state general zakat distribution. From the result yield, it can be suggested

that LZS should revised the *had kifayah* used in determining the basic needs of the asnaf. It is also necessary for LZS to revise the portion of distribution for zakat counter in higher learning institutions. This might increase the effectiveness of zakat distribution in higher learning institutions. For future research, if more sample are included, it would increase the dataset hence the robustness of the results.

Zakat is an essential contribution to the development of the ummah and the country. It contributes to the economic well-being of the community by providing resources of consumption and the needs of spirituals to the givers. Thus, an effective management, collection and distribution are vitals in ensuring the rights of the asnaf is delivered. An issue to be pondered is the limit of kifayah or had kifayah which is the guidance in supervising the eligibility of the receivers. The calculation should reflect the needs and be flexible in determining the needs of the needy. The zakat administrators had improve far better on the administration and managing the resources, however there are more room for improvement especially in the had kifayah calculation and method of distribution.

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