Zakat administration reformation towards an effective and efficient zakat revenue generation

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Abstract

Purpose – This study aims to identify the inputs from zakat administrators and experts needed for more efficient and effective zakat revenue generation.

Design/methodology/approach – Face-to-face interviews with zakat executives, administrators and experts are conducted to collect data.

Findings – The findings show three components of input required in the zakat transformation: environment, resources and history. The environmental component comprises five sub-components: companies, banks, zakat recipients, individual zakat payers and the legislative, while the resource sub-components comprise tangible and intangible resources. For history, two components, namely, achievements and challenges, need to be taken into account by the zakat administration.

Research limitations/implications – This study’s main implication is that the components proposed in this study can serve as the basis for developing new strategies for improving zakat collection and distribution management to achieve a more efficient and effective level.

Practical implications – This study will be helpful for policymakers, especially zakat authorities, on how to enhance their administration.

Originality/value – The model developed in this study will help the zakat administration to reform and enhance zakat compliance and zakat revenue generation.

Keywords Islamic economics, Zakat institution, Reformation, Model, Compliance, Revenue generation

Paper type Research paper

1. Introduction

Lower zakat revenue generation and ineffective zakat distribution have affected the Muslim community and the country’s economy. Malaysia, the country given a special focus in this study, is an example of an Islamic country that had made a lot of effort to increase the collection and distribution of zakat but still showed a low level of achievement. For example, the percentage of the total zakat revenue collection is only 1% compared to the total tax revenue in Malaysia. The zakat report showed that the zakat collection for 2016 is only 3% of the government revenue (Department of Awqaf, Zakat and Hajj [JAWHAR], 2021a).

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The respective states administer zakat in Malaysia as part of the State Islamic Religious Council (SIRC) administration. Zakat law is governed by each state’s enactment or zakat law. Zakat collection and distribution are handled solely by SIRCs, which are responsible for all aspects of zakat management. Even though each state has its SIRC, they are all called “zakat institutions” in Malaysia. The goal of zakat is the same regardless of the method used to administer it in different countries.

Zakat administrations are currently considered ineffective because the actual amount of zakat collection and the actual amount of existing zakat payers are still far lower than the potential amount of the zakat collection and the potential number of zakat payers. Similarly, the surplus of zakat funds not distributed to eligible recipients has been debated among the public, academics and zakat institutions. This issue has become one of the significant problems as it keeps recurring each year. Zakat collection and distribution reports in Malaysia from 2018 to 2020 show that zakat distribution performance is ineffective (Department of Awqaf, Zakat and Hajj [JAWHAR], 2021a, 2021b). For 2018, the amount of zakat collection across the country is RM2.9bn. This number increased to RM3.3bn in 2019 but decreased to RM2.6bn in 2020. Of this amount, the number of funds distributed yields inconsistent with the amount collected. For example, in 2018, only RM2.8bn was allocated, leaving a sum of RM100m that was not distributed. The total amount of undistributed zakat funds increased significantly in 2019 when there was a surplus of funds of approximately RM300m. For the year 2020, a total of RM600m undistributed zakat funds.

In some ways, these facts show that the relationship or link between zakat administration reform, bringing in more money and giving out money effectively and efficiently is an important area of research that the government needs to pay close attention to. Previous research on zakat has focused on two main trends, and those studies have some gaps. Firstly, these studies focus more on how people pay zakat and how it is distributed. For example, Oktavendi and Mu’ammal (2022) looked at how Generation Z pays zakat, infaq and sadaqah through digital payments or zakat information systems. Other studies, like those by Abdul-Jabbar and Bin-Nashwan (2022), Sadallah and Abdul-Jabbar in 2022 and Siswantoro et al. in 2022, looked at how trust, psychology and tax rebates affect people and business owners’ decisions to pay zakat. Ashurov et al. (2022) and Younas et al. (2021) also suggest a new way to measure the operational efficiency of zakat institutions in terms of zakat collection, transparency and effective distribution, which will help zakat recipients have better lives. Secondly, the models used in earlier studies led to psychological models like the theory of planned behaviour that help us figure out how people act when it comes to zakat. This is clear when studies like Andam and Osman (2019), Asmalia and Kasri (2019), Bin-Nashwan et al. (2021), Salleh et al. (2021) and Kasri and Yuniar (2021) use psychological theories to try to figure out how people behave when it comes to paying zakat. Even though these theories might explain this behaviour, they should not be the only way to look at the role of zakat institutions in the bigger picture. Thirdly, most of the past studies have used quantitative methods, such as sending out questionnaires, to collect data. For example, Salleh et al. (2021) used a survey questionnaire to study how service quality, customer knowledge and Shariah compliance affect customer satisfaction towards paying zakat through credit cards. Similarly, Andam and Osman (2019) used questionnaires to determine what makes Muslim Filipinos more or less likely to give zakat on employment income.

Thus, this study fills the gap in the previous studies. Firstly, this study focuses on a new issue of income generation by zakat institutions in the future. This income generation is significant because it determines the sustainability of zakat institutions. Suppose the zakat institution can generate more funds, especially as a result of the payment of zakat by the zakat payer, the sustainability of the zakat fund can be continued, and more zakat recipients...
will receive the benefit and vice versa. While this issue is important, surprisingly, it has been neglected in previous studies. Secondly, this study uses a new model that is the congruence model. This popular model has been used extensively in the field of taxation, where its environment is not much different from zakat. This new model is found to be able to explain the transformation process that has been successfully implemented in the field of taxation. Therefore, the same result is also expected in the field of zakat. Finally, this study uses a case study approach in the data collection process, and this is a method that is often neglected in studies related to zakat. Therefore, the present study makes an effort to examine how efficient and effective zakat administration can be in generating higher zakat revenue and making sure of its effectiveness in zakat distribution in Malaysia.

2. Literature review
The issue of zakat administration reforms and revenue has become a concern among researchers for many years. It was discussed that there is a need for the zakat institution to reform its current administration to generate more revenue. This section presents relevant literature related to the study. Specifically, the section discusses the concept of revenue generation and an overview of zakat and distribution, after which a literature review on previous zakat and tax administration reform is presented.

2.1 Concept of revenue generation
Several definitions have been found in the literature on revenue generation. Most of them are located in the tax environment. The discussion in the context of zakat is still lacking. According to Enahoro and Olabisi (2012), revenue generation was defined as the ways the government raises funds to meet capital and recurrent expenditure. In the context of government, there are three primary sources for them to raise funds. The first is income from tax, the second is non-tax sources and the third is capital receipts. Tax sources comprise the government’s revenue from all variable components of tax in a country (Okafor, 2012; Egbunike et al., 2018; Martinez, 2019; Sharma, 2019; Kleven et al., 2020; Saez and Zucman, 2020; Clemens and Veuger, 2020).

Meanwhile, non-tax sources are cross-country aid or aid from one tier of government to another within a country. On the other hand, capital receipts include all the government’s revenue from investments in other countries or within the country. Among these three sources, income from tax is the most important because the level of government expenditure depends on the tax administration’s ability and efficiency to generate adequate revenue from taxation (Bird and Jantscher, 1992; Ahmad, 2018; Arif and Rawat, 2018; Wadesango et al., 2018; Prichard et al., 2019; Abogye and Hillbom, 2020; Sebele-Mpofu, 2020).

In the context of zakat, revenue generation can be defined as the processes or ways through which zakat institution raises its collection to distribute funds to the asnaf. There are two main sources by which zakat institutions can raise funds. These are from the zakat collection, and the other is from other income. Zakat sources comprise the zakat institution’s revenue from all the available components of zakat in a country. These include a variety of zakat categories, such as zakat on employment income, zakat on business wealth, zakat on gold and zakat on silver. On the other hand, other income sources include all the zakat institution’s revenue, such as investment and rental. According to the Quran, the gathered revenue will be distributed to the asnaf, which comprises eight groups: the destitute, the needy, the fund administrators, the sympathisers, those in bondage, those in debt, those in God’s cause and the wayfarer (At-Taubah, verses 60).

Zakat collection is one and the most vital sources of zakat institution revenue generation. One of the factors determining an institution’s capacity to generate adequate revenue to distribute to the asnaf is zakat administration efficiency and effectiveness. In the context of
tax, Bird (2015), Azubike (2009), Arif and Rawat (2018) and Sebele-Mpofu (2020) stated that efficient tax administration is the most vital instrument that can help the government to raise tax revenue. However, when tax administration performs below the expected level, such as inefficient and ineffective, it may be difficult for a country to benefit from the said advantages of a system unless reform is made. The same case is for zakat. Reform is needed if the zakat institution wants to increase its collection and distribution efficiency and effectiveness. Therefore, this study highlighted zakat collection and distribution as the most viable and significant zakat revenue activity source.

Moreover, the literature shows that due to the numerous advantages of the tax sources of government revenue, various countries across the globe embarked on tax administration reform to make their tax system more efficient and effective in generating more revenue. Thus, in the same vein, this study tries to adopt the same methodology used in the tax administration reform to see whether it suits the zakat environment or not.

2.2 Zakat as instrument of welfare economic
As Islam promotes socio-economic justice, sharing resources between the rich and the poor is emphasised through several means, including zakat (Zauro et al., 2020). Al-Latif Masyhur (2002) and Hudaafi et al. (2022) mentioned that zakat is special because of the gentleness of its collection. It was taken from the muzakki’s surplus property (out of necessity) and was not supposed to be a burden for them. Consequently, the zakat distribution function is important to consider all the good welfare shown to the mustahik (Saputro and Sidiq, 2020). For instance, zakat productive helps the mustahik become an entrepreneur, which is a proactive effort to pull the mustahik out of poverty and become those who contribute to the country’s economic development. Table 1 lists the types of activities or aid provided by zakat institutions for the welfare of eight kinds of mustahik.

Zakat institutions have been mandated to look after the community’s welfare through appropriate zakat collection and distribution. Therefore, the zakat institution’s task is to earn the trust of muzakki to continue paying zakat to them to improve their collection. Thus, more significant funds can be distributed (Annuar et al., 2019). In a broader sense, it is of the utmost importance to work on making zakat institutions more open and accountable as part of a campaign to convince the public (Sawandi et al., 2020; Annuar et al., 2019). There are a lot of worries about how badly zakat institutions are run and how well they reach their goals, which affects how much trust muzakki has in zakat institutions (Annuar et al., 2019; Sawandi et al., 2019). In a survey by Wahid et al. (2009), most respondents (36.7%) said they were unhappy with how the zakat institution works. Among the reason given was the zakat distribution is unclear, followed by incomplete distribution information as a whole (32%), zakat distribution is not complete by the type of mustahik (19.7%), the total amount of money distributed is not enough (6.4%) and then other problems (5%).

Sawandi et al. (2020) argue that muzakki are stakeholders in the zakat system, so their well-being should be a top priority. As shown in Table 1, the zakat institutions have undertaken various zakat distribution activities and considered the eight types of mustahik. However, zakat institutions must take proactive measures if there is still discontent among community members. Salleh et al. (2021) found that the satisfaction of zakat payers is highly dependent on factors such as service quality, customer knowledge and Shariah compliance. Wahid et al. (2009) found that it is likely that the muzakki are less exposed to how their zakat funds are distributed. Thus, this will contribute to their dissatisfaction with the zakat institution.

Steps should have been taken to spread information about the zakat distribution activities to inform the community about them (Annuar et al., 2019). Also, institutions that
<table>
<thead>
<tr>
<th>Type of Mustahik</th>
<th>Activity and aid</th>
<th>Type of Mustahik</th>
<th>Activity and aid</th>
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</thead>
<tbody>
<tr>
<td>Poor</td>
<td>• Eid token</td>
<td>• Construction of individual houses</td>
<td>• Mustahik project</td>
</tr>
<tr>
<td></td>
<td>• Management of nursing homes</td>
<td>• House rental support</td>
<td>• The monthly food aid</td>
</tr>
<tr>
<td></td>
<td>• Construction of clustered houses</td>
<td>• Emergency/petty cash assistance</td>
<td>• Courses/training</td>
</tr>
<tr>
<td></td>
<td>• Medical assistance</td>
<td>• Monthly financial assistance</td>
<td>• School fees aid – primary and secondary schools</td>
</tr>
<tr>
<td></td>
<td>• Funeral management</td>
<td>• Install plumbing and wiring houses</td>
<td>• Educational needs support</td>
</tr>
<tr>
<td></td>
<td>• House repair</td>
<td>• Trust fund for needy (group capital)</td>
<td>• Support for agriculture investment</td>
</tr>
<tr>
<td>Needy</td>
<td>• Eid token</td>
<td>• Emergency/petty cash assistance</td>
<td>• The monthly food aid</td>
</tr>
<tr>
<td></td>
<td>• Construction of clustered houses</td>
<td>• Monthly financial assistance</td>
<td>• Courses/training</td>
</tr>
<tr>
<td></td>
<td>• Eid token for needy orphans</td>
<td>• Takaful contribution</td>
<td>• School fees aid – primary and secondary schools</td>
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<td></td>
<td>• Sewing workshop management</td>
<td>• Funeral management</td>
<td>• Educational needs support</td>
</tr>
<tr>
<td></td>
<td>• Medical assistance</td>
<td>• Install plumbing and wiring houses</td>
<td>• Scholarship</td>
</tr>
<tr>
<td></td>
<td>• Construction of individual houses</td>
<td>• Business capital support</td>
<td>• Support for agricultural investment</td>
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<td></td>
<td>• House repair</td>
<td>• Support for the fisheries capital</td>
<td>• Support for the fisheries capital</td>
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<tr>
<td></td>
<td>• House rental support</td>
<td>• Support for farming capital</td>
<td>• Support for agriculture investment</td>
</tr>
<tr>
<td>Amil</td>
<td>• Amil of zakat institution</td>
<td>• Amil of zakat fitr</td>
<td>• Amil institution management</td>
</tr>
<tr>
<td>Mualaf (Convert)</td>
<td>• Eid token</td>
<td>• Circumcision aid</td>
<td>• Missionary unit staffs allowance</td>
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<tr>
<td></td>
<td>• Construction of clustered houses</td>
<td>• Wedding aid</td>
<td>• Capital assistance</td>
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<tr>
<td></td>
<td>• Printing and publishing</td>
<td>• Construction of individual houses</td>
<td>• Courses/Training</td>
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<td></td>
<td>• Talk program</td>
<td>• House repair</td>
<td>• Academic trip</td>
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<td></td>
<td>• Contribution to body/association of mualaf</td>
<td>• House repair</td>
<td>• Allowance for basic religious classes</td>
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<td></td>
<td></td>
<td>• House rental support</td>
<td>• Allowance for basic religious classroom teachers</td>
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<td></td>
<td></td>
<td>• Funeral management</td>
<td>• Support for education</td>
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<td></td>
<td></td>
<td>• Monthly financial assistance</td>
<td>• Sponsorship</td>
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<td></td>
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<td>• Token of encouragement</td>
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</tr>
</tbody>
</table>

Table 1. Type of activities and aid given to Mustahik (continued)
give out zakat should regularly improve their facilities. Every state should extensively use innovative and creative technologies to assist zakat organisations in providing information as promptly and correctly as possible to preserve the welfare of muzakki (Wahab and Borhan, 2014; Zainal et al., 2016; Salleh et al. (2021). Muzakki’s satisfaction is crucial in increasing the zakat collection each year and so boosting the mustahik’s well-being.

2.3.1 Congruence model. The model was first introduced by Nadler and Tushman (1980). Initially, the model was created specifically for organisational behaviour by focusing on public sector organisations. According to Nadler and Tushman (1980), this model can determine three things related to an organisation, namely, determining whether an

<table>
<thead>
<tr>
<th>Type of Mustahik</th>
<th>Activity and aid</th>
</tr>
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<tbody>
<tr>
<td>Emergency/ petty cash assistance</td>
<td>Missionary unit management aid</td>
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<tr>
<td>Faith restoration assistance</td>
<td>Akhlaq reformation assistance</td>
</tr>
<tr>
<td>Loans for life necessities</td>
<td>Debt for community benefit</td>
</tr>
<tr>
<td>Medical debt</td>
<td>Funeral management (without heirs)</td>
</tr>
<tr>
<td>Loans for life necessities</td>
<td>Debt due to treatment or dialysis machine donation</td>
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<tr>
<td>Loans for life necessities</td>
<td>螺旋/ mosque equipment support</td>
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<tr>
<td>Loans for life necessities</td>
<td>Support for school needs</td>
</tr>
<tr>
<td>Loans for life necessities</td>
<td>Higher education institutions</td>
</tr>
<tr>
<td>Loans for life necessities</td>
<td>The construction/refurbishment of the mosque/school</td>
</tr>
<tr>
<td>Loans for life necessities</td>
<td>Sponsorship for huffaz, excellent students, SMART students, whether studying local or abroad</td>
</tr>
<tr>
<td>Loans for life necessities</td>
<td>Support for education</td>
</tr>
<tr>
<td>Loans for life necessities</td>
<td>Construction/refurbishment of local religious institutions</td>
</tr>
<tr>
<td>Allowance for religious teacher/speaker</td>
<td>Allowance for KAFA teachers</td>
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<tr>
<td>Forum program/ religious talk</td>
<td>Monthly allowance for mosque officials</td>
</tr>
<tr>
<td>Assistance to Muslim associations/ bodies</td>
<td>Remuneration for assistant registrar of marriage</td>
</tr>
<tr>
<td>Course for mosque officials</td>
<td>Token for enforcement counsellor</td>
</tr>
<tr>
<td>Support for research/ publishing</td>
<td>Token for volunteer counsellors</td>
</tr>
<tr>
<td>Good values integration Program</td>
<td>Emergency assistance, flood, storm, fire aid</td>
</tr>
<tr>
<td>Good values integration Program</td>
<td>Construction/ reformation of abroad religious institutions</td>
</tr>
<tr>
<td>Good values integration Program</td>
<td>Outreach program</td>
</tr>
<tr>
<td>Support for wayfarer</td>
<td>Two-ways ticket support</td>
</tr>
<tr>
<td>Support for wayfarer</td>
<td>Support for students studying abroad</td>
</tr>
</tbody>
</table>

Source: Abdul Hamid (2012) and Department of Awqaf, Zakat and Hajj [JAWHAR] (2021a)
 organisation’s performance is at its best or not; ascertaining what can be changed to improve an organisation’s performance; and modifying the corporate structure and common organisational culture. This model is a tool that can guide the problem in a team or organisation and then come up with a solution to the problem. It tells organisations about the main causes or drivers of performance and the relationship between them (Nadler and Tushman, 1980).

The model was modified and adapted by Gill (2003) to be applied in the transformation of tax administration. According to Gill (2000), the performance of revenue management agencies (such as tax administration) in many countries depends on input, process and output (see Figure 1). He further stated that the inefficient tax collection process was the main cause of low tax collection. This argument has been supported by several other authors, such as Bird (2004) and Manasan (2003). The same case also occurs in the zakat environment, where Saad and Al Foori (2020) found that the problem of inefficiency of zakat management is because of low zakat collection. This low collection is due to the reluctance of zakat payers to pay zakat to zakat institutions. Thus, this model will be used in the zakat environment because it is a tool that can guide a zakat institution to identify problems and then develop solutions to that problems.

Generally, a budget deficit will occur if the tax revenue is insufficient to cover government spending. Fortunately, this deficit will cause the government to finance it with loans or financial connections, leading to rising public debt and inflation rates. This creates a bad environment for governments to efficiently and effectively implement and develop programs and policies (Martinez-Vazquez and Alm, 2003). Consequently, the rise and fall in unexpected revenue collection have led to budget cuts and a severe crisis in public spending management (Thrisk, 1977). This indicates the need for tax administration to generate sufficient income for the government to fulfil its mandate.

In the context of zakat, its primary goal is to achieve social and economic equality. In terms of zakat’s economic implications, the goal is to positively impact a variety of variables, such as total consumption, savings and investment, total labour and capital supply, poverty eradication and overall economic development. This means that a high zakat collection will help the zakat institution achieve its goals, and vice versa if it is low. The amount of zakat collected in Malaysia is currently at a low level. As a result, more significant efforts should be made to increase this collection and ensure the zakat fund’s sustainability.

Figure 1. Congruence model
Source: Gill (2003)
Figure 1 shows this model has three main elements: input, transformation process and output. Input is necessary to run a tax administration operation effectively and efficiently. Gill (2003) explains that for tax administration to generate sufficient income and ensure compliance, there must be three inputs: environment, resources and history.

The environment includes various external stakeholders, circumstances and forces affecting tax administration (Gill, 2003). The agency's success or failure in managing the country's income depends mainly on how the tax administration handles the environmental issues that stakeholders wisely offer. Gill (2003) says that the final solution to the low efficiency and effectiveness problems that most income-generating agencies face is to think strategically outside the boundaries of tax administration without ignoring other stakeholders. So, figuring out how important each environmental factor is improves the efficiency and effectiveness of revenue management, which in turn increases revenue generation.

Next, the second factor is the resources that each tax administration needs to ensure it can function effectively. According to Gill (2000), these sources can be divided into two, namely, tangible and non-tangible sources. Gill (2000) further states in each resource category, and there are three issues to consider:

1) the aggregate level or the number of resources available;
2) the quality of available resources; and
3) the strength and flexibility of tax administrators to the use of available resources.

The last factor is history, which should be part of the input required for tax implementation. This is because there is an expectation among taxpayers that, historically, they will be spared any punishment even if they run away from paying taxes. This can lead to the failure of the tax administration. In addition, court decisions may make it difficult for administrators to manage tax law effectively.

Three inputs, namely, the environment, resources and history, are critical for the zakat administration to generate sufficient funds. Zakat administration should pay attention to external stakeholders and the circumstances and powers that influence zakat administration. To that end, the zakat administration should be more strategic and think beyond existing boundaries to solve the problem of efficiency and effectiveness while not neglecting existing stakeholders. As a result of assessing the significance of each environmental factor, revenue management will become more efficient and effective, resulting in increased revenue generation.

Following that, the administration of zakat must consider resource input, as it is required by every institution to ensure that it can function effectively. Without tangible and intangible resources, zakat institutions are perceived as unable to carry out their responsibilities effectively, and the zakat objectives are not met. The final factor is history, which should be included in the input required for zakat implementation. This is due to the historical expectation among zakat payers that they will escape any punishment even if they avoid paying zakat. This can result in the zakat administration failing to function correctly. Furthermore, the lack of enforcement of zakat laws may make it difficult for administrators to manage zakat effectively.

The second part of the congruent model is the process of change. The tax office changes the available inputs into outputs (Gill, 2000). For this step to work, the tasks, employees and formal and informal settings must all fit together. Duties are an organisation's precise actions and activities to accomplish its goals. The employees' knowledge, expertise and skills will determine how well they achieve these jobs. An informal context is characterised by customs and practices that are not governed by official rules or regulations. On the other hand, formal settings relate to a framework for tax administration that includes rules, functions and structures (Gill, 2003).
The last component of this model is output. According to Gill (2000), tax administration produces certain organisational, unit and individual outputs. Gill (2000) further states that the outputs from the inputs and processes of transformation for a revenue management organisation are tax collected, tax declaration processed, arrears collected and orders that maximise tax liability and penalties. Individual output means employees’ contribution towards achieving their organisational goals over time. Gill (2000) argues that tax administration should apply the core principles of a function-based organisation where employee work is organised according to a logical grouping of core functions that incorporate various taxation and responsible tax administration types. Whereas for unit output, it is the contribution of personnel that generally defines the overall achievement of a revenue administration over a given period (Gill, 2000). Furthermore, Gill (2003) argues that congressional models can be considered comprehensive and offered to diagnose the causes of tax revenue weaknesses and strengths.

2.4 Tax and zakat administration

Even though they are different in some ways, tax and zakat administration are similar in that they both use procedures to guide management and give operational leadership to entities (Mansor et al., 2019). Furthermore, by assisting those who are less fortunate or in need, the tax and zakat administration reduces social disparities and resolves societal issues (such as natural disasters induced by climate change) (Saad and Al Foori, 2020). Effective tax administration helps reduce social inequality because the government helps people with social and financial problems by giving them social security benefits from the public fund (Mansor et al., 2019). The government helps people temporarily have trouble because of natural disasters and economic, social or political changes (Pahala, 2016).

Secondly, a sound administration system facilitates the administration and monitoring of tax and zakat that enable the flow of funds in society, which affects the economic process (Mansor et al., 2019). The tax administration places considerable emphasis on supporting socio-economic actions, demographic trends and the direction of operations done by public authorities to reconcile public interest (Saad and Al Foori, 2020). An effective tax administration differentiates income tax rates and economic incentives to expand government leverage and promote specific regional economic sectors or industries. A comprehensive tax and zakat administration contributes to the intensification of fund collection for both parties to strengthen specific economic sectors, which might result in job creation and unemployment reduction (Moșteanu, 2018).

From these two concepts, both tax and zakat administration focus on compliance and operational procedures to ensure that funds are collected appropriately and lawfully and can be monitored, managed and supervised to ensure proper distribution to the appropriate parties. The paper argues that there are possibilities and potential for the congruence model to be referred to or applied in the context of zakat funds administration. Following the tax administration’s pursuit of the congruence model, due diligence has been exercised on procedural matters to ensure compliance, including the environment, resources and history. Thus, the paper focuses on zakat administration by using the congruence model to investigate procedural issues aimed at streamlining management and increasing the zakat fund. The congruence model is closely scrutinised as a complement model for zakat administration in terms of delineating zakat administration procedures in Malaysia.

2.5 Zakat management in Muslim countries

Muslim developing countries have tended to treat zakat as a minor component of their fiscal systems rather than one of the main components. Zakat is a mandatory tax imposed by statute in six countries: Yemen, Saudi Arabia, Libya, Sudan, Malaysia and Pakistan. In Yemen, for example, zakat was introduced in the early days of Islam, and the government...
was responsible for collecting, distributing and managing it. Besides that, there are those countries where zakat is optional, such as Indonesia, Bahrain, Kuwait, Qatar, Oman, the United Arab Emirates, Lebanon, Iran and Jordan (Powell, 2009).

Malaysia, for example, has a solid commitment to zakat management, which is strictly governed by law. Zakat administration is overseen by SIRCs, which are present in all 14 of Malaysia’s provinces. Each state has the authority to enact zakat legislation and administer it appropriately. It has been argued that the appropriateness of managing zakat is crucial in alleviating Muslim poverty difficulties (Sawandi and Abdul Aziz, 2021). Hence, commitment and effort, particularly from those directly managing the zakat funds, are considered vital in improving the management of zakat over time. Malaysian zakat institutions have taken various zakat collection and distribution innovations to increase the efficiency and effectiveness of zakat management (Saad et al., 2017). Meanwhile, evidence indicates that the corporatisation of the zakat institutions in Malaysia has been viewed positively by stakeholders as their perceived that the zakat institution’s management performance has improved in terms of collection, disbursement and reporting (Nahar, 2018). In line with these findings, it is observed that Malaysian experience with managing zakat advanced technically in both distribution and collection (Migdad, 2019).

In Indonesia, zakat management involves a collaboration between the government and private amil zakat institutions. Under this collaboration, the government acts as a regulator and executor starting from the collection, distribution and empowerment of zakat with the assistance of private amil zakat institutions (Mutamimah et al., 2021). Meanwhile, the management of the zakat fund in Brunei is governed by the Islamic Religious Council of Brunei Darussalam. The responsibility to manage the zakat fund is assigned to the Division of Zakat Collection and Disbursement (Hassama et al., 2019). On the other hand, Zakat Affair is administered by the Department of Zakat and Income Tax (DZIT), the only official body in Saudi Arabia responsible for administering zakat affairs. Those conducting business in Saudi Arabia are subject to zakat, including citizens and companies from the Gulf Cooperation Council.

3. Methodology
In short, this study is qualitative. Therefore, emphasising the research problem, it assumes that philosophical assumptions align with the paradigm of interpretivism. The worldview about the ontological stances is related to the nature of social reality that is analysed based on the understanding of the performance of the zakat institution’s administration by using a case study methodology.

3.1 Data collection methods
Generally, the method of collecting data for a study depends on the purpose of the study. Previous researchers have used various approaches, including qualitative, quantitative or a combination of the two methods. This study collected data from zakat executives, zakat administrators and zakat experts. A semi-structured interview method was used in collecting data required to address the study’s aims. This study will not only be considered qualitative but may also be seen among various qualitative decisions. It goes beyond what is seen as qualitative research because it can be undertaken as a mix of qualitative and quantitative evidence (Creswell et al., 2004; Yin, 2009). According to Gerring (2007), case studies do not limit researchers to qualitative techniques only. Multiple data are acceptable and can be used in various strategies, such as case studies (Yin, 2009).

Qualitative researchers study events and individuals in natural conditions and seek to understand specific phenomena by looking at the individuals’ implications that lead to them
Denzin and Lincoln, 1998). Procedural data collection and analysis procedures provide in-depth contextual information to understand an organisation's procedures and characteristics. Therefore, this study used face-to-face interviews and document reviews. The face-to-face interview allowed the researcher to interact with the respondents, who provided the researcher with direct information in constructing the social reality of a phenomenon. The use of a documentary review is to support the findings from the series of interviews.

3.2 Face-to-face interview
This study used a face-to-face, semi-structured interview method with the zakat administration to enable researchers to answer research questions. In general, a face-to-face interview is a method of obtaining information directly from respondents that is not available from the document's source. For example, obtaining information on zakat payers' confidence in a zakat institution can only be better determined through the interview method.

The question of how many respondents should be involved in the interview session has often been debated among previous researchers. Some studies suggest different sample sizes according to the study method and question. For example, Babbie (2010) and Denzin (2012) offer one sample size is sufficient for one case study. Guest et al. (2006) propose the minimum number of respondents required in the case study was 6 and the maximum was 12.

In addition, Creswell and Miller (2000) state that for researchers to fully understand the phenomenon under investigation, the minimum number of samples is suggested as six, and the maximum number of respondents must be seven. On the contrary, Curry et al. (2009) state that for a study aimed at implementing a policy, the number of respondents in the case study should be around 20 to 30. Such studies need to select respondents with specific knowledge or experience of the phenomenon under investigation. Finally, Warren (2002) believes in any case study, 20 to 40 respondents were on the condition that they have a certain level of expertise in the field under investigation. This study's participants consist of one executive member from three selected zakat institutions, one manager of each selected zakat institution, and three zakat experts who are practitioners in the Islamic finance industry.

Purposive sampling was used in the study to increase precision in data collection. The study uses qualitative research methodologies and non-random sampling procedures because these techniques provide detailed information about the subject under investigation (Staller, 2021). The research objective is to gather detailed information from the appropriate responses. Purposive sampling is used in the study to identify and select information-rich examples connected to the phenomenon of interest (Andrade, 2021).

The nine respondents were chosen to be thoroughly questioned about their zakat qualifications for income generation. After the data has reached saturation, the interview session will be terminated to ensure that the data is suitable for analysis to determine its meaning and essence for addressing research objectives (Lowe et al., 2018). It should be noted that saturation is used in the study on pure (non-probability) samples, which are commonly used in qualitative research. Saturation is important because it reflects the data's validity (Hennink and Kaiser, 2021). As a result, the saturation criteria are commonly used for judging qualitative research quality (LaDonna et al., 2021).

According to Hesse-Biber and Leavy (2010) and Sekaran and Bougie (2013), the main advantage of the interview method is that researchers can tailor the questions where necessary and explain more issues to clarify any doubts that may arise. This could ensure
the researcher and respondent fully understand the research questions. Interview methods also allow researchers to get more detailed information from the respondents.

The most recognised types of interviews are structured and semi-structured types. Generally, both methods align with qualitative research’s principles and standards (Sarantakos, 2005). The semi-structured interviews lie between the organised (structured) and unorganised (unstructured) interviews (Guba and Lincoln, 1994). It contains structural and non-structural components with structured and unstructured questions.

This study used semi-structured interviews to obtain relevant information from zakat administrators and experts. Researchers designed various questions for selected respondents. However, in line with Ritchie and Lewis (2003) recommendations, researchers allow participants to provide answers beyond the research issues/questions asked. To make the interview successful, the researchers conducted a private visit to the respondents’ places to interview them. The interview period is one year.

In particular, this study evaluates the efficiency and effectiveness of zakat administration towards income generation, taking into account issues, specifically on the zakat administration inputs (environment, resources and history).

3.3 Data analysis
This study used thematic analysis to analyse the qualitative data collected as a result of interviews conducted. Some procedures, as suggested by Denzin and Lincoln (2000), were followed in this analysis. This involves the following stages:

- Once the interview is conducted, the researcher will review the results obtained from the interview.
- Once the record is heard, it will be translated and typed into Microsoft Word (transcription).
- Each participant’s transcript is read and re-read so that the transcription is accurate. This level allows researchers to gain a better understanding of the data. Each time the data is read, it provides a richer understanding of the information (Elsbach, 2005). It allows researchers to import each participant’s transcriptional data into software that begins coding.
- Once this process is complete, the data will be encoded.

Researchers follow three coding stages in the coding scheme, namely, open, axis and selected coding (Corbin and Strauss, 2008). Corbin and Strauss (2008) suggest that fracture data help researchers reduce inclinations in open coding. Based on this suggestion, the researchers divided the respondents’ data into three themes: environment, resources and history. The data was then looked at to see if any patterns could be used to find themes or groups.

Guest et al. (2011) explain the thematic analysis procedure involves examining information to organise it into a common theme and subsequently examining the relationship between these themes. To ensure good thematic analysis, researchers need to ensure that the transcriptions compiled have been placed under different orders and themes. Researchers must change and redefine the order and theme to achieve satisfactory results (Braun and Clarke, 2006).

In this study, the thematic analysis of the interviewed data yielded three main themes: environment, resources and history. These themes are divided into sub-themes, and then, a component check that describes each theme is carried out. Researchers were careful in this categorisation stage to identify and examine the meaning of data by comparing and finding
similarities and differences between components. This level consists of customisation data so that the same data falls under the same theme, and different information is grouped under separate appropriate themes.

Finally, each respondent was shown the interview statements used in the study’s report. This was done to make sure that the data was accurate and valid. They were asked to check and ensure that what they said was true. If they disagree with what was said, they can explain what they meant.

4. Results
Table 2 presents information on the participants interviewed. Table 2 shows three zakat institution staff, three zakat administrators and three zakat experts who participated in the study.

The interviews show that the environment, resources and history are the input required by the zakat administration for income generation. These results could be linked to the study of Hudaefi et al. (2022), which identifies the key subjects of BAZNAS RI for COVID-19 assistance as education, sadaqah and health services. According to these findings, zakat institutions must pay attention to the surrounding environment, resources and history to enable zakat payers to comprehend better the zakat administration and its role in moulding Muslim society’s social and economic processes.

Figure 2 reveals a strong functional relationship between the main themes, inputs and sub-themes, which comprise environment, resources and history. These results are based on interpretations made on the data obtained from interviews.

<table>
<thead>
<tr>
<th>Items</th>
<th>No. of participant</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executives</td>
<td>3</td>
<td>33.33</td>
</tr>
<tr>
<td>Zakat officers</td>
<td>3</td>
<td>33.33</td>
</tr>
<tr>
<td>Zakat experts</td>
<td>3</td>
<td>33.33</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>9</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Figure 2. Main themes and sub-themes of zakat administration segments
4.1 Environment

The environment is the first input required for efficient and effective zakat administration operation. Five major environmental stakeholders will determine the zakat administration’s success (see Figure 3).

Figure 3 summarises the nine interviewees’ responses on how the relationship between the zakat administration and their stakeholders can impact income generation. By participants’ perceptions, the zakat administration will be unable to achieve its goals independently without the assistance of its stakeholders. The findings of earlier studies on zakat compliance behaviour are consistent with these findings (for example, Hudaefi et al., 2022; Abdul-Jabbar and Bin-Nashwan, 2022). A crucial aspect of social and economic processes, Hudaefi et al. (2022) show how the zakat administration should consider factors like disclosing information through digital platforms. Abdul-Jabbar and Bin-Nashwan (2022) stress the need to enforce the zakat law to improve zakat payers’ compliance.

Zakat payers, zakat recipients, businesses, banks and legislative bodies are among the zakat stakeholders. For example, the zakat payer – the zakat institution’s most significant contributor – plays a vital role in ensuring that the zakat institution achieves its goal of lifting the poor out of poverty. Zakat funds are obtained due to the zakat payer’s payment of zakat money. If they do not pay zakat, the zakat institution will not have enough funds to distribute to the poor. The same is true for companies that pay business zakat. The large number of zakat funds generated by business zakat can ensure zakat institutions carry out their responsibilities successfully.

4.1.1 Legislative. Lawmakers are essential for making and passing on any form of regulation and law that governs any government agency or ministry. In the context of the zakat administration, its procedures and practices are complex and require the reform of law and enforcement. Therefore, it must be started by defining the existence of the zakat enactment to make it clear and enforceable. Only then will it be able to amend or introduce new zakat enactments requiring legislative approval.

Based on the results of this study, the zakat administration’s operation is completely guided by the legislative of the federal government. Although the administration of zakat is placed under the state’s jurisdiction, its legislative affairs are still under the federal government. Informant 1 states: “What is required by zakat institution for generating zakat income is under clear laws in terms of the processes and procedures that zakat administrators should follow”.

When asked how often the zakat enactment law is reviewed and modified to match the current economic reality, Informant 4 answers as follows:
To be able to collect zakat, you need a clear and enforceable law. This is where lawmakers need to play their part. In cases where existing laws are outdated, it would signal the legislature’s need to review the law in line with current reality as an additional input.

Informant 9 also explained the need for enforcement under existing law. For example, in Kedah (one of the states in Malaysia), zakat laws had long been enacted and gazetted, dating back to the 1950s. Although at first this law was enforced, however, later no longer enforced. Encouraging methods are used to replace this enforcement method.

The finding of this study can be linked to the results found by Abdul Jabbar and Bin-Nashwan (2022). Their study found that social pressure, enforcement and institutional credibility significantly correlated with entrepreneurs’ adherence to zakat. Bin-Nashwan et al. (2020) revealed that the structure of the zakat system, such as the complexity of zakat law and law enforcement, influences the decisions of zakat payers. This suggests that the two main issues that should be emphasised are as follows:

1. the need for new laws or provisions on collection and fines to those who refuse to pay zakat and
2. enforce the zakat enactment by taking action on those who failed to pay zakat.

The zakat institutions could follow the same actions undertaken by the Malaysian Inland Revenue Board (IRB). This means that the zakat administration will be able to use the law in the future to raise funds for charitable purposes. Although these zakat-related laws are subject to state jurisdiction, state enforcement can encourage more zakat payers to comply with the laws.

4.1.2 Companies. The company is an entity engaged in business activities. Companies can be owned by one person or more than one person. Companies can exist in many forms, from sole proprietorships to partnerships or corporations. Governments can also own companies, known as government-linked companies. The company is one of the most significant stakeholders in the zakat environment. Zakat institutions can even be closed if those companies eligible to pay zakat refuse to pay zakat to them. Therefore, the attitude and cooperation of the two groups (zakat institutions and companies) towards zakat compliance, to a great extent, determine the success or failure of the zakat administration function.

In Malaysia, enterprises with similar or identical backgrounds are often grouped into a single organisation. For example, the Malay Chamber of Commerce Malaysia organisation will bring Malay Bumiputera businesses together. The same is true for contractor companies operating under established contractor associations. Thus, the zakat institutions can use two methods to approach these companies, either directly with the company or indirectly through the association in which they become a member. Zakat institutions can approach and cooperate with these business associations to convey zakat-related information, for instance, about changes in zakat’s policies and procedures. The business associations could also assist in administering zakat by stressing professional and ethical standards on its members to pay zakat legally to the zakat institutions.

In Malaysia, companies are the biggest contributor to tax revenue. However, for the zakat collection, the biggest contributor is individual zakat payers (Saad et al., 2017). This could be changed if the zakat institutions continue to take proactive measures and initiatives to encourage companies to pay their zakat on business income. Informants 2 and 3 confirmed this fact by saying that corporate companies are the main taxpayers and should also occur in the context of zakat collection that should be contributed mainly by business zakat. Therefore, zakat institutions should consider that they might not be able to do all
necessary for the ummah development without the company and individual income zakat payers as they are their main income source. Concerning the nature of the relationship between the zakat institutions and the company, Informant 1 explained that, at the moment, the zakat institution maintains a good and friendly relationship with the companies that lead to the increment of business zakat collection from year to year.

Further analysis revealed that despite the zakat institutions’ progress, some reports indicate that the zakat institutions earn less than 20% of what they can collect from the business income zakat. Informant 4 revealed that business zakat collection is still low. Despite being given a full briefing about business income zakat, they still do not pay zakat, which causes a decrease in zakat income.

In ensuring adequate awareness of the company’s responsibility for zakat payments, Informant 8 states that companies should be educated regularly to tell them about their responsibility to the people to ensure voluntary compliance with zakat. In practice, zakat payer education and awareness programs are only carried out at newly established companies that have not yet started paying zakat, which means that zakat education and awareness programs are not provided to companies that have operated for years. Continuous efforts through awareness campaigns should be extended to new and long-established companies in the future for revenue generation. Increased awareness of business zakat payments will result in more zakat funds in zakat institutions.

The findings of this study are consistent with previous studies on zakat compliance behaviour. Several elements, including political stability, trust and knowledge, have a role in the company’s decision to pay zakat, according to Sadallah and Abdul-Jabbar (2022). Ashurov et al. (2022) concluded that the management elements and efficiency of zakat collecting and distribution are crucial to enhancing the amount of zakat collected.

4.1.3 Banks. A bank is a financial institution licensed and regulated by a country’s national central bank. The bank’s purpose is to provide financial services such as receiving deposits, offering loans, exchanging currencies and deposits of other valuable items. Generally, there are three types of banks: commercial, retail and investment. Among these categories of banks, the activities of direct deposit money banks (commercial banks) would affect the zakat administration’s operations. They help the zakat payer pay the zakat quickly and reduce the responsibility for the zakat administration. The use of banking channels can facilitate business transactions and thus expand the potential of zakat and facilitate the administration of zakat.

In addition, the effectiveness of banks in enhancing zakat administration depends on many factors, such as the quality of services provided by banks to zakat administration, the availability of banks across the country, the advancement of bank information, technology and communication tools and the efficiency and effectiveness of banks in delivering their services. In this study, participants were asked to express their views on how the zakat administration’s relationship with other stakeholders could influence its operation. Informants 1 and 9 said that banks are a medium for collecting zakat funds. When paying zakat, people need bank facilities to do so, and banks are required to function when collecting funds for zakat. Zakat institutions also distribute zakat money through the recipient’s bank account.

Banks act as intermediaries between zakat payers and zakat institutions. Riyadi (2014) dan Sharif and Wahid (2019) stated that Shariah banks could manage zakat funds with interest-free bank products in addition to the role of board members and healthy Shariah banking organisations to manage zakat professionally. This statement is supported by Nomran and Haron (2022), who found that zakat can be used as one of the measures of bank performance. Each zakat payer, individual or company must have a bank account for each of their zakat affairs. The zakat institution can work with the bank to determine the amount
of zakat they should pay through the bank account. This is possible because the amount of money in their bank account can indicate that an individual or company has reached the *nisab* for zakat payments (Riyadi, 2014; Sharif and Wahid, 2019; Nomran and Haron, 2022). With today’s technological advances, zakat payments can be made through bank accounts. Zakat payments can be paid by quick response code, regular deduction instructions, internet banking, etc. As a result, the bank is an important aspect that the zakat institution should pay close attention to in light of the impact of the environment on its transformation. Zakat collection and distribution can be more transparent and accountable if banks are involved in the process.

4.1.4 Zakat recipients. Zakat recipients are individuals who receive zakat from a zakat institution. The main purpose of zakat is to reduce the burden on this group. Zakat recipients are also affected by any policy changes made by the zakat institution (Ashurov et al., 2022). The recipients of zakat consisted of eight people: the poor, the poor, the amil, the Muslims, the al-gharimim, the al-riqab, the fishers and the pilgrims, verse 60 of Surah At-Taubah. They are considered the main customers of the zakat institution.

Based on the stakeholder’s position in the zakat institution, zakat recipients conform to a major stakeholder definition. This group has a strong influence, and their dissatisfaction will seriously impact the zakat institution’s sustainability (Ahmad et al., 2015). Serious attention must be paid to address any issues that cause them dissatisfaction. In addition, zakat recipients need to be given specific roles in the governance process. In governance, zakat recipients can provide feedback on the effectiveness of the programs developed and implemented by the zakat institution (Ahmad et al., 2015). They are the end-users of the program, so they can provide valuable information that can be used to develop better programs in the future. For example, the zakat institution can introduce a transformation program to convert the recipient to a zakat payer and provide them with a better quality of life. Such programs will only succeed if the zakat recipient receives sufficient technical and financial support from the zakat institution (Farouk et al., 2018). Thus, zakat recipients need to provide feedback on their progress to assist the zakat in determining areas where additional assistance can be provided. This effort is in line with the concept of continuous improvement adopted by the zakat institution.

Regarding the distribution of zakat, zakat recipients can highlight weaknesses in the distribution process for effective improvement or monitoring. For example, there are cases where the zakat recipient has to pay for a zakat application form. Such practices are due to poor monitoring by the zakat institution. This provides an opportunity for irresponsible people to take advantage of it. As these incidents will affect the zakat institution’s image, prompt action is needed to rectify the practice and support justice for the zakat recipient. In addition, the zakat recipients can highlight the bureaucratic and human resources inherent in the zakat institution. For example, they may comment on unnecessary procedures and levels of service. However, in reality, the zakat recipients are people with a lower level of education, making them less humble and with low self-esteem. Usually, zakat recipients will keep everything to themselves, including their dissatisfaction. Zakat officers should, therefore, play a proactive role in collecting information and acting as agents on behalf of the zakat recipient.

Another important role for zakat recipients is their willingness to cooperate and seek assistance from zakat institutions. Asking for financial support from others involves dignity, and not everyone can do it. Some individuals are willing to suffer rather than beg from others. The efforts of the zakat institution to identify eligible zakat recipients, especially the poor, must be done thoroughly. Sometimes, zakat institutions are often blamed if the media leads them to search for the poor and needy.
In line with the findings in this study, previous studies such as Ahmad et al. (2015) and Sawmar and Mohammed (2021) also revealed the importance of this group to the sustainability of zakat institutions. Ahmad et al. (2015) found that the satisfaction of the zakat recipient can influence the zakat payer to pay zakat to the zakat institution. Sawmar and Mohammed (2021) proposed a model of zakat compliance in which the trust of the zakat payer is important in influencing them to pay zakat. This belief should be seen when zakat recipients are satisfied with their assistance from zakat institutions.

4.1.5 Individual zakat payers. This study defines zakat payers as individuals who pay zakat to a zakat institution. Zakat payers are very concerned about how the zakat goes to the recipients. Their satisfaction and confidence will be at their optimum level if the zakat fund is appropriately managed and vice versa. In addition, the zakat payer is directly affected by any policy changes made by the zakat institution. Zakat payers are Muslims who meet certain conditions that make them eligible to pay zakat.

Zakat payers are the most important stakeholders in the zakat institution. This argument is well-understood because the zakat institution’s survival is highly dependent on support from the zakat payer. If the zakat payers fail to play their role effectively, the zakat’s life will end. Only increasing the amount of money the zakat payer provides will allow the institution to perform its duties better (Saad and Sawandi, 2016; Saad et al., 2017).

It is interesting to note that one of the objectives of the zakat distribution set by a zakat institution is to help the recipients. This reflects the zakat institution’s commitment to ensure that zakat payers are taken seriously to address low public confidence issues. Oktavendi and Mu’ammal (2022) and Asmalia and Kasri (2019) explained that the trust or confidence of zakat payers in the digital system developed by zakat institutions is very important in influencing the decisions of zakat payers. This statement is supported by Abdul-Jabbar and Bin-Nashwan (2022), who found that the credibility of zakat institutions can influence zakat payers. Therefore, the role of zakat payers in providing financial resources is appreciated. Although the zakat system’s success depends on the cooperation of all parties, the cooperation of the zakat payer is more important (Siswantoro et al., 2022). They are considered important agents in the zakat system. This is because they can only decide whether to pay to the institution or to pay to recipients directly (Andam and Osman, 2019). Therefore, their decisions will have a huge impact on the zakat system. If the zakat payer pays zakat to the zakat institution is optimised, issues related to the zakat leak will no longer be a problem.

Payers of zakat should be aware of the positive impact zakat can have on the Muslim community. As a result, efforts should be made to increase zakat collection. Although the purpose of the zakat is not to make a profit, the institution must ensure that its management quality is comparable to that of other firms in the corporate sector. Zakat payers are similar to lenders or creditors as they provide financial resources to organisations. The role of creditors is highlighted in the following statement: “Creditors play an important role in several systems of governance and can serve as external monitors of corporate performance” (Informants 3, 4). At the same time, some may argue that the purpose of the zakat payer and the lender is not the same. For example, the zakat payer pays zakat to fulfil their religious obligations, whereas the creditor gives a loan for a refund (profit). However, their role in providing financial resources to organisations is similar.

In the zakat environment, zakat payers can play their monitoring role effectively if they are allowed to participate in activities organised by the zakat institution. In addition, important information must be shared or disclosed to them to avoid dissatisfaction. However, most zakat institutions do not share or disclose important information with their stakeholders. It is also crucial for the zakat institutions to establish and maintain a good
relationship with the zakat payers. Such relationships are important in increasing the zakat payers’ commitment to all activities undertaken by the zakat institutions. Good relationships create a positive perception of the institution and thus help the institution restore public confidence. Good relationships also reduce zakat payers to raise their concerns about zakat administration, especially when they smell something suspicious. Also, zakat payers can play a proactive role in governance by highlighting public issues that require immediate attention. In many cases, the zakat payer knows more information from the zakat institution because of its active interaction with other zakat stakeholders, so it is their responsibility to pass the information to the zakat institution for improvement purposes. Indirectly, they can put pressure on charities to deal with public issues wisely.

4.2 Zakat administration resources

The second input to the zakat institution’s transformation process is the resources they need to perform their functions. As in Figure 4, these resources can be divided into two: tangibles and intangibles. This will be explained further in the next section.

4.2.1 Tangible resources. Real resources are a very important element in informing the zakat administration. These resources include annual budget allocation, personnel, systems and information technology infrastructure, office equipment, vehicles, communications systems and records. This is stated in the interview session with the study’s respondents involved. This finding is also in line with the results by Andam and Osman (2019), who found that the resources owned by zakat institutions are among the factors influencing how zakat payers view the ability of institutions and, in turn, influence zakat payment decisions. Bin-Nashwan et al. (2021) also revealed that the resources owned by zakat institutions could influence the level of trust and zakat compliance behaviour among entrepreneurs.

Informant 1 stated that the resources required by the zakat institution are logistics, vehicles and work equipment. Informant 4 explained that zakat institutions require funding, logistics and cooperation from law enforcement agencies in carrying out the zakat function. Another view of Informant 5 is that zakat institutions need infrastructure support such as software and computers. Informant 6 explained the need for the latest information and communication technology, infrastructure and mobility. Other resources required are clear zakat laws, a conducive working environment, good computers and an internet connection. Informants 7 and 9 pointed out the need for good communication channels, skilled workers to use and leverage the technology and the department’s vehicle requirements to facilitate workers’ transportation and asnaf.

Figure 4. Resources as a zakat administration input
When asked about the availability of these resources at the zakat institution, Informants 3, 4 and 6 revealed that the zakat institution has many resources, including computers and communication tools to contact zakat payers and zakat recipients to clarify any issues that may arise. For this reason, the zakat institution has increased its zakat collection over time. Other informants explained that today’s success of the zakat institution is due in part to the contributions of well-meaning and diligent workers. Infrastructure support and office equipment such as computers and the internet are available at zakat institutions.

However, having a resource alone is not enough if the employee is inadequate and trained to use it. Informant 2 states the zakat institution has resources to administer the institution. The main challenge is the less trained workers, especially how to use and optimise available resources. If the zakat institution has the equipment, but the staff is not trained, it does not give any meaning. Therefore, employees must be properly trained, especially whenever new technology is available.

4.2.2 Intangible resources. Non-tangible sources are non-material sources required by zakat institutions to perform their operations effectively. Among the resources in this category are the experience and skills needed to perform the zakat function properly. Other examples are the legal powers granted to zakat administrators for implementing zakat laws, the perception of zakat payers and the public on integrity, equality, accountability, transparency, zakat administration enforcement powers, honesty, commitment and spirit of the zakat institution staff. Community perception management is also an important source of information for zakat institutions. Kasri and Yuniar’s (2021) findings are consistent with the results of this investigation. They observed that the intention to use online platforms to pay zakat in Indonesia was strongly influenced by performance expectations, effort expectations, facilitating conditions and zakat literacy. When the zakat institution possesses non-tangible resources, these expectations and facilities are more likely to be met.

Professional training and education should be an important and ongoing plan to ensure that the zakat institution has these resources. The training required may be formal or informal. Formally, it will involve acquiring skills certificates in certain areas with the cooperation of the relevant authorities in those skills. Attendance at workshops, conferences, talks and other related skilled enhancement are examples of informal training.

In addition to training, continuing professional education is also crucial in enhancing the zakat institution’s image and credibility. For example, professional education in Islamic finance, such as sitting in the Islamic Financial Credentials (AQIF) examination offered by Bank Negara Malaysia’s Islamic Banking and Finance Institute (IBFIM), is very relevant for the zakat institution staff. This is because they must work closely with the fund managers who manage the multinational corporate bond funds. With the image of their professional qualifications, better collaboration with the fund managers is possible. This provides an opportunity for increased zakat collection or another fundraising, increasing the zakat institution’s income. This increase in income will allow more funds to be distributed to those in need. This is emphasised by Informant 9, which states that the unrealistic resources required for successfully implementing the zakat administration are skills and experience.

4.3 Zakat administration history
The history of the zakat administration impacts the current performance of the zakat institution. Figure 5 shows two primary components of the historical factors that affect the generation of zakat income: achievement and challenge.
Figure 5. History as a zakat administration input

Figure 5 is generated from nine informants’ feedback on how history affects current and future zakat collections. The results show that adequate knowledge of the zakat institution’s past achievements and challenges is paramount for future fundraising.

4.3.1 Achievements. The zakat institution’s main task is assessing, collecting and distributing the zakat to eligible recipients (Sawmar and Mohammed, 2021). Increasing and strengthening the capacity of zakat administrators is a must. It is important to see how prior decisions work to redefine policy towards a great achievement. Informant 1 responds to this by stating that history plays an important role. The target of future collections is based on the number of collections in the previous year. The history of past zakat collections is required before the zakat institution can build the future (Informant 2). Informant 3 states the following:

Previous knowledge lets us know where we are, where we are now, and what we need to do to get where we want to go. For example, every zakat institution wants to see 100% compliance in zakat payments. Therefore, we need to refer back to the previous year’s compliance and collection records to enable us to set our current and future compliance targets.

The history of zakat collection achievement also determines future zakat policies and strategies (Younas et al., 2021). For example, with the current amount of zakat collection, it is obvious that zakat institutions cannot solve the country’s poverty problem. This is because the zakat collection is still low, and compared to the huge amount of funds provided by the government, it cannot solve the problem of poverty in the country. Thus, what needs to be done now is understanding the current achievement, especially regarding funds collected and distributed. Using the financial and non-financial data from the current and previous fiscal years, the zakat administration can make better-informed judgments concerning the institution’s future. Zakat administration, for example, can provide short-term and long-term strategic plans to achieve specific goals. This will ensure the success of fundraising and institutional sustainability.

These findings can be attributed to the study by Al Haq et al. (2021). According to them, the collection of zakat should be increased because, at present, the collection of zakat is at an unsatisfactory level, resulting in the number of funds received by zakat recipients being at a minimum level. Besides, according to them, the funds must be directed to long-term productive use.

History also shows that zakat structures and systems in the past influenced collecting and paying zakat in the present. For example, people used to pay their zakat directly to
This practice is widely practised in the villages, especially involving the payment of zakat for rice. Thus, it is not surprising that to this day, paying zakat directly to *asnaf* is still practised even though Kedah zakat laws have been declared illegal if the zakat is not paid to the government (zakat institution). This is extremely detrimental to the administration of zakat. The leakage of these funds may result in the zakat administration not having enough funds to give to the *asnaf*, preventing the goal of zakat from being met.

Fatwas or particular legislation can be established to prevent zakat payers from continuing to pay zakat directly to the recipients. This will help zakat organisations raise more money and remain solvent in the long term. According to Sawmar and Mohammed (2021), who discussed the impact of governance structures on zakat payer compliance, this is an important aspect to remember. They discovered that procedural fairness was a critical aspect of the governance and compliance of zakat. It is important to consider prior examples of how law and its enforcement have been carried out to guarantee that this process is carried out in a just manner. Thus, the administration of zakat should take into account the historical aspects of the construction and administration of zakat.

4.3.2 Challenges. Zakat institutions may face some challenges in the past. These challenges are such that the number of zakat payers is small, sudden management changes, cases of abuse of power, trust and confidence level and inadvertently failed to pay zakat to zakat institutions (Farouk et al., 2018). Ahmad (2019) revealed that zakat institutions do not achieve their objectives because people have little or no trust or confidence in the institution. In addition, zakat payers also do not like the involvement of political office bearers in the appointment of institutional administrators, and administrators do not have sufficient management and administrative knowledge of zakat institutions. To prevent these cases from recurring, the zakat institution needs to understand these challenges, and management needs to respond to this issue as soon as possible.

Informant 6 emphasises the importance of history, especially when it comes to the challenges faced when administering the zakat:

History helps the charity institution identify specific causes and weaknesses so that corrective action can be taken in the future.

Other informants also expressed the same view that history is very important because if they do not appreciate the history of past challenges the zakat institution faces, then the zakat institution cannot function more effectively. For example, the last challenge faced is identifying factors that influence the behaviour of zakat compliance. If these factors are unknown, it is difficult for zakat institutions to develop strategies to address these challenges. The future of the zakat administration will be affected if the problem of non-compliance with zakat payment is not properly understood. Previous studies (Farouk et al., 2018; Sawmar and Mohammed, 2021; and Kasri and Yuniar, 2021) have commented extensively on the behaviour of zakat compliance. Suppose the findings of these studies are given serious attention by zakat institutions, especially in formulating strategies to increase their income. In that case, the institution has great potential to increase income in the future.

5. Conclusions
The primary goal of this study is to investigate the zakat administration’s input required for zakat revenue generation. A qualitative methodology that takes a case study approach was used to accomplish this objective. Based on the analysis conducted, this study emphasises that for a zakat institution to generate more sustainable funds, inputs should be used before a strategy can be formulated in the transformation process that ultimately determines the institution’s outputs or performance. These findings are in line with previous studies such
as Hudaei et al. (2022), Nomran and Haron (2022) and Oktavendi and Mu’ammal (2022).

Although their studies do not directly examine the sustainability of zakat institutions, studies on zakat compliance behaviour are relevant in justifying the sustainability of zakat in the future.

The inputs to this transformation process are made up of three main components: environment, resources and history. These three components are related to each other. For example, the study results show that the zakat law was already drafted and gazetted. However, a real law enforcement source needs to be made to ensure its implementation is successful. If this law is not enforced, then the issue of compliance will remain unresolved. Studies such as Farouk et al. (2018), Abdul-Jabbar and Bin-Nashwan (2022) and Bin-Nashwan et al. (2020) have found the existence of a significant relationship in this regard. Bin-Nashwan et al. (2020) see that the law without enforcement does not affect the behaviour of zakat compliance. Therefore, zakat authorities should consider efforts to enforce this law in cooperation with all parties, including the state and federal governments.

Zakat institutions require tangible and intangible resources to implement and enforce the law. These findings are in line with the findings by Andam and Osman (2019) and Bin-Nashwan et al. (2021). Andam and Osman (2019) stated the importance of zakat institutions having sufficient resources because these resources can influence the decision to pay zakat. Lack of tangible resources (such as annual budgets, information technology systems and infrastructures) and non-tangible resources (knowledge and skills in using the latest technologies) may be reasons why zakat institutions do not perform optimally (Oktavendi and Mu’ammal (2022). As a result, zakat institutions should be helped by providing tangible and intangible resources that will improve the institution’s future performance.

The generation of funds by zakat institutions is also influenced by history, particularly in the context of zakat administration in a country. Prior knowledge enables us to understand our current situation and what we need to do to get where we want to go. Sawmar and Mohammed (2021) state that the main task of zakat institutions is to evaluate, collect and distribute zakat to eligible recipients. The task of this zakat institution needs to be strengthened to increase the capacity of zakat administrators in the future. Thus, the history of zakat collection achievement is important in determining the policy and strategy for zakat collection improvement (Younas et al., 2021). According to Al Haq et al. (2021), currently, zakat recipients receive only a minimum amount of funds. Therefore, funds must be increased to enable the number of funds received to be sufficient to be distributed to eligible recipients.

Every zakat institution, for example, wants to see that all zakat payers who are eligible to pay zakat follow the zakat payment law. To that end, the zakat administration must review the previous year’s compliance records and collect data to set current and future compliance targets. Even the structure and system of zakat from previous generations might impact how zakat is collected and paid in today’s world. Zakat payers in Malaysia, for example, were once permitted to pay zakat directly to the zakat recipient. This is a common practice in rural areas, particularly regarding the payment of zakat on paddy. As a result, it is not surprising that paying zakat directly to the recipient is still being practised today, even though the law has declared that it is sinful if zakat is not paid to the government (zakat institution). The zakat administration should give such historical aspects due attention to ensure sustainability and the generation of zakat funds.

Overall, the findings of this study add to the zakat literature and provide new information to zakat authorities. Studies that focus on new issues, such as zakat institution fundraising, are difficult to find in previous zakat literature. The creation of this fund is significant because it will determine the long-term viability of zakat institutions. This study also uses a new, congruent model and the findings demonstrate the model’s suitability to
explain the inputs required in the process of zakat administration transformation. To the best of the authors’ knowledge, this is the first attempt to adapt this widely used model in the tax environment (congruence model). Previous zakat research has relied on psychological models such as the theory of reasoned action and the theory of planned behaviour, which heavily emphasise individual zakat payers and ignore the zakat institution as a whole.

There are several limitations to this study. Even though the study is qualitative, it only used a semi-structured interview method in gathering data. Other data collection methods, such as document review, observation or focus groups that could corroborate the face-to-face interview data or findings or serve as the main method of data collection, are not used in this study. Thus, future researchers are recommended to use, for example, a document review and a focus group method that may provide richer information on the reform of the zakat administration to ensure zakat compliance and revenue generation.

The study merely collected data from zakat administrators, zakat staff and experts in zakat. This study does not collect data from other stakeholders, such as government agencies, banks, companies and zakat recipients, which significantly explain the performance of zakat institutions. Future researchers should involve these stakeholders to have fair representatives of zakat stakeholders.

References


Further reading


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