

THE DISCUSSION ON THE GROWTH OF CORPORATE ZAKAT COLLECTIONS AND IT ISSUES: A CASE STUDY IN PPZ MAIWP, KUALA LUMPUR

Siti Maziah Ab Rahman ^{1*}
Adeeba Najihah Binti Mohd Zaki ²
Siti Aswani Ghazali ³
Nor Haryanti Md Nor ⁴
Nadia Farleena Mohd Aznan ⁵
Yusrina Hayati Binti Nik Muhammad Naziman ⁶
Rabihah Nawawi ⁷

¹Faculty of Business and Management, Universiti Teknologi MARA Kelantan
(Email: maziah650@uitm.edu.my)

²Academy of Contemporary Islamic Studies, Universiti Teknologi MARA Kelantan
(Email: 2021609606@student.uitm.edu.my)

³Faculty of Information Management UiTM Cawangan Kelantan
(Email: aswani@uitm.edu.my)

⁴ Faculty of Business and Management, Universiti Teknologi MARA Kelantan
(Email: yanti647@uitm.edu.my)

⁵ Faculty of Business and Management, Universiti Teknologi MARA Kelantan
(Email: nadia910@uitm.edu.my)

⁶ Faculty of Business and Management, Universiti Teknologi MARA Kelantan
(Email: yusrina@uitm.edu.my)

⁷ Faculty of Business and Management, Universiti Teknologi MARA Kelantan
(Email: rabihah92@uitm.edu.my)

*Corresponding author

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Abstract: *The study on the growth of corporate Zakat collections and its issues in PPZ-MAIWP, Kuala Lumpur, highlights the decentralization of Zakat management in Malaysia. The federal constitution defines Malaysia as a constitutional monarchy, with the division of powers between the federal and state governments. Zakat, a fundamental pillar of Islam, falls under the jurisdiction of the states, which have implemented decentralization in their organizational structures. The study compares the Zakat collection achievements in five Malaysian states: Johor, Perak, Selangor, Penang, and the Federal Territory. It finds that decentralization has a significant impact on Zakat collection, particularly in terms of providing high-tech payment channels. The study suggests that decentralization can improve the Zakat implementation system, especially in states that have established subsidiaries. The findings indicate that while decentralization does not necessarily guarantee higher collection rates, it can enhance the overall efficiency of the Zakat collection system. The study concludes that decentralization is a*

crucial step in improving Zakat collection and distribution, and it recommends that all MAINs in Malaysia consider implementing decentralization in their respective states.

Keywords: Corporate Zakat, collections, issues, PPZ-MAIWP, MAINs, decentralization

Introduction

Zakat is the third out of five pillars of Islam after *shahadah* (testimony of faith) and *solah* (performing prayer), while the fourth and fifth pillars are fasting in the month of *Ramadhan* and performing *haj* in Mecca for those who are financially and physically fit and capable. Indeed, it is the religious duty of all individual Muslims to accomplish and fulfill all the five pillars.

The general principle of *zakah* is laid down clearly in the Quran as underlined in Surah Al-Tawbah verse 60 which is translated as: “Alms are for the poor and the needy, and those employed to administer the (funds) for those hearts have been (recently) reconciled (to Truth) for those in bondage and in debt in the cause of Allah and for the wayfarer: thus it is ordained by Allah, and Allah is full of the knowledge of wisdom”.

Zakat is derived from an Arabic word that means “purification” and “growth”. It also means purifying wealth and soul by giving a small fraction of one’s wealth and possessions to the unfortunate groups (Al-Mawadi in Hawiy, 2011). Apart from purifying wealth, *zakat* also deters one from selfishness, miserliness, and the greed of wealth possession. Moreover, paying *zakat* will not lead to a reduction of wealth, in fact, from the blessing of the creator Allah s.w.t., the wealth will indefinitely grow and prosper.

Zakat began to be confounded to Muslims in the second year following the migration of Prophet Muhammad to Medina. The obligation to issue zakat has been clearly stated in the Quran. This clear fixation proves the worship of Allah SWT by obeying His commands and being able to cleanse and purify from sin. The word of Allah Almighty, which means:

"Take (some) of their wealth into charity, that you may cleanse them (from sin) and purify them (from evil), and pray for them, for surely their prayers are for them, and (remember) Allah is Most High." Hearing More Knowing. ”

(At-Sermon: 103)

Business zakat laws are mandatory for those who meet the requirements. Business zakat obligations have also been based on several arguments. The word of Allah Almighty, which means:

“(Worship is performed by) those who are strong in their faith who are not neglected by business or trade by mentioning and remembering Allah, and offering prayers and giving alms; they fear the Day of Resurrection back and forth.”

(Al-Nur (24): 37)

Islam promotes good deeds such as *infaq*, *zakat*, and *waqf* as cited in surah ali-I'mran verse 92 which means “You shall never attain the virtue and perfect service before you spend (donate) some of your loved things. Whatever you earn, and then surely Allah knows it”. Islam also establishes the obligatory practice of zakat as the word of Allah SWT in surah Al-Baqarah verse

43 which means “And establish the prayer, pay *zakat*, and ruku'lah (pray together) with the people who ruku”.

Problems Statement

The growth of corporate zakat collections in Malaysia, particularly in the case study of PPZ MAIWP, Kuala Lumpur, faces several challenges and issues that hinder its optimal performance. The study aims to investigate these challenges and identify potential solutions to improve the efficiency and effectiveness of corporate zakat collections in Malaysia. Although the administration of zakat has undergone many improvements in terms of infrastructure, human capital, delivery system and governance transparency, there are still issues that need to be tackled to ensure that the administration of zakat is moving on the right track, henceforth to eradicate poverty and to upgrade people's standard of living nationally and internationally. No matter how good the system is developed, if it could not cater to the needs of the community especially the poor and needy, such institution is considered as inefficient. In order to empower zakat institutions in Malaysia a number of issues need to be addressed (Ab Rahman, 2022). Specifically, the problem statement can be broken down into several key issues especially decentralization and Institutional Framework. The study will examine how the decentralization of zakat management in Malaysia, where each state has its religious council and Zakat Collection Center (ZCC), affects the overall efficiency and effectiveness of zakat collections. The discussion will focus on the various collection mechanisms and channels used by PPZ MAIWP, such as in-person collection, salary deduction, and electronic payment systems. It will assess the effectiveness of these mechanisms and identify areas for improvement.

By addressing these issues, the study aims to provide insights and recommendations for improving the growth and effectiveness of corporate zakat collections in Malaysia, particularly in the context of PPZ MAIWP, Kuala Lumpur.

Literature Review

Zakat establishes a fair, just, and equitable Islamic economic system through the redistribution of income. Those whose wealth is in surplus and excessed are obligated to share some of their wealth with those who are in deprivation to ensure a social justice system. In this concept, everyone gets his dues, and no individual should be deprived of his share thus reducing income disparity among the society members. On one hand, the rich would feel empathy, compassion, and care towards the poor. On the other hand, the poor would be indebted and contented, eliminating hatred, jealousy, and detestation towards the rich. As such, *zakat* creates unity, a sense of belonging, brotherhood, and harmonious relationship among the society members.

The amount of *zakah* to be paid is ascertained based on a small fraction of one's wealth and possession held within a specified period. Muslims whose wealth is excessed than basic needs are obligated to share their wealth with those entitled to receive it known as *asnaf*. The *asnaf* consists of eight (8) groups namely poor (*masakin*), destitute (*faqir*), zakat collector (*amil*), needy traveler (*Ibn-sabil*), Muslim convert (*muallaf*), heavily indebted (*al-gharimin*), those who strive in the path Allah (*fi sabilillah*) and slaves who want to be free from slavery.

The consequence of failure to pay zakat has been a subject of extensive legal debate in traditional Islamic jurisprudence, particularly when a Muslim is willing to pay zakat but refuses to pay it to a certain group or the state. According to classical jurists, if the collector is unjust in the collection of zakat but just in its distribution, the concealment of property from him is allowed. If, on the other hand, the collector is just in the collection but unjust in the distribution,

the concealment of property from him is an obligation (*wajib*). Furthermore, if the zakat is concealed from a just collector because the property owner wanted to pay his zakat to the poor himself, they held that he should not be punished for it. If collection of zakat by force was not possible, use of military force to extract it was seen as justified, as was done by Abu Bakr during the Ridda Wars, on the argument that refusing to submit to just orders is a form of treason. However, Abu Hanifa, the founder of the Hanafi school, disapproved of fighting when the property owners undertake to distribute the zakat to the poor themselves.

Some classical jurists held the view that any Muslim who consciously refuses to pay zakat is an apostate, since the failure to believe that it is a religious duty (*fard*) is a form of unbelief (*kufr*), and should be killed. However, prevailing opinion among classical jurists prescribed sanctions such as fines, imprisonment or corporal punishment. Some classical and contemporary scholars such as Ishaq Ibn Rahwayh and Yusuf al-Qaradawi(2010) have stated that the person who fails to pay Zakat should have the payment taken from them, along with half of his wealth. Additionally, those who failed to pay the zakat would face God's punishment in the afterlife on the day of Judgment. In modern states where zakat payment is compulsory, failure to pay is regulated by state law similarly to tax evasion.

In Malaysia, the collection and distribution of *zakat* are under the auspice of *zakat* agencies. As of now, there are 14 *zakat* agencies, whereby every state has its own agency. The agency is entrusted and empowered to initiate and implement strategies specifically in relation to the poor and needy who are in dire necessities. This is to ensure that the well-being and socio-economic status of the poor and needy are decent and humane. No Muslim should be in deprivation of basic needs which lead to his life having no quality.

Muslims are encouraged to pay *zakat* to *zakat* agencies instead to other channels. This is because these agencies are closely monitored and regulated by the Department of *waqf*, *zakat* and *haj* (JAWHAR), which is a statutory body established by the government to protect the interest and welfare of the public. This is to avoid the issue of misappropriation of *zakat* funds. With this regard, the government enacts that only payment to *zakat* agencies is allowed for tax relief.

The beauty of *zakat* is prevailed in the reign of Khalifah Umar Al-Kattab, whereby in his era, zakat had successfully transformed recipient's socio-economic status, as there were no eligible recipients entitled for zakat. The surplus of *zakat* funds was then channeled to other productive activities for the development of Muslim community. This phenomenon contradicted with the current situation since despite statistics indicated that the *zakat* funds have increased yearly, poverty incidence still persists.

Zakat resonates tax payment in which both are meant for the development of the community. The difference between them is that the former only helps the Muslims who are in the *asnaf* groups, specifically the poor and the needy, whilst the latter raises revenue to meet huge public expenditure for the development of the entire nation.

The importance of zakat in general and to Muslim communities in particular, is undeniable in our country. Zakat collection is used as a medium for the development of the Ummah, especially in the government's efforts to help the poor. If the zakat collection could be increased over time, it would be a catalyst for the improvement of the standard of living of the Muslim community. Moreover, aligned to Malaysian aspiration to become a high developed nation with

zero poverty in 2025, therefore, zakat should be deployed to combat poverty. Also aligned with the initiatives addressed by NKRAs, aspiration of the 11th Malaysian Plan(MP) & SDG1,2,&10 and finally serves as guidance for the implementation of Agenda 2030s

Recognizing this fact, the state and state zakat authorities have taken various initiatives to educate the public on the importance of paying zakat to the authorities. Among the efforts undertaken include privatizing the collection and distribution of zakat by introducing the concept of wakalah. With these efforts, there should be no reason for companies not to pay zakat.

This low level of zakat collection is reflected in the wealth zakat collection which comprises several sources such as income, business, savings, and more. As the second largest contributor to zakat collection after pay zakat, business zakat collection in most states is still not encouraging. For example, for the Federal Territory, it is found that only 10% of the 5,000 traders are eligible to pay such a charity to the Zakat office (Abdul Rahim 2005). Meanwhile, Hasan and Mohd Shahnaz (2005) report that business zakat payments among companies in Kuala Terengganu are still low compared to the number of companies there. This situation is part of the indication that many companies still do not make business zakat payments.

In the Federal Territory of Kuala Lumpur, the Zakat-MAIWP Zakat Collection Center (PPZMAIWP) acts as an agency that manages corporate collection and distribution of zakat by introducing the concept of wakalah as a measure to maximize profits. In line with the demands of zakat issuance, the PPZ-MAIWP aims to raise awareness of Muslims on the obligation of zakat. To improve the quality and amount of zakat payments there are several approaches taken by PPZMAIWP. Various missionary activities and zakat-related promotions are carried out not only at the surau or mosque, but also on live broadcasts on radio, social media, campaigns, visits to business premises, and more. In addition, to facilitate the payment of zakat payments, the PPZ-MAIWP also diversifies the zakat payment facilities. According to the latest news articles on the PPZ-MAIWP website, some simple ways have been provided to fulfill zakat obligations without having to go to the counter such as payment via the PPZMAIWP website or portal, mobile charity counter, and zakat deduction scheme. According to Muhsin & Suhaili (2016), this diversity contributes significantly to the increase in zakat collection.

Research Methodology

The study employed a qualitative case study approach to investigate the growth of corporate zakat collections and IT issues in PPZ MAIWP, Kuala Lumpur. The methodology used allowed for in-depth analysis of the specific context and issues related to zakat collection and management in Malaysia. Despite limitations, the study provides valuable insights into the challenges and opportunities faced by zakat institutions in Malaysia and offers recommendations for improving zakat management practices.

Research Design

The study employed a qualitative case study approach to investigate the growth of corporate zakat collections and it issues in PPZ MAIWP, Kuala Lumpur. This design allowed for in-depth analysis of the specific context and issues related to zakat collection and management in Malaysia.

Data Collection

The study used a combination of primary and secondary data sources to gather information. Primary data was collected through:

Interviews: Semi-structured interviews were conducted with key stakeholders, including officials from PPZ MAIWP, Kuala Lumpur, and other relevant institutions involved in zakat management.

Document Analysis: Annual reports, financial statements, and other relevant documents were analyzed to provide insights into zakat collection and management practices.

Findings and Discussions

The key opportunities to be taken to boost the Zakat collection are the stability and strength of the Malaysian economy. The Malaysian economy continues to grow towards becoming an industrial nation by 2030 through the vision of a country's prosperity which is to be launched in 2019. The Malaysian economy is undergoing a rapid transformation from a country that once was economically dependent on an agricultural sector to a country based on a thriving industrial sector. Economic prosperity provides a good environment for increasing zakat collection. Business zakat is one part of the main sources of zakat collection in Malaysia.

In Malaysia, especially in the Federal Territory, corporate zakat is a major contributor to the zakat collection. Total corporate zakat payments in 2016 and 2017 amounted to RM106,304,269.21 and RM122,142,889.95, respectively, a substantial 15 percent increase. But, according to statistic of collection decreased in 2018 the zakat of business contributed RM118,140,629.41 million with a contribution of 24.3%. Total income zakat collection amounted to RM445,442,589.94 million with a contribution of 56%.(PPZ-MAIWP, 2019).

Types of Zakat	2018 (RM)	2017 (RM)	+/-
Zakat on Income	445,442,587.94	408,848,038.25	8.95%
Zakat on Business	118,140,629.41	122,142,889.95	-3.28%
Zakat on Savings	45,951,227.27	42,812,531.38	7.33%
Zakat on Mal	38,032,627.71	37,745,826.00	0.76%
Qadha Zakat	777,187.41	1,071,490.83	-27.47%
Others	2,883,773.20	2,578,331.65	11.85%
Total Collection	651,228,032.94	615,199,108.06	5.86%

Sources :PPZ-MAIWP

According to statistics released by the Companies Commission of Malaysia (SSM) the number of registered companies also increased from 972,500 in 2016 to 1,054,262 in 2018. Likewise, the number of businesses is over 5 million registrations for 2018. All of these improvements are opening up to increase zakat collection. As all know, with the increase of zakat collection, more asnaf's can be reached out and help. Based on the zakat payer statistics in the PPZ-MAWIP the number of zakat on business is still minimal and decreased: 1.40% (2018) 1.42% (2017) of the total payer. This is an opportunity for Zakat institutions to emphasize zakat payers by business entities as their main focus.

The growth in corporate zakat has shown the value of corporate governance obligations and the governing body's constructive actions as an agency responsible for collecting zakat. Corporate zakat is typically a duty exercised by a business entity to comply with Islamic law.

In Malaysia, in the past and contemporary fuqaha (Chik, M.Z & Tharin M., A.R., 2018), hukum paying corporate zakat as ' itibariyah and not syakhsiyyah tabi'iyah has been regularly addressed(Arshard,2019). This shaped the dedication of corporate management to payment criteria for zakat. In addition, corporate management roles are also likely to be influenced by other factors as well as the rise in corporate zakat payments reported in annual reports and corporate social sites. Despite the growing annual collection, however, corporate zakat payments made by companies are still not optimal. The issue of zakat payment from the Shariah eye is clearly an obligation of the individual or individual entity (syakhsiyyah 'adiyah / individual entity). However in the context of companies it is more complicated as companies are categorized as syakhsiyyah ' itibariyah / legal entities because corporate institutions do not have individual characteristics (Hasan, 2011).

Therefore, there is a lot of discussion about zakat obligations by corporations because the law is clear that zakat is only applicable to individuals while corporate are not individuals but are legal entities or may be known as syakhsiyyah ' itibariyah. In other zakat obligations by corporations because the law is clear that zakat is only applicable to individuals while publicly listed companies are not individuals but are legal entities or may be known as syakhsiyyah ' itibariyah. In other words, zakat worship is imposed on Muslims while corporate is a non-religious entity words, zakat worship is imposed on Muslims while corporate is a non-religious entity (NST, Nov21, 2013)

However, the Fatwa Committee through the National Council Fatwa Committee discussed Zakat Above the Company. The Muzakarah has ruled that business enterprises are obligated by the zakat when it meets the following requirements (e-fatwa 2013), Business owned by independent Muslims; the business must also be Perfectly owned, Enough nisab, Enough haul (even one year qamariah / 354.3 days). The zakat rate for the company is 2.5%. "Companies that are jointly owned by Muslims and non-Muslims are therefore obliged to own only shares owned by Muslims..." (Wahab, 2014). The basis of this zakat is based on a hadith of the Messenger of Allah:

لا يفرق بين مجتمع مخافة الصدقة ولا يجمع بين متفرق

Translation: "And do not separate between the separated and the separated from the fear of charity (zakat)" Sahih Bukhari

"According to this hadith it can be concluded that several individuals in a company or group are considered as one without being separated from each other another. When a company is established with the intention of doing business whether it is a service company, a law firm, a hotel, consulting, medical, recreational, exploration and so on, then the company is considered a business taxable business.

However, Mohamad (2013) believes that the fatwa obligating companies to pay zakat is against the law because the constitution says religion is only about the individual and not at all. To impose a legal obligation on a company to pay a zakat on behalf of the owner or shareholder means that it places a greater duty on paying the zakat to the company than an individual. In addition, the company is outside the jurisdiction of the State Legislative Assembly and is outside the scope of the Syariah Court. Therefore, even if a fatwa has been gazetted, it cannot be enforced on the company. Thus, in terms of the obligation of paying zakat is clear but according to human law it is difficult to enforce.

In a study conducted by Fuod 2007, his article entitled '80% Muslim Companies Do Not Pay Zakat' found that only 20% of Muslim companies pay zakat because there is no clear understanding of the true law of paying zakat for business. Most corporations are more inclined to pay taxes because legal provisions have clearly stated that any company that does not pay taxes will be fined (Tax Act 1967). Under Section 120 (1) (f) of the Income Tax Act 1967 (ITA), any company which, without reasonable excuse fails to submit the estimate of tax payable for a year of assessment shall be guilty of an offence and upon conviction, be liable to a fine either through penalty or imprisonment or both depending on severity of offences. Failure to pay zakat would not convict one of any offence, while paying tax is a mandatory duty of all eligible citizens and corporate. Failure to pay tax is an offence and would lead one or management of the corporate to penalty, imprisonment or both. Consequently, this would jeopardize and tarnish the image of corporate.

Statistics for 2018 indicated that the amount of zakat funds contributed by individuals and corporate entities was RM 408,848,038.25 and RM122,142,889.95 respectively (PPZ-MAWIP, 2019). According to Wahab (2014) the potential zakat collection should be at least RM2.9 billion/year. The amount of RM122,142,889.95 is considered too small, equal to 23.03 % from what supposed to be collected of RM2.9 billion/year.

On the other hand, the tax payment showed the opposite trend, in which the corporate contributed about RM70 billion, almost double than what is contributed by individuals of RM36 billion. Meanwhile, the percentage of the zakat to tax contributed by corporate is 12.3 percent. As such, the situation shows that the more corporate decide pay tax instead of zakat, due to syakhsiiyah 'adiyah zakat only impose on individual not on corporate.

Paying zakat is a spiritual duty of individual Muslims, between the payer and the creator Allah s.w.t. According to Mohamad and Trakic (2013), the obligation of corporate to pay zakat is against the law because the constitution states that religion is only related to individual but not on corporate. The corporate, therefore are not obligated to pay zakat. Nevertheless, due to sense of social responsibilities, there are corporate that pay zakat upon the awareness of its impact on the Muslim community and to seek blessing from Allah S.W.T.

Apart from that, only a small incentive is given to corporate for paying zakat, in which they are only entitled for 2.5 percent of deduction from its aggregate income and no further deductions

are given for paying more. In contrast for individual, one can set-off between his zakat payment and tax payable. The amount allowed to be set-off is up to 100 percent or all amount of tax payable. For example, if the tax payable for the current year of assessment is RM1000 and he has paid zakat for RM1000 for that particular year, he is not required to pay tax. These factors would eventually deter and shun the Corporate from paying zakat. As a result, fewer funds can be channeled to elevate the socio-economic status of the Muslims. To date, despite zakat fund is a tool to elevate the Muslim living status, the incident of poverty of Malays who are Muslims was the highest (2.2 %), followed by Indians (1.8 %) and Chinese (0.3 %) (Statistics,2019). According to Article 60 of Malaysian Federal Constitution, Malay is a Muslim. As the poverty incidence indicated that Malays were the highest as opposed to other ethnicities, the Malay needs financial assistance and support to be on par with the other groups. Zakat funds are the perfect solution to solve their predicament as the funds are solely meant for enlightening the Muslims' despair. This is because the tax funds are for the development of the whole nation regardless of faith. However zakat funds are the only channel for the betterment of the Muslim community which is still in deprivation.

As such, greater effort should be done to surge zakat funds specifically getting more contributions from the corporate. This phenomenon indicates that despite zakat has allocated financial assistance to the Muslim community, it has yet to achieve its objective in alleviating socio-economic status or poverty within the Muslim community.

This is in line with Shared Prosperity Vision 2030 (2021-2030), whereby the government aspires to achieve sustainable growth along with fair distribution of income among ethnicities. The agenda for Sustainable Development, adopted by all United Nation Members, for peace and prosperity outlines that poverty should be combated in all forms of poverty as stated in SDG1. In addition, SDG 10 emphasizes on reducing inequality within all categories and among countries.

In an effort to increase zakat payments among corporate, a new innovation was introduced by PPZ-MAWIP, Wakalah Zakat. Wakalah Zakat is a new initiative undertaken by a zakat institution to increase zakat distribution confidence by providing payers the opportunity to meet certain criteria for redistributing zakat paid to zakat institutions. The Federal Territory Islamic Religious Council (MAIWP) through the Zakat Collection Center (PPZ) introduced this new approach by allowing the return of three-eighths of the zakat money to companies or organizations seeking to distribute their own charity money. The approach is aimed at encouraging companies and organizations eligible to issue outreach to pay off their business charity. Organizations or companies identified as obligated to pay the zakat need to make such an application to ensure that PPZ has a record of their zakat payment (Metro, 2015). "Through the charity of zakat, PPZ-MAIWP allows corporate companies that pay zakat with MAIWP to distribute the money to the community in the name of Wakalah through the Khaira program or in collaboration with their own CSR program. Khaira Run, Khaira Preneur and Khaira Companions in an effort to increase zakat collection in the Federal Territories of Kuala Lumpur, Putrajaya and Labuan. This year, compared to RM651.22 million last year which targeted zakat wakes as a driving force for increasing zakat payments.

Corporate have limited awareness and knowledge about zakat. As a result, by neglecting this obligation is detrimental to the Muslim community. The fourth Prime Minister (1991) stated at the officiating of the launch of the Zakat Collection in a corporate manner, that zakat management in a corporate manner is a very meaningful action for Muslim in this country.

Professionalism in religious management is essential to enhance the image of Islam. The company's concept of amil is based on the consolidation of professional manpower in accounting & finance, computer, administration, marketing, secretarial, mass communication, and good governance among the major contributor of its success. Khamis, Ariffin Md. Salleh and Nawati (2011) has introduced an economic theory of business zakat payment. He studied the zakat payment and suggested an economic model for this. The findings of his study found that factors influence behavior. Business zakat payment consists of six variables namely law enforcement, government incentives, knowledge level, faith level, business duration and zakat institution factors.

Ibrahim, (2014) found that internet is the most important tool in the era of globalization. Meanwhile the importance of internet is to disseminate and expand information related to zakat system. Until now, we do not have a technology system for zakat which can disseminate information so quickly that saves time and energy. As such, the use of internet has become a basic skill not only to the individual who is always looking for information but also to all institutions that want to spread information about the organization and their functions through their website. Malaysia has begun several steps to ensure information technology (ICT) plays an important role in channeling information and facilitating public service (Mohsin 2006; Sohaimi 2003). Kaslam (2009) found that e-Zakat has emerged as one of the government's initiatives integrates internet applications to build a competitive and modern zakat institution. e-Zakat is an online medium used for support the ways in which charitable organizations give services, especially in the collection of zakat fund.

It is probable that the increase in the amount of corporate zakat payments is driven by other factors influenced by the corporate need to carry out activities that contribute to sustainability reporting as outlined by Bursa Malaysia. This indicates that the corporate entity is in the process of implementing the guidelines outlined in the sustainability report. Therefore, the activities undertaken should produce effective social impact and benefit more stakeholders in society and the economy. In addition, corporate zakat is a source of finance that contributes to the financing of sustainable social activities.

More importantly, this method of study is in line with current developments promoting value based activities through the latest technology e-Zakat. Take the example of the Islamic finance industry in Malaysia. Recently, the industry is restructuring its focus on shariah compliance to value creation and Islamic values-based activities in ensuring sustainable long-term socio-economic growth. Following this initiative, the study will adopt the strategies identified in two key strategy papers published by Bank Negara Malaysia, Value-Based Intermediation: Strengthening the Roles and Impact of Islamic Finance (July 2017) and the Malaysian Securities Commission, Islamic Fund and Wealth Management Blueprint (January, 2017) on enhancing the role and impact of Islamic financial resources management, including corporate charity. Moreover, this key strategy is in line with the recommendation to adopt the Sustainable Development Goals (SDGs) introduced at the United Nations Sustainable Development (UNDP) Summit held on 5 September 2015. SDGs also known as Transforming our world : the 2030 Agenda for Sustainable Development, which includes 17 goals including addressing poverty, inequality and injustice by 2030 (UNDP, 2015).

In the academic literature, the role and committed of corporate governance has been widely explained from the perspective of 'legitimacy', the key assumption is that an entity wishing to continue its activities needs to operate in a manner consistent with the terms of the social

contract. Compliance with social contracts is generally based on perceptions of entity activities in line with the relevance of stakeholders (Suchman, 1995). Failure to manage these perceptions may affect support for entity products and services (Deegan & Rankin, 1996). Perspective of legitimacy is often associated with the exercise of accountability by entities. In general, accountability can be defined as the need to provide information about the activities of the entity and how the entity achieves its stated objectives (Connolly & Kelly, 2011). Therefore, the overall objective of this study is to identify the factors that influence corporate zakat payment decisions based on Islamic values-based approaches, where the role of Wakalah and information technology facilities (stakeholders) are important to the value proposition of zakat corporate that benefit the wider stakeholders in society and the economy.

Conclusion

The study on the growth of corporate zakat collections and its issues in the context of PPZ MAIWP, Kuala Lumpur, sheds light on crucial challenges and areas for improvement in zakat administration in Malaysia. By analyzing the complexities and issues surrounding zakat collection and distribution, the study provides valuable insights and recommendations for enhancing the efficiency and effectiveness of corporate zakat collections. Addressing inefficiencies in the distribution aspect of zakat management is crucial. The study highlights the need to strengthen the zakat management system to ensure that zakat reaches the intended beneficiaries efficiently. Improving public awareness and knowledge about zakat payment and its importance is essential. By enhancing publicity and community education, the study suggests that more prospective payers can be encouraged to contribute to Zakat funds. Capacity building within Zakat institutions is vital for improving their efficiency and effectiveness. The study recommends providing training programs for staff to enhance their skills in zakat management and distribution. Ensuring transparency and accountability in zakat administration is crucial for gaining public trust. By addressing governance transparency issues, zakat institutions can enhance their credibility and effectiveness in managing zakat funds.

In conclusion, the study underscores the importance of addressing inefficiencies, enhancing public awareness, capacity building, transparency, technology integration, and distribution mechanisms to improve the growth and effectiveness of corporate zakat collections in Malaysia, particularly within the context of PPZ MAIWP, Kuala Lumpur. By implementing the recommendations provided in the study, zakat institutions can work towards more efficient and impactful zakat administration, benefiting the Muslim community and contributing to poverty eradication efforts effectively.

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