

# Where are We Heading?: Case Study of Zakat Institution in Brunei

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Abstract: This study will look into how clear does the zakat institution in Brunei is aware of its intended objectives as well the issues and challenges in achieving those intended objectives. This research uses quantitative descriptive analysis method to measure the progress of zakat council in attaining the objectives of zakat. Similarly in the sphere of zakat, zakat officers are the backbone of zakat management, they must have the right attitude towards Zakat, they must strongly believe on the capability of Zakat especially in contributing towards socio-economic justice as well as its role in achieving national vision 2035 and the global agenda 2030.

## 1 INTRODUCTION

Paying zakat is one of the five main pillars of Islam and in fact paying zakat is the second most important act of worship after daily prayers. Zakat literally means pure, growth, and technically zakat means to purify, to clean and to grow while legally Zakat means paying out the proportion of your excess wealth and distributed to those who are specifically prescribed in the Quran:

*“Zakah expenditures are only for the poor and for the needy and for those employed to collect [zakah] and for bringing hearts together [for Islam] and for freeing captives [or slaves] and for those in debt and for the cause of Allah and for the [stranded] traveler - an obligation [imposed] by Allah. And Allah is Knowing and Wise” – (Tawbah: 60) (Sahih International).*

The collected Zakat fund should only be distributed to the eight recipients: the poor, the needy, the Zakat administrator (amil), the converts (mu'allaf), those who are in bondage, the debt-ridden (al-Gharimin), the way of God (fisabilillah), the wayfarer (ibnu-sabil). Despite all the eight recipients have been clearly mentioned in the noble Qur'an, yet the criteria to specifically define each group might vary from place to place.

The role of Zakat institution is very crucial in shaping the impact of zakat in the society, the more effective and efficient the institution is the higher the

impact of Zakat could have on the society and the economy as a whole. Zakat should not be seen as simply an act of worship but rather to observe zakat as an important socio-economic tool. The most literature discusses the extent of what zakat can contribute to the society and the economy but yet such positive impacts are yet to be realized especially its role as to eradicate poverty. In order for zakat to be treated an important tool in the economy especially by the Government- zakat institution must play its role accordingly. It can be learned that the responsibilities borne by the zakat institution are exceptionally comprehensive ranging from creating awareness of paying zakat to contribute to achieving global socio-economic agenda such as Sustainable Development Goal. However, the role of zakat in an economy must be clear, how it integrates with other system and most important how do zakat and other mechanisms would work together to achieve the ultimate goal which is to achieve socio-economic justice.

Objectives provide specific milestones with a specific timeline for achieving a goal while Key Performance Indicators (KPI) are measurable values and can be compared that demonstrate and provide evidence how effectively an organization is achieving its key objectives (Intrafocus, 2014). All sets of planned outputs must be aligned with the overall mission and vision of the organization (Aminuddin, 2014). Hofstrand (2016) explains that, vision provides a destination for the organization while

mission is a guiding light of how to get to the destination

The success of zakat in an economy can be traced back to the era of caliph Umar when Zakat was claimed able to eradicate poverty. During that era, when zakat worker was discharged to distribute the zakat fund, no one was willing to accept the zakat proceed – such act was believed to imply no one was living in poverty since Zakat is only for those who are in dire need. It can be learned that Zakat can play a very significant role in fighting poverty and create socio-economic justice. Zakat system has three main components – the payer, the administrator and the recipients.

The role of zakat institution is not only limited to collect, deposit and distribute the zakat proceed, its role is much more extensive and comprehensive. In collection itself, Zakat institution plays a significant role in determining the amount of collected zakat fund, with more rigorous efforts in place the potential of zakat fund can be easily achieved. The new emergence of the source of income could create a significant increase in zakat collection especially dealing with those online money-making platform which usually generates higher revenue compared to the traditional source of income. However, such initiatives can only be achieved if zakat institution is clear with its objectives – if zakat institution's performance indicator relies heavily on the increase of collected zakat then more effort would be placed in looking for other potential zakatable wealth else the institution would adopt “business as usual” in their everyday zakat collection initiatives.

In dealing with depositing and distribution of the collected zakat fund, zakat institution is subjected to extreme pressure in making sure the distributed fund able to achieve the objective of zakat. It is important to note that the impact of zakat distribution is overwhelming especially when the consideration of the impact takes into account beyond the zakat recipients. The effectiveness of zakat fund can result to increase in confidence among zakat payer and to some extent would contribute to the economic growth of the country. Therefore zakat could play such an important role if it is not treated as peripheral economic tool but rather should be treated beyond just a mechanism to redistribute wealth. Clearly, the potential of zakat system heavily relies on the ecosystem especially the zakat institution itself. Hence, zakat institution needs to have a clear path of where it will bring zakat system in the economy, if the institution intends to steer zakat system into a more prominent position in the economy, then the system will be treated accordingly.

## 2 METHODOLOGY

This study used to survey in order to gather data from zakat officers pertaining to this subject. 21 responses were obtained and this number is considered sufficient considering the number of zakat officers in the zakat council.

Majority of the questions of the survey consist of agree and disagree questions, where the main objectives of this survey are to get the perception of the zakat officers and hence getting their view on certain matters based on agree and disagree, is considered appropriate.

This research uses quantitative descriptive analysis method to measure the progress of zakat council in attaining the objectives of zakat.

## 3 ANALYSIS AND FINDINGS

With various possible potential of zakat being discussed, this can only be achieved with how well the zakat managers willing to push their efforts as well as having faith in the system of zakat. For every initiatives being carried out by zakat council, zakat council must be clear with the objectives and the role of each assistance being provided to the recipients. In order to see the effectiveness of every assistance provided by the zakat council, members of the zakat council must strongly understand the role of the assistance in helping the zakat recipients as well as the expected outcome of each assistance being provided by the council.

It is imperative for the zakat council to ensure that every member of their workforce has similar perception on the role of zakat as it will help to drive their energy in the same direction. Having everyone on the same page can steer all their efforts more efficiently especially during hard times, not all assistance being tailored by the council will turn out to be successful, but if everyone has a strong belief that the zakat assistance programme will achieve its intended objective.

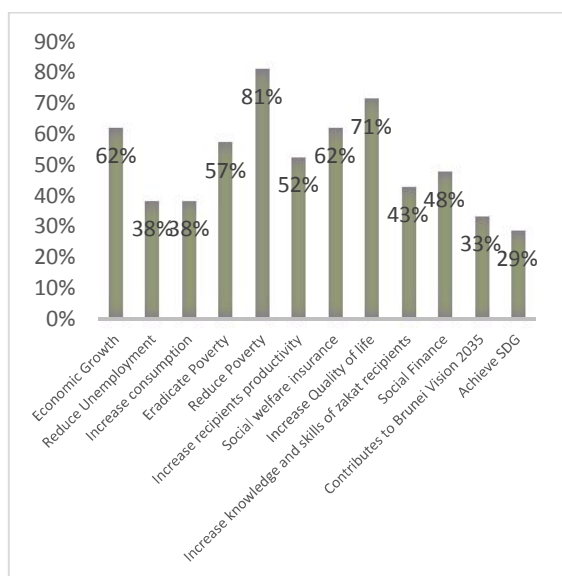


Figure 1. Perception of the role of Zakat.

However, based on the analysis on the perception of the role of zakat among zakat officers has shown a very concerning trend among the zakat officers in Brunei. Of all the 12 items listed not even the most basic objectives of zakat gets full one-hundred percent of agreement, for instance only 81% of zakat officers believe that zakat can reduce poverty, reducing poverty can be considered as a basic role of zakat where most literature discussed that zakat may not be able to eradicate poverty but can help to reduce poverty. Although perception of zakat in reducing poverty gets the highest rate from zakat officers in Brunei but this figure (81%) is still considered quite minimal since the basic role of zakat is to help in reducing poverty. Other items also suffer low rating from zakat officers indicating that zakat may not be perceived as an important economic tool.

Zakat can actually contribute to economic growth. For this reason, zakat council in particular zakat officers must be aware on how zakat can actually contributes to economic growth, it is important for the zakat officers to realise that they are part of the whole nation economic system, and such would also boost confidence and commitment among zakat officers if they learn that their role is very important in the nation economic system. However, only 62% of the zakat officers believe that zakat can contributes towards economic growth and another that shares the same rating of 62% from zakat officer is the role of zakat to increase the quality of life.

At least 57% of the zakat officers believe that Zakat can eradicate poverty although perception on eradication poverty is quite utopian but there exist

some optimism among zakat officers on the role of zakat in eradicating poverty, 52% of the zakat officers believe that zakat can increase recipients' productivity, this rate can be considered as quite low especially considering that zakat assistance programme should be tailored to improve the productivity of the recipients. Most of the contemporary assistance programmes offered by welfare institution such as zakat institution are dedicated to increase the productivity of the recipients rather than solely acting as a relief. Cash assistance programme is no longer a popular option among zakat council as it may encourage idleness, therefore most academic scholars are in the opinion that zakat assistance programme must be shaped to inculcate independence and boost recipients productivity. However assistance programme that aims to boost recipients productivity usually encounter various challenges especially with regards to the sustainability and the success of the programme. However, the success of such programme can only be realised if zakat managers are committed and preserve in pushing all the challenges aside and remain positive. However, with only 52% of the zakat officers believe that zakat can increase the productivity of the recipients might indicate some concern especially the success of the programme is leveraged on the commitment and perseverance of the zakat managers. A proper awareness programme for zakat managers should be conducted to align the objectives of programme with the perception of zakat officers on the role of zakat as a medium to boost productivity of recipients.

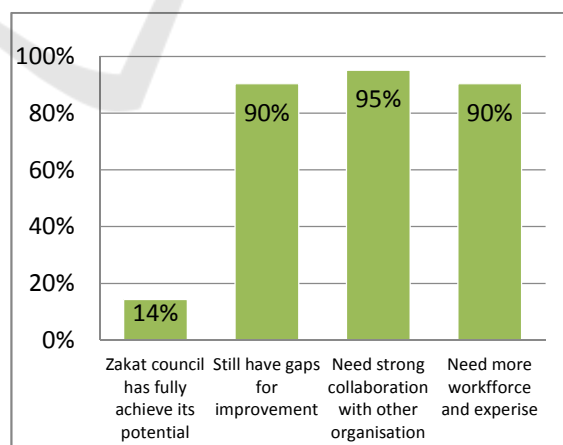


Figure 2: Perception of Zakat administration.

According to the studies done by Yusoff (2011) Zakat spending and scholl enrolment are important determinants of economic growth in Malaysia, implying such results into Brunei's context, and it is

the country's vision to see nation of Brunei to be highly educated and skilled individuals and Zakat should play its role as well to achieve this vision, however less than half (43%) of the zakat officers are in the opinion that zakat can increase knowledge and skills of zakat recipients. Zakat also have high potential to be source of social finance such as Qard al-Hassan, such assistance can help zakat recipients to start-up their own business where majority of the recipients would have difficult access to conventional financing which usually place more restriction as compared to social finance. It cannot be denied capital is important factor in contributing to the success of a business, however with limited restriction to financing through banks would usually hamper the intention of zakat recipients to start their own business. However, if Zakat fund can be used as alternative to conventional financing, this would clearly be a good initiatives to promote productivity and independence, but surprisingly less than half of the zakat officers believe that zakat can be utilised as a source of social finance.

Only 38% of the zakat officers believe that zakat can increase consumption as well as reduce unemployment. It is very surprising to learn only 38% of zakat officers believe zakat can increase consumption even though zakat can clearly help to increase zakat recipients' consumption, when zakat recipients received cash assistance it would increase their income and hence would increase their purchasing power. Another item that receive similar rating is the role of zakat in reducing unemployment, only 38% of zakat officers believe that zakat can help to reduce unemployment, this proportion is very worrying to learn when small proportion of zakat officers are in the opinion that zakat can help to reduce unemployment. However, zakat assistance programme should be shaped to inculcate independence and employment is one of them, so therefore any assistance programme should be shaped to encourage employment among zakat recipients.

Finally, the last two items received the least rating from zakat officers, only 33% of zakat officers believe that zakat can help to achieve Brunei Vision 2035 and only 29% of zakat officers believe zakat can help to achieve SDG 2030. Clearly, zakat officers are less optimistic with regards to the role of zakat in achieving the national vision 2035 let alone the global vision – SDG 2030. Therefore a proper initiatives must be in place to help zakat officers to have clearer view on how zakat can be steered to achieve national vision 2035 as well as SDG 2030.

With regards to the zakat administration in Brunei, this study has found very interesting findings

among zakat officers where only 14% of zakat officers believe that zakat administration in Brunei has achieved its full potential, so clearly majority of the zakat officers are not in the opinion that zakat has achieved its full potential and this indicates zakat officers believe that there is so much more to achieve in zakat administration in Brunei and this can be reflected with another finding where 90% of zakat officers believe that there are still gaps for improvement. It is very pleasing to learn that zakat officers are not in the state of denial but are more open with their view on the zakat administration in Brunei. This also indicate there is an opportunity for other agencies to work with Zakat council in Brunei such as training programme for zakat officers as well collaborating in designing the assistance programme for zakat recipients. If zakat council is in the opinion that there is so much more to improve then this also means that they are willing to learn from other agencies as well to work together and this can be proven from the findings out of the survey where 95% of zakat officers believe zakat council in Brunei needs strong collaboration with other organization, this also can help zakat council in Brunei to deal with the issue of lacking in expertise as well as shortage of workforce since 90% of the zakat officers believe they need more workforce and expertise, however with the current economic situation in Brunei hiring more workers are not usually welcomed by top management so therefore a more intensified collaboration with other agencies sharing pool of resources including expertise is strongly required.

Having clear vision, mission and objectives for any organization is extremely crucial as discussed earlier. For this reason, every organization must establish its vision, mission and objectives as these would help the organization to steer itself steadily with more focus. Establishing vision, mission and objectives should be coordinated accordingly including making sure every personnel in the organization learn and observe the organization's vision, mission and objectives without any hesitation. There is no point having vision, mission and objectives if they are not fully observed and abided by each personnel as it would beat the purpose; therefore Zakat council must understand that it must have vision, mission and objectives to drive the council in the right direction and most importantly to drive every single personnel in the council in the same and planned direction.

Based on the figure above, there exists some concern as almost one-quarter of the zakat officers are not aware of the council vision, mission and objectives. Such observation is very worrying

especially close to one-quarter of the zakat officers are not aware whether the council have its vision, mission and objectives. Therefore top management in the council must take a proper action to help these officers to learn the vision, mission and objectives of the council, some action plan can be put in place including a workshop or training for dedicated officers and well-sighted signage of the council vision, mission and objective in the office. Signage must be place that can be clearly seen from every officers office-desk so it helps to remind the officers of what is the vision, mission and objectives the council envisage to achieve in years to come.

Similarly all efforts must be measured accordingly to ensure the council is aware with its progress in reference to the objectives to be achieved. Without proper Key Performance Indicator (KPIs) in place, members of the council will not aware their position in reference to the objectives to be achieved. However, there seems to exist some misalignment among zakat officers where only 57% of zakat officers opine that Key Performance Indicators (KPIs) are in place but the remaining do not seem to aware whether KPIs are in place, however based on further analysis none of the officers who opined to perceive KPIs are in place actually understand what their KPIs are since no single consistent response when the respondents were inquired to detail out the KPIs. Therefore, this finding signals a very worrying scenario where there exist severe misalignments among zakat officers, every officer must be on the same page especially with regards to what they supposed to achieve out of their everyday task, hence more efforts need to be done especially in driving all the energy in the same direction to ensure every zakat officers are working together to achieve the common objectives.

Surprisingly only 14% opine that Zakat council involve in Brunei Vision 2035, this proportion is considered to be very low especially knowing that Zakat is an important economic tool, if Zakat is important economic tool it should not be treated as peripheral especially taking into account its potential contribution to Brunei Vision 2035. It is unacceptable to learn that a very small proportion of zakat officers agree that zakat contributes to Brunei Vision 2035 when in fact Zakat council is part of the government institution, therefore a proper initiatives must be in place to make sure the role of zakat council in achieving Brunei Vision 2035. Without clear view of where Zakat council is in the system that involves in driving the country would hamper the potential of zakat council in contributing towards Brunei Vision 2035. 67% of the zakat officers are in the opinion that

zakat council do not regularly participate in activities relating to Brunei Vision 2035, despite one of the goal in Brunei vision 2035 is to achieve sustainable and dynamic economy where Zakat supposed to play a very important role especially if zakat reach its fullest potential.

It is very surprising to learn that only 19% of the zakat officers are aware of Sustainable Development Goals 2030 despite zakat council is an important socio-economic institution of which objectives of such institution usually reinforces and coincides with the vision, mission and objectives of Sustainable development goals, it is considered worrying to learn such a minimal proportion of zakat officers are aware of sustainable development goals, proper action must be taken such as training or awareness programme to enhance officers' understanding and awareness of sustainable development goals as well as to identify its role in achieving this global agenda. This can be reflected with only 24% of zakat officers believe zakat can help to achieve SDG 2030, without doubts zakat can help in achieving sustainable development goals given that zakat is managed in the most efficient and effective way without compromising its main objectives to serve the first eight recipients of zakat as prescribed in the Qur'an.

#### 4 CONCLUSION

Clearly, this study has indicated very interesting findings with regards to the perception of zakat officers on the role of zakat. Perception of zakat officers on zakat will shape and contribute towards the success of achieving zakat objectives, how does one able to see his project to reach the intended outcome if he never believes the project will be successful? One must strongly believe in the capability of his project to ensure he will do whatever it takes to see the success of his project as one's belief will shape his commitment, perseverance and positivity. Similarly in the sphere of zakat, zakat officers are the backbone of zakat management, they must have the right attitude towards Zakat, they must strongly believe on the capability of Zakat especially in contributing towards socio-economic justice as well as its role in achieving national vision 2035 and the global agenda 2030. However, based on the findings of this study, there seems to exists pessimism among zakat officers on the role of zakat especially in achieving national vision 2035 and global agenda 2030. If academics and scholars are in the opinion that zakat has so much potential in achieving socio-economic justice while the other main stakeholder

that drives this hopes and dreams are not on the same page then something must be quickly done to ensure every stakeholders are on the same page. Everyone can move in the right direction but not necessarily in the same direction, hence everyone in the system must understand that they are interrelated, one's action will affect others and to see the synergy to be fully realized all stakeholders must realign their attitude towards zakat in order to see the success of zakat.

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