

Zakat Distribution Priorities in Malaysia: An Analytic Hierarchy Process Analysis

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ABSTRACT

Manuscript type: Research paper

Research aims: A key objective of zakat institutions is to distribute funds efficiently and effectively. Despite its critical role in alleviating poverty, the distribution of zakat appears to have been overlooked by previous studies. Recognising such a gap, this study examines the distribution priorities of zakat funds in Malaysia.

Design/Methodology/Approach: Our study relies upon secondary data on the distribution of zakat funds between 2007 and 2015. We analyse the data using the analytic hierarchy process (AHP) technique (pair-wise technique analysis), which involves ranking zakat recipients and comparing them across all states in Malaysia.

Research findings: This study demonstrates that zakat funds were distributed to beneficiaries as mentioned in the Quran: hardcore poor (*fakir*), poor (*miskin*), zakat operator (*amil*), inclined to Islam (*muallaf*), slave (*riqab*), debtors (*gharimin*) wayfarer (*fisabilillah*) and stranded in path (*Ibnu Sabil*). The poverty groups and wayfarers were the top priority of Malaysian zakat institutions. Meanwhile, debtors, slaves, and those stranded in path were given the least importance.

Theoretical contribution/Originality: This study addresses the gap in the zakat literature by adding empirical evidence on the zakat distribution practices amongst all states in Malaysia in remedying the long-standing issue of poverty. The output of this study contributes to enhancing society's understanding of the role of zakat institutions in combating poverty in Malaysia.

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Practitioner/Policy implication: A clear policy that focuses on designing practical programmes that can enhance the living standards of poor people should be designed and reinforced in all zakat institutions.

Research limitation/Implications: The study's data is limited from 2007 to 2015. This is due to the inconsistency and missing data related to the distribution of zakat. Nevertheless, this study extends the existing zakat management literature, especially in the context of zakat collection and distribution among beneficiaries. Furthermore, the present study highlights important issues on how to manage zakat funds in Malaysia practically.

Keywords: Poverty, Zakat, Collection and distribution of zakat, Asnaf, AHP

JEL Classification: I32

1. Introduction

Poverty is one of the most significant issues affecting most nations and is the prime example of societal inequality. There are many ways to define poverty, however. According to the World Bank, poverty arises when people lack key capabilities and thus having inadequate income or education, poor health, insecurity, low self-confidence, or a sense of powerlessness, or the absence of rights such as freedom of speech (Haughton & Khandker, 2009). The World Bank categorises poverty into two different groups, i.e., extreme and relative poverty. Extreme poverty is for individuals earning less than US\$1.25 (purchasing power parity) per day; relative poverty is for individuals earning less than US\$2. However, this self- and collective-driven issue requires systematic models such as donation and equity-based economic models. Our study focuses on poverty in Malaysia that calls for zakat institutions to alleviate poverty through effective distribution of aid.

In 2019, Malaysia's urban population's poverty rate was 3.8%, while rural poverty was 12.4%. In the same year, Malaysia revised its national poverty line income, increasing it from RM980 to RM2,208. Successive Malaysian governments have given serious consideration to the issue of poverty. Since the formation of the country, various development policies have been formulated to reduce the poverty rate, such as the Draft Development Plan of Malaya (1950-1955) and the five-year Malaysia Plans from 1966 to the present. These also include other policies, such as the Government Transformation Programme (GTP), the New Economic Model (NEP), Economic Transformation Programme Economic (ETP), and the Rural Transformation Programme (RTP), which have successfully enhanced

infrastructure, created job opportunities and economic activities that benefit the people (Abd Razid, 2013). The Malaysian government also introduced Amanah Ikhtiar Malaysia (AIM) in 1987, aiming to reduce poverty by creating jobs for disadvantaged individuals and groups. AIM offers microcredit financing to finance economic activities and provides guidance and continuous training to poor entrepreneurs to uplift their business activities. One of the programmes under this organisation is the Ikhtiar Financing Scheme, (SPI), designed to meet the needs of the poor and marginalised, especially in rural areas, to further themselves from the poverty line. Besides governmental intervention, the issue of poverty is also discussed from the perspective of religion. For example, in Islam, poverty is defined based on an individual failing to fulfil any of the five basic human requirements based on *maqasid syariah*: protection of religion; protection of physical self; protection of knowledge; protection of dignity; and protection of wealth (Nadzri et al., 2012). Islam also teaches humankind to free themselves from poverty.

Therefore, an ongoing strategy to eradicate poverty should be formulated. Our study uses a series of self-collected secondary data to rank zakat distribution for those in poverty (hardcore poor and poor) relative to the other six categories of *asnaf* (those who are deemed eligible to receive zakat aid). Past studies have examined various aspects of zakat (Ab Rahman & Ismail, 2016; Abd Jalil et al., 2019; Afdali et al., 2021), but none have ranked recipients based on funds distributed. This study contributes toward enhancing society's understanding of the role of zakat institutions in combating poverty in Malaysia. This is important given that there have long been calls for zakat institutions to improve their management in the effort to alleviate poverty in the country (Alias, 2016). The following section discusses the relevant literature on zakat, followed by Section 3, which presents the research methodology and analysis. Section 4 discusses the results, while the conclusion and limitations of the study are contained in Section 5.

2. Literature Review

Various researchers have examined key issues pertaining to zakat, such as effectiveness of fund management, the magnitude of collection and distribution, as well its role in eradicating poverty at the country level. This section reviews past research according to the following three themes: zakat administration and management, collection and distribution of zakat, and zakat and poverty eradication.

2.1 *Zakat Administration and Management*

Zakat institutions are deemed reputable organisations in charge of collection and distribution. However, there are numerous issues associated with zakat management. Ali et al. (2015) show that issues concerning the administration of zakat institutions go beyond religious perspectives. The main objective of zakat institutions is to assist Muslims in performing a pillar of Islam and alleviating poverty, thus necessitating zakat to be managed as efficiently as possible. Another issue concerns the need to gain the trust of zakat benefactors and beneficiaries. In essence, zakat institutions are expected to discharge their duties appropriately, encompassing beneficiaries' activities and providing them with the necessary skills to optimise zakat funds and avoid unnecessary misspending. According to Bidin et al. (2016), the development of zakat institutions in Malaysia began before the colonial period, with zakat payments to religious teachers that were then distributed to the needy. The practice of zakat has evolved, with zakat institutions being introduced in 1990 and thereafter improving management quality as corporate entities. According to Bidin et al. (2016), zakat institutions have made great progress, with funds only increasing over the years. However, such progress is not without criticism. For example, Sawmar and Mohammed (2021) criticise the existing governance of zakat institutions, calling for a more enhanced governance structure to improve zakat payment compliance.

Wahab and Rahman (2012) investigate the productivity and efficiency of Malaysian zakat institutions. The Malmquist Productivity Index and the Data Envelopment Analysis (Computer) Program (DEAP) technique were used to determine the total productivity growth of Malaysian zakat institutions. They find that total factor productivity (TFP) increased slightly due to technical rather than efficiency changes. Additionally, they state that Perlis has the highest TFP growth rate of 9.8%, followed by Perak, Kelantan, Negeri Sembilan, and Penang. The study proposes that zakat operates at non-CRS (constant returns to scale) to increase efficiency, such as is done in Perlis. The efficiency of zakat management can be measured in the collection and distribution of zakat funds. In Muhsin's (2014) investigation of zakat collection in Kuala Lumpur, zakat collection and distribution are both well-managed. The collection of funds increases yearly as the number of benefactors grow for individuals and organisations.

Furthermore, zakat distributions are well-organised, which increases distribution and beneficiaries. However, these efforts should

still be stepped up to address poverty rates. Even though zakat institutions in Malaysia appear to assist Muslims, there is still some dissatisfactions over how they are managed (Ali et al., 2015).

Rasool and Amran (2017) examine the role of zakat institutions in distributing funds to eight recipients, and found that many are unsatisfied. Two factors were highlighted in this study. Firstly, the zakat institutions lacked information on recipients. Secondly, the determination of each group of recipients differed between states, meaning that there were those who qualified as recipients but did not receive funds. Thus, they suggest that the definition of each group of zakat recipients should be broadened over time.

2.2 Zakat Collection and Distribution

Zakat distribution is synonymous with its recipients and is one of the key indicators of the effectiveness of zakat management. As such, executing distribution effectively should be a priority. There have been numerous studies on zakat distribution and recipients.

Wan Mohd Khairul Firdaus et al. (2019) criticise the requirement by some zakat institutions for students in higher education, where family finances are taken as an indicator. The authors criticise this requirement, which differs from the views of scholars. The authors propose that students be classified as *miskin* (poor, one of the eight categories of *asnaf*) regardless of their family's financial situation once they reach the age of *baligh* (the age where Muslims can perform social transactions). The study discovered that the requirements for students differ among zakat institutions based on a broad definition of each *asnaf*. Ibrahim and Sahrim (2019) investigate household indebtedness and the role of zakat in assisting debtors (*al-gharimin*). The study reveals that the number of households filing for bankruptcy rises yearly, which is very concerning. The study also finds that most household debts are used to meet basic needs. The authors chastised some zakat institutions for failing to prioritise the *asnaf al-gharimin*, who can benefit from zakat funds. The study suggested that further research be conducted to identify *asnaf al-gharimin* appropriately and that the distribution of zakat funds to this group be taken more seriously to avoid marginalisation.

Ab Rahman and Ismail (2016) study the distribution scheme from zakat funds to the Inclined to Islam group in Negeri Sembilan. This study found 11 schemes that the Negeri Sembilan Islamic Department (Majlis Agama Islam Negeri Sembilan) developed for the inclined to Islam (*muallaf*) group. The study also found that the schemes provided fulfilled Islamic requirements based on *maqasid*

syariah, focusing on protecting lives, religion, ancestry, property, and knowledge. The authors suggested that studies about the priority of *asnaf* based on *maqasid syariah* should be conducted so that the distribution is done according to sharia law. Afdali et al. (2021) investigated the distribution of zakat toward the inclined to Islam group from a *maqasid syariah* perspective. The study uses secondary data from the library and interviews with Federal Territories Islamic Department (Majlis Agama Islam Wilayah Persekutuan) officers in Kuala Lumpur. The study found that the method of zakat distribution to the inclined to Islam group in Kuala Lumpur was direct and indirect. Direct distribution contains schemes that are given in terms of cash and capital. In contrast, indirect distribution was more spiritual, such as the shelter known as Darul Hidayah. Both distributions complied with *maqasid ta'lif qulub* (the principle of companionship of hearts) to strengthen their faith in Islam.

Ali et al. (2015) examine the effectiveness of monthly zakat distributions to the inclined to Islam group in Selangor. The authors use simple sampling on the primary data and analysed it using the Gini coefficient and Lorenz curve. The study finds that the practice of zakat institutions shows positive outcomes where the poverty gap among those inclined to Islam and the poverty gap in Malaysia are reduced. Azman et al. (2015) study the slave (*riqab*) group and its relevance in contemporary society. The authors use secondary data to review this group in Perak. The authors found that there were zero *asnaf riqab* in Perak because of the definition used by the zakat institution, i.e., a slave that knows he or she is going to be free, while contemporary scholars have widened the definition to suit today's world. Therefore, the authors suggest that the criteria of *asnaf riqab* be widened to include Muslims whose faith is shaken, the disabled, the homeless, and drug addicts. The authors also recommend a development centre for *asnaf* to manage their activities.

Rosli et al. (2018) focus on the definition of *asnaf riqab* in contemporary society. The study finds that most states do not distribute zakat funds to *asnaf riqab* since slavery does not exist in Malaysia. The authors, using data from the Social Welfare Department (Jabatan Kebajikan Masyarakat) and proposed some groups that can be grouped under *asnaf riqab*, such as victims of elder neglect, child abuse, and domestic violence, as well as children involved with crime. The study also urges zakat institutions to distribute funds to these groups as they are in need of attention and aid.

2.3 Zakat and Poverty Eradication

Nadzri et al. (2012) emphasise the role of zakat institutions in alleviating poverty in the country. They discovered that zakat institutions could not efficiently distribute funds due to a variety of constraints. As a result, the study proposed several ideas for improving zakat institutions. They proposed that zakat institutions work with government agencies, non-governmental organisations (NGOs), microfinance institutions, business corporations, and tertiary institutions to improve their efficiency, particularly in distributing zakat funds. Mahmud et al. (2014) observe how zakat programmes help recipients with food security and the zakat eligibility in Bangladesh. This study employs a simple random sampling (SRS) technique with 149 selected households from the beneficiaries of the Hasana programme in the Manikganj district. The study finds that the zakat institutions in Bangladesh need to take more serious actions to ensure the poor can survive. The authors suggest that policymakers focus more on designing programs that help the poor increase their income and living standards. Most of the poor in Bangladesh are involved in the agricultural sector, which is beset by recurring natural disasters. Thus, this study recommends that policymakers give the needy legislative assurance or technology upgrades to help them grow their incomes.

Isahaque and Hatta (2014) investigate the role of zakat as a poverty-reduction mechanism in three countries, Bangladesh, Malaysia, and Indonesia. The study reveals that Bangladesh lacks systematic management to collect and distribute zakat, unlike Malaysia, which ranks among the best in zakat management. Even though Indonesia has systematic management, benefactors chose to pay zakat directly to the *asnaf* due to trust issues, such as corruption among administrators. According to the study, zakat management plays an important role in poverty reduction, as evidenced by the fact that the poverty rate in Malaysia has decreased over time. According to the study, zakat should be incorporated into poverty-reduction programmes. Muslim social workers should be involved in these programmes to educate society about the importance of zakat in alleviating poverty and advocating for the poor.

Abdullah et al. (2015) investigate the role of zakat in alleviating poverty and inequality in Pakistan, chosen due to its economic growth and influx of refugees. The authors use secondary data and the Basic Needs Deficiency Index (BNDI) to measure poverty. According to the authors, poverty in Pakistan has decreased, and the amount of zakat collected has increased. The authors propose that

other countries use the BNDI to calculate poverty rates successfully. The authors also suggest that the distribution method should be upgraded to be more accurate and fairer to the *asnaf*, whether rural or urban. Hoque et al. (2015) propose the use of zakat funds as seed money for developing small businesses among the poor. This study employs a sequential mixed-methods analysis. 17 managers were interviewed for qualitative data, while 85 zakat recipients were polled for quantitative analysis. The results suggest that zakat substantially impacts the living situations of recipients and lays the groundwork for fostering small business entrepreneurship by mobilising zakat as seed money (investment) and not as spent money (consumption).

Ahmed et al. (2017) investigates the role of zakat in poverty alleviation in Nigeria, focusing on the needy and poor beneficiaries. The authors state that there is much room for improvement in Nigeria's zakat institution, given that the level of poverty in Nigeria remains alarming. The study proposes several ideas for Nigerian zakat institutions to improve their aid distribution policies. First, the study proposes that zakat institutions develop programmes that benefit recipients and provide financial assistance. Furthermore, the study proposes that zakat be used as a funding source for healthcare facilities and educational platforms. Finally, it encourages these institutions to be managed systematically to determine who is poor, which is necessary to deliver zakat to those in need.

According to previous research, many zakat institutions' actions impact the community, either positively or negatively. Because of the community's dissatisfaction with the management of zakat institutions, many studies have been conducted in this area. Furthermore, the issue of poverty is frequently linked to zakat, which has received a lot of attention worldwide. Ahmed et al. (2017) proposes that the distribution method be reviewed regularly to help the poor live a better life. As a result, there is a need to investigate the effectiveness of zakat institutions' decision-making processes, which are primarily concerned with distributing zakat funds to intended recipients. Recognising this gap in zakat research, the current study expands on the effectiveness of zakat institutions in addressing Malaysia's poverty rate.

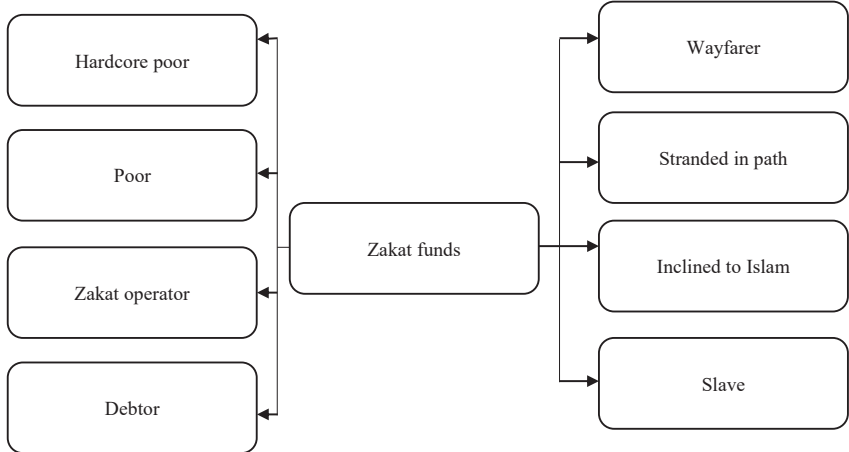
3. Research Methodology

Surah At-Tawbah states that "Alms are for the poor and the needy, and those employed to administer the (funds); for those whose hearts have been (recently) reconciled (to Truth); for those in bondage and debt; in the cause of Allah; and for the wayfarer: (thus is it) ordained

by Allah, and Allah is full of knowledge and wisdom” (9:60). Previous studies that examined zakat are guided by this verse that indicates the rightful recipients of zakat. Thus, based on the Quranic verse, Figure 1 shows the structure of zakat beneficiaries (*asnaf*) tested in the study.

Figure 1 below depicts the main model of the study, which highlights the beneficiaries of zakat funds. Based on this model, we examine the ranking of the eight beneficiaries of zakat.

Figure 1: The main model of the study



3.1 Data

Our study utilises secondary data related to the distribution of zakat funds according to recipients from 2007 to 2015 in every state in Malaysia. The secondary data source was each state’s Islamic religious council. All of these councils updated their statistics of zakat collections and distributions, except for one state, which lacked the data we required for analysis. Therefore, 13 states’ zakat data are used in the present study.

3.2 Analysis

The data are analysed using the analytic hierarchy process (AHP) technique, which was developed by Saaty (1982) to determine the priorities of a set of alternatives and the relative importance of attributes in multiple criteria decision-making problems (Motaki & Kamach, 2017). This is a popular method to judge the intensity of

preference for one thing over another by deriving the priorities based on sets of pair-wise comparisons (Forman & Peniwati, 1998).

Past studies have proven that AHP is an efficient technique to determine the priority and ranking in the field of zakat. Motaki and Kamach (2017) organised the steps for AHP application as follows: (i) define the problem and the evaluative criteria for the research; (ii) compose problem modelling through a simple and clear hierarchy of goals, criteria, sub-criteria, and alternatives whenever they exist; (iii) organise the evaluated criteria by decision-makers into a pair-wise comparison matrix; (iv) compute the principal eigenvalue and the corresponding normalised right eigenvector of the various criteria; and (v) evaluate the consistency of each criterion of the matrix.

Generally, the AHP technique is employed by researchers or decision-makers to explore multiple criteria decision-making problems. However, our study applies the same technique to establish the ranking and priority of decisions made by decision-makers using secondary data. To execute this technique, we follow Motaki and Kamach's (2017) steps. First, we obtained the data of zakat distributions to eight zakat recipients in Malaysia in the form of cash value. Second, to ease the evaluation process, we converted the cash value into a percentage value, and we organised the data into a simple rank based on the percentage value from the lowest to the highest value. Third, each criterion was compared to the other in a pair-wise comparison using Saaty's (1982) priority scale for the evaluation process, as shown in Figure 2 below.

Figure 2: Saaty's priority scale

Numerical rating	Verbal judgement of preferences
1	Equally preferred
3	Moderately preferred
5	Strongly preferred
7	Very strongly preferred
9	Extremely preferred
2, 4, 6, 8	Intermediate values between the two adjacent judgements
Reciprocals	When an activity i compared to j is assigned one of the above numbers, then activity j compared to i is assigned its reciprocal

Conducting the pair-wise comparison using secondary data is new to AHP analysis. Therefore, the present study designed a table of pair-wise comparisons between each criterion, and compared it based on Saaty's priority scale to determine the priority of each criterion. The comparison table is shown in Table 1.

Table 1: Indicator of pair-wise comparison

C1 : C1 = 1	C2 : C1 = 2	C3 : C1 = 3	C4 : C1 = 4	C5 : C1 = 5	C6 : C1 = 6	C7 : C1 = 7	C8 : C1 = 9
C1 : C2 = 1/2	C2 : C2 = 1	C3 : C2 = 2	C4 : C2 = 3	C5 : C2 = 4	C6 : C2 = 5	C7 : C2 = 6	C8 : C2 = 7
C1 : C3 = 1/3	C2 : C3 = 1/2	C3 : C3 = 1	C4 : C3 = 2	C5 : C3 = 3	C6 : C3 = 4	C7 : C3 = 5	C8 : C3 = 6
C1 : C4 = 1/4	C2 : C4 = 1/3	C3 : C4 = 1/2	C4 : C4 = 1	C5 : C4 = 2	C6 : C4 = 3	C7 : C4 = 4	C8 : C4 = 5
C1 : C5 = 1/5	C2 : C5 = 1/4	C3 : C5 = 1/3	C4 : C5 = 1/2	C5 : C5 = 1	C6 : C5 = 2	C7 : C5 = 3	C8 : C5 = 4
C1 : C6 = 1/6	C2 : C6 = 1/5	C3 : C6 = 1/4	C4 : C6 = 1/3	C5 : C6 = 1/2	C6 : C6 = 1	C7 : C6 = 2	C8 : C6 = 3
C1 : C7 = 1/7	C2 : C7 = 1/6	C3 : C7 = 1/5	C4 : C7 = 1/4	C5 : C7 = 1/3	C6 : C7 = 1/2	C7 : C7 = 1	C8 : C7 = 2
C1 : C8 = 1/9	C2 : C8 = 1/7	C3 : C8 = 1/6	C4 : C8 = 1/5	C5 : C8 = 1/4	C6 : C8 = 1/3	C7 : C8 = 1/2	C8 : C8 = 1

After the pair-wise comparison, the data was transferred to the Business Performance Management Singapore (BPMSG) software, which automatically calculated the weights of each criterion and the principal eigenvalue in step 4. The software also calculated the consistency of each matrix criterion in step 5. Figure 3 below shows the pair-wise comparison of the BPMSG AHP online system.

Figure 3: BPMSG AHP online system

	A - wrt AHP priorities - or B?	Equal	How much more?
1	<input checked="" type="radio"/> Hardcore Poor <input type="radio"/> Poor	<input checked="" type="radio"/> 1	<input type="radio"/> 2 <input type="radio"/> 3 <input type="radio"/> 4 <input type="radio"/> 5 <input type="radio"/> 6 <input type="radio"/> 7 <input type="radio"/> 8 <input type="radio"/> 9
2	<input checked="" type="radio"/> Hardcore Poor <input type="radio"/> Zakat Operator	<input checked="" type="radio"/> 1	<input type="radio"/> 2 <input type="radio"/> 3 <input type="radio"/> 4 <input type="radio"/> 5 <input type="radio"/> 6 <input type="radio"/> 7 <input type="radio"/> 8 <input type="radio"/> 9
3	<input checked="" type="radio"/> Hardcore Poor <input type="radio"/> Inclined to Islam	<input checked="" type="radio"/> 1	<input type="radio"/> 2 <input type="radio"/> 3 <input type="radio"/> 4 <input type="radio"/> 5 <input type="radio"/> 6 <input type="radio"/> 7 <input type="radio"/> 8 <input type="radio"/> 9
4	<input checked="" type="radio"/> Hardcore Poor <input type="radio"/> Slave	<input checked="" type="radio"/> 1	<input type="radio"/> 2 <input type="radio"/> 3 <input type="radio"/> 4 <input type="radio"/> 5 <input type="radio"/> 6 <input type="radio"/> 7 <input type="radio"/> 8 <input type="radio"/> 9
5	<input checked="" type="radio"/> Hardcore Poor <input type="radio"/> Debtor	<input checked="" type="radio"/> 1	<input type="radio"/> 2 <input type="radio"/> 3 <input type="radio"/> 4 <input type="radio"/> 5 <input type="radio"/> 6 <input type="radio"/> 7 <input type="radio"/> 8 <input type="radio"/> 9
6	<input checked="" type="radio"/> Hardcore Poor <input type="radio"/> Wayfarer	<input checked="" type="radio"/> 1	<input type="radio"/> 2 <input type="radio"/> 3 <input type="radio"/> 4 <input type="radio"/> 5 <input type="radio"/> 6 <input type="radio"/> 7 <input type="radio"/> 8 <input type="radio"/> 9
7	<input checked="" type="radio"/> Hardcore Poor <input type="radio"/> Stranded In Path	<input checked="" type="radio"/> 1	<input type="radio"/> 2 <input type="radio"/> 3 <input type="radio"/> 4 <input type="radio"/> 5 <input type="radio"/> 6 <input type="radio"/> 7 <input type="radio"/> 8 <input type="radio"/> 9

The consistency in step 5 is crucial to determine whether the AHP method is relevant to the present study. Saaty (1982) notes that the consistency ratio's value should be 10% or less beneficiaries. If it is more than 10%, the judgment may be somewhat random, and the judgment should be revised (Abd Jalil et al., 2019). It is also essential for ensuring a rational decision (Ossadnik et al., 2015). Since the present study analyses decision-made data, thus the method will be impractical if the judgment is inconsistent. The final step in the present study was to aggregate the weight of each criterion. Forman and Peniwati (1998), in their study, suggest that if more than one individual participates in the decision process, two aggregation methods can be adopted, i.e., aggregating individual judgments (AIJ) and aggregating individual priorities (AIP). AIJ is recommended if the individuals agree to synchronise all the decisions until getting a certain decision. In contrast, AIP is suggested when an individual's significant judgment results in alternative priorities.

The respondents for the present study were represented by years of zakat allocations from the year 2007 to the year 2015. Since the present study is concerned with the decision made by zakat institutions, the present study adopts AIP as the framework of AHP. When engaging with AIP, both the weighted geometric mean method (WGMM) and weighted arithmetic mean method (WAMM) can be utilised as a computation of the weight aggregation method (Forman & Peniwati, 1998). However, Abd Jalil et al. (2019) and Ossadnik et al. (2016) suggest that WGMM be used as the aggregation method, as it is more convenient in a group judgment. Moreover, the application of WGMM also needs an additional normalisation, since the sum of the final priority vector is not equal to one (Abd Jalil et al., 2019). Hence, the results from the steps mentioned above are significant to achieving our study's objective, i.e., to examine the rank of prioritisation of zakat recipients, and compare their prioritisation in high-income and low-income states.

4. Results and Discussion

The AHP analysis results are based on 104 observations ($n = 104$) of zakat funds' distribution according to eight categories of recipients from 13 states over nine years. The inconsistency result of AHP is 0.02, which fulfils the requirement of acceptance (< 0.1) (Saaty & Vargas, 2001). Our results are important to justify the role of the zakat institution in distributing funds. Ab Hamid and Jusoh (2017) discuss the thoughts of four Islamic schools, Syafie, Hanafi, Maliki and Hanbali, in terms of how zakat funds should be distributed

(to at least three groups of *asnaf*). As *ijtihad* (expert reasoning) is an essential instrument in zakat management, we recognise that zakat institutions from different states have their stance on distribution practices. Table 2 shows the ranking of eight zakat beneficiaries for each state, categorised according to the state's income (high and low) from the year 2007 until the year 2015.

Table 2: Ranking of zakat recipients

	State	Hardcore Poor	Poor	Zakat operator	Inclined to Islam	Slave	Debtor	Wayfarer	Stranded in path
High-income	Kuala Lumpur	3	2	4	5	8	6	1	7
	Selangor	3	2	4	6	7	5	1	8
	Johor	3	2	4	5	7	6	1	7
	Melaka	2	4	3	5	7	6	1	8
	Penang	4	1	3	5	8	6	2	7
	Terengganu	3	1	4	5	6	7	2	8
Low-income	N Sembilan	7	1	4	5	3	6	2	8
	Sarawak	2	4	3	5	6	6	1	6
	Sabah	1	3	4	5	6	6	2	8
	Perak	7	1	3	4	7	6	2	5
	Pahang	3	4	2	5	8	6	1	7
	Kedah	4	2	3	5	7	7	1	6
	Kelantan	5	1	3	4	5	5	2	5

The results show that most states in Malaysia, like Penang, Terengganu, Negeri Sembilan, Perak, Kelantan, and Sabah, prioritise poverty groups over other recipients. Sabah allocates the highest amount of zakat funds to the hardcore poor. As a result, the poverty rate in Sabah decreased significantly from 8.1% in 2012 to 4% in 2014. This result is consistent with previous studies, such as Nadzri et al. (2012), Mahmud et al. (2014), Isahaque and Hatta (2014), Abdullah et al. (2015), and Ahmed et al. (2017), which discuss the role of zakat in poverty alleviation. Besides the poverty groups (hardcore poor and poor), wayfarers were ranked first by some states in Malaysia, such as Kuala Lumpur, Selangor, Johor, and Melaka, which fall under high-income states. Meanwhile, Sarawak, Pahang, and Kedah, all low-income states, also followed the same priority by allocating most zakat funds to wayfarers. This finding is consistent with Nasir et al. (2019), who report that the allocation of zakat funds to wayfarers is believed to have more impact, especially in the education sector,

where students are sponsored using zakat funds.

The results also provide an interesting analysis of the prioritisation of zakat funds. For example, the hardcore poor came in third in high-income states like Kuala Lumpur, Selangor and Johor, similar to the low-income states Terengganu, Sabah, and Kedah for. These states prioritised the poor and wayfarers instead. This decision may be influenced by various factors, such as higher demand (applications) from the poor and wayfarer groups instead of the hardcore poor group. Furthermore, government interventions to alleviate poverty may be a signal to zakat institutions to focus on other zakat beneficiaries. Besides focusing on the poor and wayfarer groups, our results show that zakat operators ranked third in Penang, Melaka, Sarawak, Perak, Kedah, and Kelantan. Zakat operators ranked fourth in Kuala Lumpur, Selangor, Johor, Terengganu and Negeri Sembilan. Interestingly, only two states, Perak and Kelantan, ranked beneficiaries under the inclined to Islam group as fourth, compared to other states that placed it fifth. This may be due to the needs of these states in assisting new converts. Overall, our results indicate that the four primary beneficiaries are the hardcore poor, poor, zakat operator and wayfarer group in the AHP ranking analysis in Malaysia. Besides Perak and Kelantan, most states ranked the inclined to Islam and debtor groups in fifth and sixth place respectively. This is followed by the slave and stranded in path groups, which placed seventh and eighth. The groups ranked fifth to eighth received less priority than the poverty groups (hardcore poor and poor), zakat operators, and wayfarers. However, Nor Aini et al. (2016) believe that the bankruptcy issue in Malaysia is pressing and suggest that zakat funds should be used to overcome this problem. And as stated above, Rosli et al. (2018) recommend that zakat institutions should include victims of elder neglect, child abuse, and domestic violence, as well as children involved in crime as recipients. Some states, like Selangor, extend assistance to the victims under *asnaf riqab* beneficiaries.

Based on the above findings, our study provides empirical evidence on the zakat distribution practices of all states in Malaysia in addressing the long-standing issue of poverty. Drawing on AIP as a framework for an AHP ranking of zakat distribution, our findings contribute towards enhancing society's understanding of the role of zakat institutions in combating poverty in Malaysia.

5. Conclusion

Zakat institutions in Malaysia are under intense scrutiny, given the crucial role that it plays to address poverty. From the colonial era, the practice of zakat has grown from an individual practice into a formal institution that manages the collections and distributions of zakat funds. Scholars and academic researchers often believe that zakat institutions assume an important role in alleviating poverty in Malaysia. Many studies examine the effectiveness of zakat distributions toward alleviating poverty. The continuous constructive comments and research on zakat institutions have improved this institution over time. Therefore, zakat distributions must be examined to create awareness on the crucial social role played by zakat institutions.

The general perception of payers is that zakat institutions should resolve poverty-related issues involving Muslims in the country. Although it is generally believed that most zakat funds should be distributed to the hardcore poor and poor, based on our results, most states prioritised the poverty group (hardcore poor and poor) and wayfarers. States like Penang, Terengganu, Negeri Sembilan Sabah, Perak, and Kelantan prioritise zakat funds for poverty groups. These states prove that zakat institutions in Malaysia are keen on poverty alleviation issues in Malaysia. Meanwhile, states like Kuala Lumpur, Selangor, Johor, Melaka, Sarawak, Pahang, and Kedah prioritised zakat funds to wayfarers. Above all, based on the pair-wise technique employed in this study, each decision made by zakat institutions is significant for the poverty groups or other *asnaf* groups. Besides, zakat institutions that prefer wayfarers as primary recipients should not be disputed, as the institutions have their reason for doing so. Even in the states where wayfarers are ranked first, the hardcore poor and poor still place second—except for Pahang, where zakat operators come in second after wayfarers. Therefore, the current priority and emphasis on the poverty groups by zakat institutions have proven the effectiveness of aid distribution to alleviate poverty in Malaysia. This statement is supported by the results presented in our study.

6. Limitations and Future Research

There are some limitations that we faced throughout the process of conducting this study. Firstly, our study's data were limited to only those derived between 2007 and 2015 due to the unavailability of complete data. Secondly, we collected the secondary data from zakat

institutions' websites and bulletins and analysed them using the AHP technique without soliciting the views or further explanations from zakat institutions. Hence, future research could be expanded to include a more recent dataset and extended to a qualitative research design to capture more insightful views or explanations about zakat practices in Malaysia.

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