

# The Management of Zakat Institutions in Malaysia: A Systematic Literature Review and Future Research Agenda

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## ABSTRACT

Managing a substantial amount of zakat and aligning them to a philanthropic function exposes zakat institutions to intense scrutiny. Zakat institutions must improve their functioning to help the poor and enhance confidence among all relevant stakeholders. This systematic review was conducted following the Preferred Reporting Items for Systematic Review and Meta-Analyses (PRISMA). This review aims to elucidate prevalent research themes, synthesise previous findings, and propose avenues for future inquiry in this domain. Drawing upon twenty articles extracted from the Scopus database, the review identifies three principal research clusters: quality and efficiency, management practices, and reporting mechanisms. Key findings for all studies of these three clusters were highlighted, and potential areas of future research were proposed. This review makes a significant contribution to the zakat institutions and scholars as it provides a better understanding of the current state of research related to the management of zakat institutions in Malaysia.

**Keywords:** Malaysia, PRISMA, systematic literature review, zakat

## INTRODUCTION

Zakat or almsgiving stands as a fundamental tenet within the Islamic faith. The literal meaning of zakat is cleanliness, purification, improvement, growth, righteousness, blessing, and praise (de Zayas, 2008; Qardhawi, 2009). Muslims believe that zakat may bless people's wealth and purify the souls and minds of both zakat payers and recipients. Rooted in this belief, zakat serves not only as an act of worship but also as a means of socioeconomic equilibrium. It reflects the understanding that the wealth of Muslims is not solely for themselves, but it is a blessing from Allah and thus must be shared with the needy. The Quran says: "You shall observe the Salah and give the obligatory charity (zakat) and bow down with those who bow down". The Quran emphasises that the distribution of zakat should be done to eight groups of asnaf (beneficiaries of zakat). These groups are categorised as the poor (al-fuqara'), the needy (al-masakin), zakat administrators (amil), those whose hearts are to be reconciled (muallaf), those in bondage (al-riqab), the debt-ridden (al-gharamin), in the cause of God (fisabilillah) and the wayfarer (ibn sabil) (Quran 9:60).

Given the above basis of zakat, which involves distributing wealth from the affluent to those categorised as asnaf, zakat is a way to narrow the wide socio-economic gaps. Previous studies highlighted the multifaceted roles of zakat, including its function as a mechanism intertwining social, economic, and religious dimensions (Qardhawi, 2009). For instance, scholars posit that proper usage of zakat funds may not only help eradicate poverty (see Hassan, 2010; Aziz et al., 2020; Abdul Razak, 2020) but also minimise dependency on tax set aside for welfare schemes (see Setianingrum, Huda and Santosa, 2021; Djatmiko, 2019) and stimulate economic opportunity and development (see Johari et al., 2013; Machado, Bilo and Helmy, 2018; Shaukat and Zhu, 2021).

Another aspect that has been an issue of concern among scholars is the management of zakat funds. In Malaysia, the management of these funds falls under the jurisdiction of the State Islamic Religious Council (SIRC). Each state has its zakat institution that helps manage the zakat funds based on Islamic administrative law (Ahmad

Nadzri et al., 2012). However, the efficacy of these institutions has been subject to scrutiny, with concerns raised about their collection efficiency and distribution effectiveness (see Ahmad, 2020a; Utusan Borneo Online, 2020) and scholars (Zainal et al., 2016; Zakaria & Abdul Malek, 2014; Ab Rahman, Alias and Syed Omar, 2012). Classically, it was claimed that failures to utilise zakat effectively are mainly due to zakat institutions' inefficiency or incompetence (Umer Chapra, 1992).

In 2020, the COVID-19 crisis has further placed zakat institutions under more intense scrutiny among the public. Despite being proven to be an effective way to curb the spread of the pandemic, the government's lockdown policies at that time affected the economy greatly (The Star, 2021; McKibbin and Fernando, 2020). The threat to all sectors of the economy became increasingly apparent, especially during the third wave (Rampal & Liew, 2021). Undoubtedly, the asnaf group was among those who were adversely impacted by COVID-19. During that time many people lost their jobs and had difficulties finding other sources of income (Ahmad, 2020b). Amidst these challenges, zakat institutions were expected to provide timely support to those in need. A slight delay in channeling helped invite public criticism and tarnished the credibility of zakat institutions. Nevertheless, to deploy fast and productive actions in response to this kind of unprecedented situation, adept management of funds was needed to ensure swift and effective response mechanisms.

Acknowledging the imperative to address issues relating to the management of zakat funds, this study undertakes a systematic literature review (SLR) to synthesise existing knowledge on zakat institutions in Malaysia. SLR is a research method commonly used to collect and critically assess studies that help answer a posed question (Dewey & Drahota, 2016). When SLR is carried out based on proper procedures, such a study can provide reliable findings to help decision-makers act accordingly (Tranfield et al., 2003). Despite a large number of research relating to zakat, a comprehensive review of zakat institutions remains scarce in scholarly discourse. Therefore, the aim of this review is three-fold: 1) to delineate research clusters, 2) to summarise the main previous findings, and 3) to outline avenues for future research.

Our review offers at least four main contributions. First, we consolidate and categorise existing research. By doing this, this study advances literature and provides a bird's eye view of the current state of research relating to zakat institutions. This type of information will be a valuable input to various parties such as policymakers and academics. Secondly, this study identifies gaps in the literature that will guide future research endeavors. Thirdly, adhering to the Preferred Reporting Items for Systematic Literature Reviews and Meta-Analyses (PRISMA) guidelines ensures methodological rigour and consistency across reviews (Liberati et al., 2009; Pahlevan-Sharif et al., 2019). Lastly, it offers managerial insights to enhance the effectiveness of zakat institutions in Malaysia.

The remainder of this paper is organised as follows: after giving an overview of the evolution of zakat management, we explain the research methods. Then, we discuss the main research clusters and findings reported in previous studies. Finally, we provide a brief conclusion, propose potential research directions, and highlight the limitations of this review.

## LITERATURE REVIEW

### The Evolution of Zakat Management in Malaysia: An Overview

Zakat is a mandatory charitable contribution among affluent Muslims and embodies principles of purity and benevolence. Its legal mandate dates back to the second year after the hijra (NZF, 2021). The Quran says, "Take alms out of their property; you would cleanse them and purify them thereby and pray for them; surely your prayer is a relief to them, and Allah is Hearing and Knowing". The obligation to pay zakat was reinforced by the Prophet Muhammad (p.b.u.h). As per an authentic hadith, the Prophet (p.b.u.h) sent his Companion Muadh to Yemen and commanded him to invite Yemen's people to Islam. The Prophet (p.b.u.h) ordered Muadh to follow the four steps: 1) Call them to bear witness that none has the right to be worshipped but Allah, and that I am the messenger of Allah, 2) If they obey that, then tell them that Allah enjoined upon them five prayers every day and night, 3) If they obey that, then tell them that Allah has enjoined upon them zakat (obligatory annual charity) from their wealth, to be taken from rich and given to their poor, and 4) If they obey that, then beware of (taking) the best of their wealth and beware of the supplication of the oppressed, for there is no barrier between them and

Allah.

In Malaysia, during the pre-colonial period, the collection and distribution of zakat were not carried out systematically (Ghazali, 1988; Ganiyev, 2020). Religious teachers also functioned as the collectors of zakat. Showing gratitude to the religious teachers was also believed to be a form of acknowledging the credibility of these figures in deciding the best way to distribute the zakat. It was reported that most of the zakat funds were used to maintain mosques during this period. Likewise, Yassin (1957, p. 11) stated, "This practice did not benefit people who really were entitled to zakat. The poor and the needy very seldom got their share of the collected zakat by Muslims".

The British colonial era in the late 18th century marked the onset of zakat management evolution. It was reported that in 1880, Sir Hugh Low, the Resident of Perak at that time, barring Qadhi (Islamic Judge) and Assistant Qadhi from receiving zakat from the zakat payers. Moreover, the British administration treated zakat as akin to taxation (Ganiyev, 2020). These moves burdened the Muslims and diminished religious authority. Later on, the British authorities recognised the sensitivity of religious matters and chose a non-interventionist stance towards matters related to the religion and customs of the Malays (Means, 1969). Consequently, the idea of having centralised management of zakat started to take place. The State Islamic Religious Council (SIRC) emerged to oversee religious affairs, whilst other issues beyond these aspects fell under British jurisdiction (Ab Rahman et al., 2012). In 1915, Kelantan pioneered the establishment of the centralised administrative institutions known as the Council of Religion and Malay Customs, which operated to take charge of religious matters (MAIK, 2021), and this was later followed by other states in Malaysia.

Nowadays, in Malaysia, each state has its zakat institutions administered and supervised by the SIRCs except for Kedah; the Kedah State Zakat Board (LZKN) is independent of the Kedah Islamic Religious Council. The centralized management model signifies a structural improvement, yet challenges persist in collection efficiency and equitable distribution (Ab Rahman et al., 2012). Recognising the imperative to address socio-economic needs and alleviate poverty, several SIRCs started to introduce a modern corporate style of management in the 1990s (Wan Ahmad, 2012) through the privatisation of zakat institutions (Ahmad Razimi, Romle, and Muhammad Erdris, 2016; Ab Rahman, Alias and Syed Omar, 2012). The privatisation process changed the traditional landscape of managing zakat. For example, Wan Ahmad, (2012) reported that computerised systems enable databases of payers and recipients of zakat to be created, and modern payment channels such as automatic deduction at the source of income and phone banking were introduced. Although the corporatisation of zakat institutions has improved various aspects of zakat management, the credibility and ability of zakat institutions to function well remain a topic of concern among the public, particularly Muslims in Malaysia.

## METHODOLOGY

We conducted a systematic literature review (SLR) following the reporting checklist of the Preferred Reporting Items for Systematic Review and Meta-Analyses (PRISMA) (Liberati et al., 2009; Pahlevan-Sharif, Mura and Wijesinghe, 2019), specifically to identify journal articles on zakat institutions. The common objective of doing SLR is to minimise selection bias by defining and excluding keywords so that the best studies with the best results are included (Saunders et al., 2009). A well-structured SLR process will result in more scientific, objective, and true results than the traditional review method (Tranfield et al., 2003).

The review procedure started with the establishment of a research protocol. The protocol contains information about the search terms, databases, and screening criteria for searching the literature. Next, the Scopus database was searched for papers pertinent to studies on zakat institutions in Malaysia. The reason for choosing the Scopus database mainly relies on the fact that the database has robust coverage of social science research articles and international and national conference papers (Li et al., 2010). Moreover, Scopus provides 20% more coverage than Web of Science (Vieira & Gomes, 2009), and almost 80% of Scopus data includes abstracts (Chadegani et al., 2013). Abstracts are needed for the screening process.

Using the Scopus search engine, the search string TITLE-ABS-KEY((zakat) AND (institutio\*) AND (Malaysi\*)) was used to search titles, abstracts, and keywords of all articles published in this field. To ensure broad coverage of relevant articles, we did not impose any date restriction but only limited the papers to English

and Malay language. The title, abstract, keywords, author's name, journal name, and year of publication of the identified articles were exported to a comma-separated values (CSV) Excel file, which was then converted to an Excel spreadsheet (data management). The titles and abstracts of all articles retrieved from the systematic search were screened to capture only relevant documents.

We independently carried out an eligibility assessment to select relevant articles for this review. This assessment was designed to select articles that meet the pre-defined criteria: 1) full-length articles; and 2) studies that relate directly to zakat institutions. Thus, articles that cover various issues of zakat, such as poverty alleviation and zakat compliance, or in the form of research notes and comments were excluded. The full text of potentially relevant articles was reviewed before inclusion. Should there be any dispute regarding the inclusion status of the articles, the disagreements were discussed between the researchers and resolved by consensus. All articles that passed the eligibility assessment were considered as the final dataset. These articles were carefully reviewed, and we designed the coding criteria (Table 1) to extract relevant information pertinent to the objective of this review. Data from the coding process was added to the data management spreadsheet. One of the authors extracted the data, while another helped review the extracted data.

Table 1: Coding Criteria for the Systematic Review

Code	Description	Reason For Use
Author's name	Author of the study	To identify the study by the author.
Title	Title of the study	To ensure the title of each article was correct and met the objective of this review.
Publication year	The year in which the study was published	To enable a view of studies over time.
Journal	Journal of publication	To identify the journal in which paper was published.
Abstract	Summary of the article	To ensure only articles related to the objective of this review were included.
Research methods	The methods employed in the selected studies	To identify trends in methods.
Research area/cluster	Topic and research area on which the study focused	To identify the main area of interest addressed in the studies.
Identification number	The number assigned to each article	To ensure all articles (final data set) were coded.
Findings	The main findings of the article	To examine the findings of each article and the effects of findings on the objective of this review.

## Data Analysis

In a systematic literature review, data analyses involve extracting and synthesising all relevant information from the selected studies. These processes will enable researchers to answer the questions and identify future research directions (Snyder, 2019). The data extraction procedure (Figure 1) is illustrated through a PRISMA flow chart (Liberati et al., 2009; Pahlevan-Sharif et al., 2019). The systematic search yielded 69 articles, of which 29 were excluded during the screening process of the abstracts. The main reasons for excluding those articles were because they related to various issues of zakat, such as poverty alleviation and zakat compliance behaviour, but did not specifically focus on zakat institutions. The full texts of the remaining 40 articles were thoroughly read to confirm their relevance. A further 20 articles were discarded because they did not meet the eligibility criteria due to their content not being what was wanted. In the end, only 20 articles published in 16 different journals and 2 conference proceedings were included as a final data set.

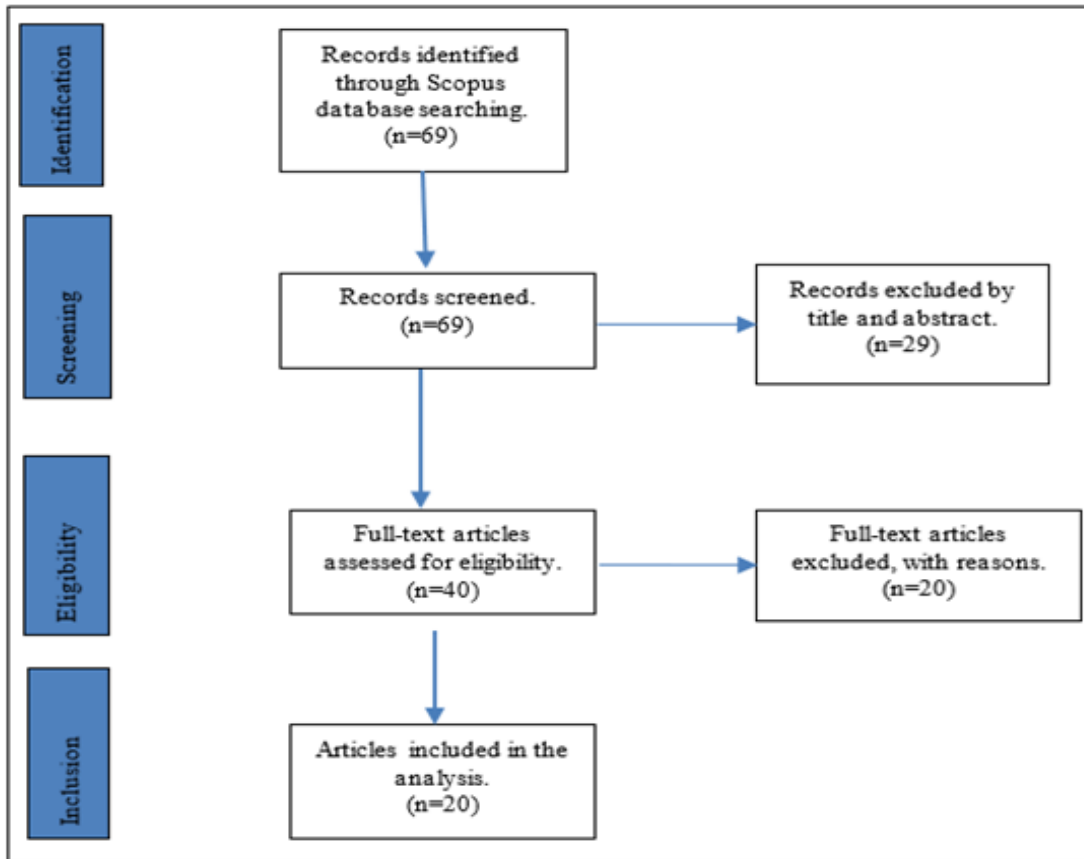


Figure 1: PRISMA flow-Data Extraction Procedure

## FINDINGS

The following pie chart (Figure 2) illustrates the percentage of articles published according to the research cluster. Most of the articles (50%) included in this review examined the quality and efficiency aspects of zakat institutions. Out of the ten articles that fall into this category, six articles (60%) investigated the efficiency of zakat institutions, while the remaining four articles (40%) examined the quality aspect. Thirty percent (6) of the articles included in this review covered other managerial aspects, including trust, performance, accountability, investment, and corporate governance. The remaining four (20%) investigated reporting issues that concern zakat institutions.



Figure 2: Classification of Articles According to the Research Clusters

Based on the above classification, efficiency seems to be a topic of concern among researchers. Six articles examined the efficiency of zakat institutions, including overall efficiency and efficiency in the distribution and collection of zakat. Based on data extracted from 2005 to 2010, Majlis Agama Islam Negeri Sembilan (MAINS) was discovered to have the best score for financial distribution efficiency. On the other hand, Majlis Agama Islam Kelantan (MAIK) was revealed to be the best for non-financial distribution efficiency (Abdul Lateff et al., 2014). Abd Wahab and Abd Rahman (2013) highlighted the zakat payment system, computerised zakat system, board size, audit committee, and decentralisation. These are the five factors that profoundly shape the efficiency of zakat institutions in Malaysia.

Furthermore, pure technical inefficiency was posited to be the main cause of problems (Abd Wahab & Abd Rahman, 2012a). Similarly, it was found that the productivity of zakat institutions improves due to the changes in technical rather than efficiency (Abd Wahab & Abd Rahman, 2012b). Reflecting the findings from both (see Abd Wahab & Abd Rahman, 2012a; Abd Wahab & Abd Rahman, 2012b) earlier studies, Hamzah and Krishnan (2016) reported that the inefficiency of collecting zakat at Pusat Zakat Sabah was due to the failure to have the best possible number of staff working in this process. Another point to note is that although more Muslim population states relate to the amount of zakat collected, it does not strongly influence zakat institutions' efficiency level (Abd Wahab & Abd Rahman, 2012a).

Interestingly, Wahid et al. (2017) found that the corporatisation of zakat institutions helps improve zakat management. Those corporatised zakat institutions in their study appear to have successfully increased their annual zakat collections and greatly enhanced the distribution of zakat. This finding seems to contradict the earlier finding that shows the corporatisation of zakat institutions does not affect their productivity and efficiency (Abd Wahab & Abd Rahman, 2012b). Service quality is another favourite area of investigation among researchers. Three articles discussed this aspect. In the most recent study, the service quality and reputation of the Zakat institution were found to be significantly related to customer satisfaction (Mohd Mokhtar et al., 2020). This finding is aligned with findings from two earlier studies. Saad et al. (2018) reveal that Muslim businessmen rated six aspects (credibility, competence, responsiveness, access, understanding, and communication) of service quality at zakat institutions as "bad". These businessmen appear to be satisfied with only three aspects (tangibles, reliability, and courtesy) and labelled them as "good". Also, Abd Wahab et al. (2016) found that responsiveness and compliance are the most substantial elements of satisfaction among zakat payers, whilst reliability is the most substantial according to zakat recipients. So far, only Basir et al. (2017) explored the implementation of the Islamic Quality Management System (QMS) MS 1900. They concluded that MS1900 had been implemented holistically to cover technical and religious aspects at one of the zakat institutions in Malaysia.

Falling into 30% of articles that cover various issues in management, Adnan et al. (2013) introduced the concept of intellectual capital (human capital, relational capital, and structural capital) to examine how well zakat institutions perform. They found that only human and relational capital influence zakat institutions. From another perspective of assessing performance, Aziz et al. (2019) argue that the underperformance of Islamic institutions like zakat institutions is not due to the practice of the classical Islamic system as claimed by some scholars (see Chapra, 2005) but more to the limited opportunities given to such institutions to fully utilise their potential. Based on this view, they empirically tested the security of property rights of zakat and the mediation effect of transaction cost through the concept of open innovation on the performance of zakat institutions. They concluded that securing the property right of zakat significantly compromises socio-economic and psychological performance. Also, transaction costs through open innovation would enhance the performance of zakat institutions.

As a public fiscal tool, especially to the Muslims, zakat institutions are responsible to various stakeholders. A zakat institution needs to properly discharge its accountability to the stakeholders. Accountability refers to an obligation by an agent to answer to the principal by providing information either by written report or verbal communication (Barton, 2006). Providing collection and distribution reports is used by one of the zakat institutions to discharge their formal accountability. In this case, a report containing financial and non-financial data for a stipulated year is published on the official website. Referring to the informal form, publication of booklets, and bulletins, and utilising social media platforms serve to discharge such accountability (Sawandi et al., 2019). Previous studies claim that a relatively small amount of zakat collections and the success of zakat institutions depends on the element of trust given to them (Ahmad & Ma'in, 2014; Mohammad, 1990). Given

this backdrop, K Ghani et al. (2018) examine whether perceived board management and governmental model influence zakat payers' trust in zakat institutions. The findings indicate that perceived board management influences the zakat payers' trust but not the governmental model.

Good governance is believed to be a driver for achieving organisational objectives (Abd Wahab & Abd Rahman, 2011). Accordingly, Saad et al. (2017) examine three aspects of governance (zakat collection and distribution performance, governance and innovation) of zakat institutions. Based on the secondary data sources, they concluded that differences exist in the collected and distributed amount of zakat reported for most institutions, indicating the possible existence of undistributed zakat. Regarding the governance aspect, most zakat institutions have four elements of governance (a board of directors, holding board meetings, having audit and tender committees). Moreover, of all 14 zakat institutions, only three (Federal Territory, Selangor, and Perak) were innovative by verifying their collection and distribution methods.

Generally, there are two schools of thought regarding the investment of zakat funds. A classical school of thought views that all zakat funds should be distributed to meet the immediate needs of recipients. No investment should be made using the surplus fund based on the argument that any investment may face a risk of not getting the expected return (Saad et al., 2016). Also, an investment in zakat will delay the payment and withhold the transfer of ownership to eligible recipients. When this happens, the payers will be considered to have not yet performed their obligation because the recipients have not received the zakat (Wan Ahmad, 2012).

On the other hand, some Muslim scholars posit that this classical management method is no longer practical. They argue zakat as a prominent fiscal tool should be further utilised to improve Muslims' well-being. They insist that methods of distributing zakat should be diversified to not only focus on the fulfillment of the recipients' immediate needs but also to invest the zakat fund to generate future benefits (Wan Ahmad, 2012). Getting insights into this issue, Doktoralina et al. (2018) analysed the investment of Zakat made by Pulau Pinang Zakat Institution (ZPP). They concluded that ZPP was involved in several non-financial investments, such as establishing Zakat Hemodialysis Centre (PHZ) and various educational support programs. Zakat experts have unanimously agreed that investment of Zakat funds is permitted if the investment reflects the interests of the eight legitimate recipients. However, such investment must comply with Sharia guidelines, and risky investments should be avoided.

There are four articles (20%) in this review that investigated reporting issues of zakat institutions. Lack of clarity and ambiguity in reporting zakat information may expose zakat institutions to public criticism. Therefore, adequate and proper disclosure of data is very important to stimulate the trust and confidence of stakeholders towards Zakat institutions. In this review, Samargandi et al. (2018) confirmed that perceived disclosure practices influence the zakat payer's trust in zakat institutions but not the perceived stakeholder management. In a similar vein, Htay and Salman (2014) report the necessity of having a comprehensive guideline concerning the best practices of financial reporting. They insist that proper disclosure is needed for information related to the collection and distribution of zakat, accounting policy, internal control, cash flow, board of trustees, and risk management. Despite being highlighted in the earlier studies, findings from the most current study (Sapingi et al., 2020) in this review still reported that information disclosed in the annual reports of zakat institutions is still inadequate. The findings reveal that users expect to view the following five categories of information: 1) background, 2) financial, 3) non-financial and performance, and 4) future information documented in the zakat institutions' annual reports.

Smiciklas (2012) defined an infographic as "a visualisation of data or ideas that tries to convey complex information to an audience in a manner that can be quickly consumed and easily understood". The visual representation helps to portray information in a prescribed contextual manner. Information is more likely to be retained if learned from an infographic than text alone (Scott et al., 2016). Advocating this idea, Nawawi et al. (2020) proposed using infographics or information graphics as a medium to deliver information to the stakeholders. They argued that effective communication through infographics could overcome dissatisfaction of getting inadequate information about issues concerning zakat among the public. The most practical way for zakat institutions to apply this method is by embedding infographics in reporting information through their websites and social media platforms. Table 2 summarises the main areas and findings of studies included in this review.

Table 2: A Summary of Findings

Area of study/ Author(s)	Main Findings
<b>Quality &amp; Efficiency:</b>	
Mohd Mokhtar et al. (2020)	<ul style="list-style-type: none"> <li>Reliability, assurance, and brand reputation show a significant relationship with customer satisfaction.</li> </ul>
Saad et al. (2018)	<ul style="list-style-type: none"> <li>Six elements of service quality (credibility, competence, responsiveness, access, understanding, and communication) are considered to be "bad."</li> <li>Only three elements (tangibles, reliability, and courtesy) are deemed to be "good".</li> </ul>
Basir et al. (2017)	<ul style="list-style-type: none"> <li>MS1900 was holistically implemented at MZC as it covers both the technical as well as religious aspects.</li> </ul>
Abd Wahab et al. (2016)	<ul style="list-style-type: none"> <li>Responsiveness and compliance are the strongest indicators that influence the satisfaction of zakat payers.</li> <li>Reliability is the strongest indicator to influence the satisfaction of zakat recipients.</li> </ul>
Wahid et al. (2017)	<ul style="list-style-type: none"> <li>Financial management performance relates to how well zakat distribution is done.</li> <li>Corporatised and non-corporatised ZIs have a different patterns of zakat distribution.</li> <li>The corporatisation status of zakat institutions has a positive influence on the performance of zakat management.</li> </ul>

Hamzah & Krishnan (2016)	<ul style="list-style-type: none"> <li>Inefficient collection occurs in the following seven years: (2007, 2008, 2010, 2011, 2013, 2014, and 2015).</li> <li>The main cause of inefficiency was due to excessive staff collecting the proceeds.</li> </ul>
Abdul Lateff et al. (2014)	<ul style="list-style-type: none"> <li>Based on the efficiency distribution score, Majlis Agama Islam Negeri Sembilan (MAINS) is the best for financial distribution.</li> <li>Majlis Agama Islam Kelantan (MAIK) is the best for non-financial distribution.</li> <li>There is a poor relationship between financial and non-financial distribution.</li> </ul>
Abd Wahab & Abd Rahman (2013)	<ul style="list-style-type: none"> <li>Based on Total Factor Productivity (TFP), the increment of 2.4% is caused by technical improvements rather than efficient practices</li> <li>Zakat payment system, computerised zakat system, the board size, audit committee, and decentralisation all significantly affect the efficiency of zakat institutions.</li> </ul>
Abd Wahab & Abd Rahman, (2012a)	<ul style="list-style-type: none"> <li>Pure technical inefficiency was the main cause of inefficiency.</li> <li>Higher Muslim population states tend to positively correlate to zakat collection but this does not guarantee the efficiency of ZIs.</li> </ul>
Abd Wahab & Abd Rahman, (2012b).	<ul style="list-style-type: none"> <li>Productivity of zakat institutions improves due to the changes in technical rather than efficiency aspects.</li> <li>The corporatisation status of ZIs does not influence their productivity and efficiency.</li> </ul>



<b>Management:</b>	
Adnan et al. (2013)	<ul style="list-style-type: none"> <li>• Human capital and relational capital have significant positive relationships with zakat institutions' performance.</li> <li>• Structural capital does not wield any influence on zakat institutions' performance.</li> </ul>
Aziz et al. (2019)	<ul style="list-style-type: none"> <li>• Transaction costs substantially affect zakat performance.</li> <li>• Open innovation strategy could be a driver to enhance performance.</li> </ul>
Sawandi et al. (2019)	<ul style="list-style-type: none"> <li>• There are two types of accountabilities, i.e. financial/formal and social/ informal.</li> <li>• The financial/formal form of accountability is discharged through zakat collection and distribution reports.</li> <li>• The social /informal form of accountability is discharged through the booklet, bulletin, and social media platforms.</li> </ul>
K Ghani et al. (2018)	<ul style="list-style-type: none"> <li>• Perceived board management influences zakat payers' trust.</li> <li>• Perceived governmental model does not influence zakat payers' trust.</li> </ul>
Saad et al. (2017)	<ul style="list-style-type: none"> <li>• The distributed amount does not correspond to the collection of zakat.</li> <li>• Only a few ZIs did not disclose governance information.</li> <li>• Three ZIs (Federal Territory, Selangor, and Perak) have their methods to improve the collection and distribution of zakat.</li> </ul>
Doktoralina et al. (2018)	<ul style="list-style-type: none"> <li>• Zakat experts view that investment of Zakat funds could be made to reflect the interests of the eight legitimate recipients.</li> <li>• Zakat investment should not involve high-risk investments and must be made according to Sharia law.</li> <li>• ZPP is involved in non-financial investment.</li> </ul>
<b>Reporting:</b>	
Samargandi et al. (2018)	<ul style="list-style-type: none"> <li>• There is a significant positive relationship between perceived disclosure practices and zakat payers' trust.</li> <li>• There is no significant relationship between perceived stakeholder management and zakat payers' trust.</li> </ul>
Htay & Salman (2014)	<ul style="list-style-type: none"> <li>• There is a need to have proper guidelines for financial information disclosure for ZIs, particularly on information related to the collection and distribution of zakat, accounting policy, internal control, cash flow, board of trustees, and risk management.</li> </ul>
Sapingi et al. (2020)	<ul style="list-style-type: none"> <li>• Not much information is currently disclosed in the annual reports of ZIs.</li> <li>• The most needed information is background, financial, non-financial performance, and future information.</li> </ul>
Nawi et al. (2020)	<ul style="list-style-type: none"> <li>• ZIs should utilise their social media platforms and websites to deliver information through infographics.</li> </ul>

## CONCLUSION AND FUTURE RESEARCH

### Directions

This review aimed to present the main research clusters of studies conducted on zakat institutions and highlight such studies' main findings. Twenty selected publications were reviewed and analysed. It is deduced that previous studies on zakat institutions in Malaysia focused on quality and efficiency, followed by management and reporting. Based on the main findings, we can conclude that several elements of service quality and contents of reported zakat information need to be improved to enhance stakeholders' satisfaction. More honest and rigorous reporting is needed, especially regarding the amount of zakat collected and distributed. Providing better service and truthful reporting could be the way to diminish public criticism and build trust in Zakat institutions. Also, although the amount of zakat collection depends on the Muslim populations in each state, failure to enhance internal resources and fully utilise technical aspects may lead to managerial problems. Another important aspect worth noting is that practicing good governance is essential to all zakat institutions. One should remember that a strong compliance culture of good governance is significantly related to corporate performance and growth (Bhatt & Bhatt, 2017).

All these main findings reported in the studies strongly suggested that there is still plenty of room for improvement for zakat institutions in Malaysia. Thus, we provide the following three potential future research directions:

1. Research area: Zakat investment could be further explored in the future. As for now, previous studies indicate some zakat institutions are involved in non-financial investments. Nevertheless, having a long-term measure including making financial investments that follow Sharia law could provide a continuous and consistent stream of income to help the poor. Also, there is a dearth of research on corporate planning and strategic management of zakat institutions. The corporatisation of zakat institutions has occurred over several years; thus, it would be interesting to get insights into how such transformation brings benefit to zakat institutions.
2. Research method: Findings from the quantitative studies included in this review were based on cross-sectional data. Although the cross-sectional research design has successfully provided a concrete platform for examined issues, employing a longitudinal research design may allow a clearer pattern to be observed. For example, longitudinal research should investigate efficiency in managing zakat collection and distribution, as this may explain the changes in direction over time.
3. Research setting: Most studies concentrated on assessing issues specifically related to a particular zakat institution (state level). Expanding the scope of the research to include all zakat institutions in Malaysia (national level) could provide a better picture regarding the management of zakat institutions. A comparison could be made, and best practices could be benchmarked.

Concerning the implication of this review, it is predicted to be a useful source to scholars and zakat institutions to obtain a thorough understanding of the current state of research on zakat institutions. However, it is also important to note the limitations of this review. Although efforts have been made to follow all the systematic literature review conventions to ensure that all articles were included, some papers may have been missed. Relying only on Scopus as a data source may not represent the entire body of knowledge of studies on zakat institutions because other articles published in non-Scopus were not included here. This decision does not indicate that publications in non-Scopus indexed journals bring no added value to the body of knowledge, but the decision to choose only Scopus was also due to financial and time constraints. For this reason, future studies should include a broader range of publications published in many other search engines and databases to address these limitations.

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