



**DETERMINANTS OF TRUST IN ZAKAH GOVERNANCE: A CASE STUDY IN MAIK**

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*S.A.W*

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## ABSTRACT

Despite the vital role that zakah plays in fostering social welfare and economic fairness within Muslim communities, there is a major lack of confidence between zakah payers and zakah organizations, notably in Malaysia. This skepticism is frequently linked to perceived shortcomings in governance procedures, such as insufficient fairness, quality of services, accountability and transparency in the management and governance of zakah. Previous research has found that these reasons contribute to individuals' reluctance to fulfill their zakah obligations through formal channels, resulting in a drop in zakah compliance and compromising the effectiveness of zakah distribution systems. Furthermore, the Council of Islamic Religion and Malay Customs of Kelantan (MAIK) confronts hurdles in terms of public perception of governance quality, exacerbating trust issues. The lack of defined principles and standards for zakah governance has led to discrepancies in operational processes and a scarcity of credible information about fund management. As a result, understanding the causes of trust in zakah governance is critical for increasing MAIK's legitimacy and effectiveness. As a result, additional empirical research is needed to uncover the elements influencing trust in Zakah governance, particularly in Kelantan. This quantitative study examines the drivers of trust in zakah governance, with a focus on MAIK, using Social Trust Theory. The study attempts to discover crucial elements that influence zakah payers' faith in zakah authorities, which is critical for increasing compliance and boosting the effectiveness of zakah distribution. A standardized survey was used to collect data from zakah payers of various demographics to investigate their attitudes of accountability, transparency, fairness, and service quality within MAIK. The findings show that accountability, as expressed in the credibility and competency of zakah authorities, has a considerable impact on payer trust. Furthermore, transparency in financial reports and operational operations is critical to instilling trust in the institution. The report also emphasizes the necessity of fairness in both collecting and distribution processes, which helps to foster a positive impression of zakah governance. Using Social Trust Theory, this study demonstrates that trust is a communal expectation molded by institutional behavior and governance quality. These findings imply that increasing trust through better governance practices can lead to enhanced zakah compliance, benefiting social welfare and economic fairness in the community. This study provides a basic framework for the future research on trust dynamics in zakah governance, as well as practical recommendations for policymakers looking to strengthen zakah governance systems. Finally, this study can suggest a strategic strategy for optimizing the improvement of zakah collection in Kelantan.

## **CHAPTER 1: INTRODUCTION**

### **1.1 OVERVIEW**

This research entitled "Determinants of Trust in Zakah Governance: A Case Study of MAIK" aims to examine the critical elements that influence trust in zakah governance, specifically focusing on the Malaysian Islamic authorities' management of zakah funds. Trust is a fundamental aspect of zakah compliance, as it directly affects the willingness of muzakki (zakah payers) to contribute to formal Zakah Institutions (ZI). This research is particularly pertinent given the growing recognition of good governance as a vital component in enhancing public confidence in zakah authorities.

In recent years, several studies have found crucial aspects that support trust in zakah governance, including fairness, quality of services, accountability, and transparency. These factors not only reflect ZI's operational integrity, but they also influence stakeholders' opinions of their efficacy and reliability. The Council of Islamic Religion and Malay Custom of Kelantan (MAIK) serves as an ideal case study to investigate these determinants due to its established framework for zakah collection and distribution, along with its ongoing efforts to improve governance practices.

This introduction will discuss the importance of trust in the context of zakah governance, review past study on the determinants of trust, emphasize and hopes to contribute to a better zakah governance practices dynamics. By investigating MAIK's governance procedures and their effects on trust, researcher aims to give improvement on the performance of zakah organizations and promote better adherence among zakah payers. Finally, building trust within zakah governance is critical to fulfilling its goals of wealth redistribution and poverty alleviation in the community.

This chapter set a clear path for the research by outlining its background and objectives. A brief summary of the subject, indicating the amount of comprehension that we must acquire. The study setting, which clarifies the goal to be achieved, as well as the research aim and question, serve as recommendations for the researcher. This study will achieve a great detail regarding the study she intends to conduct in this chapter. Furthermore, the problem statement will shed some light on the researcher's motive for conducting this study. The study's limits will highlight the challenges that the researcher must overcome, the study's significance will be fully understood. Finally, the reader can better understand a few key concepts employed in this study by looking up