

# PROJECT MANAGEMENT IN ZAKAT DISTRIBUTION



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## 5.2 Enhanced Executive Summary

Zakat Institutions are bodies that exist in Muslim societies, where their functions are to manage the social welfare of those in need. The core activities of zakat institutions are collecting compulsory contributions from eligible Muslims and distributing them to the rightful beneficiaries. These organizations provide various kinds of assistance such as food, shelter, health and education to rightful beneficiaries. Zakat assistance can be given in cash and also in kind. Now that some of the funds are distributed in kind, many projects such as permanent and temporary housing benefits, nursing homes, orphanages and schools' buildings are being erected. These projects utilised the fund from zakat collection. Thus effective and efficient use of zakat funds for these projects is very important however it is often neglected. This study uses qualitative case study research methods to explore how projects (distribution in kind) for zakat beneficiaries are being executed and managed. The finding shows that the demarcation of responsibility in managing distribution projects contributes to implementation friction in managing the execution distribution projects for Lembaga Zakat Selangor. It was also found that project management monitoring is performed by different department and final conclusions on the progress takes longer time to be resolved.

***Keywords-zakat institution; zakat; project management; distribution.***

### 5.3 Introduction

Zakat institution is a faith-based organization that operates mostly in Muslim countries or countries where there are Muslim communities. Some of the zakat institutions are formally established and some are not depending on political, social and demographic factors (Al-Qardawi 1999). In the United States of America (USA), United Kingdom (UK) and Australia where Muslims are the minorities, zakat institutions are established on voluntary basis. For example, in the USA, Zakat Foundation of America is an example of a zakat institution that operates in the Muslim minority country (zakat Foundation of America website). The distribution projects are not confined to only assist Muslims in America but the assistance are also extended to Muslims worldwide (Zakat Foundation of America website).

In countries where Muslims are the majority, some of the governments in these countries take the responsibility to formally establish zakat institution (Al-Qardawi 1999). Zakat institution manages the welfare of Muslim societies by giving them assistances in the form of cash and kinds, Al-Qardawi (1999, 2004a, 2004b) to ensure their basic needs are fulfilled (Al-Qardawi 2004, Farishta 2003). In zakat institution like Lembaga Zakat Selangor, zakat distributed in kinds are referred to as distribution projects (Ahmad Shahir, 2007, Ahmad Shahir & Adibah, 2010, Zakat Foundation of America Web). If zakat distribution are not well managed this may lead to distribution flaws where eligible zakat recipients may not be getting their rights of zakat assistance (Al-Qardawi, 1999, 2004, Abdul Halim, Musa, Mujaini, Hasan & Shawal 2005). Managing distribution projects is crucial for zakat funds to safely received by rightful recipients.

Past studies conducted in Malaysia Abdul Halim et al. (2005), Azizah, Musa, Ayob, Norzehan & Mohd saiyidi (2005), Jamaliah (2004), Sharifah Norzehan (2011) had focused on certain aspect of management accounting as tools to manage zakat resources systematically, effectively and efficiently. These studies did not examine how projects for zakat distribution are being executed and managed. Some zakat institutions in Malaysia like Lembaga Zakat Selangor have undertaken numerous zakat distribution projects to ensure distribution activities serves its purpose (Ahmad Shahir 2007, Ahmad Shahir & Adibah 2010, Mohamed Izam 2010, Sharifah Norzehan 2011). It is important that project management for zakat