

UNIVERSITI TEKNOLOGI MARA

CHANGES IN MANAGEMENT ACCOUNTING,  
INNOVATION AND PERSON JOB FIT  
PRACTICES  
IN LEMBAGA ZAKAT SELANGOR

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## ABSTRACT

Zakat Institutions are bodies that exist in Muslim societies, where their functions are similar to an Inland Revenue department on the one hand and a social welfare organization on the other. The core activities of zakat institutions are collecting compulsory donations 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. With many resources to safeguard, zakat bodies need to enhance their management systems to avoid negligence or misuse of funds. Realising the importance of enhancing their management systems zakat bodies in Malaysia initiated several changes in their management practices.

This thesis studies changes in MAS, Innovation and Person Job Fit practices and their roles in enhancing zakat management. The thesis uses qualitative case study research methods to understand the phenomena of changes in Lembaga Zakat Selangor. LZS was formed as a result of public management reforms and corporatisation and has now existed for more than ten years. Other zakat institutions have not undergone full public management reform. Selangor State is the only state that has undergone reforms resulting in a zakat institution operating both zakat collection and distribution (LZS). Some of the changes that have taken place in Lembaga Zakat Selangor were found to be successful and some are not.

The Burns and Scapens Framework (2000) and Laughlin's (2007) concept of absorption process and absorbing groups highlighted the nature and extent of changes in LZS and how the LZS staff manages those changes. By incorporating the New Institutional Theory of Sociology (DiMaggio and Powell, 1983), this thesis was able to elicit two groups of factors that influence the MAS; innovation and person job fit practices: religious and non religious. The outcomes of the implementation of change in LZS are still inconclusive. A revised theory of the Sacred and Profane (Laughlin 2007) explains how LZS staff see the importance of changes in certain practices. It was observed that different staff would look at the importance of the changes differently. Some felt religious matters are more important than non religious matters and vice versa. The different judgments explain how LZS staff implemented the changes in MAS, innovation and person job fit practices. Additionally this theory assists in explaining the changes were largely ceremonial and leads to regressive change rather than progressive change. The explanation informed us that instrumental changes in LZS turn out to be successful and ceremonial changes explain the unsuccessful outcome.

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# CHAPTER 1

## INTRODUCTION

### 1.0 BACKGROUND OF STUDY

Zakat Institutions are bodies in Muslim societies, of which the functions are similar to an Inland Revenue department on the one hand and a social welfare organization on the other. The core activities of zakat institutions are collecting compulsory donations 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. In the literature (Dickens, 1996; DiMaggio & Powell, 1983, p. 149; Weiner, 1988; Yessian, 1988), such a social welfare organization is known as a human service organization. The uniqueness of a zakat institution as compared with other social welfare organizations is that it has to abide by Islamic principles as outlined by the Shariah comprising of the Holy Quran, Sunnah and Islamic Jurisprudence. The main idea of establishing a zakat institution is to ensure that all funds collected from eligible Muslims can be distributed to rightful beneficiaries.

In Malaysia there is evidence (Hasan, 2005; Kamil, 2005) that variables significantly affecting the perception gap, and hence Muslims zakat payers' compliance behaviour, are *trust towards the zakat institutions*, specifically about the efficient and effective management of the zakat funds, and the *credibility of zakat institutions* (Hasan, 2005). Due to the *public perception gap*, public expectations of service outcomes in terms of human and social services have been incorporated in performance requirements and quality management in the organizations (Moxley, 2004).