

THE DEVELOPMENT OF MUSLIM POVERTY LEVEL PARAMETER BASED ON THE NISAB ZAKAT

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Abstract

Zakat is one of the mechanisms in Islam for its people to assist the poor or asnaf of zakat. Nevertheless, to determine the asnafs who deserve and should receive the aid of zakat, is quite difficult. Therefore, this study is aimed at identifying the methods of poverty eradication (Kifayah limits) that need to be applied by the relevant agencies on the asnafs. A quantitative study was done using questionnaires developed by the researchers. A total of 234 respondents among the asnafs were selected based on the pre-determined zones. Based on the results of the study, there are three elements in the MaqasidSyariah which need to be noted in the determination of Kifayah limits i.e. (i) Basic needs, (ii) Living facilities and (iii), Comfort of living. The findings show that the respondents in this study are at below the level of poverty based on the measured scale. Hence, a poverty level parameter was formed by researchers and tested for validity and reliability by experts. Furthermore, this study suggests that the poverty level parameter developed will be considered to be used by the authorities to measure the poverty level among the zakat asnaf.

Keywords--Zakat, Poverty level, Asnaf zakat, Parameter

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INTRODUCTION

Generally, poverty is defined as human deficiencies in meeting fundamental needs such as food, clothing, shelter, education and health. The issue of poverty is indeed a global issue including our country. Poverty is a common thing in human life. Poverty issues commonly exist in society despite various efforts being done to overcome them. Poverty is also discussed and presented but there is no right method to overcome the phenomenon (U. A. Aziz, 1969). Discussions on poverty issues usually include definitions of poverty, causing factors, effects and methods to overcome them. There is a difference in poverty from the conventional and Islamic perspectives.

From the Islamic perspective, charity and Zakat are the Islamic defence against poverty. Zakat is also an important worship act besides prayers and it is in fact the symbol of Islamic economic equality by providing assurance of equitable and trustworthy wealth distribution. Hence, the ideal zakat distribution will have a direct impact on the balance of wealth distribution within the community. This is consistent with the meaning of the word zakat, which are adding, watering, searing and calming (Al-'ayni, 1972).

The poverty measurement in Malaysia is determined generally based on a single-dimensional approach on either the basis of income or expenses. This method seems to provide inaccurate indicators of poverty. In Malaysia, poverty is shown using the percentage of the poor household over the population or households surveyed, and the point that distinguishes between the poor and not poor is the poverty line income (PLI). For example, the PLI in 2007 for Peninsular Malaysia is RM700 (UPU, 2007). Hence, the households that obtain income below RM700 are categorized as poor, while those with income equal to RM700 and more are not poor. By using only one variable to classify whether a household is poor or not, is perceived as not quite accurate way to provide the indicator of poverty. When there are weaknesses in the measurement used, then it is certain that the result does not give a true picture of poverty. However, in fact,

the poverty measurement (based on a single indicator, income or household expenditure) is commonly used in poverty analysis in the less developed countries including Malaysia (SitiHadijah, Roslan&SitiNorliza, 2012).

Most zakat institutions use financial approach in measuring poverty based on Kifayah limit method (the average of Zakat poverty line). The Kifayah limit calculation method (KL) is almost equal to the average of poverty line (PLI) because it uses income as a variable to determine whether an individual or household is poor or otherwise (Mohamed Salahuddin et al., 2011). The PLI is defined as the income needed to meet the minimum requirements including food, health, clothing, education, recreation, transportation, oil and rental (Economic planning Unit, 2012). The PLI is determined by the economic planning Unit (EPU), in the Prime Minister's Department, while the Kifayah limit is determined by the respective state zakat institutions (Ahmad Fahme et al., 2014).

However, Hailani (2013) has proposed that the Islamic poverty measurement framework can be determined based on Nisab Zakat. According to him, Nisab Zakat is based on current value based of 85 grams gold. For Muslims a net income measurement of Nisab is also the point to differentiate between the eligible people to receive zakat (the poor) and vice versa (Sa'diCalabi, T. t; Ibn Humam, 1970).

Mahyuddin (2012) suggests that studies in future be more focused on developing the theory in determining the poverty line level (PLI) based on Nisab Zakat in the form of a better and detailed index. The concept of Maslahah and the philosophy of wealth distribution in Islam can be used in constructing a more realistic (waqi'i). Therefore, this article will discuss the forms of elements that need to be taken into consideration in determining the Muslims point of poverty (Kifayah limits) and to develop an index or parameters that can be used by the authorities to gauge the poverty line among the Asnaf Zakat.

DETERMINATION OF MUSLIM POVERTY LINE

A study conducted by Anggoro and Asmak (2016) that explored the indicators in determining the poor based on the al-Kifayah Zakat limit, stated that a person who did not meet the al-Kifayah limit, would be recognised as the poor. This is because the limit of al-Kifayah is the economic adequacy rate for a person in ensuring their survival. According to Anggoro and Asmak (2016), the assessment in determining the Al-Kifayah limit consists of six categories, namely, (1) shelter, which covers the entire expenditure such as rental, bill, and fundamental requirements of a household, (2) aspects of food and water (3) aspects of clothing used by household such as daily attire, school uniforms, clothing for work, (4) Medical needs including medical treatments and medicines prescriptions at the pharmacy, (5) education, and also (6) transportation, including petrol, vehicle insurance and all forms of paid transportation. Anggoro and Asmak (2006) also pointed out that the indicators in the determination of the poor are also determined by the status of home ownership.

Meanwhile, Kartini (2016) explained that usually poverty is measured based on the economic factors which is the household income and also wealth and resources. However, he thinks that poverty measurement should include the aspect of disability or limitations, for example the limitation towards healthcare access, limited access to education and lack of self-confidence. This indirectly becomes a barrier for the poor to achieve better living standards. In addition, having very little money and the lack of help in the infrastructure lead the poor to a worse situation.

Mansor et al., (2013) explained the limits of al-Kifayah among the Muslim community in Malaysia in their study on the need for the determination of the lines of the poor and the rich based on the Sunnah. The findings of this study show that there are three key aspects in describing the adequacy. The first aspect is the limit that determines the point for the needs of life in a community. The second aspect is that the adequacy described as a requirement that allows one to increase income and not merely to satisfy the needs and requirements. The third aspect is that the adequacy is able to change based on the changes that occur around the human life. The result of analysis of the research done by Mansor et al. (2013), shows that there are several requirement elements in the calculation of al-Kifayah that include (1) food and water, (2) shelter and basic necessities in the house, (3) the perfect and complete attire, (4) employment in which the salary received is still inadequate, (5) transportation, (6) money, (7) costs to support a family life and (8) the current basic requirement that can bring individuals to get out from poverty in the long term such as education. Nevertheless, according to Mansor et al. (2013), the elements of communication, use and ownership of books and teaching aids in the education of children at school and university levels are also considered important in the needs based on Kifayah limit. As such, Mansor et al., (2013) suggested that al-Kifayah limit is an excellent guide in determining the minimum level of life in a society.

Meanwhile, Ibrahim, Aslina and Wan Mohd Zaifurin (2016) found that the importance of social entrepreneurship in meeting the needs of the poor and hard core poor people needed to be taken into consideration in determining the poverty of households. A study conducted on the poor and hard core poor family in the resident area in Teluk Ketapang, Kuala Terengganu found that among the elements that were taken into consideration in determining the household poverty line include the aspects of skills, education, social, religious, water and clothing, health, household equipment, housing and transportation.

At the same time, Ibrahim, Aslina and Wan Mohd Zaifurin (2016) also found that the opportunity to increase income and specific requirements for the disabled (OKU) are among the requirements that must be given serious attention. The results show that among the highest requirements for the poor

households are the desire to save for the future followed by government involvement on the moral development of society, subsidies of food materials, infrastructure facilities such as health clinics and involvement of the village committees in religious activities as well as tuition needs for children.

In addition to this, a study conducted by Asselin and Anh (2010), on poverty from multidimensional angles in Vietnam are seen in the aspect of monitoring and implementation, indicates that the elements of poverty line in Vietnam include illiteracy, diseases, absence of education, residential infrastructure and services to develop individual's potential and basic necessities such as lack of food and water. Asselin and Anh (2010) explain about human poverty and poverty from the physical aspects which have not been able to clarify the measure of poverty without being supported by socio-economic indicators.

Baharuddin, Azri and Mohd Afandi (2019) suggest that the current analysis of the Al-Kifayah limits in Malaysia, to take into account aspects such as protection, food, clothing, medicine, education and transportation. In terms of shelter aspects, they include criteria such as home rental or housing instalments, electricity and water bills as well as the basic requirements in the home. In terms of food needs, they include all food materials and water consumption by the household in or outside their home. In terms of clothing needs, they include all forms of clothing used by the household whether in or outside the house. Medical requirements refer to all forms of treatment, medications received from the medical centre or alternative treatment centre. The need for education includes household spending at pre-school level until the university's education level including the purchase of schooling equipment. Meanwhile, the requirements of transport include paid transportation expenses such as bus or other public transportation which is in accordance to Islamic rules (Baharuddin, Azri & Mohd Afandi, 2019).

Fidlizan et al. (2017), also states that among the elements of poverty measurement and the determination through Al-Kifayah are based on household capability in terms of the expenditure on five criteria i.e. food, home, clothing, transportation and medical care. However, the determination of household spending needs varies based on the category of household liability such as the number of children and gender. This difference occurs because of the inconsistencies of the individual's life which results in different amount of zakat on income even though the zakat payers' earning and the amount of expenditure s are the same.

Ahmad Fahme et al. (2014), states that zakat (the limit of Al Kifayah) is a financial resource for the Muslim country in enhancing the economy of the individuals, particularly the lower people in the society, whether in the urban or rural areas. However, the distribution of zakat does not take into account the differences in the cost of living either in urban areas and rural areas and also the head of household's gender aspect (the limit of al-Kifayah). As such, Ahmad Fahme et al. (2014), opined that of there is a need to re-assess the current needs by taking into account the differences in the needs and cost of living between asnaf in urban and rural areas as well as gender differences for household head.

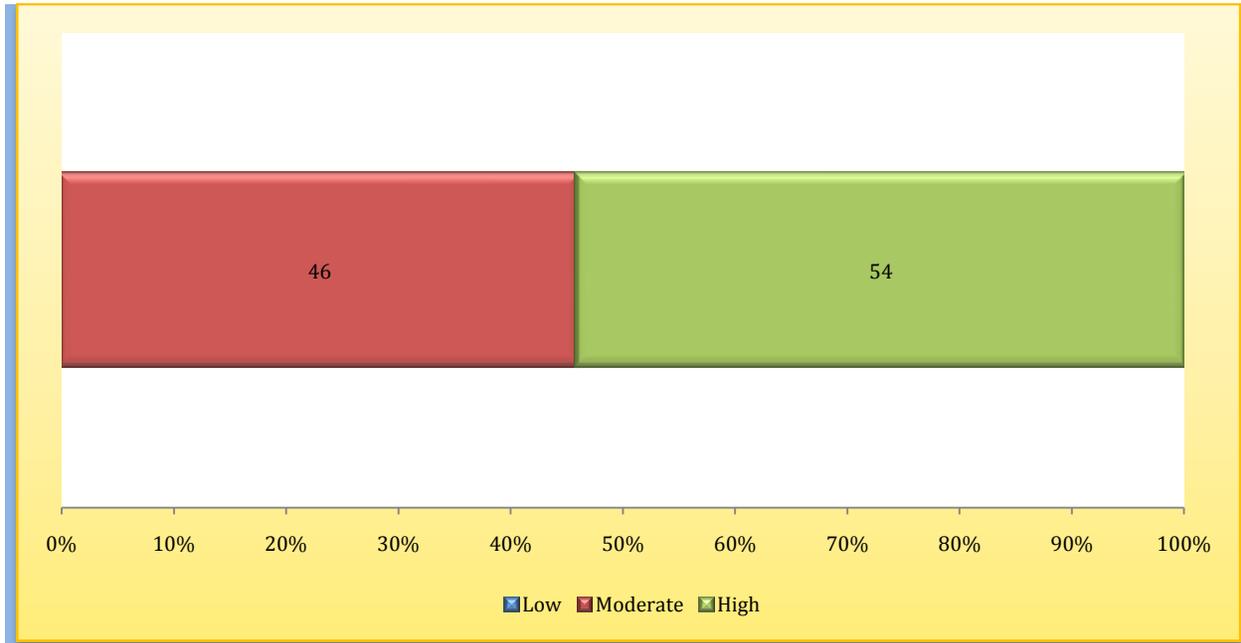
RESEARCH METHODOLOGY

The research design of this study uses the quantitative approach that uses the survey method involving questionnaires distributed to 234 samples among Asnaf zakat in the Malay Muslim community in Malaysia throughout the Northern Zone, Centre, Southern and East. Samples among academicians and religious institutions are also used aiming at ensuring the validity and reliability of the questionnaires before the poverty parameter is being developed in this study.

The data collected from the questionnaire is analysed using Statistical Package for the Social Sciences (SPSS) 23.0 using descriptive statistical and inferential methods involving frequency, percentage and Alpha Crobach presented in the forms of graph bars and tables.

FINDINGS

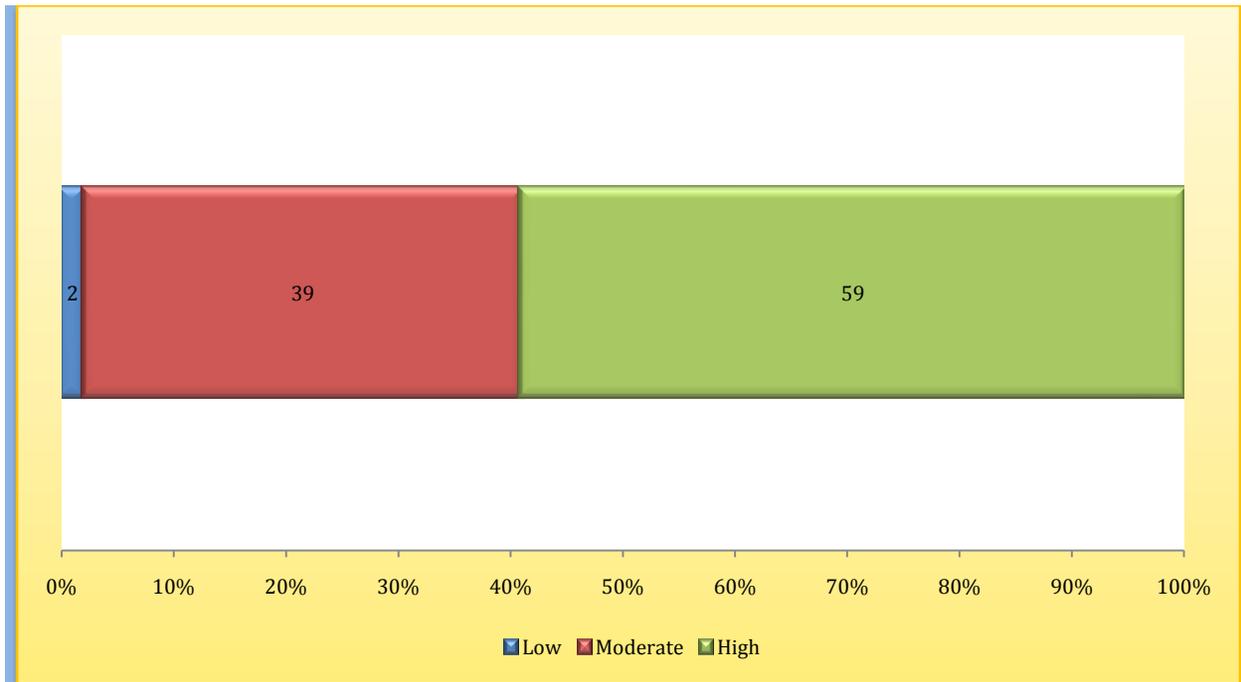
The result for the overall assessment of poverty parameter items in graph Bar 1 shows that most of the participants (54%) stating the high score. The remaining participants indicate a moderate score.



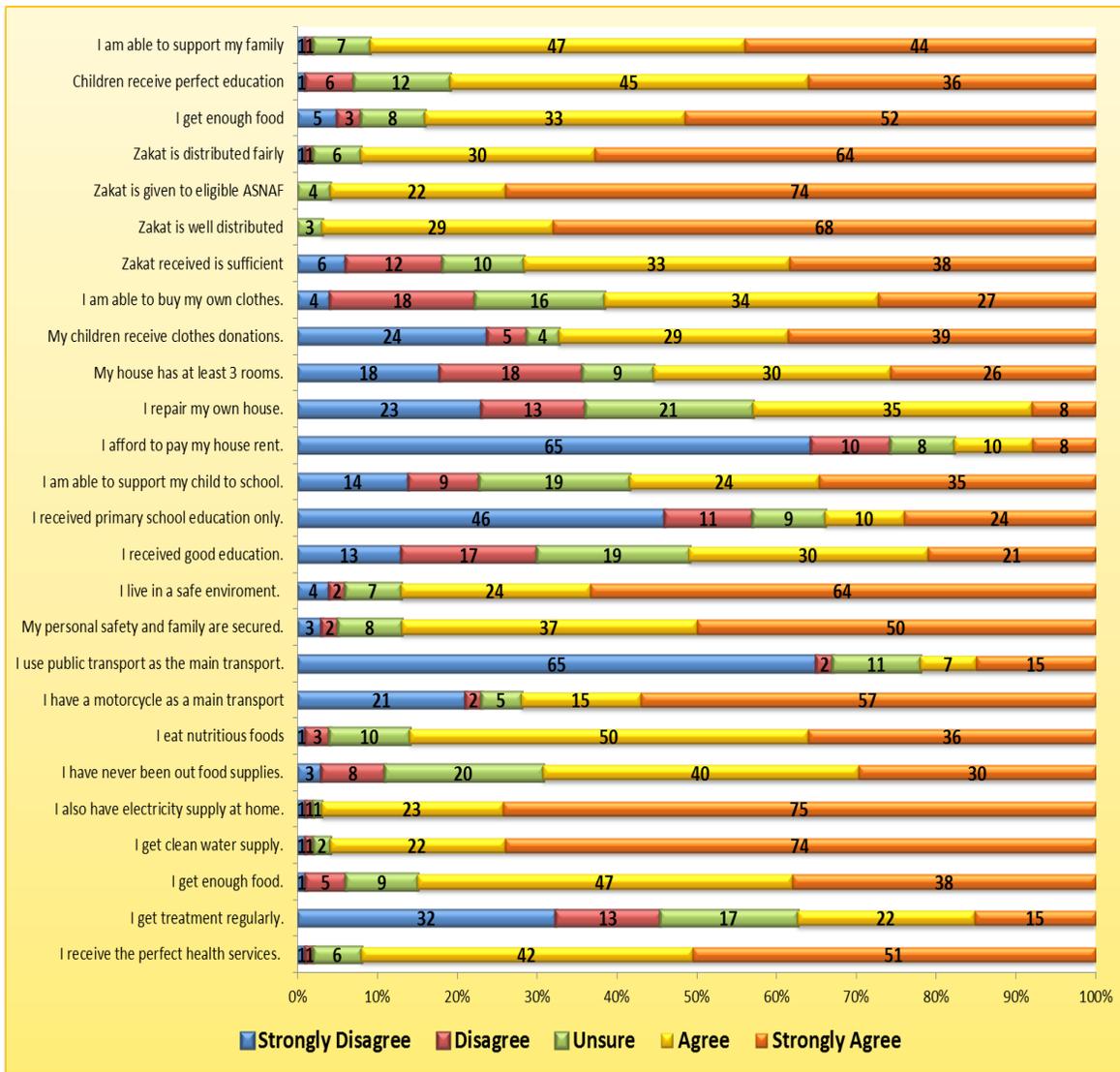
Graph Bar 1. Percentage of respondents in the overall Poverty Parameter Item

For the breakdown of each element in the poverty line parameter, the findings of the requirements of the basic needs

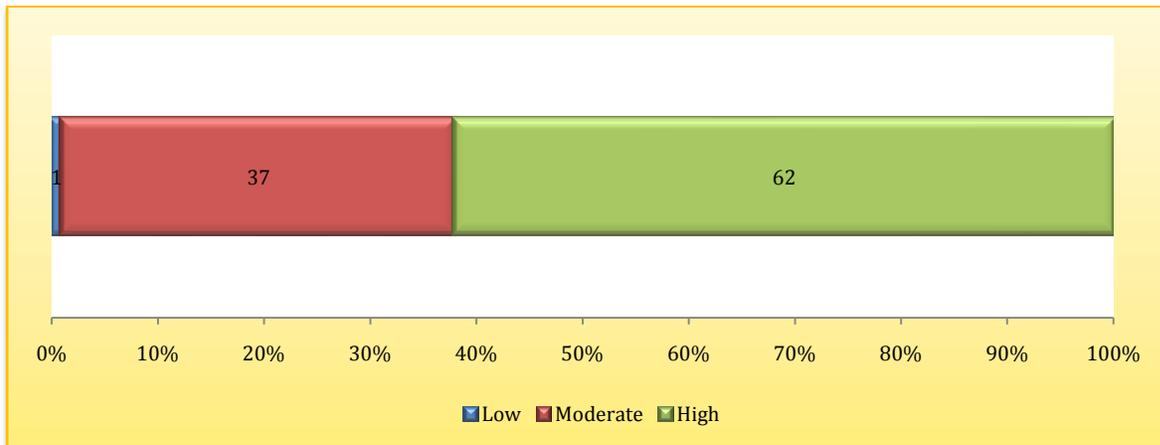
are shown in graph Bar 2 where a majority of 59% stated a high score. The remaining balance of 39% stated moderate score and two percent stated lower score.



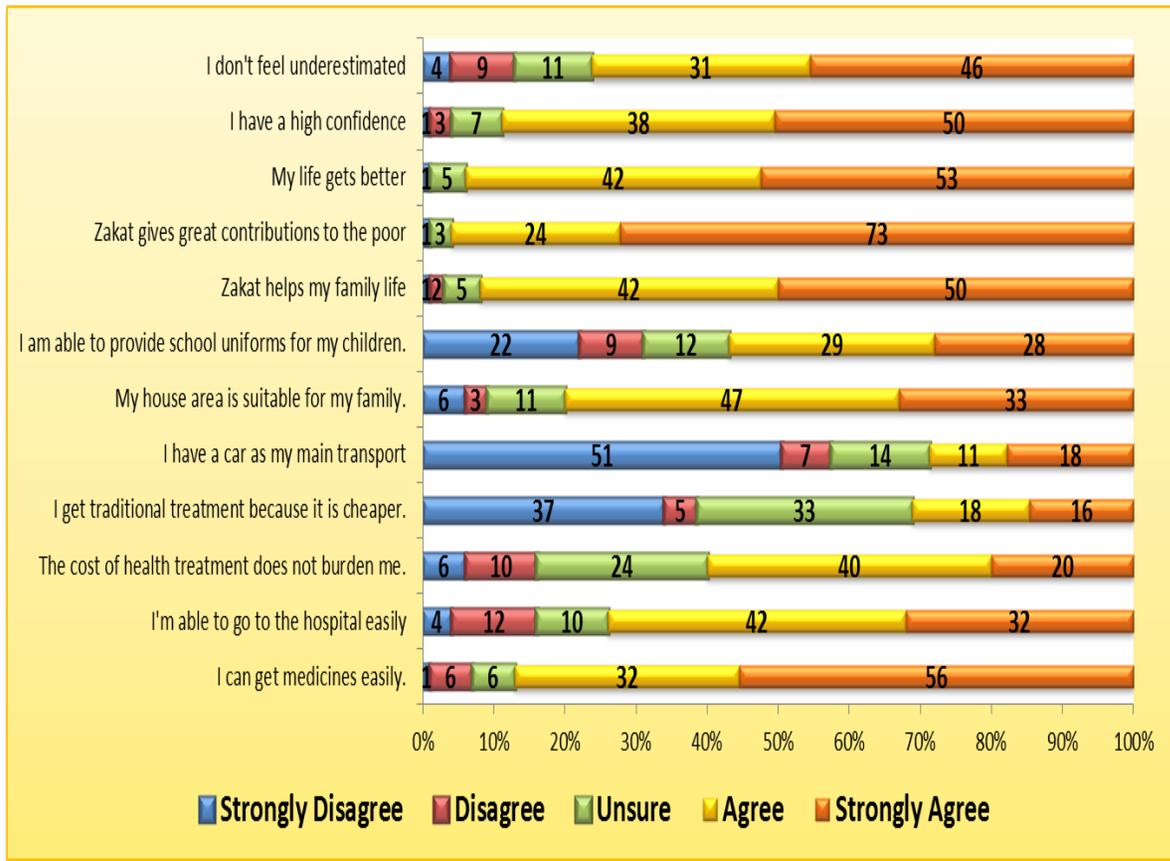
Graph Bar 2. Percentage of respondents according to basic needs



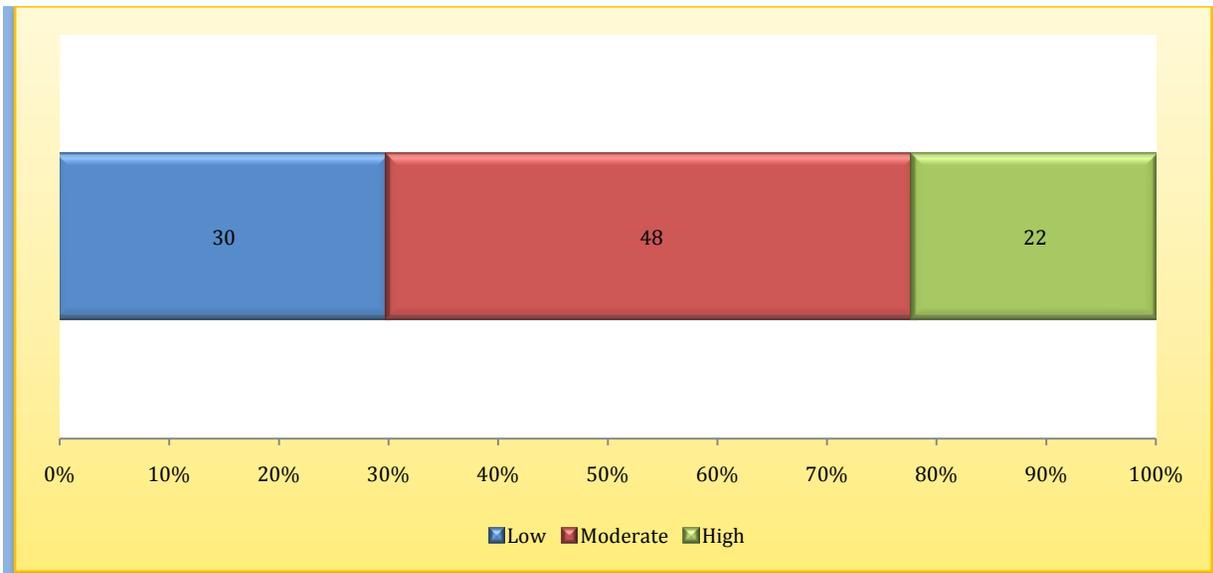
For the element of living facilities, graph bar 3 shows a majority of respondents stating a high score of 62 percent. While 27 percent stated moderate score and one percent stated lower score.



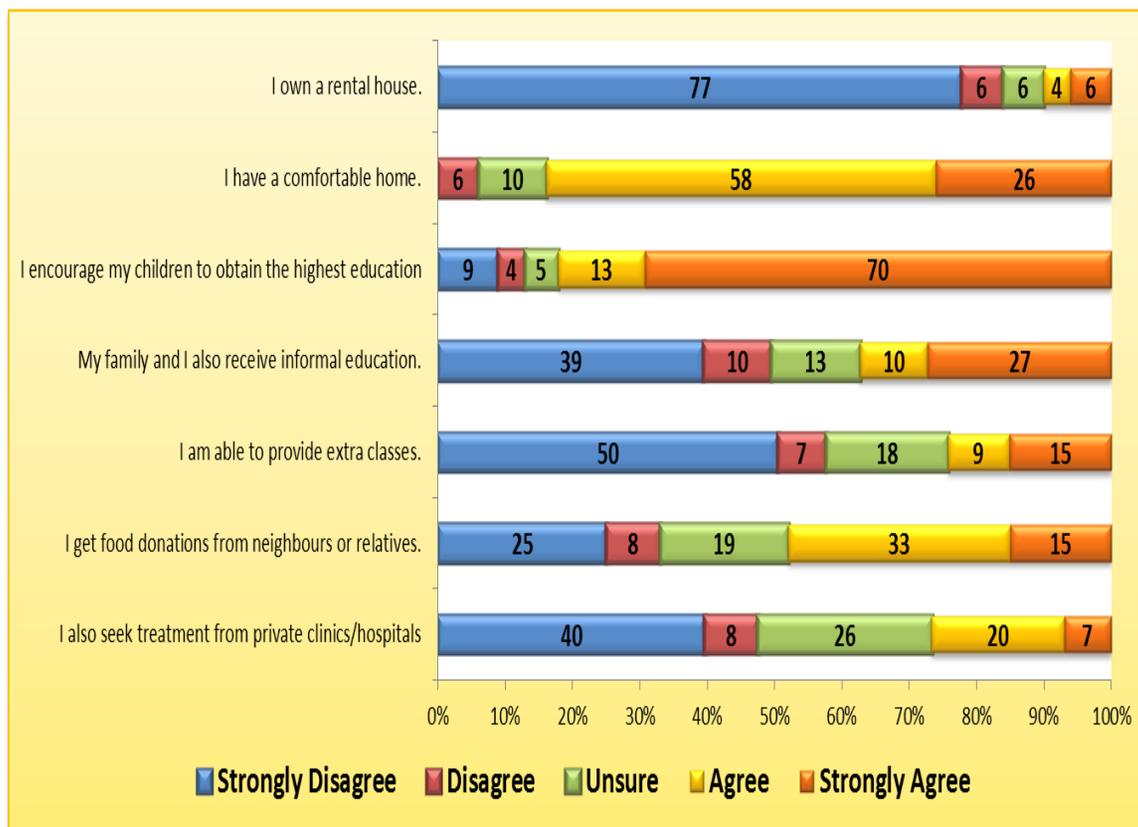
Graph Bar 3. Percent of respondents on living facilities



In contrast, the findings of the comfort of living which is shown in Graph Bar 4 reveals that a total of 48% stated moderate score and 30% stated lower score. The remaining 22 per cent stated a high score.



Graph Bar 4. Percentage of respondents according to the comfort of life



DISCUSSIONS

Based on the overall assessment of poverty parameter items, it is shown that most of the respondents agreed that poverty determination and zakat distribution to ASNAF are based on the elements of basic needs, living facilities and the comfort of living. This is in consistent with the studies done by experts like KhoirulUmam (2019) Rahmadini (2019) SitiNorhidayah and Hairunnizam (2017) Ibrahim, Aslina and Wan MohdZaifurin (2016) Bayu (2016) Mansor, Hasan, Ahmad Irfan, Noradilah and Saharudin (2013), who stated that there are three key aspects in describing adequacy. The first aspect is the limit that determines the line of life requirements (basic needs) for a community. The second aspect is the adequacy described as a life-making requirement for the person to increase income and not merely to meet the needs and requirements. The third aspect is the adequacy in terms of the comfort of life that can change according to the changes that occur around the human life.

Similarly, Baharuddin, Azri and MohdAfandi (2019) and Anggoro and Asmak (2016), stressed that among the elements that need to be dealt with in determining poverty measurement method based on the Kifayah limit is using the current level of adequacy which include the aspects such as basic needs, life facilities and comfort of life such as shelter (house rental or housing instalments, electricity, food (food supplies and water consumed by the household when in an outside of the house), clothing (all forms of clothing used by the household whether in or outside the house), medicine (all forms of treatment, medications received from medical centre or alternative treatment centre), education (household expenditure at all times for school until the university education, including the purchase of schooling

equipment) and transportation (paid transport expenses such as buses or other public transport according to Islamic rules).

The use of this method indirectly enables the process of identifying the poor accurately compared to the average of poverty line (PLI) method determined by the Economic planning Unit (EPU), while the al-Kifayah limit is determined by the state zakat agency, adopting a concept that is similar to the PLI, where it uses household income and finance as a determination of the poor or otherwise. This is because if Zakat Kifayah can serve as a minimum standard to manage earnings redistribution, indirectly, it can reduce poverty and provide balance in the economic growth of the community (Bayu, 2016).

As Allah’s sharia is to organize human life then Imam Al-Syatibi has indicated that the scope of final sharia of Islam should be applied in human life. In this regard, every practice by humans must be based on a goal which is in line with sharia of Allah SWT. Practices or actions that are not in line with the objectives of the sharia are considered contrary to the will of the religion itself and it is not of Allah’s will. Hence, to ensure that such practices are in the acceptance of Allah, the rules and regulations of each of the laws must be complied with the requirements of the sharia (al-Syatibi, 1991). According to Mahyudin (2012) in overcoming the poverty towards the need of life, living facilities and comfort of life, they must be consistent with the accurate determination of asnafwo really have the right to receive zakat.

Therefore, based on the results of the findings and discussion, an index@parameter of poverty line was developed and to be considered by the authority to gauge the poverty line among the Zakat Asnaf. (See the table below).



CONCLUSION

This study has identified poverty determination methods (Kifayah limits) that need to be applied by the relevant agencies in relation to the asnaf. Based on the results of the study, there are three elements of SyariahMaqasid that need to be considered in the determination of Kifayah limits that are basic needs, facilities and comfort of living. The study found that the respondents are under the level of poverty line based on the measured scale. Thus an index@parameter of poverty line was developed by the researchers where the validity and reliability has been tested and approved by experts. Therefore the study suggests that index@parameter of poverty lines developed is considered to be used by authorities to gauge the poverty line among Zakat Asnaf.

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