THE ROLE OF ZAKAT DISTRIBUTION AMONG MUALLAF (NEW CONVERT) IN REDUCING POVERTY IN SELANGOR, MALAYSIA

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ABSTRACT

This study attempts to examine the effectiveness of zakat distribution as a mechanism to poverty reduction among the New Converts (Muallaf) in the state of Selangor, Malaysia. As one of the several instruments by Islam, zakat is important to combat and improve welfare in the society. The target population of this study is the zakat recipient among the New Converts in Selangor. 78 respondents were randomly selected from Selangor Zakat Centre (SZC) zakat recipient’s list from the New Converts category for nine districts of Selangor. In depth interview were used to gather the data. Method of data analysis is through regression analysis. Results indicate that only family size, gender (male), income and expenditure variables have a significant effect from zakat distribution while age, status, race, previous religion, highest education, job and region variables did not have any significant effect from zakat distribution among the new converts. Thus, zakat distribution is significant in reducing poverty burden among the new converts by increasing their income and positively improves; their budget for expenditure. Thus, these statistical measures have proven the positive role of zakat in reducing poverty among the new converts. However, to make zakat distribution provides significant impact on the quality of life among the new converts, immediate actions need to be done to ensure that at least their needs are satisfied and adequate.

Keywords: Zakat Distribution, Had Kifayah, Muallaf, New Convert, Selangor

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INTRODUCTION

Poverty is a serious problem in a majority of Muslim countries. The teachings of Islam, through the Holy Quran and the Hadith, stresses on the significance of zakat as a social tool to bridge the differences between the rich and poor Muslims. Zakat viewed in this context can play an important role in Muslim socio-economic development; if it is managed properly. Zakat is one of the five pillars of Islam. Zakat means growth or increase and by paying zakat we purify and clean our wealth and heart (Qardawi, 1999). All Muslims whose wealth is above the minimum zakatable limit (nisab) are required to pay zakat. The zakat payment can only be given to specific groups of people as stated in the al-Qur’an. There are eight categories of zakat recipients, namely the needy (Fakir), poor (Miskin), zakat official (Amil), those whose hearts are reconciled to Islam (Muallaf), slaves and captives (al-Riqab), debtors (al-Gharimin), for the cause of Allah (Fisabilillah), and travelers (Ibnu Sabil). The rationale for imposing zakat is to prevent the concentration of wealth in a few hands, which is clearly stated in al-Qur’an. (Qur’an, 9:60).

It is an obligation of Muslims to give a specific amount of their wealth to the recipient that the main objective is to achieve a socioeconomic justice among the society (M. Ridhwan, 2012). Through the justice and truthfulness of Islamic teaching, it attracts the human to be part of its through conversion or Reconciliation of hearts (Muallaf-al-Qulub) and it is one of the zakat recipients mentioned in Al-Qur’an. Financial assistant through zakat distribution can help in strengthen their belief (iman) and the sense of belonging to Islamic ummah. Also included are those who are against the Islam aggressively and by providing money hopefully it may stop them from doing so, and so on. Zakat also plays an important role in Islamic social welfare system to alleviate poverty in Muslim nations (Fuadah Johari, 2004, Patmawati, 2006; Mohamed Yusof, 2011; Ahmad Fahme, 2013). In Malaysia, zakat administration is under the Islamic Council of each state, which has the authority to organize the collection and distribution of zakat on its own. Toward this end, it has developed a variety of systems such as establishing offices, employing and training officers, designing a computerized system of zakat collection, financial and reporting system, and general operation plan. The modern practices of zakat collection in Malaysia can be found at the
Pusat Pungutan Zakat (Zakat Collection Centre) in the Federal Territory, which was set up in 1991 for the purpose of collecting of zakat with a more systematic management, including computerization. It is now has become a model of zakat administration which has evolved to suit the changing environment.

1. Zakat Distribution in Selangor

The Selangor State Islamic Religious Council is responsible to collect and distribute zakat in Selangor, and their effectiveness in managing the zakat in Selangor had shown impressive growth from time to time. This is proven by a stunning increase in the amount of zakat collection from 2008 to 2011 for all categories. Generally, the highest zakat distribution goes to the poor and needy (Fuqara & Masakin) from 2008 and it is continually increasing through the years until 2010 totaling MYR 126 million. However, in the year 2011 the highest zakat distribution goes to the Fi-Sabilillah totaling MYR 156 million, the second highest goes to poor and needy totaling MYR 109 million, third highest goes to Amil totaling MYR 49 million and forth goes to new converts (Muallaf) totaling MYR 15 million as shown at Figure 1 as follows;

**Figure 1: Selangor Zakat Distribution by Category (2008-2011) (MYR MILLION)**

Source: Selangor State Islamic Religious Council, 2012

Figure 1 shows that the amount of zakat distribution to the new converts is increasing from MYR 11 million (2008) to MYR 16 million (2009) and MYR 19 million in the year 2010. Only in the year 2011, the amount of zakat allocated to the new converts had a small decline which dropped from MYR 19 million to MYR 15 million as respond to the registered new converts in Figure 2. The rest, we can conclude that distribution of zakat to the new converts
in the state of Selangor (except for year 2011) is consistently increasing each year. The trend of zakat distribution to the new converts is actually reflected from the total amount of registered new converts in the state of Selangor every year. In general, what we can conclude is that the huge amount is allocated for the new converts indicated that zakat plays an important role in assisting new Muslims and helping them overcome their suffering and poverty as stated in the Qur'an (9:60). Zakat is provided to the new converts as a way of assisting and enabling them to start a new life in the way of Islam, as the total number of registered new converts increases every year (Figure 2).

Figure 2: Number of Registered New Converts in the State of Selangor; 2002 -2012

Source: Selangor State Islamic Religious Council, 2013

Figure 2 shows the increasing number of registered new converts from year 2002 – 2012 in the State of Selangor. This illustration (Figure 2) supports the changes that occurred shown in Figure 1. It shows that zakat distribution is reflected by the number of registered new converts in the State of Selangor. In the year 2011, the registered new converts were less than the previous years. Overall, this positive increment and practice serves as evidence to the view regarding the necessity of Zakat aid towards new converts as part of da’wah methodology. Most zakat institutions in Malaysia use the monetary approach in measuring poverty based on monthly expenditure. In Selangor, zakat assistance to the new converts begins from the first day they become Muslims. For example, the new Muslim would be immediately helped with MYR 500.00 monthly allowance for five years until they manage to act in accordance with Allah’s orders and to perform worshipping (Mukallaf). This aid is important for them to bear their cost of living.
2. Literature review

Most of new convert turns to Islam because of several reasons such as marriage, attract with the wholesomeness of Islam and zakat assistant in Islam (Aidit Ghazali et.al, 2012; Fariza Md Sham et.al 2013; Fuadah Johari et.al, 2013). For example, the Islamic welfare (i.e: zakat), is one of the tools for attracting the non-Muslims by providing assistant that can soften their heart beside increase their faith and believe to Allah s.w.t although they are not become a Muslims yet. Fuadah Johari et.al (2013) explained that new converts suffers from various aspect after they converts to become Muslims. Some of them were thrown out of family, society, friends as well as loss their job and loss their financial sources. While some of them feels lonely and vulnerable because of the attitude of the Muslims itself who did not accept them as part of Muslims. For example, if they entering a mosque, they will attract the attention of other Muslims such as they are doing something wrong by entering the Mosque although at that time they are already a Muslim. For most of the Mosque, they may find that cultural identity is stronger than religious standards and they feel difficult to be integrated with other Muslims. Moreover, some Muslims who are still learning about Islam did not know which branches of Islam they should refer to and/or are not well aware of the different movements and/or do not have an entire understanding of the principles of Islam (Razaleigh Muhamat et.al, 2009).

Mariam binti Abd. Majid et. al (2010) found out that after conversion, most of New Convert will feel lost regarding find teacher or resources to effectively live their faith. New Muslims will also be facing practical issues when embracing a new way of life which is also differ from their previous way of life. Further, some of the issues may include their relationships with non-Muslims may change due to fear and preconceptions about Muslims and marriage with a non-Muslim. These practical issues may have the greatest impact for New Muslims and such support at a practical level is therefore important. Aishah M et.al (2011) seeks to investigate the conversion patterns among New Converts in Malaysia. Its focus is to find out the demographic information of New Converts and to identify the popular conversion patterns among New Converts in Malaysia. From the study conducted, he conclude that: a) majority of the New Converts come from Sabah and belongs to other races found in Malaysia such as Iban, Asli, Myanmar, Kadazan and Thai, b) many of them are unemployed despite having adequate academic level, c) majority of the new Converts agree that they get the first
source of information regarding Islam from people who are close to them like family members, friends, colleagues and neighbours, d) majority of the New Converts associate their conversion process with the friendliness pattern, followed by the intellectual pattern and lastly the mystical pattern. This coincides with the first source of information they obtain regarding Islam.

Razaleigh Muhamat et.al (2012) set outs to explore the exact level of the social aspect of assimilation between Chinese New Convert and their Malay counterparts in Kuala Lumpur. It was sure that assimilation in social aspect is a dilemma which Chinese New Convert faces when they convert from their own religion to Islam. It suggests that when these converts begin to practice Islam, their behaviour changes in line with the identity of the Malays. This is because Islam associates to Malay in the Malaysian context. Whilst they are welcomed by their Malay counterparts, it is nevertheless hypothesized that they may not assimilate fully into the Malay community. Through this research the social assimilation level of Chinese New Convert is at the low level. Mahyuddin Haji Abu Bakar et.al (2011) states that zakat distribution to the new converts can help strengthen their faith and creates a sense of belonging among Muslims to aid those who are in need like this group of people.

3. Research Method

This paper is involved descriptive and empirical method where the descriptive methods focus on the tendency of expenditure among new Muslims in Selangor. The empirical method than will focus on the determine correlation between dependent variable (zakat received among the new converts) and independent variables (Size, Age, Gender, Region, Expenditure, Marital, Education, Income and Job). The regression technique in this study will allow us to isolate and compare the influence of zakat and any demographic variable on household’s poverty status, while holding other determining variables constant. Using this technique, we estimate the impact of zakat distribution towards several demographic variables such as size, age, gender, region, expenditure, marital, education, income and job of the new converts. By showing which characteristic have the largest impact on determine the zakat distribution of the new converts and how much does the impact give, we can identify household types that could merit special attention in designing strategies to increase the effectiveness of welfare enhancing programs. Household unit has become the unit of observation for this study. A household may be either a one-person household or a multi-person household. The
households can be defined as an arrangement where all the activities and cooperation centre round the members living in the same household. The head of household/family regardless of sex is considered as the respondents. Each household/family is registered zakat recipient under the poor and needy category. In certain exceptional cases, some other responsible member of the family (usually the wife) will be used as a respondent to replace the absentee head (usually the husband) of the household or the family.

On top of that, census study is utilized in this research where 78 respondents from new converts were involved. Based on the quantitative approach, the questionnaire was administered to the new converts to gather data on the amount of zakat that they received, their income, expenditure and other demographic data. The team of researchers personally distributed the questionnaire to the respondents. Each part of the questionnaire was explained by the researchers to the respondents to ensure the respondents understood the questions. The questionnaire was read to the respondents who had difficulties reading the questionnaire. However, this study focuses on the feedback from the new converts about the success of zakat distribution and aids among them in Selangor as a case study. Figure 3 describe the respondent demographic for this study.

**Figure 3: Respondent Profile On New Converts in Selangor**

The Selangor State Islamic Religious Council was selected because of their achievement as being the highest zakat fund collection in Malaysia. The question that was raised was, with the highest collection of zakat in Malaysia, why are the Muslims still putting blame and
complaints to the Selangor State Islamic Religious Council regarding the distributions of zakat collection. These questions is reflexed to the controversial issue on the discovery of converted Muslims being investigated by the Selangor State Islamic Religious Council during their inspection based on the complaint received by Muslims on their involvement with activities organised by the Damansara Utama Methodist Church (DUMC) in Petaling Jaya on August 3rd, 2011. Majority of the Muslims placed the blame on the Selangor State Islamic Religious Council and questioned regarding new convert’s rights on Zakat contribution. The blame had stressed upon the allotment of the zakat fund, as the general perception was that these new converts are not being supported by the authorities. Thus, this study aims to identify the programmes or activities relating to the distribution of zakat funds, focusing mainly on the plight of the zakat recipient of new converts.

3.1 Model Determination:

The basic model used to estimate the impact of zakat on the growth of real income is derived in Ahmad Fahme (2011). In this current study, the empirical model, in log form, is written as:

\[
\ln z_{\text{akat}_i} = \beta_0 + \beta_1 \ln \text{size}_i + \beta_2 \ln \text{age}_i + \beta_3 \ln \text{gender}_i + \beta_4 \ln \text{marital}_i + \beta_5 \ln \text{edu}_i + \beta_6 \ln \text{job}_i + \beta_7 \ln \text{region}_i + \beta_8 \ln \text{expenditure}_i + \beta_9 \ln \text{income}_i + \varepsilon_i
\]

Where:

- Zakat\(_i\) = Amount of zakat received
- Size\(_i\) = House-hold size
- Age\(_i\) = Age of the house-hold head (in years)
- Gender\(_i\) = 1 if household is male, 0 otherwise
- Marital = 1 if head is married, 0 otherwise,
- Edu = highest formal education obtained by household head (in years),
- Job = 1 if Household head is employed, 0 otherwise,
- Region = 1 if Urban region, 0 otherwise,
- Expenditure\(_i\) = Expenditure of the poor after zakat distribution
Income = Income of the poor after zakat distribution

\( \varepsilon \) = Error term for the model

The determinants for zakat received included in this model are Size, Age, Gender, Region, Expenditure, Marital, Education, Income and Job. In this study, we create functional form to determine correlation between dependent variable and independent variables. Predictor variables are a set of socioeconomic and demographic status indicators and human capital of the household. They contain both dichotomous and continuous variables.

The log model measures the percentage change. Therefore the models are invariant to the scale of the variables. The models also give a direct estimate of elasticity. For models with \( y > 0 \), the conditional distribution is often heteroskedastic or skewed, while \( \ln(y) \) is much less so. On top of that the distribution of \( \ln(y) \) is narrower, limiting the effect of outliers. The regression technique in this study will allow us to isolate and compare the influence of zakat and any demographic variable on household’s poverty status, while holding other determining variables constant. Using this technique, we estimate the impact of zakat distribution towards size, age, gender, region, expenditure, marital, education, income and job of the new converts. By showing which characteristic have the largest impact on zakat distribution and how much does the impact give, we can identify household types that could merit special attention in designing strategies to increase the effectiveness of welfare enhancing programs.

The expenditure categories used as dependent variables included all food and non-food items. Food items are included food-at-home, and food away-from-home. While for the non-food items, the monthly expenditure for housing, education, medical, transportation and cloth are used. Monthly expenditures were used in each case. The independent variables include income, region, family size, rural-versus-urban, education, race, sex, and marital status. The dummy variable is used to test for differences between spending patterns while controlling for socio demographic differences.

Region can provide us with the location of the most zakat distribution effect. This variable can be aggregated to small statistical areas, such as districts, to obtain more robust estimates.
of the percentage of zakat distribution. As for this study, the urban region is chosen as the
dependant variable since it has the highest amount of poverty among districts in Selangor.
Age of the household head is important for the policy maker to investigate the level of zakat
distribution effect among the society based on their early, productivity or retirement age. The
urban elderly (above the age of retirement) face greater risk of being poor (Mok, T.Y. et al.,
2007). Ageing population is prone to distress in many developing countries. Longer life
expectancy coupled with increasing medical cost and inadequate social support leads to an
increase of the probability of falling into poverty. Age 41 to 56 is used as the variable
because it represent the productive age. Size of the household will show is there any
considerable evidence of a strong negative correlation between household size and income
(or consumption) per person in developing countries (Peter Lanjouw and Martin Ravallion,
1995). The existence of size economies in household consumption cautions against
concluding that larger families tend to be poorer. Poor people tend to devote a high share of
their budget to rival goods such as food. But certain goods (water taps, cooking utensils,
firewood, clothing, and housing) do allow possibilities for sharing or bulk purchase such that
the cost per person of a given standard of living is lower when individuals live together than
apart. In this study, size of household 1 to 3 was added to the regression because they
represent the worst income among other sizes of household in Selangor. According to the
Socio Economic Status (SES) one of the most of representative variable in social study
mostly on poverty is a shorthand expression for variables that enable the placement of
persons, families, households and aggregates such as statistical local areas, communities and
cities in some hierarchical order, reflecting their ability to produce and consume the scarce
and valued resources of society (Hauser & Warren, 1997).

An examination previous research literature shows that a variety of variables have served as
poverty measures, including parent income (Worley & Story, 1967); parent education
(Stanfiel, 1973); number of siblings (Kerckhoff, 1975); gender of the household head (Mindy
S. Crandall and Bruce A. Weber, 2004). Based on previous poverty studies such as (Jonathan
Morduch, 2005), (Noel Blisard and J. Micheal Harris, 2002), (Panupong Panudulkitti, 2007),
and (Henninger, 1998), this study will use Size, Age, Gender, Region, Expenditure, Marital,
Education, Income and Job of the household head as the variable to investigate the effect of
zakat distribution towards new converts recipients. Analyses of the social study often include
study about used a specific variables as statistical controls to enhance the credibility of inference. Thus in this study, variables that were used has its own purpose of representing the poverty.

### 3.2. Result

Table 1 presents the descriptive statistics of respondent by gender. It shows that 65.8 per cent of the respondent is Male and 32.9 per cent is Female. A large standard deviation indicates that the data points can spread far from the mean and a small standard deviation indicates that they are clustered closely around the mean. Results had shown that all variables had a small results indicates that they are clustered closely around the mean.

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Per cent</th>
<th>Valid Per cent</th>
<th>Cumulative Per cent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>52</td>
<td>65.8</td>
<td>66.7</td>
<td>66.7</td>
</tr>
<tr>
<td>Female</td>
<td>26</td>
<td>32.9</td>
<td>33.3</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>78</td>
<td>98.7</td>
<td>100.0</td>
<td></td>
</tr>
<tr>
<td>Missing System</td>
<td>1</td>
<td>1.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>79</td>
<td>100.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Std. Deviation</td>
<td>.474</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Further, by using the same primary data, we estimated the regression analysis in order to verify the factors that determined income distribution of these groups. By using family income model added with zakat variable we had found out that zakat had significant effect toward income distribution of these group. Hence, by using SPSS 2.0, we obtained the output in Table 2.
The Role of Zakat Distribution Among Muallaf (New Convert) in Reducing Poverty in Selangor, Malaysia
Fuadah Johari, Ahmad Fahme Mohd Ali, Muhammad Ridhwan Ab Aziz

Table 2: Zakat Distribution Effect

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Std. Error</th>
<th>t-Statistic</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>2.334</td>
<td>0.361</td>
<td>1.334</td>
<td>0.001</td>
</tr>
<tr>
<td>LOG(SIZE)</td>
<td>0.348</td>
<td>0.064</td>
<td>1.227</td>
<td>0.027*</td>
</tr>
<tr>
<td>LOG(GENDER)</td>
<td>0.341</td>
<td>0.084</td>
<td>-0.963</td>
<td>0.024*</td>
</tr>
<tr>
<td>LOG(AGE)</td>
<td>0.098</td>
<td>0.139</td>
<td>0.571</td>
<td>0.506</td>
</tr>
<tr>
<td>LOG(Status)</td>
<td>-0.172</td>
<td>0.085</td>
<td>-0.458</td>
<td>0.184</td>
</tr>
<tr>
<td>LOG(RACE)</td>
<td>0.148</td>
<td>0.080</td>
<td>0.347</td>
<td>0.263</td>
</tr>
<tr>
<td>LOG(PREV_RELIGION)</td>
<td>-0.096</td>
<td>0.068</td>
<td>-0.004</td>
<td>0.435</td>
</tr>
<tr>
<td>LOG(HIGH_EDU)</td>
<td>0.088</td>
<td>0.053</td>
<td>-0.518</td>
<td>0.482</td>
</tr>
<tr>
<td>LOG(JOB)</td>
<td>0.027</td>
<td>0.046</td>
<td>0.399</td>
<td>0.836</td>
</tr>
<tr>
<td>LOG(REGION)</td>
<td>-0.080</td>
<td>0.066</td>
<td>-0.289</td>
<td>0.542</td>
</tr>
<tr>
<td>INCOME</td>
<td>0.098</td>
<td>0.032</td>
<td>-1.749</td>
<td>0.060*</td>
</tr>
<tr>
<td>EXPENDITURE</td>
<td>0.049</td>
<td>0.126</td>
<td>2.012</td>
<td>0.021*</td>
</tr>
</tbody>
</table>

R-squared: 0.570
Adjusted R-squared: 0.567
Durbin-Watson stat: 2.142

* Significant at 1%

The result from Table 2 shows that the value for Adjusted R-squared is 0.567. It means that 56.7% of the variation in dependent variable can explain the variation in independent variable. This value can be classified as a high value for Adjusted R-squared that use the cross section analysis. The Durbin-Watson value 2.142 presents that the regression result is free from a serious Autocorrelation problem. Table 2 also indicates that only size, gender (male), income and expenditure variables have a significant effect from zakat distribution while age, status, race, previous religion, highest education, job and region variables did not have any significant effect towards zakat distribution among the new converts. We can see that these variables did not statically significant.
Size of the family is also one of the factors that can determine the family income level. Basically, for those who have a bigger family, they will have more source of income compared to a smaller family who mostly rely on one source of income. From the table we can see that those who have bigger family size if the zakat distribution goes up by 1 per cent, they will zakat assistant will go up by 0.348 per cent compared to smaller sized family. This could be the results of various zakat assistant programs that they received based on the household size and needed. For example, bigger family will require higher need such as larger amount of food, better house, and higher expenses for education and medication compared to smaller family size. Thus they are allegeable to receive higher zakat assistant.

Further, the male coefficient is about 0.341, meaning that the male gender receives about 0.341 per cent more income compared to female gender, again holding other variables constant. This is because most of the male gender requires more zakat assistance compared to female gender. As the breadwinner of the family, they must fulfill the expenses needs for food, housing, children education, education and so on (Mohamed Yusoff, 2011). One of the facts is that most of zakat applications from the new converts are from male application. Zakat distribution also had increase the income and expenditure of the new converts. We can see that if the zakat distribution goes up by 1 per cent, their income will increase by 0.098 per cent. While their expenditure also positively affected by zakat distribution. From the table we can see if the zakat distribution goes up by 1 per cent, their expenses will go up by 0.049 per cent holding other variables constant. The zakat distribution had benefited the new converts by distributing money to them that increases their income. While an increase in income managed them to spend more on items and goods that increase their expenses.

The age, status, race, previous religion, highest education, job and region variables did not show any significance toward the zakat distribution towards the new converts. This possibly shows that the Selangor Zakat Department (SZD) did not differentiate the age, status, race, previous religion, highest education, job and religion in distributing the zakat. Family size, gender (male), income and expenditure are significant in determining the factor of zakat distribution while the age, status, race, previous religion, highest education, job and region did not have any significant effect towards determine the zakat distribution of this group. Previous results of poverty measures indicate that zakat distribution has brought positive
result in reducing poverty among new converts (Fuadah, 2013a; Fuadah, 2013b). Thus, zakat distribution is significant in determining the income distribution among this group and bringing positive effect towards improving the income distribution of this group. Thus, these statistical measures have proven the positive role of zakat in reducing poverty among the new converts.

4. DISCUSSION

Results of this study indicates that size, gender (male), income and expenditure variables have a significant effect from zakat distribution while age, status, race, previous religion, highest education, job and region variables did not have any significant effect towards zakat distribution among the new converts. Those who have a bigger family, they will acquire more need and expenses compare to a smaller family who mostly acquire smaller amount of expenses. This could be the results of various zakat assistant programs that they received based on the household size and needed. Bigger family will require higher need such as larger amount of food, better house, and higher expenses for education and medication compared to smaller family size. Male gender related poverty headcount showed male household received more zakat assistant compared to female-headed. As the breadwinner of the family, they are responsible to fulfill the expenses needs for food, housing, children education, education and so on. However, evidences abound that more females-headed households are more vulnerable to poverty than male headed households. Zakat assistant also manage to increase the income of the new converts. It is causes by the additional fund that they get from zakat fund resources. Another positive affect is that, their purchasing power parity will increase as they received extra sources to their expenditure account.

The age, marital status, race, previous religion, highest education, job and region variables did not show any significance toward the zakat distribution towards the new converts. The age distribution reveals that majority of the new converts were energetic, young and agile to actively participate in the program activities. Hence, they will be expected to benefit immensely from the program and improve their productivity to reduce their poverty level. Evidence indicates that poverty among older people is generally low in countries where there exists a generous pension or safety net coverage for the elderly. It is now widely recognized
that in developing countries older person are supported by pensions that play an important role in securing and improving the livelihoods of older people and reducing poverty. Moreover, evidence suggests that in developing countries the positive effects of pensions go beyond the direct beneficiaries (the older people) and spill over on the other members of their households. Results on marital status approves with a finding that reported that majority of married person involved in non-formal production and were within their productive years. Marital status suggests that the single household will equal benefits from zakat distribution. It is also supported by another finding that the wishes and interests of the person’s spouse may have roles to play in their extent of participation. It is based on different level of needs between family and single person that the zakat distribution had fulfilled. This study reveals that the educational level and job of the new converts towards the zakat distribution was not significant. This result is in line with the observation that had been made that the poor formal educational level did not affect the new converts participation in the economic activities, as most of them are involved in non-formal or business activities that the knowledge they acquired are through informal education and practice. Between region (urban and rural), they have an equal benefits from zakat distribution. It also caused by economic activities that happens in particular area. For urban area, although they faced with higher cost of living, but they have more benefits from the development of the urban area such as low cost for medication, education and other social security benefits. Further, the employment opportunity for urban dwelling is higher for urban area. In rural area, they will be benefited with low cost of living and race against the economic activity qualification is less severe compared to urban area.

Zakat distribution has a significant and positive effect towards improving the income of the new converts. The application of zakat formulation is also an effective tool to reduce the incidence, extent and severity of poverty. The right allocation of zakat distribution i.e-the total zakat distributed is based on the region, employment and marital status, can bring more effective result on reducing poverty and income gap of a family rather than distributing the zakat based on amount and omitting these variables. Focusing on short term i.e monthly zakat distribution, SZC has to improve the current practice of zakat distribution. They must develop a system that can release the new converts from poverty and avoid those who have the potential to become poor. A system that can prevent them from becoming poor rather than getting them out of poverty must be designed. For example, the current zakat distribution
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This analysis suggests that to achieve maximum impact in reducing the sufferings of the poor with available resources, SZC should reduce the poverty gap from the bottom up. This will require a new method of zakat distribution. However, in any targeting effort, the challenge is to develop a feasible, accurate, and effective system to distribute the zakat.

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