



الجامعة الإسلامية العالمية ماليزيا
INTERNATIONAL ISLAMIC UNIVERSITY MALAYSIA
بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

ACCOUNTABILITY FOR ZAKAT DISBURSEMENT
AN EXPLORATORY STUDY OF EMPOWERMENT
SCHEMES IN ZAKAT INSTITUTIONS

BY

MUSTAFA MURTALA OLADIMEJI ABIOYE

A dissertation submitted in fulfillment of the requirement
for the degree of Master of Science in Accounting

Kulliyyah of Economics and Management Science
International Islamic University
Malaysia

JUNE 2008

ABSTRACT

Zakat empowerment scheme is a disbursement method of facilitating engagement of zakat beneficiaries in gainful economic activities through funding of skill acquisition and provision of relevant tools or machine. Unfortunately, the use of this method fell into disuse due to a long period of departure of Muslims from pristine tenets of zakat as a result of colonization of Muslim lands. As a way out of ravaging poverty, Pakistan revived this method in 2001 and it is being experimented by two other countries in Southeast Asia. Zakat is a multidimensional tool, therefore, this study, a synthesis of literature on zakat, stakeholders' theory, concepts and dimensions of accountability and empowerment as well as management and task controls aimed at identifying the stakeholders of the new Zakat disbursement strategy and understanding its control mechanisms and the influence of the stakeholders on these controls. The methodology of a Cross-sectional field study was adopted to study the empowerment schemes in the Majlis Ugama Islam Singapura (MUIS) and Lembaga Zakat Selangor (LZS) due to paucity of adopters of the scheme. Despite this limitation, the study was able to identify and categorize stakeholders of empowerment schemes in the two institutions; understand the control mechanisms of the scheme and the influence of stakeholders on the scheme. The findings of this study should give a positive impact on the management of zakat beneficiaries by the institutions. Again, being the first attempt to study accountability practices in Zakat institution using the stakeholders' theory, the study has opened a new dimension to the study of Zakat as a social institution and, in a way, added to the body of accounting knowledge.

ملخص البحث

إن مشروع الزكاة التمكينيّ منهجٌ مصمّمٌ لتوجيه مال الزكاة لتشغيل المستفيدين من المشروع بنشاطات اقتصادية مثمرة؛ وذلك بتمويل اكتساب المهارات وتوفير آلات أو أجهزة مناسبة. وقد شجّع رسول الله p هذا المنهج إذ إن الزكاة محرم أخذها على القادر ماليا والغني (القرضاوي: 1999م). ومما يؤسف له أن هذا المنهج أصبح اليوم مهملًا ومهجورًا لتساهل المسلمين بمبادئ الزكاة الإسلامية الأصيلة نتيجة لاستعمار البلدان الإسلامية. ولاستئصال الفقر وأسبابه، فقد جدّدت باكستان هذا المنهج عام 2001م، وجرى تطبيقه في بلدين من بلدان جنوب شرق آسيا. ولكون الزكاة آلة ذات جوانب متعدّدة، يأتي هذا البحث جامعا لدراسات سابقة في الزكاة، ونظريّات متعلّقة بالعاملين الناشطين على الزكاة، ومفاهيم (وأبعاد) خاصة بقضية المسؤوليّة والتمكين (الماليّ)، وشؤون الإدارة وتوجيه المهام. ويستهدف البحث - في ضوء ما سبق من الدراسات- تحديد العاملين العارفين بالاستراتيجية الجديدة لتوزيع الزكاة، وفهم آلياتها التّحكيمية وتأثير العاملين الجادّين في التوجيهات. ولقد اخُطّ في هذه الدّراسة منهج بحثٍ ميدانيّ محدود حيث يتمّ التركيز على مشروعَي الزكاة التمكينيّين في مؤسّستين قائمتين في سنغافورة وماليزيا هما: مجلس أو غاما الإسلامي بسنغافورة ولمباغا الزكاة بسيلنغور، ويرجع سببُ هذا التركيز إلى قلة عدد المتبنّين للمشروع. وعلى الرغم من هذا القصور، فقد انتهى البحث إلى تحديد وتصنيف العاملين الناشطين في المشروعين التمكينيّين في المؤسّستين المذكورتين، وفهم آليات المشروع التوجيهي وتأثير العاملين فيه. ويُرجى أن تؤثر نتيجة البحث بصورةٍ إيجابيّة على إدارة المؤسّسات (المعنية) لأموال الزكاة المحصّصة للفقراء، وأن تبصّر بأبعادٍ جديدةٍ لدراسة قضية الزكاة بوصفها مؤسّسة اجتماعية، ومن المحتمل أن يكون هذا البحث في نهاية المطاف مساهمةً في المباحث الحسابية.

APPROVAL PAGE

I certify that I have supervised and read this study and that in my opinion; it conforms to acceptable standards of scholarly presentation and is fully adequate, in scope and quality, as a thesis for the degree of Master of Science in Accounting.

.....
Shahul H. M. Ibrahim
Supervisor

.....
Muslim Har Sanil bin Mohamad
Supervisor

I certify that I have read this study and that in my opinion it conforms to acceptable standards of scholarly presentation and is fully adequate, in scope and quality, as a thesis for the degree of Master of Science in Accounting.

.....
Maliah Sulaiman
Examiner

This dissertation was submitted to the Department of Economics and Management Sciences and is accepted as a partial fulfillment of the requirements for the degree of Master of Science in Accounting.

.....
Nazli Anum Mohm Ghazali
Head, Department of Accounting

This dissertation was submitted to the Kulliyyah of Economics and Management Sciences and is accepted as a partial fulfillment of the requirements for the degree of Master of Science in Accounting.

.....
Mansor. H.Ibrahim
Dean, Kulliyyah of Economics and
Management Sciences

DECLARATION PAGE

I here declare that this dissertation is the results of own investigation, except where otherwise stated. I also declare that is has not been previously or concurrently submitted as a whole for my other degree at IIUM or other institutions.

Mustafa Murtala Oladimeji Abioye

Signature.....

Date.....

INTERNATIONAL ISLAMIC UNIVERSITY MALAYSIA

**DECLARATION OF COPYRIGHT AND AFFIRMATION
OF FAIR USE OF UNPUBLISHED RESEARCH**

Copyright © 2008 by Mustafa Murtala Oladimeji Abioye. All rights reserved.

**ACCOUNTABILITY FOR ZAKAT DISBURSEMENT: AN
EXPLORATORY STUDY OF EMPOWERMENT SCHEMES IN ZAKAT
INSTITUTIONS**

No part of this unpublished research may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording or otherwise without prior written permission of the copyright holder except as provided below.

1. Any material contained in or derived from this unpublished research may only be used by others in their writing with due acknowledgement.
2. IIUM or its library will have the right to make and transmit copies (print or electronic) for institutional and academic purposes.
3. The IIUM library will have the right to make, store in a retrieval system and supply copies of this unpublished research if requested by other universities and research libraries.

Affirmed by Mustafa Murtala Oladimeji Abioye

.....
Signature

.....
Date

DEDICATION

This study is dedicated to MY PARENTS

“O my Lord! Bestow your mercy on them, even as they affectionately reared me in childhood” (Quran, 17:24).

ACKNOWLEDGEMENTS

All thanks belong to Allah (SWT), therefore, I am most grateful especially for his divine guidance to International Islamic University, Malaysia, for my rebirth. Thereafter, gratitude goes to my two supervisors, Associate Professor Shahul H. M. Ibrahim and Assistant Professor Muslim H. S. Ibn Muhamad for their constructive guidance, love and patience throughout the period of my study. My gratitude is also extended to Dr. Fatima Hamid for her unflinching support.

I would like to thank the staff of Kulliyyah of Economics, International Islamic University Malaysia (IIUM) in general and Department of Accounting in particular for their assistance.

My appreciation to my employer, the University of Abuja, for the opportunity given to improve my knowledge. In this regards, I am indebted to the Vice-Chancellor, Professor Nuhu Yaquub and Arc Akiyode for their encouragement towards this goal. My appreciation is also due to my colleagues in the Department of Accounting and staff of the bursary Department.

I would like to express my thanks to contact to Majlis Agama Islam Singapura (MUIS), Ustaz Asmadi Ahmad, the staffs of MUIS, head of Dawah and Zakat of Lembaga (LZS), Sister Adibah, Abdul Wahab, staffs of LZS, director and staff of APKIM resources and director of Bakeri Ria academy for their contribution to this study.

I am indebted to all members of Teblig group for their love, all Nigerian lecturers in IIUM for their brotherly support, fellow Nigerians in Malaysia for their understanding.

My profound appreciations are due to Dr. A.Y. Balogun, Hajj R. Sanni, Sister M. A. Salami, Brother Abdul Kabir Adedeji, Brother Hafiz Musa Dr Normala Othman and Brother Nuh Jinadu for their constant support on the study.

My greatest appreciation to my family for their sacrifice, assistance and encouragement. Only Allah can reward you.

My dear parents you deserve more than thanks, therefore, I pray “O my Lord! Bestow your mercy on them, even as they affectionately reared me in childhood” (Quran, 17: 24). *This study is dedicated to you.*

TABLE OF CONTENTS

Abstract	ii
Abstract in Arabic	iii
Approval Page.....	iv
Declaration Page	v
Copyright Page.....	vi
Dedication	vii
Acknowledgements	viii
Table of Contents	ix
List of Tables	xii
List of Figures	xiii
List of Abbreviations	xiv
CHAPTER 1: INTRODUCTION	1
Background of Study	1
Purpose of the Study.....	5
Scope of the Study	7
Research Methodology	7
Contribution of the Study	8
The Structure of the Study.....	9
CHAPTER 2: LITERATURE REVIEW	11
Introduction	11
Review of Zakat Management and Contemporary Fiqh Issue on Zakat	11
Zakāt Management in the Time of the Prophet and the Four Caliphs	12
Zakāt Management in the Period Immediately After the Four Caliphs	14
Contemporary Issues in Zakāt.....	15
Zakāt Management in Southeast Asia.....	18
Fundamentals of Zakat Disbursement	22
Condition of Tamlik.....	24
Empowerment as a Zakat Disbursement Strategy	25
Justification for Strategic Zakāt Disbursement	26
Empowerment – Concept and Dimensions	27
Empowerment Example by the Holy Prophet	27
Empowerment Scheme in a zakāt Institution in Punjab, Pakistan	28
‘Faim’ Empowerment Model from Montana	29
Care International Empowerment Model	30
Stakeholders Theory	31
Determining the Existence of Stake	33
Importance of Identifying the Stakeholders for Institutions	34
Accountability – Concept and Dimensions	36
Link between Stakeholders and Accountability.....	41
Management and Task Controls	44
Definitions and Elements of Management Controls	45
Anthony and Young Is Model of Characteristics of Effective NPOs	47

Strategic, Management and Task Controls and Accounting Controls	48
Conclusion	49
CHAPTER 3: THEORETICAL FRAMEWORK.....	51
Introduction	51
Importance of Identifying the Stakeholders for Institutions.....	53
Stakeholders Theory and Accountability	55
Influence of Stakeholders on Management and Task Controls	56
Conclusion	58
CHAPTER 4: OVERVIEW OF THE CASES FOR THE STUDY	59
Introduction	59
Management of Zakat in Singapore.....	60
Overview of Singapore	60
MUIS in Brief	61
Activities of MUIS	63
Zakat Disbursement Methods and Schemes in Singapore	68
Empowerment Programme in Singapore.....	71
Empowerment Process in Singapore	75
Conclusion	75
Management of Zakāt in Selangor – Malaysia	76
Overview of MAIS.....	76
Majlis Agama Islam Selangor (MAIS) in Brief.....	77
Lembaga <i>Zakāt</i> Selangor (LZS) in Brief	80
Zakat Disbursement in Selangor	83
Empowerment Scheme in Selangor	86
Empowerment Process in Lembaga <i>Zakāt</i> Selangor (LZS).....	89
Conclusion	91
CHAPTER 5: RESEARCH METHODOLOGY	93
Introduction	93
Research Questions.....	93
Rationale for Using a Cross-Sectional Field Study	97
Research Method	100
Justification for the Use of Interview.....	100
Research Instrument.....	102
Selection of Institutions for the Study.....	103
Data Analysis	105
Preparing and Organizing Data	107
Data Transcription	107
Exploring, Coding Of Database and Themes Formation	107
Details of Respondents	108
Conclusion	109
CHAPTER 6: ANALYSIS AND FINDINGS	111
Introduction	111
MUIS	111
Stakeholders' identification -MUIS	112
Control Mechanisms- MUIS.....	115

Management Controls	117
Task controls	122
Influence of Stakeholders on Management Controls -MUIS.....	123
Influence on Budgeting	123
Influence on Performance Reporting.....	124
Influence on Evaluation.....	125
Influence of Stakeholders on Task Controls	126
Influence of Stakeholders on Spot Check on the Case Managers ...	126
Influence of Stakeholders on Progress Report by the Case Managers	127
Influence of Stakeholders on Discipline of Erring Participants	127
Stakeholders' Identification- Lembaga zakāt Selangor (LZS).....	128
Control Mechanisms	134
Management Control	134
Task controls	137
Influence of Stakeholders on Management Controls	138
Influence of Stakeholders on Task Controls	140
Influence on Spot Checks on the Consultants	141
Influence on Claims Investigation.....	141
Influence on Post -Training Demonstration Reporting	142
Influence on the Progress Reports by the Consultants	143
Influence on the Discipline of Erring Participant:.....	143
Influence on Post -Disbursement Reporting.....	144
Influence on Reporting On Fardul-Ayn Lessons.....	144
Influence on Preliminary Interview	145
Conclusion	146
 CHAPTER 7: SUMMARY AND CONCLUSION	 148
Introduction	148
Synopsis of the Study	148
Summary of the Findings	149
Recommendations for Practice	160
Limitation and Suggestions for Future Studies	162
Contributions to Theory and Practice.....	163
 BIBLIOGRAPHY	 164
 APPENDIX 1: INTERVIEW SURVEY QUESTIONS FOR MUIS AND LZS.....	 177
 APPENDIX 2: INTERVIEW SURVEY QUESTIONS FOR CASE MANAGER ..	 183

LIST OF TABLES

<u>Table No.</u>		<u>Page No.</u>
5.1	Analysis of Respondents	109
7.1	Summary of Preliminary Findings	157

LIST OF FIGURES

<u>Figure No.</u>		<u>Page No.</u>
3.1	Preliminary Stakeholders of Zakat Institutions	54
4.1	Organisational Structures of MUIS	62
4.2	Zakat Disbursement Chart –Singapore	71
4.3	Empowerment process in Singapore	74
4.4	MAIS and its Subsidiaries	78
4.5	MAIS organizational Structure	79
4.6	Organizational structure of Lembaga Zakat Selangor	79
4.7	Zakat Disbursement method and Scheme in Lembaga Zakat Selangor	86
4.8	Empowerment process in LZS	91
5.1	Path of post interview data analysis	106
6.1	MUIS Stakeholders group	115
6.2	MUIS task control	122
6.3	Stakeholders group of LZS	133
6.4	Chart of task controls in LZS	138

LIST OF ABBREVIATIONS

NGO	Non- Governmental organizational
IDB	
MUIS	Majlis Ugama Islam Singapura
LZS	Lembaga Zakat Selangor
MAIS	Majlis Agama Islam Selangor
SAW	Salallahu Alay wasalam
CZC	Central zakat council
PVTC	Punjab Vocational Training Council
FAIM	Family Achieving Independence in Montana
EDUFAIM	Educating families to achieve Independence in Montana
DPHHS	Department of Public Health and Human Services
CYFAR	Children, Youth and Families at Risk
CARE	Care International Empowerment Model
NPOs	
CEO	Chief executive officer
APKIM	
RIA	
IC	
AMLA	Administration of Muslim law Act
ETSS	Education and training support scheme
EPS	Empowerment partnership scheme
GCE 'O'	
ICP	Individual client plan

PZS	Pusat Zakat Selangor
ICT	Information and telecommunication
JPU	Jabatan Agihan and Pembangunan Ummah
Syarak	Islamic Law Enactment
MARA	Majlis Amanah Rakyat
SMIDEC	Small and Medium Industry Development Corporation
IBM	
JPU	Ummah development department
GAAP	Generally accepted accounting principles
JPA	Asnaf development department
SWOT	

CHAPTER ONE

INTRODUCTION

BACKGROUND OF STUDY

zakāt is an obligatory religious duty on Muslims to achieve divinely-prescribed socio-economic objectives. It is a self-help measure adopted with full religious backing to support those poor and destitute who are unable to help themselves so as to alleviate misery and poverty from Muslim society (Chapra, 1992). zakāt is to meet the needs of several stakeholders and is a divine duty for which those charged with its management are accountable. This submission is based on the unequivocal distribution criteria in (al-Quran, al-Taubah: 60) where Allah (SWT) says:

Verily As-Sadaqat (Az zakāt) are only for the poor, the needy, those employed to collect, to attract those whose hearts are being reconciled (towards Islam), in freeing the captives, helping those in debt, in the way of Allah (i.e waging Jihad), and the traveler. It is a duty imposed by Allah and Allah is all knowing, most wise.

It was a state-coordinated institution during the life of the holy Prophet and the years after. According to Qaradawi (1999), the inclusion of those “whose hearts are being reconciled” in the categories of zakāt beneficiaries is a testimony that zakāt is a state matter because the decision to reconcile hearts is a political one. State management of zakāt continued until the fall of the Islamic empire. This fall led to discontinuity of this institution for centuries (Islamic Development Bank [IDB], 1994).

Muslims in different countries, realizing the pivotal role of this institution, embarked on ways to resuscitate the zakāt institution. There are, basically, two systems of zakāt management, compulsory and voluntary. Compulsory zakāt systems

are mostly managed by governments while voluntary zakāt systems have multiple models. The common models are the neighborhood or committee-based model, non governmental organizations based model, semi government based model and government based model (Ajil, 1990; Al-Kahf, 1990; Hasan, 2007).

Neighborhood or Committee-based model entails Muslims fulfilling this obligation on an individual basis. They often seek opinions on zakāt from religious leaders or volunteers who come together to form committees in their locality. Individuals assess themselves and pay whatever they deem adequate to either the religious leaders or the committee or directly to the poor members of their communities. The belief is that religious leaders or the committee members are in the best position to reach the poor members of the community. This arrangement is fraught with problems. There are situation where particular religious leaders are unduly favoured by the zakāt payers. It creates situation where a few religious leaders collect large sums of zakāt funds while the majority may receive unimaginably small amounts of the fund. Besides, distribution of zakāt directly to beneficiaries attracts a large and often uncontrollable crowd. There are reported cases of deaths and physical injuries during distribution of zakāt by individuals. In 2002, for example, about 50 people were stampeded, while thirteen were killed in Sudan in 2003 (Hasan, 2007).

Non- governmental organizational (NGO) model represents a situation where non-government organizations are accorded government recognition to collect and distribute zakāt. This practice is prevalent in South Africa, Indonesia and Bangladesh (Hasan, 2007; Ihsan, 2007). A lack of uniform code of operation is a serious setback to effective discharge of this service. Another equally important factor which may be against total acceptability of the operation of non governmental organizations as zakāt

institutions is the recently orchestrated financial scandal cases involving even religious organizations in the West (Duncan and Stocks, 1997).

The semi- government model was first practiced in Kuwait (Ajil, 1990). In this approach, the government establishes a fund or an arm of the government or incorporate a company that coordinates the collection of zakāt and distribution of zakāt proceeds to different categories of beneficiaries. Usually, zakāt is done on voluntary basis as there are no state laws compelling its payment. This allows sizeable amounts of potential zakāt revenues to elude the fund (Ajil, 1990). As exemplified in Sudan, the voluntary approach to zakāt is not as effective as the compulsory approach (Salama, 1990). Unlike the semi-government model, which is usually voluntary, the government-controlled model is typified by direct government involvement in zakāt collection and distribution, where necessary legal backing and administrative machinery for the collection and distribution of zakāt are given (Al-Kahf, 1990).

Semi-governmental and Compulsory governmental models are fraught with inadequacies, including a narrow perspective of accountability, flagrant affront for inviolable distribution criteria set by Allah and inefficiency associated with government institutions (Al-Musnad, 2002). The implications of these are manifested in diversions of zakāt to unofficial channels particularly where zakāt is on a voluntary basis and there is no confidence in the zakāt machinery by the zakāt payers (Annual, 2008). Where it is mandatory, evidence of under declaration of zakātable wealth that should be imposed zakāt is not uncommon (Al-Kahf, 1990). Besides the above noted effects, the implication of this apparent lack of uniformity is far reaching. It may serve as a setback to the global zakāt initiative being considered by Malaysia and IDB. It will also deny zakāt beneficiaries in poor Muslim countries the opportunity of

benefiting from potential surpluses from rich Muslims countries. Distribution of zakāt across borders is practiced by Kuwait zakāt House (Kuwait zakāt House [KZH], 1993).

Unfortunately, this haphazard zakāt management has made it impossible for government in Muslim countries to use zakāt as an effective instrument for poverty alleviation. Several years after the adoption of the institutionalised zakāt model by several Muslim states, a number of Muslim countries are still characterised by economic backwardness even though a few among them are capital surplus countries (Peerzade, 2005). According to Peerzade (2005), if efforts are not made to speed up economic growth in Muslim countries, their economic backwardness may create problems for the Muslim ummah on social, economic and political fronts.

A critical feature of zakāt that limits its effects on poverty is the scope of disbursement. In their original form, all the zakāt models favour traditional disbursement of financial aids to recipients on a regular basis. Unfortunately, this practice is part of the legacy of distortions to Islamic tenets due to foreign domination of Muslim countries. The idea of able-bodied persons living on the social welfare scheme is not in the true spirit of Islam as the Prophet (SAW) asserts that the upper hand is more blessed than the lower hand.

In his argument against the zakāt disbursement strategy, Chapra (1992) asserts that it is obligatory on every able-bodied Muslim to fend for himself through any lawful trade or work (Chapra, 1992). Indeed, the belief of some earlier scholars and a few contemporary ones that the focus of zakāt, in its pristine form, is a long term perspective, while the short term perspective of giving regular financial aids is to take care of those who are either physically or mentally disabled (Al-Qaradawi, 1999; Chapra, 1992). In a renewed strategic effort against poverty, in year 2004 and to

experiment the long term zakāt disbursement, Malaysia and Singapore embarked on the adoption of the strategic disbursement alternatives, called empowerment schemes, to complement the traditional regular financial aid given to zakāt recipients (Ahmed, 2004). The thrust of the new strategy is skill development and provision of business capital. This new strategy is in line with the main object of zakāt which is to remove recipients form poverty (Al-Qaradawi, 1999).

Initial assessment of this new strategy reveals a number of problems including, lack of uniformity in concept and dimension of empowerment as well as the need to develop appropriate control mechanisms to address the new control issues emerging with the new strategy. Ostensibly, because the experiment is new, very few studies have been conducted on this strategy (Yaacob, Daud, Mohamad, Basri & Hasan, 2006; Karim, 2006;).

Since there is urgent need to combat poverty in Muslims countries with any available means, an in-depth study of the new zakāt disbursement strategy is, therefore, timely. Accordingly, the focus of this study is to explore this new zakāt disbursement mechanism using the two early adopters in the Southeast Asian zone, as a case study.

PURPOSE OF THE STUDY

zakāt institution is a divine strategy to ensure social harmony and economic emancipation in Muslim countries. Because of a number of historical factors, two of which are the decadence of Muslims and their consequent subjugation by imperialist forces, Muslims had lost the total commitment to the observance of zakāt as a pillar of Islam. A few decades back, a number of Muslim countries began attempts to give zakāt the deserved position in their social-economic agenda. The approaches are

fragmented and therefore very little can be shown for it in terms of economic and social benefits. One of the major factors for the poor outcome of zakāt as an Islamic tool for social and economic advancement is overconcentration on direct cash disbursement to zakāt beneficiaries.

As a pragmatic step, Pakistan took the initiative to revive the strategic zakāt disbursement alternative in 2002. In South East Asia, two other countries, Malaysia and Singapore have adopted a similar strategic zakāt disbursement alternative to complement the traditional mode of disbursement (Al-Qaradawi, 1999). Arguably, the controls for the traditional zakāt disbursement of giving financial aid are not suitable for this new empowerment model. This is a new program with different strategy. There is no set of controls that are suitable for all circumstance. (Otley, 1980). Therefore, there is a need to understand the controls established in this new program.

Besides the issue of control mechanism, management of diverse interest in an organization is also an important issue. Firstly, organizations, literally, do not have souls; therefore, they cannot have their own objectives. It is the objectives of the board and senior management that represent the objectives of such organizations (Anthony and Young, 2003). Expectedly, senior management will want the organization to achieve its objectives but the reaction of operating managers depends on their perceptions of the effects of the organization's objectives on their individual goals (Anthony and Young, 2003). This emphasizes the influence of stakeholders in the actualization of the organization's objectives. Because operating managers are usually faced with a conflict of interest, top management often establishes controls to ensure that managers work in a way that will optimize the interest of the owners. Evidently, there is the need to identify those whose influence may affect the outcome of the emerging zakāt disbursement strategy and the controls to mitigate the impact of

the activities of these influencers. To identify these influencers and determine suitable controls for the empowerment scheme, the purpose of this study, therefore, is to answer the following research questions:

RQ1. Who are the stakeholders of the two zakāt institutions?

RQ2. What is the management controls established on the empowerment scheme?

RQ3. What is the task controls established on the empowerment?

RQ4. How stakeholders do influences management controls of the empowerment scheme?

RQ5. How stakeholders do influences task controls of the empowerment scheme?

SCOPE OF THE STUDY

This study primarily focused on the influence and control of stakeholders on the mechanisms of the empowerment scheme. It gives a detailed analysis of empowerment schemes in the two sampled cases. Disbursement mechanism in each case study is explored to provide the needed context for the study. zakāt collection mechanism is not, in any way, central to this study. The institutions selected for the study are Majlis Ugama Islam Singapura (MUIS) and Lembaga zakāt Selangor (LZS). The choice of the institutions is explained in the methodology chapter.

RESEARCH METHODOLOGY

This study adopted a cross-sectional field study using two cases. Currently, the two institutions are the only pioneers of empowerment scheme in Southeast Asia.

Therefore, this study has focused on two zakāt institutions with seemingly identical characteristic. The institutions are Majlis Ugama Islam Singapore (MUIS) in Singapore and a subsidiary of Majlis Agama Islam Selangor (MAIS) called Lembaga zakāt Selangor in Malaysia. The choice of the two is to ensure reasonable uniformity in the characteristics of the samples. On the one hand, the two samples are early adopters of empowerment schemes in Southeast Asia. On the other hand, each of the organizations coordinates both collection and distribution of zakāt unlike others where the two functions are performed by two different bodies.

The interviews were semi - structured. This allowed better organization of the interview process and provided the interviewee to be relaxed in his responses to questions. In each of the cases the interview covered both senior management and operating managers. Data from the interviews were transcribed and subsequently categorized to obtain the frequencies of answers for each question.

CONTRIBUTION OF THE STUDY

The research is expected to provide an in-depth description of zakāt beneficiaries' empowerment schemes in both Malaysia and Singapore. It will attempt to identify the stakeholders of the organizations studied and understand the management control mechanisms in the empowerment scheme. The combination of the two will also help in understanding the influence of stakeholders on the controls. This will guide zakāt institutions in the management of their stakeholders to achieve the objectives of zakāt. As a study of an area with very limited prior research, it is hoped that it will serve as a guide or reference for future studies. In addition, it is hoped that the study may serve as a reference for policy formulation on zakāt management as well as contributing to zakāt management practices.

THE STRUCTURE OF THE STUDY

The present chapter gives a brief background of the study and also explains the purpose for which the study is being conducted. It outlines the scope and gives a short discussion of the methodology. Chapter two is the review of literature on zakāt management, zakāt disbursement fundamentals, empowerment, accountability, stakeholders theory and management and task controls. The review of literature on zakāt management discusses zakāt management during the golden age of Islam as well on the contemporary practices in zakāt management. zakāt disbursement fundamentals focus on the basic principles of zakāt disbursement. Accountability focuses on conceptual issues and the dimensions of accountability. Similarly, a review of empowerment literature centres on concept and dimension. It also addresses empowerment practices in non-Islamic jurisdictions. The review of Stakeholders' theory covers the criteria for identification of stakeholders of an organization to further identify the stakeholders of the zakāt institution for the study..

Chapter three presents the theoretical framework for the study, highlighting the theoretical basis for identifying the stakeholders for Institutions. The chapter also discusses stakeholder theory and accountability and outlines the influence of stakeholders on management and task controls.

Chapter four gives a description of each case institution and where each institution is located. Other details given in each case include an analysis of the board structure and its functions, description of the functions of each institution based on the structure, zakāt disbursement processes and process of empowerment scheme.

Chapter five explains the research methodology. It starts with the presentation of the research questions to be answered by the study and proceeds to the explanation of the rationale of the choice of the research approach and also attempts to justify the