Creation of Company through Zakat Funds for Sustainability of Malaysian Asnaf With Reference to Shari’ah Justification

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Abstract: Islam is a complete religion capable of providing a proper solution to social illness. Muslims in developing nation suffer from widespread poverty. The conventional world deals with poverty reduction through major international development agencies, but has registered limited progress. Muslims in developing nations are blessed with prominent institutions dedicated for the solution of socio-economic problems. Zakat is a divine and potentially effective tool for poverty alleviation. The paper discusses the relevant issues and proposes a model for zakat institutions to utilise zakat funds to actively engage zakat beneficiaries in skills acquisition and other productive activities. The study focuses on examining how zakat funds can be productively utilised through the use of a portion of zakat proceeds in development projects, where funds can be channelled into small and medium business projects that will support the local economy and benefit the poor in the long term. The research examines how Malaysian zakat can be used for human development such as creation of employment, micro-finance, transaction, farming, soft loans and other lawful lucrative businesses and investments. The quantitative method is used throughout the discussion. Finally, useful solutions to outstanding problems are suggested in the findings.

Key words: Malaysia · Zakat · Asnaf · Sustainability · Human development · Modern financial instrument

INTRODUCTION

Zakat is one of the five major pillars of Islam revealed in the second year of Al-hijrah. Allah commanded Muslims to pay zakat and its jointly linked with the performance of prayers in several verses such as Surah Al-Baqarah 2:43,2:83,2:110, 2:177,2:277, Al-Surahnisa’ 4:77, 4:162, Surah Al-Ma’idah 5:12, 5:55, Surah Al-‘A’raf 7:156, Surah Al-Tawbah 9:5, 9:11, 9:18, 9:71, Surah Al-run 30:39. Similarly, Prophet Muhammad (s.a.w) commanded Muslims to give zakat as a financial instrument to support poor and needy Muslims. The importance of zakat can be traced to the statement of Caliph Abu Bakr As-siddiq (r.a), “I will fight those who refuse to give zakat even if it is equivalent to Uqa, Unqa”. It is understood from above verses and hadith of the Prophet (s.a.w) that payment of zakat is of great importance and can reduce poverty in the society, because it is potential instrument and tool to transform many lives economically, socially, religiously and to protect their dignity and sustain their necessities.

Payment of zakat is part of religion. It is illegal to avoid paying zakat when capable. Muslims have to follow the rules and conditions for the payment of zakat. It is the duty of Muslims scholars especially the zakat management boards or zakat collectors to determine the strategy for collection and distribution. The scholars or zakat management boards have to follow the zakat injunctions for the collection and distribution of zakat. The zakat must be paid by the rich and distributed to the asnaf mentioned in the Holy Quran. The management can use their discretionary methods for collection and distribution to the eligible needy Muslims. The zakat cannot be given as a loan to poor people or saving in the banks where many people are in need.
Discretionary methods can be deduced from the deeds of Khalifah Umar Ibn Khattab who excluded one of the eight categories of zakat recipient *Moallafat Al-qulob* (newly converted person to Islam) on the argument that many people will convert to Islam due to material gain rather than faith. Khalifah Umar maintained his stance and opinion on the exclusion of the said category in order to avoid subsequent controversy that might arise against newly converted Muslims. Therefore, maintaining the dignity of Muslims and the sanctity of Islam (dar’ul mafsah) leads to the exclusion of *Moallafat Al-qulob* from zakat beneficiaries. Protection of lineage and dignity is one of the objectives of *Shari’ah* (*Maqasid of Shari’ah*). Therefore, leaders to protect Muslim dignity.

The persistent problem is how zakat can be utilised for sustaining the needy and poverty alleviation. Numerous numbers of the contemporary Muslim economists have highlighted the need to make use of efficient and effective means of distributing zakat. Creation of a Zakat Company is considered one effective approach to poverty reduction because it will create employment to the *asnafl* at state and federal levels. The current financial challenges of many citizens emphasise the need for zakat management boards to apply other methods to reduce financial challenges of the less privileged citizens. The little cash given to recipients is insufficient to solve their financial crisis. Therefore, creation of a zakat company will be viable and able to reduce poverty across the nation. This is evident when we consider the high rate of poverty in many Muslim countries. Some of the issues that have been identified include ineffective or improper distribution of zakat to the right personalities or recipients in many Muslim countries. This calls for the need for reshuffling and restructuring the institution in order to ensure effectiveness in the collection and distribution process.

The objective of this research is to examine how zakat funds can be utilised for income-generating economic activities to provide productive assistance to zakat beneficiaries in order to produce long-term effective solutions to poverty through the creation of earning potential and provision of financial capital to fully employ existing assets and abilities of the poor. Specifically, the research will propose a model for the use of zakat funds in setting up small business ventures that will provide employment, training and income for zakat recipients, with active monitoring by the zakat administering institution.

**Literature Review:** The research carried out by Said distinguishes zakat distribution into two unproductive and productive economic aids and support [1]. Proceeds of zakat can be extended in the form of unproductive aid that involves monthly remuneration, special aid, home rental and educational aid, or in the form of productive aids such as financial assistance to the recipients. Recent literature indicates the need for channelling zakat funds into productive purposes that create income for the poor, rather than distribution of cash for immediate consumption. Most of the zakat models that have been proposed focus on using a portion of the zakat funds for micro-finance, to extend loans to the poor for productive ventures. This literature is considered relevant and useful to the present research since the hypothesis of this research is to utilise the zakat funds to create a zakat company for asnaflor poverty reduction.

Similarly, Debnath assessed the effectiveness of zakat as an alternative to microcredit in alleviation of poverty in Bangladesh [2]. The study found that the impact of the zakat system that ensures proper utilisation of zakat funds for income-generating activities was more effective than other micro-credit facilities and has greater potential to increase the income of recipients. The study also found that the magnitude of impact of zakat distribution is not significant, due to lack of adequate training facilities, rural infrastructure and lack of proper monitoring by the program staff. Since the distribution of cash from zakat funds for immediate consumption may not be as effective in reducing poverty of the rural poor, the authors recommend that an integrated approach in a zakat-based program that provides educational facilities to the poor, disseminate modern technology through training facilities and improvement of rural infrastructure, combined with zakat support will help increase household income to a greater extent [3].

Nadzri claims that zakat institutions cannot play an effective role in eliminating poverty by solely using zakat funds, due to limited number of zakat allocated for that purpose [4]. The author recommends that the main source of revenue for alleviation of poverty should come from socio-economic programs conducted by the government or zakat institutions. The present researcher argued that creation of zakat company can cover SMEs, agriculture, farming, poultry, business centres, petrol station, mechanic workshops and others profitable businesses.

Similarly, Mahmud noted that the amount of money provided to the poor in the form of zakat is insufficient and inadequate for household income, expenditure and
solving [5]. The reason for the failure of zakat distribution to reduce poverty is that many recipients the money may be diverted to non-productive activities by the households. The authors highlight the need to take steps to increase rural employment opportunities to overcome this problem, for example by providing long-term lease of reserved government land to the rural poor household to pursue agricultural activities.

Ismail and Possunah argued that zakat has not yet provided optimal results for the realization of public welfare and reducing poverty levels [6]. The authors state that zakat not only provides benefits for consumption, but also has benefits for productivity, which gives capital and ability to attempt to earn independently and improve quality of life of recipients. The authors also proposed an alternative approach to the use of zakat funds through an Islamic micro-finance model to provide money for consumption as well as productivity purposes, to target the economic and social needs of the less privilege in community for the human development and economic sustainability.

Ahmedexpoundsthat zakat institutions should be able to provide the necessary assistance and supports to the recipients stated in the Holy Qur’ansuch as human, physical and financial capital as poverty eradication and reduction in community [7]. The author proposes that specific programs should be designed to provide support for skill development, provision of physical capital such as taxi’s or sewing machines and financial capital to start a business so that the poor can be fully employed and able to be independents.

Creation of Company Through Zakat Funds for Sustainability of Malaysian Asnaf: The administration of zakat in Malaysia has undergone many improvements in terms of infrastructure, human capital, delivery system and governance transparency. However, there is still need for further developments and restructuring to ensure that zakat administration is able to eradicate poverty across Malaysia. In as much as the number of needy recipients is increasing, the compatibility and efficiency of the zakat institution is in question because many will presume that the management is inefficient. In order to strengthen the efficiency of zakat institutions, a number of issues need to be addressed. The reason is that giving zakat beneficiaries a sum of money to buy necessities only provides a short-term relief but did not solve or eradicate long-term financial constraints.

Since the primary objective of zakat payment is to eradicate poverty among the Muslims, the zakat institution should come out with a strategy to reduce poverty among the less privileged Muslims. Similarly, the Malaysian government should assist the zakat institution in order to carry out their duty and responsibility to reduce poverty in the nation. Giving monthly or annual cash would not solve the financial constraint of needy Muslims. A different mechanism needed to augment the distribution mechanism of zakat funds to provide long term financial solution that will have a significant change on the income level and earning capacity of less privileged households eligible for zakat [8].

On the creation of Zakat Company for the asnaf, other methods for effective utilization of zakat funds must be considered to maximize the long-term benefits for the less privileged Muslims to improve their economic sustainability and human development. If the zakat administering authority provides financial assistance in the form of educational financing of poor children or sending the asnaf to training centres to gain certain skills, it would improve their future employability [9].

Furthermore, if zakat recipients acquire the necessary skills through the training provided, they can be given adequate capital from the zakat fund to start a business venture. Thus, a capacity building approach could be a more effective way to change the condition of the poor from being a zakat recipient to one who pays zakat. Hence, to provide maximum benefit for the asnaf, zakat funds can be employed in the form of a lucrative company that will provide revenue for the poor with additional socioeconomic benefits such as employment, education and training, improvement in income level and standard of living [10].

Alleviating Poverty through Zakat as a Microfinance Institution: Poverty is a complex phenomenon that affects both human and material resources. It is important to address the alarming rate of the poverty and financial challenges of Muslims in Malaysia. It is a prime agenda of many developed and developing nations throughout the world. The governments and non-government organizations collaborate in tackling poverty. Governments heavily rely on the domestic funds while non-governmental organizations rely on the foreign aids in combating poverty in the society. It is important to note that there are several programs in Malaysia towards poverty reduction. In spite of various policies and
programs in combating or reducing poverty, there is still much that can be explored by way of creation of company through zakat for asnaf [11].

Zakat is a significant institution that has an important role to play in alleviating poverty among the Muslims. Similarly, it contributes to socio-economic development. There is a growing interest on the utility of utilisation of zakat funds for alleviating poverty as well as for socio-economic development. Inclusively, the issue of an effective mechanism must be given proper attention from early planning of establishment of Zakat Company for the asnaf. Similarly, proper implementation or execution of zakat cash is essential in developing various sectors through the zakat company or micro-finance. Studies have advocated for integration of zakat management with microfinance in order to address the existing challenges with regard to the increase in poverty rate across the nation.

The model can be used by the zakat management board to address the challenges faced by the less privileged Muslims. It is conceptualized on the basis of Shari’ah compliance in order to address the multifarious problems of Muslims. In so doing, the less privileged and the poor will foster their socio-economic aspiration through the creation of a zakat company for the asnaf.

Similarly, the zakat management board can collaborate with other agencies and institutions such as waqf endowment institutions in discharging social responsibilities via waqf properties. In order to achieve this feat, it is important to inwardly look at an effective management in order to avoid perpetual failure attributed to previous methods and mechanism in poverty alleviation [12].

**Empowerment through PLS Micro Financing:**
The primary objective of zakat is to relieve the burden of the poor or less privileged. The mudarabah instrument is another way of supporting poor financially and economically. Access to capital can be provided through profit and loss sharing (PLS) instruments such as mudarabah for restricted and unrestricted mudarabah in particular and for small businesses in general for skilful and poor Muslims who are facing financial constraint as micro financing instrument. Mudarabah financing will be used to provide capital to needy Muslim men and women who desire to start a business venture to support themselves. Mudarabah financing by the zakat collector management where capital will be allocated to the poor Muslim (as the mudarib) while zakat management acting as money provider (Rabbul Maal) to execute and operate his or her transactions or business with the intention of establishing financial security and independence.

The profit will be shared on a pre-agreed ratio between the money provider and recipient. The zakat fund will then gradually sell back its share in the partnership to the recipients, until the zakat fund completely exits from the partnership, giving 100% ownership to the recipients. The principal zakat funds can be used to finance other needy Muslims in society gradually. Keeping zakat funds in bank is not healthy and did not serve it is primary objective to reduce poverty in Muslims community. The zakat fund will exit the partnership only after the fund has obtained a return on its capital investment and additional profit to ensure sustainability of the zakat fund, which will go towards helping other recipients of the Muslims. To manage the risk of default, financing can be provided on the eligibility basis of a sound business plan and assessment of the capability of the recipient to successfully execute the business plan [13].

**Education:** Education is very important as for human development and seeking knowledge is obligatory on Muslim regardless of gender. Zakat can be used to educate children from poor and less privilege family in order to develop them mentally, physically, spiritually, socially and economically. Waqf endowment institution and zakat collection management can work together in order to jointly build a standard and modern school and higher institution where many teachers would
be employed to teach students where resources of both institutions will be used to teachers’ salaries. In Malaysia, many students need financial support for which both institutions properties can be diverted to cater for their needs in order to support their education. In addition, many students can also be sponsored to continue their studies locally or internationally as part of the process of human and economic development of the nation at large.

Zakat and waqf institutions can have a special allocation for male students in order to encourage them to pursue their higher education. Female students should not be left out but attention should be given to males because female students at university level outnumber males. It will encourage many male students to pursue their studies till university since full or partial scholarship will be provided.

In addition, the institutions can also establish educational centres where evening classes could be conducted on religious studies, certificate courses, diploma courses and other useful programmes accredited by the ministry of education. This will give ample opportunity for graduates to be absorbed into the private sector or the government. On the other hand, zakat collection management should utilise the collected zakat or properties for the interest of needy Muslims as human development financial instrument. In case if there is waqf schools, vocational centres and universities where the school fees of poor students will be paid by zakat management.

Agriculture/Farming: Farming is a lucrative business capable of generating employment and jobs for competent farmers across the country. Zakat management can create company through the farming across the nation in collaboration with waqf endowment institution in concerned state. It will be easier for both institutions to utilize the collected properties such as movable and immovable properties for farming that capable of job creation. Since many state waqf management has thousands hectare of land, part of it can be used for cultivation and farming and no land should be left un-used and abandoned. The management should have short- and long-term plans on the usage of gifted land in the interest of needy Muslims. Since the reason of endowment and payment of zakat is to cater for those who are facing financial challenges and difficulties in the community, farming is considered capable of generate employments and income [14].

On the other hand, zakat management can unilaterally invest part of the zakat payment for farming that will serve the interest of the nation at large.

The condition of employment should be strictly adhering to in order to give opportunity for asnaf who are in need compared to others.

Transportation: Public transportation or commercial transportation is a problem in some cities and states across the nation. Zakat management is able and capable to engage and create a public transportation business network that works across the nation in order to support government efforts to improve commercial transportation issues across the nation. Therefore, creation of company for public transportation will yield positive results to the community at large. The employed drivers would be in a position to see to the financial needs of their families. Moreover, the commercial success of such projects can attract and inspire other profitable projects and the profits earned can be continuously invested into similar projects. Eventually, such a process, it is hoped, will reduce the poverty rate in the country because it will increase drivers’ income and improve them economically and financially [15]. The routing of the commercialized zakat vehicles should be placed in strategic places such as universities, colleges and vocational training schools and government offices where the burden of students, workers and populaces would be significantly reduced. On the other hand, zakat management can allocate certain percentage of required money for poor Muslim who is intending to purchase a commercial vehicle for business. Such amount will be given to the poor driver freely where he or she will be solely responsible for the balance of the car the total cost.

Small and Medium Enterprises: Zakat funds create a great opportunity for small businesses by getting financial reward and profit. Zakat increases the accumulation of liquidity and capital in the industry and creates more business opportunities for asnaf across the nation. It improves the market by increasing business activities and enhances the domestic economy by providing liquidity to the business sector, financing the small business in the industry, circulating funds in the market and creating more employment opportunities [16].

The main and prime purpose and benefits of zakat payment is to support the general good and welfare of society financially and economically. Zakat motivates the society and develops the Muslim community and contributes to its social and economic development. It is useful for empowering small businesses as an instrument for human development. Most small businesses need cash empowerment because they cannot fulfil the Bank’s requirements particularly on interest which is constrained.
to the Islamic principles [17]. Due to its strategic role, the small businesses might be empowered through the zakat funds model available in the Islamic financial system. Therefore, zakat management board across the nation can allocate part of collected zakat funds to develop underdeveloped lands for SME business and investment. The application of SME can be in the following forms:

**Musharakah System in Small and Medium Enterprise:**
This type of contract refers to a form of partnership or joint venture between zakat management board and other contractual party in relation to specific lawful business or transactions. The distribution or sharing of profits and loss will be freely agreed between the two parties in line with Islamic principles. This type of contract will boost and enhance the contracting parties’ income. Similarly, the institution will generate more income to support the less privilege Muslims across the nation.

Since the primary objective in investing in such contracts is to generate more income in order to have sufficient income to cater for the large number of poor Muslims, in order to have adequate capital, the zakat management board in charge of zakat collection can partner in any lucrative investment on the basis of a Musharakah contract. The institution has to appoint competent and skilful staff to represent the institution for the agreed investment. Engaging in such a contract will also create employment for the skilful and trained unemployed Muslims in Malaysia at large[18]. It has to bear in mind that the purpose of legislation of zakat is to reduce poverty in the communist where less privilege Muslims can provide basic necessities to himself and family.

**Equity Investment:** To ensure sustainability and perpetuity of zakat fund, a certain portion of the zakat cash collected can be invested in an Islamic equity portfolio. However, to reduce investment risks that may be detrimental to the value of the fund, the portfolio needs to be diversified to maximise the return and ensure minimal exposure to risk. The investment portfolio of the zakat fund can be diversified into several productive and promising Islamic investment instruments expected to generate positive returns. Returns from equity investment in Islamic shares as well as profit revenue from capital investments in PLS financing projects can be invested into the development of a business centre where the group of needy Muslims such as men, women and widowed women can set up their own businesses using capital provided through the micro-financing arm of the zakat fund. They can also be provided with business management support to fledgling businesses via the support structures set up by the zakat management board. Employment opportunities can also be created at the business centre by employing widows for service positions at the centre for everyday business activities such as restaurants or canteens and saloons for hairdressing, car wash and barbing saloons. Childcare business centres could also be established where widows can be employed to care for the children of working mothers with payment. Such childcare is a form of job creation and income generation for zakat management board. Part of the business centre can also be leased to private business owners so that the business centre generates more monthly income. Rental income from leasing of retail space at the business centre can be used for payment of wages of those widows employed by the zakat management board [19].

In order to execute the above-mentioned model, the following suggestions must be strictly followed:

- **Zakat management board** should develop mechanism towards interaction with federal, state, local authorities and many other non-governmental organizations (NGOs) whose interest is to provide philanthropic services for the human development. This will give them ample opportunity to identify the statistic or accurate number of needy Muslims.

- **Zakat management unit** should develop ethical standards on the collection and distribution of collected zakat. The collection should not be limited to Ramadan. The populace should be educated on how to calculate their zakat and its conditions.

- An enabling environment must be provided and created for the zakat company to operate smoothly. Logistics is about managing the procurement, supply and maintenance of products and operational goods of the zakat company must put into consideration. Therefore, qualified and competent experts should put in place to pilot the company.

- Dissemination of correct information to the interested zakat payer is essential. The use of Internet or online mediums may be instrumental as a mechanism for the dissemination of correct information on the payment of zakat.

- There must be transparency and accountability of the total amount of money collected and other properties paid as zakat. The total amount of money disbursed to the poor directly or indirectly and how non-capital distributed to the asnaf should be clearly accounted for.
The zakat management board should market their company and products. Marketing is about identifying your customers and working out how to get them to purchase your product or service.

The primary objective of any business is to make a profit. Good financial management is essential to ensure your goal is achieved. The management should put experts in place to guide the unskilled employee and to monitor the company properly. It will allow experts to study the feasibility of the business.

Zakat management boards should organize useful and relevant training for asnaf in order to be relevant and useful to the company.

Management should do everything possible to ensure that company is strictly for asnaf unless otherwise proved while reasonable and adequate salary or wages is giving to the asnaf employee. Scholarship should be given to their children in order to reduce their financial burden.

The profit realised from Zakat Company should be utilised to support needy people and should not be given as loan but financial support and aid to asnaf.

Challenges of Zakat Collection and Distribution:

Payment of zakat is obligatory on able and capable Muslims provided that all the conditions and requirements of zakat are met. Malaysian zakat institutions are doing commendable efforts to manage the zakat institutions across the nation. Nevertheless, their efforts and methods of collection must be improved to make sure that nobody escapes or absconds from zakat payment. The majority of zakat payers focus on cash payment and many ignore other aspects of zakat. Some might refuse to pay their zakat but zakat management should do everything possible to collect zakat from all eligible and qualified payers across the nation. It is the duty of the zakat institution to educate the public that failure to pay zakat attracts Allah’s wrath as mentioned in several verses and hadith of Prophet Muhammad (s.a.w) as stated below:

Allah the Most High, says that

“And let not those who covetously withhold of the gifts which Allah hath given them of His Grace, think that it is good for them: Nay, it will be the worse for them: Soon it will be tied to their necks like a twisted caller, on the Day of Judgment. To Allah belongs the heritage of the heavens and the earth. And Allah is Well-Acquainted with all that ye do” [20].

The Qur’an states that,

“And woes to those who pay not Zakat and who even deny the Hereafter. For those who believe and work deeds of righteousness is a reward that will never fail” [21].

Allah the Almighty says that:

“And and there are those who hoard gold and silver and spend it not in the way of Allah: announce unto them a most grievous chastisement. On the Day when it will be heated in the Fire of Hell and with it will be branded their foreheads, their flanks and their backs. This is the (treasure) which ye hoarded for yourselves: taste ye, then, the (treasures) ye hoarded” [22].

The Prophet (s.a.w) said that:

“A wealthy person who has got gold and silver, but does not pay the Zakat due on the same, (should know that) his gold and silver will be melted on the Day of Judgment and Converted into slabs which will then be heated in the fire of Hell and then has sides, his forehead and his back will be branded therewith. When these slabs will get cold, they will be heated up once more in the furnace of the Hell, the branding will be continued throughout the day, the duration of which will be equal to fifty thousand years and the cases of all the people will have been decided by this time and they will be shown their way either to the Hell or to Paradise.”

It was also related that the Messenger of Allah (s.a.w) said:

“There are three people who will enter the Fire: An oppressive leader, a wealthy person who does not pay Allah’s right from his wealth and a proud poor.”
Ibn 'Abbas, (may Allah be pleased with him), said,

"Whoever has enough property to make pilgrimage or to pay Zakat but he does not will ask Allah to return (to this world) when dying." Someone said, "Ibn 'Abbas, fear Allah, No one asks for return but the unbelievers."

Then Ibn Abbas read Allah’s saying that:

"And spend something (in charity) out of the substance which we have bestowed on you, before death should come to any of you and he should say, ‘ O my Lord! Why didst thou not give me respite for a little while I should then have given (largely) in charity and I should have been one of the doers of good” [23].

There is no Zakat on (gold or silver) jewellery that is for permissible use, but if it is prepared for uses of renting or as an article which is penannent acquisition then Zakat is obligatory.

**Zakat is also Obligatory for Trade:** Abu Hurairah, May Allah be pleased with him, related that the Prophet (s.a.w) said,

"Whoever is made wealthy by Allah and does not pay the zakat of his wealth will be made like a bald headed poisonous male snake with two black spots over its eyes. The snake will encircle his neck and bite his cheeks and say, "I am your treasure" Then he recited the following verse,

“And definitely let not the ones who are miserly with what Allah has given them,’ no indeed, it is an evil (thing) for them. They shall have annulated (about their necks) whatever they were miserly with, on the Day of Resurrection and to Allah is the inheritance of the heavens and the earth,’ and Allah is Ever Cognizant of whatsoever you do” [24].

In his commentary on Allah’s saying:

“On the Day when it will be heated in the fire of Hell and with it will be branded their foreheads, their flanks and their backs, this is the (treasures) which ye hoarded for yourselves: taste ye, then the (treasures) ye hoarded” [25].

Ibn Mas'ud said, “Dirham and Dinar will not be put in his skin collectively but separately and will cover him totally.”

It was related that the Messenger of Allah (s.a.w) said,

"Five (actions) entail five (punishments)"

They asked, "What does it mean?" He said, "Whenever some people break a covenant, Allah will entice their enemy to attack them. If they rule in other than Allah's law, they will be plagued with poverty. If indecency (adultery) prevails them, there will be more deaths. If they give short scales or weights they will be deprived of tillage and will suffer the barren years, if they do not pay Zakat, there will be no rain.

Reported by Abu Dawud and Ahmad.

Muhammad Ibn Yusuf Al-Feriabi said, Once I went out accompanied with a group of my friends to visit Abu Sann'an, may Allah have mercy on him. When we entered his house and sat down for a while, he said:

“Let us visit a neighbour whose brother has recently died to console him.” Then, we all went to the man but we found him wailing and impatient for the death of his brother. Accordingly, we tried to console him but of no avail. We admonished him that death is an inevitable end. Then, he said, I know. I just weep for my brother's death abode and the torture he is in. We asked, “Did Allah enable you to know the Unseen?” He said,” Of course not, but when I buried him and people went away I sat down by his grave. Meanwhile, I heard a sound of distress. I heard someone crying.” Oh, they left me alone to suffer the torture. I was praying and fasting. Then, I wept and out of pity I began to snatch the grave to see him. The grave was full of fire and I noticed a circle of fire around his neck. Out of pity I extended my arm to extricate him from such circle of fire. No sooner did I extend my hand than my fingers were burnt. Then, the man showed us his burnt hand. He went on saying; I hoarded the earth over him again and went away. Thus, how can I keep patient after I have seen how he is. We, then, asked, "What did your brother do in this world?” He replied.
“He did not pay Zakat.” We said, “This is in accordance with Allah's saying,

“And not those who covetously withhold of the gifts which Allah hath given them of His Grace, think that it is good for them: Nay, it will be the worse for them: Soon it will be tied to their neck like a twisted collar on the day of Judgment” [26].

Your brother, therefore, is being tortured in advance in his grave until the Day of Judgment. Afterwards, we went ahead to Abu Dharr, the Prophet's companion and told him this man's story. We also said, "When a Jew or a Christian dies, we do not notice them suffering like that," He said; "They are undoubtedly in the Hell-fire. Allah just shows you the abode of the Muslims to learn the lesson. Allah, the Most High, says,

“Now have come to you, from your Lord proofs (to open your eyes): If any will see, it will be for (the good of) his own soul: If any will be blind it will be to his own (harm) I am not (here to watch over you're doing.” [27].

Suggestions:

- The zakat management board should study the feasibility of the business or company before embarking on the creation of such company.
- It is essential to explore the potential establishment of zakat and its proper management and proper distribution to less privileged Muslims.
- Zakat management should work in collaboration with waqf in order to have adequate income to assist the less privileged Muslims.
- Asnaf recipients should be given priority in employment while their children should be placed in waqf schools, colleges and university if there is provision for that.
- Distribution of zakat should not be limited to cash but utilisation of the zakat funds for human development or socio-economic development in Malaysia.

CONCLUSIONS

Based on the discussion above, literature has indicated the feasibility of zakat funds in developing and executing various projects such as education, agriculture, health, microfinance, SMEs, business centres and many other profitable investments in the interest of less privileged Muslims. This study adds to the existing literature regarding the creation of a zakat company in Malaysia. Similarly, it has been explained that zakat funds have the potential to be incorporated into profitable business. In so doing, social and economic development can be attained and the less privileged can be economically and financially independent. Similarly, the sense of religious obligations, income distribution and awareness about spirituality in the workplace contribute meaningfully towards the sense of providing social and economic development especially in order to cater for the needy and the poor within the society.

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25. Surah Al-Tawbah: 35.


27. Surah Al-An’am: 104.