

The Effectiveness of Financial Management among Students Receiving Zakat: A Study at UiTM Pahang Branch Jengka Campus

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ABSTRACT

Asnaf fisabilillah students are essential to the economy of the future, and this study looks at how well they manage their finances. Using information gathered from zakat receivers at the UiTM Pahang Branch Jengka Campus, it investigates the variables affecting their capacity to handle zakat support. Using a qualitative methodology, the study aims to enhance the entire administration of zakat aid for underprivileged students, hence enhancing the influence of zakat on their lives. The results are intended to assist zakat organizations in creating more thorough plans for aiding the fisabilillah group, improving their financial independence and general well-being.

Keywords: financial management, fisabilillah, zakat, students, asnaf

INTRODUCTION

According to Abdul-Rahman and Zulkifly (2016), Brigham et al. (2014) and Abd Moen et al. (2012) state that, financial management is an art and science that is used by both individuals and companies when employing accounting goals and economic theories. Lusardi and Tufano (2008) define financial literacy as the capacity to utilize fundamental knowledge from financial management to make decisions with ease (Azmi, et.al, 2019). Abdullah and Junaina (2013) assert that financial planning is crucial to people's and their families' everyday lives and that early financial management education is the finest investment for the future. Islamic financial planning emphasizes the ultimate objective, which is to continue to the Hereafter with an eternal recompense, in addition to stopping from the practical side. Islamic financial planning includes Islamic income, Islamic expenses, debt management, Islamic risk management, investment, zakat, alms, charity, and waqf.

Islamic financial planning is a crucial component of personal life since it facilitates wise money management, which can lessen financial strain and improve human well-being. The purpose of Muslim life is to increase the desire of Muslims to seek material fulfillment as well as to ask Allah Almighty for the blessings necessary for prosperity both here on Earth and in the hereafter. To achieve the objective of Shariah in the community, business, and finance that leads to prosperity and happiness in life, Muslims are encouraged to pursue Islam as a whole and manage their lives sensibly and financially. Allah Almighty stressed in Surah Yusuf (verses 47–48) the importance of sound financial planning, stating that people should save their wealth for seven years after a successful harvest and be ready for seven years of bad harvest. Therefore, throughout the entire procedure, Shariah rulings must be complied with and observed. A sound plan to achieve personal objectives is the foundation of Islamic financial planning. In the overall framework of Islamic financial planning, the ideas of zakat might be crucial (Ismail & Abidin, 2020).

Every state in Malaysia has its zakat management institutions, hence the country practices localization zakat management. To further administer zakat matters, they are separated into three categories: administration, collecting, and distribution. The goal of the privatization and corporatization of certain zakat institutions is to

improve the efficiency and efficacy of zakat management in terms of collection and distribution. One such example is Lembaga Zakat Selangor (LZS), which has corporatized its collection and distribution department and demonstrated an increase in collection, reaching over one-third of Malaysia's total zakat collected (Abdul Halim, et al, 2015). On the other hand, zakat distribution is growing more slowly even while collection has increased (Ismail & Masturah, 2014). Therefore, LZS has taken the initiative to further localize its collection and distribution in response to the difficulties, designating a higher education institution as its collection and distribution agency. Additionally, zakat is distributed in higher education institutions at the certificate through doctorate levels. Tuition, housing, and living expenses are all covered by the fund. Nonetheless, students who fall under the *fisabilillah* categories stated that their eligibility or incomplete records made it impossible to apply for zakat funds. Abd Halim and Mohd Saladin (2011) reported the same outcome in their study, which indicated that the distribution mechanism needed to be improved in addition to collecting more money because it was deficient (Takril & Othman, 2020).

The rising cost of living is a common grievance among people nowadays, whether they live in urban or rural settings. College and university students are particularly affected by the rising expense of living on campus and feel the heat. Students must be reminded that their status as students requires them to be constantly dedicated to learning to achieve academic decisions that are not only their own but also those that their sponsors and families desire, even though they do not bear the same burden as other households that are already married and have contracts to pay the monthly debt installment. It is not possible to view any issue as a barrier to academic success. In contrast, this student is experiencing insufficiency within the group. Financial circumstances with a high cost of living, the question of whether the student can manage pressure to manage life throughout the day then comes up (Bakar, et.al, 2019).

Since they will soon be entering labor and must be able to support themselves financially, this target group is crucial. In light of the current high cost of living, rigorous financial preparation is necessary to guarantee sufficiency. These students, however, are more likely to experience stress in juggling their everyday lives when they are financially insufficient. Students can prevent financial difficulties and the stress that comes with them if they manage their money wisely throughout their academic careers. The study conducted by Rubayah et al. (2015) found that students' financial literacy is still at a modest level on average. Despite our financial independence, we still require sound financial preparation. Financial management knowledge and abilities are essential for students, including emergency savings, investment savings, personal savings, and bill payments. Some students are unable to continue their lives without using the tuition funds they get from loans or scholarships because they must provide for their families. Some students also have to perform part-time jobs to support a family that is struggling financially. However, some students work part-time jobs just to use the money for their expenses. These pupils mostly hail from wealthy households (Husin, 2021). This analysis thus supports the practice of some zakat organizations classifying university students as one of the eight asnaf, a component of *fisabilillah* asnaf as a whole.

LITERATURE REVIEW

The history of financial aid dates back to the founding of educational establishments. Previous research on charitable giving in higher education has shown that many university expenses are covered by contributions to educational institutions from a variety of contributors. For example, in Harvard's fiscal year 2005, tuition fees accounted for just 21% of the university's overall revenue, while 48% came from donations (Gottfried & Johnson, 2006). These charitable contributions help to reduce the cost of tuition, ease the financial strain on the government, give disadvantaged groups access to higher education, fund research, and improve the standard of education overall (Mitchell & Lizotte, 2014). Hemelt and Marcotte (2011) have observed that charitable contributions have been crucial in financing higher education, particularly during periods of financial austerity and credit crunch, the global financial crisis, competition for scarce scholarships, and tuition fee increases. Giving to higher education thereby improves economic opportunities and fortifies the economic and civic fabric of the public (Rahman, et al, 2023).

Zakat is one type of financial assistance offered in Islam. There are several definitions for the term "zakat," including blessing, neatness, growth, prospering, and purity (Al-Qaradawi, 2002; Md Razak et al, 2013; Tarimin, 2012). Zakat, on the other hand, is conceptually defined as the voluntary payment of a fee that

Muslims who fulfill specific criteria must make. A community's wealth is distributed from the rich to the poor through this mandatory charge, with the ultimate goal being to close the gap (Wahid, et al, 2012). As a result, zakat institutions are among the best for eradicating poverty and upholding socioeconomic justice (Othman & Abdul Ghani, 2011). The zakat institution practices excellent governance, which is essential to the effectiveness of zakat collection and distribution. However, zakat distribution is an important part of zakat administration, and the goal of zakat is to improve the quality of life for asnafs and lessen poverty (Abd Wahab & Abdul Rahman, 2012; Muhamad, et al, 2018).

One of the most important sectors for lowering poverty rates is the education sector, where students may acquire the knowledge and skills they will need for potential careers. Financial challenges that many students from low-income families have may keep them from going to college. Zakat can help with this. To alleviate the financial strain on underprivileged students, zakat is offered in Malaysia as a one-time payment for registration fees to students who are admitted into an institution (Meerangani, 2019). Students can also apply for extra zakat funds after registering, including emergency funding, a laptop fund, an annual stipend, and rewards for exceptional academic achievement (Purwatiningsih, 2020). As a result, zakat is now the main factor enabling many students to pursue further education and flourish academically. *Fisabilillah*, which means the duty to dedicate oneself to Allah's cause, can be used to characterize the challenges faced by students who are unable to pay for their university education (Kamaruzaman, et al, 2023).

The association between university management effectiveness and zakat management organizations can be explained by several factors (Takril & Othman, 2020). First and foremost, by giving zakat cash to deserving students, zakat management organizations promote the sustainability of higher education (Hasan, et al, 2019). This funding can help students pay for their tuition, books, and living expenses, among other educational necessities. As a result, it is possible to ensure the long-term viability of college operations and ensure that academically gifted students can continue their further education without facing financial difficulties (Ab Rahman, et al, 2021; Lessy et al, 2020; Syahputra, et al, 2023).

An empirical study on the distribution of zakat to asnaf *fisabilillah* in higher education institutions, as a case of Universiti Teknologi Malaysia, shows how asnafs perceive the zakat units, Islamic center, UTM. Based on the data, the study concludes that respondents strongly agree that the zakat fund eases the burden among students in pursuing their studies, and the highest mean score recorded on the zakat in assisting students indicates that respondents strongly agree that UTM, the management center, should continue helping students with their financial issues (Muhamad, et al, 2018). Therefore, the zakat administration needs to remain professional while assisting students in continuing their education and graduating on schedule and debt-free (Rahman, et al, 2023).

METHODOLOGY

This study's primary methodology is the NGT approach. Seven diploma students participated in the study and expressed their thoughts on the subject of zakat distribution. The NGT technique was used to develop thoughts and resolutions based on the opinions of the experts who were gathered. In order to collect data pertaining to the study's goals, the researchers employed the NGT technique to carry out particular computations after the session concluded.

This study is split into two parts: Presenting a succinct summary of the literature to develop principles linked to financial management and zakat is the main objective of the first stage. In the second step, the researcher synthesizes the findings. The researcher's findings lead him to propose four possible strategies to improve students' financial management skills. To determine whether this strategy is effective in boosting efficacy, the researcher also consults experts. In the last step of the process, the NGT method was used to perform the analysis. Experts also convened for a group brainstorming session and researcher voting. This session reviews and assesses each expert's viewpoint. The NGT-PLUS program was used to calculate the session results. The conclusion portion of the study discusses the findings.

Nominal Group Technique

NGT is defined as a structured method for group brainstorming that encourages involvement from all participants and facilitates the timely resolution of both issues and actions. Group members first write down their thoughts before choosing the one they think is best. When everyone is ready, they each submit their ideas, which are then evaluated and graded using a point system by the entire group. NGT incorporates the interests of each group member into the group's weighted preferences. Another way to define NGT is as a structured, disciplined discussion in small groups to reach an agreement (Mustapha & Darusalam, 2022; Van De & Delbecq, 1971).

According to Mustapha & Darusalam (2022), The steps involved in implementing NGT are as follows:

1. Make sure that everyone is aware of the topic being discussed by stating the problem, question, or issue that will be covered.
2. Each team member considers the problem and quietly comes up with suggestions or solutions that immediately come to mind. They take notes on as many concepts and solutions as they can within a set amount of time.
3. Each member of the team will propose a solution or idea.
4. Discuss each idea separately.
5. The prioritization procedure is recorded concerning the initial query using "*multivoting*" or list reduction.

Sampling

The ideal sample size for NGT-based studies is a topic of debate among academics. NGT may be applied to both small and big groups. However, depending on the study's goals, this could also occur if more subgroups are required for efficient communication. The sample sizes shown in Table 1 have been used in prior studies for the reasons described below.

Table 1 Number of Samples

Researcher	Number of samples
Van De Ven & Delbecq (1971)	5-9 experts
Dang (2015)	6 experts
Harvey & Holmes (2012)	6-12 experts
Horton (1980)	7-10 experts
Steward (2001)	7-10 experts

Source: Mustapha & Darusalam (2022)

Using the NGT technique, the researcher selected five experts to take part in this investigation based on the previously mentioned reference. As the current situation restricts the number of contacts, this quantity is deemed suitable for this research.

FINDINGS

Table 2 shows the overall solution evaluations based on professional judgment on the best ways to improve zakat-receiving students' financial management skills. Based on the findings of the study, it seems that all of the components that were examined are usable. According to the findings of these studies, a percentage above 70% is recommended (Deslandes, et al, 2010; Dobbie, et al, 2004; Mustapha & Darusalam, 2022). The study's

main components were deemed valid and practical by all participants, the researchers concluded. The Delphi method necessitates multiple rounds of expert assessment, but the modified NGT technique allows researchers to get data more quickly.

Table 2 Ngt Voting Result

Items/Elements	Voter 1	Voter 2	Voter 3	Voter 4	Voter 5	Total item score	Percentage	Rank Priority	Voter Consensus
Make a budget	5	3	3	4	5	20	80	2	Suitable
Save some money	4	4	4	5	2	19	76	3	Suitable
Financial education	4	3	3	3	5	18	72	4	Suitable
Monitor spending	5	4	4	4	5	22	88	1	Suitable

DISCUSSION

To improve financial management, particularly for zakat recipients, budgeting, saving, and financial education are essential. Making sure that financial aid, like zakat, is spent efficiently begins with creating a budget. A well-planned budget makes sure that people don't overspend while allowing them to put money toward necessities like housing, food, and tuition. It might be difficult for many students to prioritize their spending, especially those who fall into the *fisabilillah* category. This is where financial education can be quite helpful since it gives students the skills they need to grasp the value of budgeting, monitor their earnings and outlays, and make plans for both immediate and long-term financial objectives. Having a budget helps students make better financial decisions by enabling them to make more informed choices about their expenditures.

Saving money is yet another crucial component of sound money management that should not be disregarded. Zakat offers instant financial relief, but throughout their academic careers, students frequently experience continuous financial strain. Lack of money could make it difficult for them to cover unforeseen costs like unexpected medical bills, transportation charges, or unanticipated academic obligations. The value of saving money, even in modest quantities, to create a safety net for unexpected expenses should be emphasized in financial education programs. Furthermore, the study recommends that zakat organizations might motivate beneficiaries to save a portion of their aid. Saving money, even in small amounts, can help students establish a long-term financial planning perspective and promote financial discipline. By saving, students lessen their financial stress and are better equipped to handle both anticipated and unforeseen costs.

Finally, to keep finances under control and make sure that budgets are adhered to, expenditure must be closely monitored. A student's financial resources can be rapidly depleted by impulsive expenditure if they are not regularly monitored. The study emphasizes the necessity of ongoing financial monitoring and awareness, which may be made easier with the use of instruments like financial management software, spreadsheets, and smartphone apps. Students who regularly check in with financial advisors or counselors from zakat institutions can also keep on top of their savings and budgeting objectives. These monitoring procedures also enable students to evaluate their development and modify their spending patterns as needed. In the end, regular tracking not only assists people in adhering to their spending plans but also cultivates a sense of fiscal accountability and self-discipline, establishing the groundwork for wise financial choices throughout their academic careers and in subsequent financial undertakings.

CONCLUSION

The study's findings highlight the significance of zakat recipients' efficient money management, especially for students who fall under the *fisabilillah* group, to optimize the positive effects of zakat aid on their financial security. It emphasizes how important it is for beneficiaries to have sound financial literacy and well-organized support networks to effectively manage their money and attain long-term financial stability. It is advised that

zakat institutions provide participants with specialized financial education programs in addition to ongoing oversight and specialized financial planning support, in light of the findings. Fostering cooperation between zakat bodies and educational institutions can also guarantee that financial aid is handled wisely, supporting the long-term growth of asnaf *fisabilillah*.

Examining how receivers, such as students in the *fisabilillah* category, manage financial aid, contributes to the study of financial management, especially concerning zakat distribution. Through the analysis of the elements that impact the efficient utilization of zakat payments, the research contributes a significant understanding of the financial practices and obstacles encountered by beneficiaries. To increase the overall impact of zakat, it emphasizes the necessity of customized approaches that deal with particular financial management concerns within this demographic. Additionally, this study provides zakat institutions with suggestions on how to enhance financial assistance systems and encourage recipients to become more financially literate, thus advancing the subject of financial management in social welfare.

Future improvements and extensions could be made to this research to make it more comprehensive. To determine which methods are most effective in resolving this problem, future researchers may carry out a qualitative investigation. These studies might be used to outline frameworks that other researchers could use to build certain modules. This module may be utilized in the future to further solve this issue.

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