

ANALYSIS OF POVERTY DETERMINATION METHODS IN MALAYSIA ZAKAT INSTITUTIONS

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Abstrak

Poverty eradication is a national development agenda to reduce economic imbalances. Inaccuracies in determining the appropriate measures to eradicate poverty will result in ineffective planned policies and programs. Zakat institutions in Malaysia are also involved in the effort by distributing zakat funds to the poor and needy. Therefore, this study aims to analyze the methods of determining poverty implemented by zakat institutions in Malaysia. This qualitative study was conducted using data collection and data analysis methods. Data collection methods were done through library research. The data obtained were analyzed based on inductive, deductive and comparative methods to obtain results. The results of this study found that the measurement of poverty is divided into two, namely the method of measurement according to Islam based on the limits of kifayah and conventional measurement, namely the unidimensional and multidimensional methods. The measurement method based on the had kifayah is seen to be more advanced in the basic needs of an individual and is complementary to the PGK -based measurement method. However, the determination and measurement of poverty based on multidimensional methods also need to be given attention and seen together because they are closely related and can help the accuracy of poverty assessment.

Kata kunci: poverty, unidimensional, multidimensional, had kifayah,

INTRODUCTION

The asnaf group who are eligible to receive zakat is a decree of Allah SWT. The asnaf of the poor and the needy are included in the eight

asnafs that have been distributed as zakat since the time of Rasulullah SAW until now. In the context of Malaysia, zakat institutions are the parties responsible for managing and administering zakat. This can be seen in the Qur'an:

Indeed, the zakat is only for the poor, the needy, the managers of the zakat, the converts whose hearts are persuaded, to (free) slaves, those who are in debt, for the way of Allah and for those who are on the way, as a decree obligated by Allah, and Allah is All -Knowing, All -Wise. (Tawbah: 60)

Based on the above verse, the determination of the asnaf of the poor and needy has been explained by Allah SWT in the Qur'an. However, the assessment and level of poverty needs to be measured with certain methods so that the group can be identified and helped as best as possible. Therefore, zakat institutions need to ensure that the method of measuring poverty is accurate and appropriate to provide distribution to the poor and needy asnaf.

CONVENTIONAL AND ISLAMIC PERSPECTIVE POVERTY CONCEPTS

Eradicating poverty is the most important national development agenda to reduce economic imbalances. Inaccuracies in determining the appropriate concepts and measures to eradicate poverty will result in the futility of planned policies and programs. It even gives losses to the country due to a waste of money, energy and time. Poverty refers to the inability to achieve a minimum standard of living (World Bank, 2018).

There is a perspective that states the concept of poverty is divided into two, namely absolute

and relative poverty (UNDP 2015). Absolute poverty is measured based on income and basic needs such as food, clothing and shelter. The concept of absolute poverty does not take into account the question of quality of life or the unfair distribution of wealth in society. This concept focuses on the plight of individuals or households who are unable to meet basic needs and assistance is simply meeting minimum needs. While the concept of relative poverty looks at the relationship between the economic status of individuals in society in the context of income distribution based on ethnicity and region. The living needs of urban communities are higher compared to rural communities and have vastly different income gaps between urban ethnicities. This makes urban poverty more serious compared to rural areas and the PGK rate is also higher.

In addition, poverty is also defined as chronic poverty and temporary poverty. According to Rafael and Machado (2007) chronic poverty is the life of an individual in long-term poverty. Meanwhile, temporary poverty is poverty caused by the instability of household income related to the current economic situation. Apart from that, there is also the "invisible poor" poverty, that is, those who have a fixed income but not enough to cover the necessities of life such as food, clothing, education, rent and so on. Similarly, those who are declared bankrupt by the court are also termed poor because they do not have the power to spend and manage assets.

The interpretation and definition of poor has various concepts and terms, yet in Islam poverty is categorized as fakir and miskin. The definition of fakir and miskin has been debated by the scholars of the sect to distinguish as per the following table.

Mazhab	Fakir	Miskin
Syafie	Not having property, not having a job to meet basic needs.	Own property but not enough to meet basic needs
Hanbali	Not having property, not having a job to meet basic needs.	Own property but not enough to meet basic needs
Hanafi	Not begging, or overwhelmed by constant hardship, or owning sufficient property to meet basic needs.	Begging, or afflicted with difficulty for a temporary period, or not owning property
Maliki	Own property but not enough to meet the needs for a year, or the same situation with the poor	Do not have direct wealth, or the same situation as the poor

Based on the table above, the scholars of fiqh differ on the situation of which group is the worst or the worst in poverty. The Syafie school and the Hanbali school argue that the poor are in a worse situation than the poor (al-Nawawi, 2002).

In the Hanbali school, the fakir are those who have no property or do not have half of the measure of basic needs based on the limits of al-kifayah. The poor are those who have only reached half or more of the limit of al-kifayah but have not been completely perfect (al-Bahuti, 1993). Both of these sects agree that the poor are people who have no property at all and do not have a job that allows them to meet the necessities of life. On the other hand, the poor are people who have property but not enough to meet their needs.

However, the opinion of the two schools of Syafie and Hanbali contradicts the school of Hanafi and Maliki where the poor are worse off than the poor.

In the Maliki school, there are two views that interpret the poor and the needy. The first view states that the poor are those who own property but do not have enough basic necessities for a period of one year while the poor are those who do not own property at all. The second view states that the two are the same ('Ulaysh & Muhamad, 1984).

In the Hanafi school, there are some views, among them from al-Hasan who state that the poor are worse because of begging than the poor. The second view from Qatadah, says that the poor are worse off because they are afflicted with prolonged hardship than the temporary poor. The third view states that the poor are better off because they have sufficient property for basic needs. While the poor are those who do not have any property (al-Kasani, 2003).

METHODS OF DETERMINATION OF POVERTY IN MALAYSIA

There are three methods used to determine poverty in Malaysia, namely had kifayah method, unidimensional method and multidimensional method.

Had Kifayah Method

According to al-Fanjari (2010) the term had kifayah is also termed as al-hajah al-asliyyah (basic necessities for life) and also had al-ghina (the level of measurement of wealth). Azman Ab Rahman et.al (2018), defined the limit of kifayah is the minimum limit of adequacy and the minimum limit of basic needs. Mansor, Hasan et.al (2014), argues that the limit of al-kifayah is not just a level that meets the needs in the form of meeting the shortfall in income

but extends to meet the needs of life needed to further develop the quality of life.

Had Kifayah means the appropriate rate of economic adequacy to ensure the survival of an individual and those who are dependent on him (Anggoro & Asmak, 2016). It serves to determine the level of needs required by the household to meet daily needs by taking into account various variables such as the number of members in the household, age group and others (Fahme et al. 2014). The same is true of conditions and places whether in urban, urban or rural areas (Surtahman, 2001).

The use of this had kifayah is in line with the maqasid syariah aimed at preserving religion, life, intellect, lineage and human property. Not only that, the had kifayah is a process of determining the hardcore poor, the poor from

the non -poor (Fahme et al. 2014). The requirement of this had kifayah is taken into account based on the need for daruriyyat and the need for hajiyyat which is the minimum requirement of an individual. Among the key elements in determining the need for had kifayah are protection, food, clothing, medicine, education and transportation.

The fakir and miskin are judged by their inability to provide for the necessities of life. The difference between these two asnaf is in terms of the amount to cover the rate of basic needs to maintain the well -being of one's life such as housing, clothing to maintain body temperature and seumpanya where the poor are better off than the poor. The total basic needs in Malaysia are based on PGK (Emie, 2010).

Table of had kifayah of the states in Malaysia

No.	States	Town	Rural
1	Kedah	960.00 (B) 815.00 (TB)	Same
2	Pulau Pinang	1,110.00 (B) 950.00 (TB)	Same
3	Johor	1,745.00	1,645.00
4	Melaka	1,440.00	Same
5	Pahang - Haouse – RM 400.00 maximum - Health- RM 300.00 maximum - Transportation – RM 300.00 maximum	2,146.00 (B) 1,746.00 (TB)	Same
6	Selangor	2,040.00 (B) 1,715.00(TB)	1,640.00(B) 1,440.00(TB)
7	Wilayah Persekutuan	2,070.00 (B) 2,020.00 (TB)	Same
8	Perak	1,655.00 (B) 1,403.00 (TB)	1,157.00 (B) 959.00 (TB)
9	Sabah	1,850.00	1,455.00

(* B: Rumah Berbayar & TB: Rumah Tidak Berbayar)

Zakat institutions in Malaysia in determining the asnaf of the poor and needy is based on the calculation of Had Kifayah which takes into account six basic elements, namely food, housing, clothing, education, health and transportation. Since the jurisdiction of the state religion is under the jurisdiction of the Sultan of each state, it is found that the Kifayah Limit rate of each state is different if compared to the calculation by the federal government which is more uniform in determining the poor and hardcore poor based on the Poverty Line Income. (PGK).

Unidimensional Method

The majority of countries have long used the dimension of economic well-being as a yardstick to measure poverty to determine the poor and non-poor.

The measurement is based on income or financial dimensions alone or in other words a unidimensional measure of poverty (Norzita & Hadijah, 2014). This approach of using income is adopted by many parties including the World Bank. In 1990, the World Bank set USD370 per year or USD1 per person per day (at 1985 prices) as the poverty threshold point. This USD1 per person per day poverty line (which was raised to USD1.08 in 1993 according to the consumer price index) is an estimate of the minimum amount of money needed to buy basic necessities and enable human beings to survive. Income refers to the flow of economic resources owned and received by an individual or household on an ongoing basis whether in the form of wages, salaries as well as money received through self-employment or other sources such as real estate, pensions and social contributions. Increased household income enables the community to obtain a better level of well-being especially life expectancy, education and achievement. This is of course those with high incomes can achieve a more prosperous standard of living than those with low incomes (OECD, 2013).

In Malaysia, the measurement of poverty based on the income dimension is based on the poverty line income (PGK). This method is used as a measure of absolute and relative poverty. PGK is the minimum total household

income that enables a household to meet basic needs and enjoy a comfortable standard of living (Chamhuri, 2001). The calculation of PGK consists of food PGK and non-food PGK. The minimum expenditure for food PGK must take into account the retail price of the food item for a month with the daily caloric requirement required by each individual taking into account a balanced diet consisting of grains, proteins and fats, vegetables and fruits and legumes. The non-food PGK comprising clothing, housing, transportation and other expenses is calculated based on a household expenditure survey.

Based on the report of the Department of Statistics Malaysia, the setting of the national poverty line income limit has increased to RM 2,080 for 2019 compared to RM 980 per month according to the PGK methodology in 2005 and 2016. The new setting of the poverty line many households belong to poor households (KPWKM, 2020). A household is considered poor if their total income is below the PGK level.

Chamhuri (2001) stated that the measurement of poverty based on PGK has some specific disadvantages. First, the income dimension does not reflect the poverty and living standards of the household as a whole. Second, the PGK cannot describe the real reality of the poverty problem faced by a household whether it is below the PGK or further from the PGK limit. When the measurement of poverty is based solely on income, then the greater the poverty gap.

PGK schedule in Malaysia

Year	PGK Rate
2004	RM 691.00
2009	RM 800.00
2016	RM 980.00
2019	RM 2,208.00

Multidimensional Method

Multidimensional poverty measurement methods are seen as suitable as an effort to bridge this poverty gap (Fuad, 2019). This is

further evidenced by the government's efforts to achieve all the goals in the Sustainable Development Goals (SDGs) which is to eradicate poverty in various forms and dimensions. Some researchers have also suggested that poverty be eradicated using a multi-dimensional approach. This is so because the use of a unidimensional approach is limited (Alkire & Santos, 2009). According to (Alston, 2019), the poverty line rate is actually much higher in the official government figures and suggests that the poverty measurement be re-evaluated. This is because the poverty rate in the country decreased from 0.6 per cent in 2014 to 0.4 per cent in 2016 does not reflect the reality of real poverty.

Poverty is those who live on less than \$ 1.90 or the equivalent of RM 7.95 a day (UNDP, 2018). According to the World Health Organization (WHO), an individual or household income that is insufficient to meet the basic necessities of life is defined as income poor. In fact, as many as 1.3 billion people of 101 countries in the world live in multidimensional poverty (OPHI & UNDP, 2018). This fact directly shows that poverty is not only due to lack of income or money but it is also influenced by other dimensions of poverty. It is because of the existence of these various dimensions that poverty persists and persists to this day.

According to (Walken, R, 2015), multidimensional poverty is defined as diversity that includes lack of financial resources, material scarcity, social class segregation, exclusion and lack of influence, physical and psychological vulnerability. In addition, multidimensional poverty includes the shortcomings faced by the poor in their daily lives such as low levels of health and education, standard of living, lack of influence, low levels of employment, victims of violence, and living in dangerous areas. and at risk (OPHI).

Based on the above situation, the United Nations Educational Scientific Organization (UNESCO) has taken steps to measure poverty based on multidimensional indicators (UNESCO, 2016). However, in the measurement of poverty there is controversy as to whether it is better to formulate a multidimensional poverty index or rely only on a few indicators (Walken, R, 2015).

According to (Alkire & Santos, 2010), the multidimensional poverty index is an accurate indicator of multidimensional poverty. Through (UNDP, 2013), the multidimensional poverty index has placed 3 dimensions followed by 10 indicators as per the following table.

Table of Multidimensional

	Dimension	Indicator	Measurement
	Education	Finished school	Households aged 10 years and above who have not completed within 5 years of schooling (primary school).
		School registration	School-age children who do not go to school.
	Health	Mortality	Any child had died in the family in the five years prior to the survey.
		Nutrition	There are household members aged 70 and under or children who are malnourished based on official health records.
	Well-being	Electricity	No electricity
		Sanitation system	Poor sanitation facilities or shared with other households
		Clean water supply	Access or 30 minutes walk to get clean water source.

Multidimensional Poverty	Floor type	The floor of the house is based on soil, sand, feces.
	Type of kitchen	Using feces, wood and charcoal for cooking fuel.
	Asset ownership	The household does not own more than two (2) of the following assets: radio, television, telephone, computer, car animals, motorcycles, bicycles, refrigerators, cars and trucks.

Analysis of determining poverty based on had kifayah, unidimensional and multidimensional

Poverty is a very universal thing. The poor and needy are categories of those who are eligible to receive zakat but have different levels of difficulty. The reality is, it is difficult to find an accurate and appropriate method of measurement to determine the poor and the needy. This is because poverty is always changing according to the situation and can occur in unforeseen circumstances. For example, some individuals are already poor due to poor mothers or fathers, some individuals become poor suddenly due to job loss, death of the head of the family, divorce, accident or chronic illness (Wan, 2020).

In Malaysia, the definition of poverty has been based on the 2016 poverty line income (PGK) where households earning less than RM 980 are considered poor. This PGK rate has been criticized for being considered narrow in determining poor individuals and it is seen as irrelevant. The proof is that Malaysia's poverty rate has decreased by 0.4 percent in 2016 because Malaysia set a low benchmark while the poverty rate is high (Alston, 2019). The increase in the new 2019 PGK limit to RM 2,080 to some extent improves this unidimensional measurement. The classification of PGK by locality can help policymakers and governments determine the poor and non-poor. However, this increase in the PGK rate does not refer to a new problem of poverty. It may have existed before.

Shariah emphasizes the importance of the basic needs that must be possessed by an individual, namely the needs of daruriyyat. This need is a must for human beings to continue the survival

of life. If the basic needs cannot be met at the time of need until the time of emergency then it will result in chaos and destruction on human life. Among the main things in the necessities of Daruriyyat is the preservation of religion, soul, intellect, lineage and property. The items categorized as basic necessities of daruriyyat consist of food, clothing, shelter, transportation and education. These five things are the basic things that every individual needs. For example, food and shelter are very important for the preservation of religion and the life of an individual, while education is very important for the preservation of the mind. Similarly, clothing and transportation are important for preserving lineage and property. Meanwhile, medicine, utilities and communication are items that are categorized as additional needs to an individual which if not met will cause inconvenience to humans but not to threaten religion, life, intellect, lineage and property (Azman, 2017).

Therefore, there is no determination of the limit of kifayah zakat on a regular basis. This is because the limits of zakat kifayah always change according to the suitability of the situation, time and place. Meanwhile, the setting of the limit of kifayah is based on ijtihad which is the responsibility of the government.

CONCLUSION

Based on the above discussion, the measurement of poverty is divided into two, namely the method of measurement according to Islam based on the limits of kifayah and conventional measurement, namely the unidimensional and multidimensional methods. In this case, the measurement method based on

the limits of kifayah is seen to be more advanced in the basic needs of an individual and is complementary to the PGK -based measurement method. However, the determination of poverty based on multidimensional methods also needs to be given attention and seen together because it is closely related and can help the accuracy of poverty assessment.

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