

PERFORMANCE EVALUATION INDEX FOR
ISLAMIC SOCIAL FINANCE INSTITUTIONS
(ISFIs) BASED ON MAQASID AL-SHARIAH

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EXECUTIVE SUMMARY

Islamic Social Finance Institutions (ISFIs) has rapidly expanded over the past decades. This impressive growth is seen largely from the perspective of collection and distribution share which somehow depict the non-profit oriented nature of business entities. Apparently, the main factor that differentiates ISFIs from its conventional counterpart is the underlying foundations. Critics are of the view that ISFIs places little emphasis towards achieving the Maqasid al Shariah. There have been commendable efforts by regulators in Malaysia in harmonizing the ISFIs industry towards Maqasid al Shariah. However, there is hardly any study that has tried to evaluate the impact of these efforts on ISFIs in the country particularly in the context of Zakat institutions. Hence, this study aspires to develop a Maqasid al Shariah based index by operationalizing the Maqasid framework of Imam al Ghazali. At first, semi-structured interviews of 13 experts on Islamic social finance (ISF) were conducted to validate the variables for indexing. Afterwards, these experts were asked to determine the relative importance and weight of each *Maqasid* item and sub-items. The respondents in this case are industry experts, *Shariah* scholars, *Shariah* committee members and academics. Based upon this, an index is developed to look at the performance of Zakat institutions (in this case Lembaga Zakat Selangor) in Malaysia. This study contributes to the theory of Maqasid al Shariah by harnessing between Al Ghazali's frameworks to develop index with respect to ISFIs performance evaluation. This Maqasid index is vividly anticipated to help the stakeholders to measure the extent to which the performance of ISFIs in Malaysia is in line with *Maqasid Al Shariah*. This study is critical in line with the Malaysian government's aspiration to make Malaysia an international hub for ISFIs. Furthermore, the study is timely as Malaysian government has recently developed and implemented the "Shariah Index" to promote good governance and social wellbeing.

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1.0 INTRODUCTION

Islamic social finance institutions, which are based on the higher ethical purpose (Maqasid al-Shariah), are supposed to be more receptive to accomplish social good than their conventional counterparts. Islamic social finance institutions engage in comparable operations but serve a fundamentally distinct purpose. This is because Maqasid al-Shariah is a collection of Islamic ethical norms and morals that encompass a broader idea of life in order to accomplish the Shariah's purpose of promoting social well-being to mankind (Ahmad, 2011; Hassan and Aliyu 2018).

Islamic social finance institutions (ISFIs) have grown dramatically in recent years. ISFIs are founded based on (i) philanthropy, such as Zakat, Sadaqah, and Waqf; (ii) collaboration, such as qard and kafalah; and (iii) Islamic microfinance institutions, which contribute significantly to poverty alleviation and socioeconomic development. According to MaRS (2016), ISFIs invest and manage a specific fund to address societal concerns. They contribute to significant socioeconomic development outcomes such as poverty alleviation, provision of vital infrastructure such as schools and hospitals, and the preservation of life and dignity. Thus, the ISFIs appear to be fast spreading and developing into a functional institution, which can meet the community and stakeholders' economic and social needs.

However, there are significant divergences between ISFIs' ideals and practices. Although ISFIs are expected to promote social welfare in order to fulfil the Shariah objectives, critics argue that ISFIs do not realise the true Maqasid al-Shariah aims and objectives (Sairally 2013). Several scholars (El-Gamal 2006; Dusuki and Bouheraoua 2011; Dar 2012; Mergaliyev et al. 2019) argue that in theory, ISFIs are working toward socio-economic goals, such as poverty alleviation, social justice, and welfare issues.

However, when the idea of IFISs was conceptualized, Muslim scholars expected the institutions to adhere to Maqasid al Shariah once they are operationalized. In essence, ISFIs are expected to contribute to socio-economic development, while upholding justice in their activities. Overtime, ISFIs are seen as shying away from the very objective of their establishment, al-Maqasid. There are also misgivings expressed by the scholars regarding the fulfilment of Maqasid al-Shariah by the activities of IFISs. As mentioned, many scholars suggested that Maqasid al-Shariah should be the objective of IFISs. However, Siddiqi expressed his concern regarding the failure to realize Maqasid al-Shariah by IFISs in a changing environment. Even though the IFISs are growing fast, many fail to fulfil the need of Maqasid Al Shariah. Critics argue that the collection and distribution of fund from ISFIs are not up to the required level, and there is lack of confidence and trust on some of the institutions.

Several attempts have been made relentlessly, especially by regulators in Malaysia to harness the ISFIs towards Al-Maqasid, including amending the regulations and policies.

The pertinent question that arises is the extent to which these efforts are effective and how they are measured. Most of the existing studies use the conventional yardstick to measure the results of ISFIs. However, this yardstick is not suitable for measuring Maqasid based performances. Therefore, the present study fills in the research gap by developing a Maqasid based index to measure the performance of ISFIs in a holistic manner. This study is motivated by the apparent divergence in the practice of ISFIs from their initial objectives and aims to explore the performance of ISFIs in achieving Maqasid al-Shariah goals.

Most of the ISFIs performance studies focus on measuring financial performance based on the conventional aspect of performance, without focusing on the Maqasid aspects. These conventional yardsticks are not adequate to measure the Maqasid-based performance that can truly measure the identity of ISFIs. Therefore, it is essential to examine the ISFIs in the Malaysian context with a proper instrument such as the Maqasid Al-Shariah Index (MSI) that was first developed by Mohammed, Razak, and Taib (2008). With the objective of analysing the performance of ISFIs based on Maqasid al-Shariah, this study aims to extend the analysis of the MSI employed in the literature and to determine the Maqasid accomplishment of ISFIs in their operations.

To address the research aims and questions, a mixed method approach is undertaken, using Malaysian Zakat Institutions as a case study. Zakat institutions in Malaysia are managed and operated by the state government and private entity under the state government. This research focuses on examining the Zakat institutions particularly Lembaga Zakat Selangor (LZS) due to its economies of scale and availability of secondary data.

In view of the research gap mentioned above, the following research questions are formulated: (i) What is the appropriate framework to measure the performance of Islamic social finance institutions, particularly Zakat Institutions based on Maqasid al-Shariah? (ii) What are the variables that should be selected to operationalize the Maqasid components? (iii) How can the Maqasid-based index be developed and used to measure the performance of Islamic social finance institutions particularly Zakat Institutions?

The study is therefore, aspires to achieve the following objectives: (i) To identify an appropriate Maqasid al-Shariah based theoretical framework to develop a Maqasid Al Shariah Index (MSI) for Islamic social finance institutions, particularly Zakat Institutions (ii) To identify the dimensions, elements and measures necessary to operationalize the components of Maqasid al-Shariah for MSI (iii) To confirm and validate the dimensions, elements and

measures under each Maqasid component and (v) To develop and test the MSI to measure the performance of selected Zakat institutions in Malaysia.

2.0 LITERATURE REVIEW

2.1 Overview of Lembaga Zakat Selangor (LZS)

According to Haron et al. (2010), Zakat Selangor was previously managed by a centre called Pusat Zakat Selangor (PZS), which was also called Zakat Selangor Religious Council Pte Ltd or Zakat MAIS Sdn Bhd. Before that, the name was Pusat Pungutan Zakat Selangor (PPZS) where it was first corporatized in 1994 with a paid-up capital of RM500,000 (Makhtar & Abdul Wahab, 2010). In 1996, the name changed to Pusat Zakat Selangor or PZS (MAIS).

All of the entities belong to Selangor State Religious Council or Majlis Agama Islam Selangor (MAIS). It is one of the significant efforts done by the religious council to corporatize the management of Zakat in order to implement the corporate values to enhance the operations and activities related to Zakat collections, distributions and management. The corporatization has tremendously increased the state Zakat collection and resulted in more efficient distribution (Haron et al., 2010). These are in-line with the six main objectives of the corporatization of the Zakat outlined in MAIS paper proceeding as follows:

- a) To strengthen the operations of Zakat
- b) To smoothen the management, collection and distribution of Zakat
- c) To reach optimal level of competency with minimal cost
- d) To shape new image of Zakat institution towards more progressive and proactive
- e) To become a role model in national level of Zakat institution in the country
- f) To regain faith among the communities and glory of Zakat institution

In addition, according to the Annual Report of Selangor Religious Council (MAIS) (2006), starting from 31st January 2006 or 1 Muharram 1427H, the collection of Zakat is done by a new entity called Lembaga Zakat Selangor or LZS (MAIS) (Makhtar & Abdul Wahab, 2010). The move was taken to re-brand the image of PZS to a new one since it already reaches as high as RM100 millions of Zakat collection every year. LZS was incorporated under Trustees (Incorporation) Act 1952 of Malaysia under the law of Prime Minister Office and the management still belongs to Selangor State Religious Council (MAIS) up until today. Table 1 shows the chronological events of the establishment of Lembaga Zakat Selangor (MAIS).

Table 1: Establishment of Lembaga Zakat Selangor

YEAR	EVENTS
1994	Pusat Pungutan Zakat (PPZ-MAIS) was registered under the name of MAIS Zakat Sdn Bhd
1995	PPZ MAIS began its operation
1996	Pusat Pungutan Zakat MAIS was changed to Pusat Zakat Selangor (MAIS)
1997	The PZS (MAIS) headquarter moved to Shah Alam
1998	PZS (MAIS) was mandated to collect Zakat fitrah and Zakat from paddy
2006	PZS (MAIS) was changed to Lembaga Zakat Selangor (LZS)

Source: Makhtar et al. (2010)

2.2 Activities of Lembaga Zakat Selangor

The latest annual report of Lembaga Zakat Selangor for 2020 has been published by the institution itself. The report shows the changes in terms of its activities from the old to the Zakat institution.

For example, according to the paper proceeding by MAIS (Makhtar & Abdul Wahab, 2010), prior to 2003, the entrepreneurship programmes by Zakat Selangor recorded low success rate due to the lacklustre quality of the activities carried out. At that time, Pusat Zakat Selangor (PZS) would only provide capital without any training and proper guidelines for the *asnaf* to sustain their businesses.

After 2003, PZS started to focus rigorously on entrepreneurship programs to help the *asnaf*. In 2005, PZS established Jabatan Pembangunan Asnaf to ensure the needs of *asnaf* are met through the Zakat programmes. The stages of the activities were expanded by incorporating the elements of exposure, education, implementation, marketing and monitoring. As a result, many *asnaf* have successfully got out of poverty and improved their living conditions (Makhtar & Abdul Wahab, 2010). Today, under the management of Lembaga Zakat Selangor (LZS), the activities are more diverse and larger in scope, in tandem with larger Zakat collection of more than RM900 million in 2020 (Ringkasan Prestasi Kutipan Zakat dan Agihan Zakat Lembaga Zakat Selangor, 2021).

LZS activities are improving and the report mainly highlighted the current and new activities it has conducted over the years. For example, in 2019, the report mentioned that LZS started a new programme called E-TAISIR where the *asnaf* can go to the selected supermarket and buy household necessities at cheaper prices set by LZS. Examples of the household items are rice,

flour, cooking oil, milk, eggs, biscuits and bread. LZS also collaborated with E-Petrol whereby the *asnaf* can register at Warehouse Management System (WMS) to be eligible to claim petrol subsidies. The initiative, which began in 2013, has managed to help as much as 424 *asnaf* families in 2018 including delivering food to their home.

In terms of Zakat collection, LZS has managed to collect the highest amount of collection in Malaysia, attributable to the efficient management of LZS and the high GDP value in Selangor compared to other states.. The collection of Zakat in Selangor for the past 8 years are as follows:

Table 2: The Amount Of Zakat Collection Between 2013 – 2020

YEAR	AMOUNT OF COLLECTION (Million)
2013	RM517.3
2014	RM582.3
2015	RM627.2
2016	RM673.7
2017	RM757.1
2018	RM793.7
2019	RM855.1
2020	RM913.0

Source: Laporan Tahunan Lembaga Zakat Selangor (LZS)

As can be seen, the trend is continuously rising throughout the years. Although the country recorded GDP growth of -5.6% in the year 2020 due the Covid-19 pandemic (DOSM, 2021), LZS managed to record a 6.7% growth in its collection from RM855.1 million to RM913 million. LZS distributed a significant amount to the rapidly rising number of *asnaf* groups due to the pandemic, which has caused many households lost their sources of incomes. The classification of Zakat collection and the amount for the year 2020 are shown in the Table 3.

Table 3: The classification of Zakat collection and the amount for the year 2020

NO.	TYPE	AMOUNT OF COLLECTION
1.	Income	RM479,873,50
2.	Business entities	RM151,884,609
3.	Saving	RM54,271,193
4.	Wealth	RM46,957,882
5.	KWSP	RM15,741,585
6.	Stocks	RM14,411,116

7.	Gold	RM2,970,395
8.	Plantation	RM2,075,522
9.	Silver	RM58,312
10.	Poultry	RM29,040

Source: Laporan Laporan Tahunan Lembaga Zakat Selangor (LZS) 2020

For the activities related to Zakat distribution, LZS has managed to set up miscellaneous events that are categorised based on the corresponding 7 types of *asnaf* groups, namely, *Faqir* (poor), *Miskiin* (needy), *Mualaf*, *Fisabilillah*, *Gharim*, *Riqab* and *Ibnu Sabil*. For example, in LZS 2019 annual report, the activities of fund distribution for the group of Poor and Needy are classified into four main categories, namely, Social Development Program, Education Development Programme, Human Development Programme and Economic Development Programme. Each of these four categories of programmes is specified again based on the kinds of activities that are run by LZS to the stated *asnaf* group. For instance, the Social Development Programme consists of 13 activities and the Education Development Programme consists of 2 activities. The Human Development Programme has 4 activities and finally, the Economic Development Programme has 3 activities.

For the rest of *asnaf* groups, they are also assigned with different kinds of programmes suitable to their needs and conditions. At the same time, all of these programmes are categorized into wide range of activities. The increasing number and variety in the activities is a testament to LZS's growth and maturity over the years.

2.3 Performance of Zakat Institutions

Studies by academic researchers on the efficiency and productivity of Zakat institutions are quite limited (Jamaliah Said, et al., 2012; Noor et al., 2015; Wahab & Abdul Rahman, 2012). The few studies conducted, both empirical and non-empirical, have not provided comprehensive analyses and not many of them use Maqasid Shariah as the basis of productivity and efficiency evaluations.

Several researchers focused only on the technical analysis such as the efficiency measurements on the input and output of Zakat funds while others developed few conceptual frameworks as a guidance for managing the productivity and efficiency of Zakat organisations. However, not many of them use Maqasid Shariah to evaluate the performance of Zakat institutions.

Based on the conceptual literature in Malaysia, Jamaliah Said et al. (2012) developed a non-empirical composite performance measurement, a conceptual framework analysis that includes four indexes, namely, financial index, employee index, Zakat recipient index and Zakat payer

index. The index also includes financial and non-financial elements since Zakat is not a profit-based institution that relies on financial analysis. Using literature review technique and interviews, the authors further developed a conceptual framework to evaluate the performance of Zakat institutions using financial performance measurements, employees' satisfaction and customers' satisfaction, covering both the payers and the recipients.

Wahab & Abdul Rahman (2011) also developed a conceptual framework by reviewing and synthesizing the existing literature and methodologies to come up with Data Envelopment analysis (DE). The DE analysis was conceptually developed to incorporate Technical Efficiency (TE) analysis, Pure Technical Efficiency analysis (PTE) and Scale Efficiency (SE). Each of the analysis has its own elements that need to be fulfilled before it can be proposed as performance measure to any Zakat institution.

Mohd Noor (2012) also reviewed the literature to list out several useful measures of performances that have been proposed or even used in other organizations, and can be utilised by Zakat organisations. Among of them are Total Quality management (TQM), performance prism, results and determinant framework, Strategic Measurement Analysis and Reporting Techniques (SMART), The Balanced Scorecard (TBS), ISO 9000 and the Goal Model. All of these proposed frameworks are multi-dimensional in nature and contain balanced financial and non-financial scorecards. The author suggested that Zakat institutions should try to implement all these benchmarks of efficiency and performance evaluations.

Moving on to the literature analysis of empirical-based papers, Wahab and Abdul Rahman (2012) used the application of Data Envelopment Analysis (DEA) to measure Technical Efficiency (TE), Pure Technical Efficiency (PTE) and Scale of Efficiency (SE). The data consist of the inputs and outputs from all 14 Zakat centres in Malaysia based on the annual reports for the period of 2003 until 2007. The finding shows that although the technical efficiency mean score was 80.6%, the technical inefficiency is moderated the Scale Efficiency (SE), showing that the size of Zakat institutions in Malaysia play a significant role in influencing the efficiency results.

Wahab & Abdul Rahman (2013) conducted another study to examine the determinants of the efficiency and performance of Zakat institutions (). The authors used the Malmquist Index, which is one of the nonparametric approaches almost similar to Data Envelopment Analysis (DEA). The method is able to describe multi-input as well as multi-output production to measure the efficiency using a formula was developed in the study. After that, an econometric regression analysis using Tobit was conducted on Pure Technical Efficiency (PTE) variable rather than Technical Efficiency (TE) since it is more suitable to be used for an imperfect

market and government-based institutions such as Zakat institutions. The results show that Total Factor of Production (TFP) increased at an average annual growth rate of 2.4% during the study period of 2003 until 2007. The growth was contributed mainly by technical change while efficiency change recorded a declining trend. Meanwhile, the regression analysis found that the total Zakat payment system (ZPS), Board size (Bs), Audit committee (Ac) and decentralisation variables are positively related with PTE.

The DEA analysis was further used by Ismail & Masturah (2014) who linked it with two-stage regression analysis in examining the efficiency of Zakat management from the year 2001 to 2011. The targeted sample was Lembaga Zakat Selangor (LZS), using the secondary data collected from LZS's website. The first stage was to measure the efficiency of Zakat collection and the second stage is for measuring the efficiency of Zakat disbursement. The inputs used were the number of *amils* (staff), the number of branches, the number of agent banks and the amount of collection and distribution expenses. For the output, the amount of Zakat collection and distribution were used. The findings show that, the technical collection efficiency supported the improvement in total efficiency in 2010 and 2011, a significant turnaround from its lowest performance in 2004. This indicates that the number of *amils* has a strong influence on the efficiency scores. The Collection Technical Efficiency Target Input reveals that there were 66 underutilized *amils* in 2004 and there were 11 excess branches in the period of 2006 to 2008.

Saad et al. (2017) examined the framework of Zakat governance that consists of the collection and distribution of Zakat fund performances, Zakat governances and collection, and innovation in distribution. The data were collected from Zakat institutions' annual reports for the period of 2010 to 2014. The finding shows that the state of Sabah has the best Zakat distribution since it recorded the lowest surplus fund. From the perspective of governance, the non-empirical data show that six states in Malaysia have met all the criteria of good governance, while for the analysis on the collection and distribution of the fund, Federal Territory Zakat Centre was declared as the most innovative Zakat centre.

In another empirical study, Nahar (2018) analysed the perceptions of Zakat stakeholders to determine the efficiency and performance of Zakat organisations. Using survey questionnaire, the sample of the study comprised of 448 respondents who are the stakeholders of Lembaga Zakat Selangor, Malaysia in 2014. The questionnaire contains 4 sections, namely, the demography, Zakat collection, Zakat disbursement and the reporting. The study used a 4-point Likert scale and discarded the middle option of "neither agree nor disagree" to avoid ambiguous answer. The findings show that in general, the stakeholders believe that Zakat

collection has improved through times, albeit just slightly, compared to Zakat disbursement and reporting. In addition, respondents from the private sector are more satisfied on the performance of Zakat management compared to the respondents who work in the public sector. For the waiting period of getting Zakat disbursement, the mean score shows more respondents feel no improvement has been made. Meanwhile the finding shows that in general, the respondents have positive perception on corporatization exercise in elevating the efficiency of Zakat management.

Based on the discussion of the literature on Malaysian Zakat institutions' efficiency and performance, none of them has used Maqasid Shariah as the basis of measurement. This section reviews the literature of Zakat Institutions' performance in other countries. In a study by Rose Abdullah (2010), for example, the management performance of Zakat institutions in Brunei was analysed. Using interviews and secondary data collected from the annual reports, the author recommended several improvements that could be done to improve the overall efficiency level. Among them are providing enough training for staff in managing Zakat institutions, increasing the usage of computerized Zakat systems to speed up the process of Zakat applications, establishing specific unit force under religious department to monitor capital assistance programs properly and raising the transparency level of the management system to gain trust from Zakat payers.

Another study on Brunei Zakat institutions by Bashir & Haji Ali (2012) revealed that the country faces similar issues as in Malaysia whereby the problems of lack of efficiency in terms of collecting, distributing and management of Zakat funds. The research used both primary data and secondary data where the former is collected through interview sessions in 2011 and the latter is gathered through the compilations of the annual reports for the period of 2001 to 2009. The findings show that generally more than half of the respondents who are the receivers of Zakat agree that such funds have helped to ease their lives, get access to education and manage their daily consumptions, but the overall proportion is still far from 100%. Finally, several suggestions on the potential policy implications are listed out based on the findings that are found.

In Algeria, Djaghballou et al. (2018) examined the efficiency and productivity of Zakat institutions in the country from 2003 to 2013 using Data Envelopment Analysis (DEA) to measure Malmquist Productivity Index (MPI).. The index was combined with the distance productivity function whereby, if the value is greater than 1 it means Total Factor of Production (TFP) has a positive growth and vice versa for TFP value lower than 1. A TFP index is then developed as a geometric mean of two MPI indexes that comprise of technical efficiency

change (EFFCH) and technological change (TECHCH). Using the secondary data from 8 Zakat funds from different provinces as the sample of the studies, the authors found that Zakat funds of Tamanraste, Constantine and Blida are consistently efficient under Constant Return of Scale (CRS) and Variable Return of Scale (VRS) measurements. However, the performance are generally the same for all the Zakat funds under VRS. As a whole, TFP has increased around 5.1% for all the funds in the period of the study, which indicates increasing efficiency, mainly due to technological enhancement.

Muhammad (2019) analysed the different Zakat management systems in the top 7 (highest income) OIC countries with the objective of improving the efficiencies and performance of Zakat organizations. Based on the World Bank high-income countries classification in 2018, the 7 countries selected are Bahrain, Brunei, Kuwait, Oman, Qatar, Saudi Arabia and United Arab Emirates (UAE). The methodology used is content analysis technique, and the secondary data were collected from online and manual sources. The author developed several criteria for the analysis of Zakat institutions' performance and efficiency, namely, governance, collection, distribution, transparency, the use of modern technology, problems faced and achievements. The results show that most of the countries in the sample have some management issues that need to be fixed. Among them are vague law interpretations regarding the activities of Zakat organisations, no harmonized concepts of Zakat, limited Zakat collection methods, underutilizing advanced technological tools and not enough transparency on Zakat fund collections and distributions.

Several attempts have been made to analyse the efficiency and performance of Zakat institutions based on Maqasid Shariah in Indonesia. For example, Hudayati and Tohirin (2019) recommended that the performance measurement based on Maqasid Shariah for Islamic banks to be implemented in Zakat institutions, with some adjustments and by using Islamic enterprise theory. The authors conducted literature review analysis from several case studies. A performance scorecard was later developed as a performance index for Zakat management with a broader scope using Maqasid Shariah perspective that not only evaluate the status of Zakat payers and receivers, but also the *amil*s who manage the Zakat fund. The conceptual paper could become a useful guide for Zakat organizations to evaluate their efficiencies and performance.

In an empirical study conducted by Nugroho & Wahyuni (2019), Maqasid Shariah was used as one of the efficiency and productivity measurements for Zakat organisations in Indonesia. For the analysis, the authors combined the balance scorecard with Maqasid Shariah to measure the efficiency and productivity through the perspectives of finance, customers , internal

business, growth and learning. The authors used quantitative and qualitative data collected through observations, interviews, questionnaires and documentations from the year 2015 until 2016 of the Zakat centre LAZIS Al Haromain Cabang Malang Raya, Indonesia. Several questions about Maqasid Shariah were also included to evaluate the depth of understanding about Maqasid Shariah, which is supposed to be practiced by the Zakat centre. The findings show that in general, the financial efficiency increased from 14.07% in 2015 to 17.705% in 2016. From customers' satisfaction perspective, the indexes for Zakat payers and Zakat receivers declined quite substantially. Meanwhile, the internal business perspective shows a result of 85.71% efficiency but the operational side for each products of Zakat institutions shows a reduction of efficiency by 24.1%. In addition, the satisfactory level for growth and learning is quite good. Finally, most of the Zakat staff understand the principles of Maqasid Shariah that need to be applied, however some of them do not recognize the rules stated in the Quran for Zakat.

Mustafida et al., (2020) conducted a study that utilises Maqasid Shariah as a wider benchmark of frameworks to compare the productivity and efficiency of Zakat programs between Selangor state in Malaysia and Jakarta province in Indonesia. The authors used case study analysis and collected the secondary data from the annual reports for the period of 2015 to 2017. Using the five basic pillars of necessity concept as listed in Maqasid Shariah, namely, religion (*deen*), body (*nafs*), intellect (*'aql*), lineage (*nasl*) and property (*maal*), the authors categorized all the distribution programs that have been conducted by both Zakat organizations in their respective country. The findings show that the Zakat institution in the province of Jakarta, Indonesia only managed to run 27 programs and fulfilled only 3 pillars of Maqasid Shariah. The Zakat institution of the state of Selangor managed to run 67 programs and fulfilled all the 5 pillars of Maqasid Shariah. Several policy recommendations were made to increase the management quality and performance of both Zakat institutions.

2.4 Zakat Performance and Its Relation to Maqasid Al Shariah

Rahman, et al. (2012) mentioned that the Maqasid Shariah (objectives of Shariah) can be applied altogether with Sustainable Development Goals (SDGs) as being promoted by UN in order to assess the performance of Zakat management and distributions. The research analysed the activities conducted by the State Religious Council (SRC) or Majlis Agama Islam Negeri (MAIN) in Malaysia and encouraged those Zakat organizations to also complement themselves with not only the Maqasid Shariah as being promoted by as-Shatibi and al-Ghazali but also some of the useful SDG goals.

In terms of the management of the fund distribution, many of the SRCs have managed to distribute their funds to various channels including household necessities, education, religion, medical care and supplies, housings, business capitals and many others. For example, the authors asserted that the SRC of Wilayah Persekutuan or MAWIP has met all the criteria of the 5 elements of Maqasid Shariah in all its activities.

Table 4: Scheme of Assistance and Maqasid Al-Shariah

No.	Scheme Assistance	Maqasid Shariah
1.	Monthly Fund Assistance	Religion & Life
2.	Assistance for Aidilfitri	Religion & Life
3.	Takaful Asnaf Assistance	Religion & Life
4.	Medical Assistance	Life
5.	Settling Debt Assistance	Life & Wealth
6.	Marriage Assistance	Lineage
7.	Ibnu Sabil Assistance	Religion & Life
8.	Emergency Assistance	Life
9.	Legal Syarie Assistance	Religion, Life and Wealth
10.	Assistance during Calamity	Life, Wealth and Lineage
11.	Rental Deposits Assistance/ Monthly Rental Assistance	Lineage & Wealth
12.	Building/ Fixing House Assistance	Lineage & Wealth
13.	Deposit for Low Cost Housing Assistance	Lineage & Wealth
14.	General Schooling Assistance	Intellect
15.	Higher Education Assistance	Intellect
16.	Stationery and School Emergency Assistance	Intellect
17.	Scholarship/ Special Incentive to Excellent Students at Local & Overseas	Intellect
18.	Higher Education Preparation Assistance	Intellect
19.	Tuition Assistance	Intellect
20.	International Medical Science College PUSRAWIL (PICOMS) Assistance	Intellect
21.	Baitulmal Professional Student Institute Assistance	Intellect
22.	Incentive for Quran Memorization Assistance	Religion & Intellect
23.	Business Assistance	Wealth

24.	Rental Deposits Assistance for Taxi Car Purchase	Wealth
25.	Van/Bus School Deposit Assistance	Wealth
26.	Farm Assistance	Life & Wealth
27.	Motorcycle Purchase for OKU Assistance	Wealth
28.	Assistance to Non-Government Organizations (NGOs) and Education Institutions	Religion
29.	Ar-Riqab Assistance	Religion & Life

Source: Rahman, et al. (2012)

Mustafida et al. (2020) discussed on the performance of Zakat in term of the implementation of Maqasid Shariah in Indonesia, focusing on Badan Amil Zakat Infaq and Sadaqah in Jakarta (BAZNAS Jakarta). There are two types of Zakat institutions in Indonesia, namely, The National Board of Zakat (Badan Amil Zakat Infaq and Sadaqah or BAZNAS) and private Zakat institutions (Lembaga Amil Zakat or LAZ). The former belongs to the government while the latter belong to the private entities, and both of them need to be approved and accredited by the Religious Affair Ministry of Indonesia.

In 2017, BAZNAS Jakarta dispersed the Zakat funds according to the national mission of The Prosperous Jakarta program (program Jakarta Sejahtera) that include five important pillars which are Devoted Jakarta (Jakarta Bertaqwa), Smart Jakarta (Jakarta Cerdas), Independent Jakarta (Jakarta Mandiri), Attentive Jakarta (Jakarta Peduli), and Zakat Aware Jakarta (Jakarta Sadar Zakat). However, according to the author, BAZNAS Jakarta did not include all five elements of dharuriyyat and only managed to have three elements, which are preservations over religion, life and intellect, while the other two, which are lineage and wealth, were not included. The authors listed out and categorized all of the Zakat fund distribution activities as shown in Table 5.

Table 5: Zakat Program and Maqasid Al-Shariah

No.	Maqasid Shariah	Program
1.	Hifdz Ad-Din (Preservation over Religion)	Operational aid of syiar Islam activities Operational aid for Muallaf activities Ulama regeneration scholarship Spiritual coaching and religious activities Monumental aid Qari and Qari'ah coaching program

2.	Hifdz An-Nafs (Preservation over Life)	Personal aid for Quran teachers Personal aid for mosque cleaners, Muazin, and Imam Personal aid for Madrasah's honorary teachers Personal aid for TPA/TKA/TPQ teachers Personal aid for orphans Personal aid for dhuafa Renovation of Dhuafa's houses Personal aid for victims of natural disasters and humanity affairs Personal aid for deceased pilgrims Personal aid for medical expenses) Personal aid for easing the burden of lives) Personal aid for gharimin) Personal aid for Ibnuabil
3.	Hifdz Ad-Aql (Preservation over Intellect)	Senior high school students scholarship Undergraduate students scholarship Postgraduate students scholarship Personal aid for "Santri Cerdas" program Personal aid for "Guru PAUD Cerdas" program Pondok Dhuafa's Program School fees arrears Educational aid for special research

Source: Mustafida et al. (2020)

In another study, Suhardi and Mohamed Fisol (2020) analysed the distribution of Zakat fund by Lembaga Zakat Negeri Kedah (LZNK) based on the benchmark of Maqasid Shariah framework. The findings show that the LZNK Zakat distributions followed the benchmark of the Maqasid Shariah and the activities undertaken are shown in Table 6 below.

Table 6: Zakat Distribution by Lembaga Zakat Negeri Kedah

Preservation Aspects/ Asnaf Category	Religion	Life	Intellect	Lineage	Property
Fuqarā’ (4 schemes)	-	1.Monthly Fakir Food Aid 2.Food of Elderly Citizens Placement Centre Aid 3. Building of Elderly Citizens Placement Centre Aid	-	-	4.Monthly Fakir Financial Aid
Poor (23 schemes)	1.Nidzomi Islamic School of Poor Student Aid	2.Monthly Poor Food Aid 3.Individual Buidling of Houses Aid 4.Repair Houses Aid 5.Lump Sum Life Support Aid 6.Monthly Medical Treatment Aid 7.Lump Sum Medical Treatment Aid 8.Haemodialysis Centre 9.Medical Treatment at Panel Clinic Aid	10.Monthly of Schooling for Poor Student Aid 11.Uniform Clothes for Poor Student Aid 12. Full Fees to Local IPT for Poor Student Aid 13.Poor Student of Maktab Mahmud Aid 14.Schooling Completeness Aid 15.Hostel of Poor Student	16.Houses of Poor Orphanage Aid	17.Monthly Poor Financial Aid 18.Redistribute PPK, UITM and Other Agencies 19.Jayadiri Aid 20. Other Type of Aids (Term Outside) 21. Asnaf Development Program (Sewing Centre) 22. Fidyah Distribution 23. Asnaf

					Development Program (Agriculture Project)
‘Āmil (1 scheme)	-	-	-	-	1.Āmil Gift
Muallaf (5 schemes)	1.New Brotherhood Aid for Beginner 2.Guidance and Training of New Brotherhood Centre 3.Expenses of PUSBA Development	-	-	4.Marriage of New Brotherhood Aid	5.Other Aids
Al-riqāb (1 scheme)	1.Aid to Al- riqab	-	-	-	-
Al-gharimīn (1 scheme)	-	1.Aid to Debt Person	-	-	-
Fī sabilillah (28 schemes)	1 Nizomi Islamic School 2.Building of Mosque, Surau and Islamic School 3.Preaching under RIAYAD KDYMM Tuanku Sultan 4.Lembaga Tabung	10.Hostel Food Fees of Nidzomi Islamic School Aid 11.Maahad Tahfiz Food Fees Aid	12. Student Donation for Further Study to Local IPT 13. Student Donation for Further Study to KUIN	26.Natural Disaster Aid 27.Other	27.Other Aids which Not Specific Type 28.Lembaga Tabung Haji

	<p>Pegawai- Pegawai Masjid Negeri Kedah</p> <p>5.Explanation and Preaching</p> <p>6.Islamic Teachers of Umumi and Village</p> <p>7.Maahad Tahfiz Study Aid</p> <p>8.Maahad Tahfiz Student Aid</p> <p>9.Mosque Management Aid</p>		<p>14. Student Donation for Further Study to Mesir</p> <p>15. Student Donation for Further Study to Jordan</p> <p>16. Student Donation for Further Study to Syria</p> <p>17. Student Donation for Further Study to Indonesia(IAIN)</p> <p>18.Exam Fees Aid for Student of Nidzomi Islamic School</p> <p>19.Beginning of Schooling Aid</p> <p>20. Excellent Student Donation</p> <p>21.Education Development Program</p>		
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			22.Beginning of Student Donation IPT Overseas 23.Student Donation for Further Study to Yaman 24.Student Scholarship inside Country (IPTA) 25.Medical Student Scholarship Overseas (Mesir)		
Ibn al-sabil (2 schemes)	-	-	-	-	1.Traveler Aid 2.Fare Aid to Student who Completed and Passed Study

Source: Suhardi and Mohamed Fisol (2020)

Ataina Hidayati and Achmad Tohirin (2019) analysed the performance of Zakat institutions under BAZNAS, Indonesia, based on Maqasid and Shariah Enterprise theory. The authors mentioned that there are three models can be used to measure the productivity of Zakat distribution. Firstly, the budget surplus model, whereby Zakat organizations distribute part of the funds and the remainder is used for productive projects. Secondly, the in-kind model, where Zakat funds are not distributed in terms of money but are given in the form of production equipment. Thirdly, the revolving fund model where it provides loan to the mustahik in the form of qardhul hasan financing. The mustahik will have to repay the initial amount of loan. The authors explained about the Shariah enterprise theory where according to Triwuyono (2001), since the profit-oriented theory from conventional studies is not suitable to be applied in the Muslim society, the authors suggested the use of Shariah enterprises theory which is Zakat-oriented- to preserve the nature (natural environment) and to benefit the stakeholders. Moreover, according to him, the enterprise will also strive to achieve the optimum realization of Zakat (both material and value). The environment and stakeholder orientation ensure that Shariah organizations are concerned to distribute the “welfare” (added value) that has been successfully created to nature and stakeholders. For example, in Dompot Dhuafa Palembang program, which is an amil organization in Indonesia, the authors listed out the types of programs that are executed as shown in Table 7.

Table 7: Zakat Activities by Dompot Dhuafa

No.	Maqashid Sharia Al Ghazali	Program/Activities
1.	Preservation of religion/faith	Amazing Muslimah Ramadhan
2.	Preservation of life/soul	Health Services Mustahik Empowerment Home based clinic
3.	Preservation of intellect/mind	Educational Scholarship
4.	Preservation of progeny	Indonesia Creative Orphans
5.	Preservation of wealth	Farmer Empowerment Livestock’s Empowerment and Beneficiaries Incubator

Source: Triwuyono (2001)

2.5 Al-Ghazali's Theory of al-Maqasid

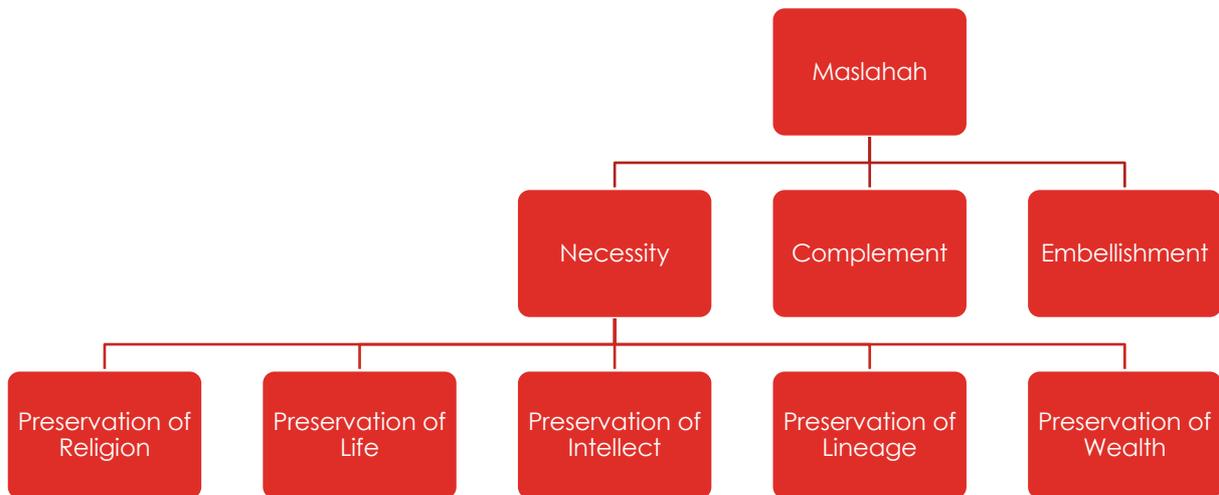
Al-Juwayni's theory of 'levels of necessity' was later refined by his student, al-Ghazali (d.1111 A.D), and al-Ghazali's work has survived until today. . In al-Mustasfa (n.d.), al-Ghazali clearly spells out the premises of Maslahah, and many past and present Muslim scholars have extensively used al-Ghazali's theory in their works. He categorized Maslahah into three components, namely, necessities (Daruriyat), complements (Hajiyaat) and embellishments (Tahsiniyaat). According to al-Ghazali, the Shariah was revealed to mankind to achieve these three objectives, which should be ranked in this sequence in terms of their priority and importance.

According to al-Ghazali, necessities are those elements without which the system of a nation will run into chaos and they should be given priority over complements, and complements should be given priority over embellishments. Complements are things that facilitate human lives, while embellishments are elements that are related to moral and ethical conducts. Al-Ghazali further refined necessities into the preservation of five essential elements (al-Dharuriyat al-Khams), namely, religion (al-Din), life (al-Nafs), intellect (al-Aql), progeny (al-Nasl) and wealth (al-Mal), in descending order according to priority.

For example, in case of a conflict between preservation of human life and human intellect, priority should be given to the preservation of human life. To live up to the Shariah objectives, it is necessary for nations, institutions and individuals to uphold religious principles (al-Din), respect human rights (al-Nafs), promote beneficial knowledge (al-Aql), promote good family institutions (al-Nasl) and invest their wealth (al-Mal). In contrast, nations, institutions and individuals would run into chaos if they abandon religion, disrespect human lives, intoxicate their mind, destroy the family institution and misuse their wealth.

The following example explains the relationships between necessities, complements and embellishments in al-Ghazali's theory. Let us take the example of the second element of necessity, preservation of life. In order to preserve life, one needs a house, which is a complement because it facilitates life. Inside the house, one needs furniture, lighting and other amenities. The choice of furniture and lighting is a matter of preference. If it is a moral and ethical choice, it becomes an embellishment. The framework of al-Ghazali's theory is presented in Figure 1 below.

Figure 1: Framework of Al Ghazali's Maqasid Theory



Based on Figure 1 above, al-Ghazali's theory of Maslahah has three main elements, namely, necessity, complement and embellishment. The necessity element is further classified into five essential sub elements, which are the preservations of religion, life, intellect, progeny, and wealth. As mentioned above, many Muslim scholars - past and present - have benefited from al-Ghazali's theory in their works. Among them are past scholars of Islamic jurisprudence or usul al-Fiqh such as Fakhr al-Din al-Razi (d.1209 A.D), Sayf l-Din al-Amidi (d.1233 A.D), Al-Baydhawi (d. 1286), Al-Isnawi (d. 1370 A.D) and Ibn al-Subki (d.1369 A.D) have used al-Ghazali's theoretical framework.

3.0 RESEARCH METHOD

3.1 Introduction

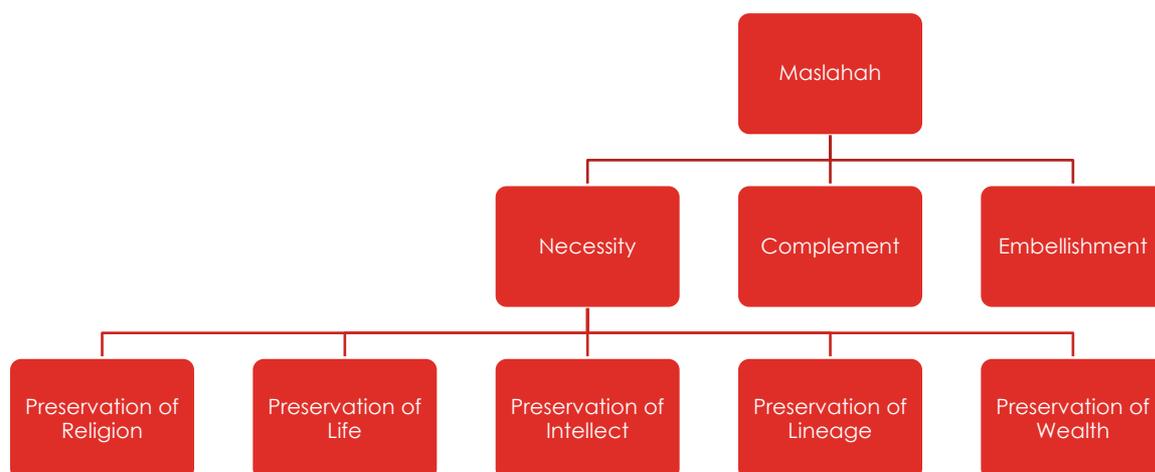
This study is categorized under inductive behavioural approach as it aims to implement *Maqasid* concepts of measurement to evaluate the performance Zakat institutions. Through the process of operationalization, the *Maqasid* is further categorized into number of dimensions and elements that can be identified depending on the availability of literature dealing with the *Maqasid* operationalization. It however must be started by identifying the dimensions and elements that can be subjective and need validations form the experts. Further discussion on process of operationalization and validations will be addressed in the next section.

3.2 Research Design Process

Stage 1 – Model Identification

To ensure that an effective performance measurement system can be developed, it is instrumental to choose an appropriate model. Therefore, this study aims to capture a comprehensive picture about the landscape of Zakat institutions, specifically under the area of its performance measurement based on Maqasid al-Shariah. Hence, if one studies deeper into the various types of Maqasid framework, the works of Imam al-Ghazali stands out as the most widely accepted frameworks in the purview of Maqasid operationalization. Later in chapter two, the paper will present an extensive literature review over those works that have operationalized Maqasid al-Shariah. For the ease of readers' understanding, the conceptual framework is shown again in Figure 2.

Figure 2: Framework of Al Ghazali's Maqasid Theory

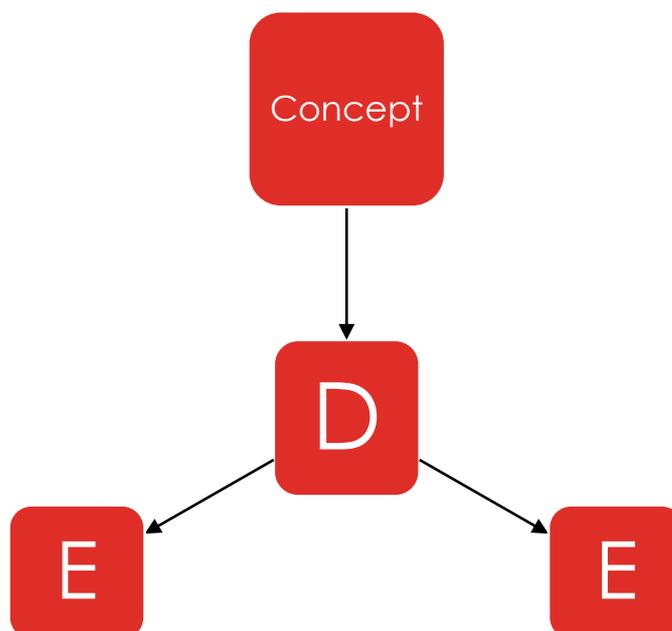


Stage-2- Instrument Development and Selection of Variables

The aim of this study is to develop an appropriate *Maqasid* model that can effectively measure the performance of Zakat institutions. In the previous section, the *Maqasid* model of Al-Ghazali's was discussed and combined with other frameworks to develop a comprehensive set of measurements for the performance of Zakat institutions. However, the five identified variables, namely, protection of religion, life, wealth, progeny and intellect are conceptually vague and they refer to the attributes of humans rather than organisations or institutions. Within this boundary, the researcher opts to choose Sekaran's (2013) method in operationalizing a concept (C) which is broken down into dimensions (D); and the dimensions then will be split further into several measurable items or elements (E).

Sekaran, he used an example of thirst as a concept (C) where when people are thirsty, they will be very likely want to drink lots of water, which is a dimension (D). Lastly, one can simply measure the variables by counting the number of glasses consumed by each thirsty individual (E) to measure the degree of thirst. To illustrate, Figure 4.3 is drawn upon Sekaran's model.

Figure 3: The method of operationalizing a concept



Source: Sekaran, 2013

a) Operationalizing the Maqasid Concepts into Dimensions, Elements, and Measures

Based on the chosen model, this section intends to operationalize the five selected concepts of Maqasid objectives into dimensions, elements and measurements. Firstly, the key terms for each dimension are identified based on their concept through literature reviews, content analysis and logical inductive reasoning. The relevant literature of the dimensions are discussed below.

a.i) Protection of religion (Al-Din)

The origin of the word al-Din is derived from the root word *dānā* which literally means judgement, accountability, submission obedience and peace (Amin et al., 2015). Conventionally, it also can be inferred as “ways of life”. Ashur (1998) referred the concept of ‘protection of religion’ as safeguarding the faith of every individual to be free from any form of confusion and distortion. Under the scope of a community as a whole, protection of religion needs preventive measures from any threat of violation over the fundamentals of religion. Thus, protecting a Muslim’s land sovereignty as well as ensuring the means of Islamic teaching and learning for the present and future generations are also included in this category (Ashur, 1998). Atiyah (2003) opined that the protection of religion should be expanded into three levels, namely, individual, family and ummah. To safeguard religion at an individual level, it requires one to perform obligatory ‘*Ibādāh*’, practice good *Akhlāq* and performing ‘obligatory acts of obedience’. At the community level, the element of protecting religion can be safeguarded by performing congregational prayers and socio religious activities.

However, contemporary scholars such as Auda (2008) differed in the opinion over the interpretation on Ibnu Ashur’s framework by referring to the protection of religion as ‘freedom of faith’ and ‘freedom of belief’. In general, these two terms show that Muslims should be given freedom to practice their religious activities whether within the individual or communal realms. Following the above discussion, this study proposes the protection of religion to be operationalized into dimensions, elements and measures as shown in Table 8.

Table 8: Protection of Religion, Dimensions, Elements, Measures

Concepts	Dimensions	Elements	Measures
Preservation of Religion (<i>Hifdh Al-Din</i>)	Islamic activities	Islamic program activities	Disbursement for Islamic program activities / Total Zakat collection
	Islamic education	Scholarship for Islamic education	Disbursement for Islamic educations / Total Zakat collection
	Funding Religious institutions development	Development of religious institutions	Disbursement for Islamic program activities / Total Zakat collection

a.ii) Protection of Life (*Al-Nafs*)

The protection of life (*Al-Nafs*) can be defined in various ways. One of them is preventing life from being threatened by death including protecting the body limbs from any harm and damages to ensure the continuity of life using those parts of limbs (Attia, 2010). Hence, taking preventive measures against murder, assault, suicide, infectious and deadly diseases are considered important, as well as ensuring the availability of basic needs such as food, shelter, clothing and medicine.

On the other hand, Ashur (2006) considered that protection of life should also incorporate protection of human dignity, honour and human rights. His argument is supported by Atiyah (2003) who asserted that human beings have psychological needs such as dignity and honour, and that makes them different from the animals. Hence, this research attempts to operationalize 'Protection of Life' using the framework shown in Table 9.

Table 9: Protection of Life, Dimensions, Elements, Measures

Concepts	Dimensions	Elements	Measures
Preservation of Life (<i>Hifdh Al-Nafs</i>)	Financial assistance program	Financial assistance	Disbursement for financial assistance / Total Zakat collection
	Healthcare Program	Assistance for healthcare	Disbursement for healthcare assistance / Total Zakat collection
	Debt Relief Program	Assistance for debt relief	Disbursement for debt relief assistance / Total Zakat collection
	Emergency Relief Program	Disaster aids	Disbursement for emergency relief assistance / Total Zakat collection

a.iii) Protection of Intellect (Al-Aql)

Moving on to the discussion on protection of ‘*aql*, Attia (2010) suggested a three-step process: to develop, preserve and utilise mind. Chapra (2008) further considered intellect as the foundational and starting point of knowledge. Protecting intellect also includes safeguarding it from the damages of drugs, alcohol, and other damaging substances. According to Ibnu Ashur, it can also be reinterpreted as “Propagation of scientific thinking” or “Avoiding brain drain”. This research operationalises ‘Protection of Intellect’ based on the framework shown in Table 10.

Table 10: Protection of Intellect, Dimensions, Elements, Measures

Concepts	Dimensions	Elements	Measures
Preservation of The Intellect (<i>Hifdh Al-'Aql</i>)	Human capital Development Program	Courses & training	Disbursement for courses and training assistance / Total Zakat collection
	Education Program	Education scholarship	Disbursement for scholarship assistance / Total Zakat collection

a.iv) Protection of Progeny (*Al-Nasl*)

The protection of progeny (*al-Nasl*) can be understood as safeguarding the means that can ensure family's survival and progress to develop the future generation (Amin et al., 2015). Since Islam promotes an effective, productive and healthy society that can preserve progeny, marriage is legitimised but not adultery and emasculation. The primary objective of marriage is to ensure the continuity of human beings as well as to preserve posterity.

Al-Sari (n.d.) added that marriage would allow the couples to enjoy sexual, emotional and materialistic benefits. In addition, contemporary scholars of Maqasid such as Ibnu Ashur classified the concept of "preservation of progeny" to a more family oriented framework in which he specifically referred the term as "Care for family". Following the aforementioned discussions, the concept of 'Protection of progeny' can be operationalized as shown in Table 11.

Table 11: Protection of Lineage, Dimensions, Elements, Measures

Concepts	Dimensions	Elements	Measures
Preservation of Progeny or Lineage	Family related program	Family rehabilitation programs	Disbursement for family rehabilitation assistance / Total Zakat collection

<i>(Hifdh Al-Nasl Or Al-Nasb)</i>	Human development program	Family related HIV/Drug programs	Disbursement for family related HIV/Drug program assistance / Total Zakat collection
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a.v) Protection of Wealth (Al-Mal)

Al-Māl or property and wealth are also essential to be discussed in *Shariah*. Ashur (2006), defined it as safeguarding Ummah’s (community) wealth from being destroyed or fall into wrong owners that can abrogate the benefit to the Ummah. Al-Shatibi in al-Raysuni (2006) interpreted it as prevention from injustice, denial of orphans’ rights over their wealth, corruption, wastefulness, envy and fraud.

Current literature refers to ‘protection of wealth’ as safeguarding the ownership and property, and preservation, acquisition and development of wealth (Ngalim, 2008; Chapra, 2008; Dusuki and Bouheraoua, 2011). Chapra (2008) also stressed on the equitable distribution of wealth and income, while Ibnu Ashur in Auda (2010) further added that the protection of wealth is “wellbeing of society” or “diminishing the difference between social levels”.

Based on the discussion thus far, it seems that the concept of ‘protection of wealth’ closely resembles the functions and operations of Zakat institutions, which can easily be measured in a clearer objective compared to other *Maqasid* concepts. Thus, it can be simply operationalized further as shown in Table 12.

Table 12: Protection of Wealth, Dimensions, Elements, Measures

Concepts	Dimensions	Elements	Measures
Preservation of Property/Wealth <i>(Hifdh Al-Mal)</i>	Housing Program	Fund for House Building/Maintenance	Disbursement for house building and maintenance assistance / Total Zakat collection
	Business Funding	Fund for Business Capital	Disbursement for business capital assistance / Total Zakat collection

Stage 3- Semi-Structured Interview and Weight Assignment

The objective of this section is to identify the dimensions and elements of the *Maqasid* concepts that can be operationalized in the context of performance evaluation of Zakat institutions. A significant part of the objective will be fulfilled using literature review and content analysis. To operationalize the remaining concepts, the appropriate chosen method is to conduct semi-structured in-depth interviews. This study resorted to both snowball sampling and purposive sampling methods in order to gain experts' opinion. Snowball sampling is convenient to be used in this research because it is difficult to locate and contact the prospect interviewees. Through this method, the researcher will request the interviewees to recommend to other potential candidates as interviewees. Aside from that, purposive sampling method is utilized to contact the experts working in different strategic positions such as Bank Negara Malaysia (BNM), International *Shariah* Research Academy (ISRA), Lembaga Zakat Selangor, Lembaga Zakat Kedah, IRTI, Bank Islam Malaysia Berhad, Research Consultancy firms, IIUM and UKM.

In order to do that, at the beginning, the researcher requested from the experts who would be interviewed a specific date and time to conduct the online interview. The selection of the interviewees or experts was made primarily due to their expertise, specializations and experience in the areas of *Shariah*, economics, finance and social finance. The MSI model developed was sent to 13 experts selected, in accordance with objectives of this research. The experts are from the Middle East and Malaysia, and are well versed in Islamic social finance. Twelve experts were interviewed and they were requested to assign weights to the components and to determine whether the performance measures are acceptable. The detailed background of the experts are presented in Table 13 below. The experts were asked to assign weights to the five objectives, various elements to the respective *Shariah* objectives.

Besides assigning the weights, the questionnaires also solicit from the experts any comment that would enhance the understanding of *Maqasid* approach to the objectives of Islamic social finance and its performance measures. The idea of soliciting the comments is to obtain feedback from the experts whether the MSI model developed is acceptable and suitable to measure the objectives and performance of Islamic social finance institutions. Around 90% of the experts did not provide any comment. Thus, it is assumed that majority of them were satisfied with the structure of the model and considered it to be suitable and acceptable.

Table 13: Experts Distribution by Occupation and Affiliation

Expert	Occupation	Institution
E1	Senior Manager, Centre for Social Finance and Strategic Relations	Bank Islam Malaysia Berhad
E2	Acting Director General	IRTI, IDB Jeddah
E3	Chief Executive Officer	Lembaga Zakat Selangor
E4	Chief Executive Officer	Lembaga Zakat Kedah
E5	Member of Shari'ah Advisor	Bank Negara Malaysia (BNM)
E6	Director	Badan Amil Zakat Nasional (BAZNAS)
E7	Chief Executive Officer	Z Research Consultancy Firm
E8	Consultant & Trainer	International Shariah Research Academy for Islamic Finance (ISRA)
E9	Professor	Durham University, UK
E10	Assistant Professor	Shaheed Zulfikar Ali Bhutto Institute Of Science And Technology: Karachi
E11	Chief Executive Officer	Alif Technologies, Dubai
E12	Professor	IIUM
E13	Associate Professor	UKM

Stage 4- Ratio identification

After the MSI model was verified and validated by the identified experts, the authors identified the following 13 ratios (R1 to R13) corresponding to each element in the model. The ratios are:

1. Disbursement for Islamic program activities / Total Zakat collection
2. Disbursement for Islamic education / Total Zakat collection
3. Disbursement for Islamic program activities / Total Zakat collection
4. Disbursement for financial assistance / Total Zakat collection
5. Disbursement for healthcare assistance / Total Zakat collection

6. Disbursement for debt relief assistance / Total Zakat collection
7. Disbursement for emergency relief assistance / Total Zakat collection
8. Disbursement for courses and training assistance / Total Zakat collection
9. Disbursement for scholarship assistance / Total Zakat collection
10. Disbursement for family rehabilitation assistance / Total Zakat collection
11. Disbursement for family related HIV/Drug program assistance / Total Zakat collection
12. Disbursement for house building and maintenance assistance / Total Zakat collection
13. Disbursement for business capital assistance / Total Zakat collection

a.i) First objective

Three ratios (R1 to R3), namely, Disbursement for Islamic program activities/ Total Zakat collection, Disbursement for Islamic educations / Total Zakat collection, and Disbursement for Islamic program activities/ Total Zakat collection, are assigned as measures for the three elements of the first Shariah Objectives (Protection of Din). Hence, the higher the Zakat collection that the Zakat institutions allocates for these three indicators, the more the Zakat institution is concerned about protection religion in its program.

a.ii) Second objective

Four ratios (R4-R7), namely, Disbursement for financial assistance / Total Zakat collection, Disbursement for healthcare assistance / Total Zakat collection, Disbursement for debt relief assistance / Total Zakat collection, and Disbursement for emergency relief assistance / Total Zakat collection, are identified for measuring four elements of the second Shariah objective (protection of life). When the Zakat institutions allocate a large proportion of their Zakat collection to these three measures, they are improving their objectives towards protecting life and socio economic justice of the recipients. Therefore, when the ratio value moves towards 1, it means more fund is allocated for achieving this second objective.

a.iii) Third objective

Two ratios (R8-R9) were selected for measuring two elements of the third Shariah objective (protection of intellect), namely, Disbursement for courses and training assistance / Total Zakat collection, and Disbursement for scholarship assistance / Total Zakat collection. The higher the Zakat institutions allocate for these two indicators, the more they are concerned about achieving intellectual capacity and development, which later can help in protecting the intellect. This is also to enhance the quality of human capital development among the recipients of the Zakat.

a.iv) Fourth objective

For the protection of lineage, two ratios (R10-R11) are used to measure its elements, namely, Disbursement for family rehabilitation assistance / Total Zakat collection, and Disbursement for family related HIV/Drug program assistance / Total Zakat collection. High ratio shows higher allocation of the Zakat institutions and their contribution to improve the welfare of the public and reduce the social problems such as drug addiction and HIV problem.

a.v) Fifth objective

Two ratios (R12-R13), namely Disbursement for house building and maintenance assistance / Total Zakat collection, and Disbursement for business capital assistance / Total Zakat collection are assigned as measures for the two elements of the last Shariah objective (Protection of wealth). High ratio means more allocation for housing maintenance and development, thus expanding more business opportunity among the recipients of Zakat

b.i) Validation of the Model and Underlying Variables

After the variables have been identified, the next step is to validate and conform the variables. In this stage, the variables are tested for validation and confirmation. Mohammed and Talib (2009) opined that one of the confirmation and validation methods that can be utilised is by submitting them to experts who will review the model and recommend whether to support or reject the model and suggest further improvements.

c.i) The Verification by Experts through Survey

As previously stated, questionnaires were sent to 12 experts in the areas of Islamic social finance and Islamic economics to verify the instrument developed for the study. Almost all the experts have verified the appropriateness of the instrument developed.

d.i) Assigning Weights to the Instrument

Accordingly, twelve questionnaires were received from 12 experts who assigned specific weights to the five Shariah objectives and the 13 elements. The next section presents the average and details of the weights assigned by the experts on each item.

Stage 6 - Index Development and Empirical Test

After completing the processes of identifying the variables and assigning the weights, an index called Maqasid Al Shariah Index (MSI) is developed using a simple mathematical equation. The index development has fulfilled the final objective of the research. Then, the data collected from the annual reports are utilised to test the model.

3.3 Calculation of Maqasid Score (MS) for Individual Zakat institutions

The calculation of the MS for the individual Zakat institutions requires an application of a three-step process. According to the developed model, the identified final step will be the weighted summation of the five concepts (C), protection of religion (C1), protection of life (C2), protection of aql (C3), protection of lineage (C4) and protection of wealth (C5). This is represented in the following mathematical model:

$$MS_i = \sum_{i=1}^n W_i \quad (1)$$

Where, W = weight and n = number of elements.

The index value has a range between 0 and 1 for each of the Zakat institutions. The 0 value indicates that the institutions did not fulfil the Maqasid Shariah at all and the value of 1 indicates complete fulfilment. In order to calculate the MS, we first need to calculate C1, C2, C3, C4, and C5. According to Imam Al Ghazali, Maqasid Al Shariah has five components, which are protection of religion (C1), protection of life (C2), protection of intellect (C3), protection of lineage (C4) and protection of wealth (C5).

Protecting of religion

$$C_1 = \sum_{i=1}^n W_i E_{1,i} \quad (2)$$

Protecting of life

$$C_2 = \sum_{i=1}^n W_i E_{2,i} \quad (3)$$

Protecting of intellect

$$C_3 = \sum_{i=1}^n W_i E_{3,i} \quad (4)$$

Protecting of progeny (5)

$$C_4 = \sum_{i=1}^n W_i E_{4,i}$$

Protecting of wealth (6)

$$C_5 = \sum_{i=1}^n W_i E_{5,i}$$

Where, W = weight and E = ratio of Zakat distribution based on program and Zakat collection

3.4 Quantitative Data Analysis

The quantitative data are gathered from the Zakat institutions' published annual reports. Relevant data are chosen, extracted and stored in a Microsoft Excel file. The data are used to calculate the ratios that are later used to calculate the value of each concept that will ultimately lead to the calculation of *Maqasid* score. The detailed process of *Maqasid* score calculation is described in following section. After calculating the *Maqasid* score for each of the Zakat institutions, an index is generated to evaluate the overall performance of Zakat institutions.

4.0 RESEARCH FINDINGS AND DISCUSSION

4.1 Introduction

The previous section discussed the methodology used in this study, which includes the sampling techniques, computation of data, and testing of the models. This section presents the major findings and results of the study.

4.2 Descriptive Statistics of the MSI Model

As previously discussed, the PMMS model comprises two main components and three sub-components. The two main components are the Maqasid Index and the five Shariah objectives. The three sub-components comprise 13 dimensions, 13 elements and 13 ratios. Table 15 below reproduces the MSI model and its related main and sub-components.

Table 15: MSI Components

No	Main Components	Sub Components		
	Shariah Objectives	Number Of Dimensions	Number Of Elements	Number Of Ratios
1	Religion	3	3	3
2	Life	4	4	4
3	Intellect	2	2	2
4	Lineage	2	2	2
5	Wealth	2	2	2
	Maqasid Index	13	13	13

The table shows the relationship between the two main components and, the relationships between the five Shariah objectives and the three sub-components. With regard to the two main components, the Maqasid Index represents the sum of the five Shariah objectives (religion, life, aql, lineage and wealth) in column 2. For the second category of relationship, the five Shariah objectives were operationalized into their respective 13 dimensions (column 3). The dimensions were further operationalized into 13 elements (column 4) and the elements were measured by 13 ratios (column 5)

4.3 Computation of the Weighted Ratios

After obtaining the data and computing the 13 ratios stated above, the researcher utilized Hwang and Yoon's (1981) simple additive weighting method (SAW) for the weighting, aggregating and ranking processes. According to Hwang and Yoon (1981), SAW method is

probably the most widely used method of Multiple Attribute Decision-making Methods and Applications (MADM), and it works as follows.

The Decision Maker (DM) identifies the attributes and intra-attribute values. In this study, the attributes are the five Shariah objectives and, the intra-attributes are the 13 elements and the 13 ratios. The DM then assigns a weight to each attribute and intra-attribute identified. Accordingly, the values for the 13 ratios were derived from the annual reports of the LZS (2015 - 2019) as discussed previously. Meanwhile, the weights for the 5 Shariah objectives and the 13 elements have been assigned by the Shariah experts. The average weights for each item assigned by the 13 experts (as shown in Appendix 1, 2, 3, and 4), are reproduced in Table 4.1 below to help facilitate the understanding of the way the weighted ratios are computed in the following paragraphs.

Table 16: Average Weight For The Shariah Objectives And Its Elements Assigned By The Experts

Shariah Objectives	Average Weight (Out of 1)	Elements	Average Weight (Out of 1)
Religion	0.33	E1. Islamic program	0.34
		E2.Scholarship For Islamic Education	0.33
		E3.Development Of Religious Institutions	0.34
		Total	1
Life	0.22	E4.Financial Assistance	0.33
		E5. Healthcare Assistance	0.29
		E6. Debt Relief Assistance	0.20
		E7.Disaster Aid	0.18
		Total	1
Intellect	0.13	E8.Courses & Training	0.5
		E9. Education Scholarship	0.5
		Total	1
Lineage	0.14	E10. Family Rehabilitation Program	0.61
		E11. Family Related Hiv/Drug Program	0.39
		Total	1
Wealth	0.18	E12. House Building/Maintenance	0.4
		E13. Business Capital	0.6
Total	1	Total	1

After securing all the necessary data the DM then obtains the weighted ratio for LZS by multiplying the scale rating for each attribute corresponding to the intra-attributes. The relationships between the 5 Shariah objectives and their weights, the 13 elements and their weights and the 13 ratios as presented in Table 17 below.

Table 17: The Relationship between Shariah Objectives, Elements and Ratios

Shariah Objectives (SO)	Weight of Shariah Objectives (WSO) (a)	Weight of Elements (WE) (b)	Ratios (R) (c)	Weighted Ratios (WR) (axbxc)
Religion	WSO1 (0.33)	WE1(0.34)	R1	WR1
		WE2 (0.33)	R2	WR2
		WE3 (0.34)	R3	WR3
Life	WSO2 (0.22)	WE4 (0.33)	R4	WR4
		WE5 (0.29)	R5	WR5
		WE6 (0.20)	R6	WR6
		WE7 (0.18)	R7	WR7
Intellect	WSO3 (0.13)	WE8 (0.50)	R8	WR8
		WE9 (0.50)	R9	WR9
Lineage	WSO4 (0.14)	WE10 (0.61)	R10	WR10
		WE11 (0.39)	R11	WR11
Wealth	WSO5 (0.18)	WE12 (0.40)	R12	WR12
		WE (0.60)	R13	WR13

Based on Table 17 above, WS01 - WS05 denote weighted Shariah objectives 1- 5, WE1 - WE13 are the weighted elements 1-13, R1-R13 are the ratios calculated from the annual reports, WR1-WR13 are the weighted ratios 1-13 and the figures in the parentheses corresponding to WS01 - WS05 and WE1 - WE13 are the actual average weights provided by the experts. Thus in the light of Table 17 above, each of the 13 ratios (R1-R13) was multiplied by the weight of the corresponding element (WE1-WE13) and the weight of the corresponding Shariah objective (WSO1-WSO5).

The first three Shariah objectives (Religion), Islamic program activities, scholarship, and development of religious institutions, are represented by the first three ratios R1, R2, and R3, respectively and they correspond to the first three weighted elements WE1, WE2, and WE3. Hence, R1 is multiplied by the weight of the corresponding element WE1 and the weight of the corresponding first Shariah objective WSO1, which results in the weighted ratio1 (WR1).

Similarly, R2 is multiplied by WE2 and WSO1 which gives a product WR2. In the same way, the following four ratios were multiplied by the weights of their corresponding four elements and then by the weight of the second Shariah objective. This resulted in four weighted ratios. The same process was applied to all ratios and Shariah objectives, which were multiplied by the weights of their corresponding elements and by the weight of the Shariah objective. Therefore, altogether 13 weighted ratios were computed. The following sub-subsection explains how the 13 weighted ratios (WR1-WR13) are used to compute the respective five Shariah objective.

4.4 Computation of the Five Shariah Objectives

The sum of the first three weighted ratios (WR1 + WR2 + WR3) gives the measure of the first Shariah objective, religion. Likewise, the sum of WR4, WR5, WR6 and WR7 results in the measurement for the second objective, life. The sum of WR8 and WR 9 gives the measurement for the third objective, intellect. Meanwhile the sum of WR10 and WR11 gives the measurement for the fourth objective, lineage. Finally, the fifth objective, wealth is measured by the sum of the last two weighted ratios, WR12 to WR13.

Hence, mathematically, the values of the five Shariah objectives can be computed as follows. Assume the first Shariah objective is denoted by SO1. Therefore, the value of SO1 is computed as:

$$(SO1) = WSO1 \times WE1 \times R1 + WSO1 \times WE2 \times R2 + WSO1 \times WE3 \times R3$$

$$\text{or } WSO1 (WE1 \times R1 + WE2 \times R2 + WE3 \times R3) \quad (7)$$

Where,

(SO1) denotes the 1st Shariah Objective, i.e., Hifdh Al Din (Religion)

WSO1 is the weight assigned to the 1st Shariah Objectives (See Table 17 above)

WE1 denotes the weight assigned to the first element of the 1st Objective (Table 17)

WE2 denotes the weight assigned to the second element of the 1st Objective (Table 17)

WE3 denotes the weight assigned to the third element of the 1st Objective (Table 17)

R1 is the value of ratio corresponding to the first element of SO1

R2 is the value of ratio corresponding to the second element of SO1

R3 is the value of ratio corresponding to the third element of SO1

$$\text{Furthermore, } (SO1) = WR1 + WR2 + WR3 \quad (8)$$

Where,

$$WR1 = WSO1 \times WE1 \times R1 \quad (9)$$

$$WR2 = WSO1 \times WE2 \times R2 \quad (10)$$

$$WR3 = WSO1 \times WE3 \times R3 \quad (11)$$

Where, WR1, WR2, and WR3 denote the weighted ratios corresponding to elements 1, 2, and 3 of SO1, respectively.

Similarly, the second Shariah objective is denoted by SO2. Therefore,

$$(SO2) = WSO2 \times WE4 \times R4 + WSO2 \times WE5 \times R5 + WSO2 \times WE6 \times R6 + WSO2 \times WE7 \times R7 \text{ or } WSO2 (WE4 \times R4 + WE5 \times R5 + WE6 \times R6 + WE7 \times R7) \quad (12)$$

Where,

(SO2) denotes the 2nd Shariah Objective, i.e., i.e., Hifdh Al Nafs (life)

WSO2 is the weight assigned to the 2nd Shariah Objective (See Table 17)

WE4 denotes the weight assigned to the 4th element relative to the 2nd Objective (Table 17)

WE5 denotes the weight assigned to the 5th element relative to the 2nd Objective (Table 17)

WE6 denotes the weight assigned to the 6th element relative to the 2nd Objective (Table 17)

WE7 denotes the weight assigned to the 7th element relative to the 2nd Objective (Table 17)

R4 is the value of ratio corresponding to the 4th element relative to SO2

R5 is the value of ratio corresponding to the 5th element relative to SO2

R6 is the value of ratio corresponding to the 6th element relative to SO2

R7 is the value of ratio corresponding to the 7th element relative to SO2

$$\text{Furthermore, } SO2 = WR4 + WR5 + WR6 + WR7 \quad (13)$$

Where,

$$WR4 = WSO2 \times WE4 \times R4 \quad (14)$$

$$WR5 = WSO2 \times WE5 \times R5 \quad (15)$$

$$WR6 = WSO2 \times WE6 \times R6 \quad (16)$$

$$WR7 = WSO2 \times WE7 \times R7 \quad (17)$$

Where, WR4, WR5, WR6 and WR7 denote the weighted ratios corresponding to elements 4, 5, 6 and 7 relative to SO2, respectively.

We also assume that the third Shariah objective is denoted by SO3. Therefore, (SO3) = WSO3 x WE8 x R8 + WSO3 x WE9 x R9 or WSO3 (WE8 x R8 + WE9 x R9) (18)

Where,

(SO3) denotes the 3rd Shariah Objective, i.e., al- Hifdh Al Aql (intellect)

WSO3 is the weight assigned to the 3rd Shariah Objectives (See Table 17 above)

WE8 denotes the weight assigned to the eighth element relative to the 3rd Objective (Table 17).

WE9 denotes the weight assigned to the ninth element relative to the 3rd Objective (Table 17).

R8 is the value of ratio corresponding to the eighth element relative to SO3.

R9 is the value of ratio corresponding to the ninth element relative to SO3.

Furthermore, (SO3) = WR8 + WR9 (19)

Where,

$$WR8 = WSO3 \times WE8 \times R8 \quad (20)$$

$$WR9 = WSO3 \times WE9 \times R9 \quad (21)$$

Where, WR8, and WR9 denote the weighted ratios corresponding to elements 8, and 9 relative to SO3 respectively.

The fourth Shariah objective is denoted by SO4. Therefore, (SO4) = WSO4 x WE10 x R10 + WSO4 x WE11 x R11 or WSO4 (WE10 x R10 + WE11 x R11) (22)

Where,

(SO4) denotes the 4th Shariah Objective, i.e., al- Hifdh Al Nasl (lineage)

WSO4 is the weight assigned to the 4th Shariah Objectives (Table 17)

WE10 denotes the weight assigned to the 10th element relative to the 4th Objective (Table 17)

WE11 denotes the weight assigned to the 11th element relative to the 4th Objective (Table 17)

R10 is the value of ratio corresponding to the 10th element relative to SO4

R11 is the value of ratio corresponding to the 11th element relative to SO4

Furthermore, (SO4) = WR10 + WR11 (23)

Where,

$$WR10 = WSO4 \times WE10 \times R10 \quad (24)$$

$$WR11 = WSO4 \times WE11 \times R11 \quad (25)$$

Where, WR10, and WR11 denote the weighted ratios corresponding to elements 10th, and 11th relative to SO4, respectively.

The fifth Shariah objective is denoted by SO5. Therefore, $(SO5) = WSO5 \times WE12 \times R12 + WSO5 \times WE13 \times R13$ or $WSO5 (WE12 \times R12 + WE13 \times R13)$ (26)

Where,

(SO5) denotes the 5th Shariah Objective, i.e., al- Hifdh Al Mal (Wealth)

WSO5 is the weight assigned to the 5th Shariah Objectives (See Table 17)

WE12 denotes the weight assigned to the 12th element relative to the 5th Objective (Table 17)

WE13 denotes the weight assigned to the 13th element relative to the 5th Objective (Table 17)

R12 is the value of ratio corresponding to the 12th element relative to SO5

R13 is the value of ratio corresponding to the 13th element relative to SO5

$$\text{Furthermore, } (SO5) = WR12 + WR13 \quad (27)$$

Where,

$$WR12 = WSO5 \times WE12 \times R12 \quad (28)$$

$$WR13 = WSO5 \times WE13 \times R13 \quad (29)$$

Where, WR12, and WR13 denote the weighted ratios corresponding to elements 12, and 13 relative to SO5, respectively.

Therefore, altogether five Shariah objectives, namely religion, life, intellect, lineage and wealth were computed for LZS in the sample. The following sub-subsection 4.3.3 explains how the five Shariah objectives are computed to produce the Maqasid Indexes of the LZS.

4.5 Computation of the Maqasid Indexes

The total overall performance measures for the five Shariah objectives for LZS constitute its individual Maqasid Index (MI). Thus,

$$MSI = (SO1) + (SO2) + (SO3) + (SO4) + (SO5) \quad (30)$$

In other words, the Maqasid Al Shariah Index (MSI) for the LZS is the sum of the performance measures in respect to Shariah Objective 1, Shariah Objective 2, Shariah Objective 3, Shariah Objective 4 and Shariah Objective 5.

Table 18: Maqasid Index

	2015	2016	2017	2018	2019
Maqasid Index	0.0548	0.0520	0.0478	0.0687	0.0630

Based on Maqasid Index as shown in Table 18, it indicates that MSI is improving in terms of its scores and reaffirms the importance of Maqasid Al Shariah in Islam and Islamic social finance such as Zakat institutions. It also reinforces the call by several Muslim scholars to Islamic social finance institutions to adopt Maqasid elements in their activities (Iqbal, 2001) to achieve socio-economic justice. By having this measurement, it will be very important to

determine the achievement of Zakat activities. The Maqasid index is expected to assist stakeholders to measure how far the performance of Islamic social finance institutions are in line with the Maqasid al-Shariah.

5.0 CONCLUSION AND RECOMMENDATION

The Maqasid al-Shariah framework is fundamental in Islamic banking to achieve socio-economic justice. Moreover, the GFC has highlighted the socio-economic dimensions in the banking sector and their significant implications on the distribution of wealth in society. Meanwhile, IBs market themselves on ethical and social foundations; however, they have been criticised for their deviation from accomplishing Maqasid al-Shariah. Therefore, this study explores Maqasid al-Shariah compliance by using LZS as a case study, with particular emphasis on disclosures related to Al Ghazali's framework of Maqasid Al Shariah. This study applies the MSI to measure the compliance with Maqasid al-Shariah related to religion, life, intellect, lineage and wealth in Zakat institutions.

The foremost job in the process of developing an index is the selection of appropriate, meaningful and measurable variables. In the present research, use of extensive literature review and Sekaran's method of operationalisation have helped selecting the primary variables. Expert interviews are arranged to finalize and validate the variables. The opinions from experts have improved the measurability of the selected variables with respect to performance measurement of Zakat institutions based on Maqasid al-Shariah. Next, appropriate weight was assigned on each Maqasid concept, dimension and sub-dimension through expert interview.

According to the result, a higher MSI index indicates that the Zakat institutions (in this case LZS) contributes to the development of religion, life, intellect, lineage and wealth of the Muslim and as a result, it promotes socio-economic justice in society and complies with its ethical identity. For example, more allocation of Zakat fund towards religious related activities would help to spread and protect the Islamic values and principles and attract more people to seek Islamic knowledge.

Hence, this indicator can be used as an evaluation for Zakat institutions. In short, the purposes of the Maqasid Index are as follows:

1. Good Zakat management requires the support of appropriate indicators so it is necessary for the availability of a comprehensive measuring tool in the form of the index.
2. Maqasid Index acts as a standard measurement for assessing and evaluating the performance of state Zakat institutions and the impact of Zakat in improving *Mustahik's* welfare.
3. It can be applied at the national and regional level.

This study also put forth several recommendations for the Maqasid Index so it may be fully useful:

1. The Maqasid Index can be implemented by Zakat institutions at the national and local level. It is intended that all parties in Zakat can measure and improve their Zakat performance, as well as increasing public understanding on Zakat contribution for socio-economic development of the country.
2. The Maqasid Index that has been developed can be evaluated annually to compare its yearly performance. Thus, the Maqasid Index can become a gauge to the underlying changes that occur in the aspects of religion, life, intellect, lineage and life, over time.
3. Maqasid Index can be authorized as a standard measurement to measure the standard of national Zakat performance, which can be measured periodically.

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Appendix 1- Weightage for Broad Maqasid Al Shariah

No	E1	E2	E3	E4	E5	E6	E7	E8	E9	E10	E11	E12	E13	Av	Weight = 1
M01	20	20	20	20	20	30	20	21	50	40	70	40	60	33	0.33
M02	30	20	20	20	20	20	20	20	20	30	10	40	10	22	0.22
M03	10	20	20	10	20	10	20	18	10	10	5	5	10	13	0.13
M04	10	20	20	20	20	15	20	21	10	10	5	5	10	14	0.14
M05	30	20	20	30	20	25	20	20	10	10	10	10	10	18	0.18
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	1

Appendix 2: Weightage for Elements (SO1,SO2,SO3,SO4 and SO5)

No	E1	E2	E3	E4	E5	E6	E7	E8	E9	E10	E11	E12	E13	Av	Weight = 1
E1	30	50	30	30	50	30	25	25	40	40	34	25	30	34	0.34
E2	30	25	45	40	25	20	25	40	20	30	33	50	40	33	0.33
E3	40	25	25	30	25	50	50	35	40	30	33	25	30	34	0.34
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	1
E4	20	25	30	40	25	50	50	25	35	30	25	30	40	33	0.33
E5	30	50	30	20	50	25	20	26	25	30	25	30	15	29	0.29
E6	20	15	20	30	15	15	20	25	20	10	25	20	30	20	0.2
E7	30	10	20	10	10	10	10	24	20	30	25	20	15	18	0.18
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	1
E8	50	50	50	50	50	30	30	40	40	60	50	70	80	50	0.5
E9	50	50	50	50	50	70	70	60	60	40	50	30	20	50	0.5
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	1
E10	70	50	50	50	50	70	50	60	60	60	90	80	50	61	0.61
E11	30	50	50	50	50	30	50	40	40	40	10	20	50	39	0.39
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	1
E12	50	50	60	40	50	40	30	40	40	40	30	20	30	40	0.4
E13	50	50	40	60	50	60	70	60	60	60	70	80	70	60	0.6
Total	100	100	100	100	100	100	100	100	100	100	100	100	100	100	1

Appendix 3: Ratio

Ratio					
	2015	2016	2017	2018	2019
E1	0.051	0.045	0.053	0.088	0.069
E2	0.024	0.019	0.024	0.028	0.023
E3	0.024	0.022	0.024	0.062	0.015
E4	0.209	0.206	0.176	0.240	0.287
E5	0.084	0.104	0.077	0.099	0.093
E6	0.095	0.108	0.063	0.085	0.074
E7	0.000	0.000	0.014	0.007	0.009
E8	0.018	0.008	0.014	0.030	0.021
E9	0.148	0.143	0.121	0.138	0.134
E10	0.009	0.009	0.016	0.013	0.015
E11	0.004	0.005	0.001	0.001	0.001
E12	0.082	0.059	0.059	0.095	0.109
E13	0.013	0.010	0.010	0.019	0.013

Appendix 4: Derivation of Maqasid Index

Maqasid Objectives (MO)	Weight of Maqasid Objectives (MO)	Weight of Elements (E)
MO1	0.33	0.34
	0.33	0.33
	0.33	0.34
MO2	0.22	0.33
	0.22	0.29
	0.22	0.2
	0.22	0.18
MO3	0.13	0.5
	0.13	0.5
MO4	0.14	0.61
	0.14	0.39
MO5	0.18	0.4
	0.18	0.6

Sum of Weighted Ratios (WR)									
2015	Sum WR	2016	Sum WR	2017	Sum WR	2018	Sum WR	2019	Sum WR
0.0057	0.0111	0.0050	0.0095	0.0060	0.0113	0.0099	0.0200	0.0077	0.0119
0.0027		0.0021		0.0027		0.0031		0.0025	
0.0027		0.0024		0.0027		0.0070		0.0016	
0.0151	0.0247	0.0150	0.0263	0.0128	0.0210	0.0174	0.0277	0.0208	0.0304
0.0054		0.0066		0.0049		0.0063		0.0059	
0.0042		0.0047		0.0028		0.0037		0.0032	
0.0000		0.0000		0.0006		0.0003		0.0004	
0.0012	0.0108	0.0005	0.0098	0.0009	0.0088	0.0020	0.0109	0.0014	0.0101
0.0096		0.0093		0.0079		0.0090		0.0087	
0.0008	0.0010	0.0007	0.0010	0.0013	0.0014	0.0011	0.0012	0.0013	0.0014
0.0002		0.0003		0.0000		0.0000		0.0001	
0.0059	0.0072	0.0043	0.0054	0.0042	0.0053	0.0068	0.0089	0.0079	0.0093
0.0014		0.0011		0.0011		0.0020		0.0014	

	2015	2016	2017	2018	2019
Maqasid Index	0.0548	0.0520	0.0478	0.0687	0.0630

Appendix 5

Department of Economics
International Islamic University Malaysia (IIUM)

A Survey of the View of Experts in the Area of Islamic Social Finance

Explanation of the Concept

The topic of my research is “performance indicators for Islamic social finance based on Maqasid Framework”. The study attempts to develop performance measures for Islamic social finance institutions from al-Imam Al Ghazali’s theory of Maqasid al-Shari’ah. Five (5) broad adjectives of Islamic social finance institutions were identified and operationally defined, using Sekaran’s method (2000), into measurable items (See Appendix 1).

The performance measures identified by the researcher are sought to be verified by experts in Islamic social finance. Therefore, I would appreciate if you could kindly assign weight against the items provided in the questionnaires below (PART A – PART C). The total of weights assigned in each section must add up to 100.

PART A: BROAD SHARI’AH OBJECTIVES OF ISLAMIC SOCIAL FINANCE (i.e., Zakat, Waqf, Sadaqah, Islamic Microfinance)

What is the level of importance that Islamic social finance should give to achieving each of the five Maqasid? Kindly give weight to each of the five Maqasid stated below to show their relative importance to the broad objectives of Islamic social finance.

Table 1: Broad Objectives of Islamic Social Finance Based on Maqasid al-Shari’ah.

No.	Objectives (Concept)	Weight (Out of 100)
O1	Preservation of Religion (<i>Hifdh Al-Din</i>)	
O2	Preservation of Life (<i>Hifdh Al-Nafs</i>)	
O3	Preservation of The Intellect (<i>Hifdh Al-‘Aql</i>)	
O4	Preservation of Progeny or Lineage (<i>Hifdh Al-Nasl Or Al-Nasb</i>)	
O5	Preservation of Property/Wealth (<i>Hifdh Al-Mal</i>)	
Total		100

PART B: OPERATIONAL DEFINITION OF THE FIVE OBJECTIVES (O) – (O1, O2, O3, O4 & O5)

The five objectives stated above were translated into thirteen (13) elements as shown below [Tables 2-6]. Kindly give weights to the following 10 elements (E) relative to each of the five broad objectives:

Table 2: Elements of the 1st Objective [O1]

Objective (Concept)	Elements	Weight (Out of 100)
O1. Preservation of Religion (<i>Hifdh Al-Din</i>)	E1. Islamic program activities	
	E2. Scholarship for Islamic education	
	E3. Development of religious institutions	
Total		100

Table 3: Elements of the 2nd Objective [O2]

Objective (Concept)	Elements	Weight (Out of 100)
O2. Preservation of Life (<i>Hifdh Al-Nafs</i>)	E4. Financial assistance	
	E5. Assistance for healthcare	

	E6. Assistance for debt relief	
	E7. Disaster aids	
Total		100

Table 4: Elements of the 3rd Objective [O3]

Objective (Concept)	Elements	Weight (Out of 100)
O3. Preservation of The Intellect (<i>Hifdh Al-'Aql</i>)	E8. Courses & training	
	E9. Education scholarship	
Total		100

Table 5: Elements of the 4th Objective [O4]

Objective (Concept)	Elements	Weight (Out of 100)
O4. Preservation of Progeny or Lineage (<i>Hifdh Al-Nasl Or Al-Nasb</i>)	E10. Family rehabilitation programs	
	E11. Family related HIV/Drug programs	
Total		100

Table 6: Elements of the 5th Objective [O5]

Objective (Concept)	Elements	Weight (Out of 100)
O5. Preservation of Property/Wealth (<i>Hifdh Al-Mal</i>)	E12. Fund for House Building/Maintenance	
	E13. Fund for Business Capital	
Total		100

PART C: PERSONAL INFORMATION

Please tick (✓) in the appropriate box

Gender:

Male Female

Age:

30 – 40 40-50 50-60 Above 60

Highest academic qualification obtained:

PhD Master Professional Qualification Bachelor Diploma

Present occupation and institution (Please specify):.....