

THE INFLUENCE OF STICKINESS IN SUSTAINING DEVELOPMENT THROUGH ZAKAT INSTITUTIONS IN MALAYSIA

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Abstract: *The influence of stickiness in sustaining development through zakat institutions in Malaysia is phenomenal and contextual. Both human and institutional factors are phenomenal and contextual to stickiness. Notably human factors are more apparent in attitude and commitment. Zakat institutions have essential role in attaining holistic economic and social development through United Nation's Sustainable Development Goals 2030 with 17 goals. The main thesis is the magnitude of impact to the zakat recipients to the overall wellbeing of the society and the economy. The recipients among poor and needy remain status quo. The divide between the rich and the poor is getting wider. Inevitably, it leads non-sustainable development socially as well as economically. This study investigates the views of zakat officers on the stickiness issues and challenges in making the society and the economy performed and sustained. The study uses semi structured personal interview with the informants. The results of the interview argued that bureaucratic thinking, process and attitude contribute to lack of sustainability in the development of the society and the economy. The informants suggest for transformation on the bureaucratic thinking and attitude at zakat institutions in Malaysia.*

Keywords: Sustainability, Stickiness, Zakat Institutions, Malaysia.

INTRODUCTION

Zakat institutions are eminent in Muslim society. There are not just religious institutions, but also change agents to the society. Religiously, zakat is part of Islamic faith, in the pillars of Islam. This mandatory religious duty in Islam is applicable to all Muslims with terms and conditions prescribed in the teachings of Islam (Taha et al, 2017). In terms of implementation, zakat institutions serve as 'amil or zakat collectors, to collect zakat and to receive zakat as 'amil is one of the eight recipients (asnaf) (Taha et al, 2017; Wahab & Rahim Abdul Rahman, 2011).

Administrative approach to any institution is reasonable and logical in terms of efficiency and effectiveness. Efficiency allows for optimization of resources for optimum outcomes. In other words, no waste of resources and energy would happen. As for effectiveness, it allows for attainment of organizational goals within specific target and time. Any inefficiency or ineffectiveness would result in frustration to the stakeholders. Stickiness in the implementation in terms policy, practices and attitudes of organizations is phenomenal and contextual. It is phenomenal because it is inevitable to any organization. However, when it is contextual, it is specific to the nature of any organization. Eventually, the phenomenon and

contexts coupled with human errors in terms of attitude and commitment will make stickiness into inefficiency and ineffectiveness (Taha et al, 2017; Wahab & Rahim Abdul Rahman, 2011).

The Islamic approach to roles, functions and duties is not just limited to specific worship such as prayers (*solat*), paying zakat, performing hajj, but also general fiduciary duty prescribed in the roles as vicegerents (*khalifatul fi lard*) and servants of Allah (*'ibadur rahman*) (Mhd. Sarif, 2016; Mohd Kamal Hassan, 2010; Al-Faruqi, 1992). The United Nation's Sustainable Development Goals (SDG) 2030 with 17 goals has been accepted worldwide as collective duties for all nation members.

As societal institutions, zakat institutions are expected to play essential roles in assuring the world, at least Muslim world, is in the good situation, stable, safe and sound. Although zakat institutions have been doing the roles in making the society, at least the zakat recipients, well and sound without having to suffer from hunger, to experience hardcore poverty, and to go through unequal education access, there is not much impact to the society and the economy (Sims *et al*, 2019; Ulbrich *et al*, 2019). The divide between the rich and the poor is getting wider. This will lead to no sustainable development socially as well as economically. Thus, this study postulates that stickiness phenomenon and context reduces the efficient and effective functions, roles and duties of zakat institutions in making the society and economy sustainable.

The deliberation of this paper is divided into several parts. Firstly, it provides the ontology background of the study in the forms of problem statement, proposition of the study, research objectives and operational background. Secondly, it prepares the study with epistemology aspect, which is about the understanding of this study with similar studies. The primary purpose of epistemology is to establish research framework. Thirdly, the study explains the methodology of the study. In essence, it explains how this study is going to be conducted in providing the answers to the research questions and objectives. Next, the study presents the findings based on the analyzed data. Finally, the study provides conclusion, recommendations and direction for future studies.

LITERATURE REVIEW

This part serves as epistemology component of the paper. After giving the ontological deliberation in terms of research problems or gaps in the literature, policy and practice of zakat institutions and sustainable development goals, the epistemology part is to deliberate on the previous studies how the understanding of the research problems and contribution made to enhance the understanding. The understanding of the studies can be categorized into key constructs, namely, stickiness, sustainable development goals, and zakat institutions.

Stickiness

The use of stickiness is derived from 'sticky' phenomenon in organizations in terms of costs of transaction. The cost of stickiness leads to inefficiency and ineffectiveness (Szulanski & Jensen, 2004). Thus, it reduces the optimum level of organizational performance. The cost of stickiness is not just the cost of organizational transactions, but also organizational, contextual and individual factors (Bigelow et al, 2019; Habib & Hassan, 2019; Hwang et al, 2019). The presence stickiness is not due to inadequate of resources and capability, but it is

due to inability to make things done as expected (Montazemi et al , 2012; Szulanski & Jensen, 2004).

There are many organizational factors influenced stickiness to occur in organizations. The notable factors are transactional costs, recommended strategies, and trade-off of choices (Bigelow et al, 2019; Habib & Hassan, 2019; Hwang et al, 2019; Nahar, 2018; Taha et al, 2017; Ab Rahman et al, 2012; Boettke, Coyne & Leeson, 2008). When strategists are very much concern with costs (Bigelow et al, 2019; Habib & Hassan, 2019), they became unable to formulate strategies for the optimum potential and performance (Nahar, 2018; Taha et al, 2017). Thus, managers resorted to ‘satisficing’ or ‘play-safe’ strategies and approaches in meeting goals of organizations. As a result, the trade-off of choices also will be limited to ‘business as usual.’

Phenomenon may be external driven and difficult to influence it. As for contextual factors, stickiness is related to complexity, relationships, and eco-systems, which are internal factors (Schroeder, Aggraeni & Weber, 2019; Montazemi et al , 2012; Noor et al, 2012; Riusala & Smale, 2007; Szulanski & Jensen, 2004) in the context of organizations. Managers have choices whether to make them simple or complicated. The choices can be complicated and costly when managers have to make business choices within dynamic environment with high potential business opportunities (Schroeder, Aggraeni & Weber, 2019; Montazemi et al , 2012). In terms of relationship among members of organization also will be limited to routine business activities to avoid tension, stress and conflict (Noor et al, 2012; Riusala & Smale, 2007). As a result, there will be redundancy, a lot of reinvention the wheels, and fire-fighting situations.

Stickiness can also happened in the context of individuals. This is apparent in terms of roles and perceptions (Hoque, Khan & Mohammad, 2015; Wahab & Rahim Abdul Rahman, 2011; Kaslam, 2009). When roles are ill-defined within the context of uncertainty and empowerment is weakened by rigidity, centralized and abuse of power, more people will be on the ‘play-safe’ mode (Hoque, Khan & Mohammad, 2015; Wahab & Rahim Abdul Rahman, 2011). Likewise, the presence of unethical practices, cronyism and nepotism will create unhealthy environment of workplace.

Sustainable Development Goals

Sustainable world may be too ambitious. Sustainable development could be oxymoron. One may argue that to develop is to make changes. When one desires to sustain, one may desire to stop or limit development. Sustainable development is about making a balanced between development and preservation (Schroeder, Aggraeni & Weber, 2019; Montazemi et al , 2012). Non sustainable will lead to inefficiency and ineffectiveness at both micro and micro-economic levels (Bigelow et al, 2019; Habib & Hassan, 2019). In addressing the global issues, every nation needs to act collectively. Thus, Sustainable Development Goals have been formulated collectively to address global issues and to restore the world for better future.

There are 17 goals have been prioritized for sustainable world, namely poverty, hunger, health, quality education, gender equality, availability of water, accessibility to energy, decent employment, innovation, inequality, sustainable cities, sustainable consumption, climate change, protected water areas, protected forest, peaceful society, and sustainable partnership. Figure 1 summarises 17 Sustainable Development Goals.

- Goal 1. End poverty in all its forms everywhere
 Goal 2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture
 Goal 3. Ensure healthy lives and promote well-being for all at all ages
 Goal 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
 Goal 5. Achieve gender equality and empower all women and girls
 Goal 6. Ensure availability and sustainable management of water and sanitation for all
 Goal 7. Ensure access to affordable, reliable, sustainable and modern energy for all
 Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
 Goal 9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
 Goal 10. Reduce inequality within and among countries
 Goal 11. Make cities and human settlements inclusive, safe, resilient and sustainable
 Goal 12. Ensure sustainable consumption and production patterns
 Goal 13. Take urgent action to combat climate change and its impacts*
 Goal 14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development
 Goal 15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
 Goal 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
 Goal 17. Strengthen the means of implementation and revitalize the global partnership for sustainable development

Figure 1. 17 Sustainable Development Goals

The logic of 17 common goals of Sustainable Development Goals is related to the world eco-system when everyone shares in order to live together. In terms of categorization, the 17 goals can be clustered into a few areas, namely (a) inclusive growth and development (Goals 1,4,5, 8, and 10), (b) production, industry and innovation (Goals 9, 11, and 12), (c) health and well-being (Goals 2, 3, and 6), (d) environment and climate (Goals 7, 13, 14, and 15), and (e) institutions, cooperation and regional integration (Goals 16 and 17) (Schroeder, Anggraeni, & Weber, 2019).

Zakat Institutions

Zakat institutions may be seen as organizations and operative entities. Religiously, zakat institutions facilitate mandatory religious practice of Islam. The execution of zakat in both collection and distribution follows specific practices outlined in the Quran and Sunnah. In practice, *baitulmal* supervises both collection and distribution of zakat. However, the establishment of zakat centres with corporate or business allows for specialization and efficiency in zakat collection.

While corporatization allows for efficiency and effectiveness in zakat collection, it has to meet the requirement of Baitulmal and Religious Council as principal. According to Wahab and Rahim Abdul Rahman (2011), essentially the regulatory framework of zakat in Malaysia facilitates zakat collection and distribution.

Zakat institutions in Malaysia follows structured regulatory framework. This is due to its status as public entity. Indeed, Taha et al (2017) pointed that this framework also reinforces religiosity and transparency consistently and coherently. Thus, it restores public confidences for sustainability.

Not just public confidence is important to zakat institutions, but also public trust. As for Pitlik and Rode (2017), systematic framework allows for public trust at greater level. Trust enables sustainability in terms of patronage from zakat payers.

Stickiness and Sustainable Development Goals

Sustainable Development Goals (SDGs) require full participation on the basis of partnership with all stakeholders (Schroeder, Anggraeni, & Weber, 2019). Stickiness reduces for full participation due to individual, contextual and organizational factors (Bigelow et al, 2019; Habib & Hassan, 2019). Thus, this situation will make partnership less attractive.

Research Framework

Figure 2 shows the challenge of stickiness in the forms of organizational, contextual and individual factors for zakat institutions in Malaysia to achieve Sustainable Development Goals.

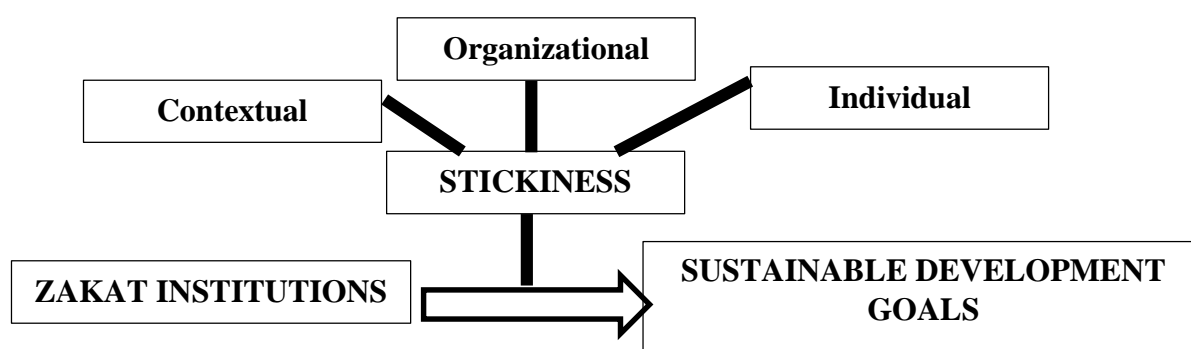


Figure 2. Research Framework

METHODOLOGY

This study explores the views of zakat officers on the issues and challenges in making the society and the economy performed and sustained. The study uses semi structured personal interview with the informants. Since this study is about exploring the views of individuals, qualitative research method through personal interview allows for rich data and insights (Mhd. Sarif, 2018; Brannen, 2017).

The preliminary interview questions were validated with experts in zakat management and development studies. According to Liamputtong (2019), the validation for qualitative research is verified and checked with experts in the field of studies. In addition, it is done with ethics protocol.

The population of the study is zakat officers. However, the study uses convenient sampling by selecting zakat officers from Wilayah Persekutuan Kuala Lumpur, Putrajaya and Selangor. Geographically, these areas are within Klang Valley vicinity; but, legally and administratively belong to two different Islamic administrative laws. There is no requirement to have certain number of sample size in qualitative research (Friese, 2019; Merriam & Grenier, 2019; Mhd. Sarif, 2018).

The study uses personal interview with four zakat officers from Wilayah Persekutuan Kuala Lumpur, Wilayah Persekutuan Putrajaya and Shah Alam Selangor. The study contacted with the chief zakat officers for permission to conduct research with their respective officers. After securing the permission and the list of zakat officers suggested, the study arranged for personal interview.

FINDINGS AND DISCUSSION

Zakat institutions in Malaysia are governed by specific law under the Islamic administration law. There are separation tasks by different entities for zakat collection and zakat distribution. Zakat Officer 1 said:

“Zakat management is based on the provision of law. We are actually zakat collectors or amil of zakat. We are not involved in zakat distribution. Baitulmal is the one distributes zakat to the specific recipients or asnaf.”

As a regulated institution, zakat institutions are not spared from meeting key performance. According to Noor et al (2012), the performance of institution is based on the aspiration of stakeholders. Zakat institution is religious institution with some dynamism. This is consistent with Hoque, Khan & Mohammad (2015)’s argument that is to the understanding role in dynamic context. In addition, Wahab & Rahim Abdul Rahman (2011) argued that any performance requires efficiency and governance to rid of stickiness. In fact, the corporatization of zakat institution enables for efficiency. Thus, it could get rid of stickiness (Nahar, 2018).

Trustworthy and credibility are important in zakat collection and distribution. There is a need for consistency to gain credibility. Zakat Officer 2 mentioned:

“In zakat business, we have to be persistent and religiously collecting zakat for the sake of the specified disadvantaged society. This is very important to ensure that zakat institution is trustworthy and to ensure credibility.”

The practice of transparency and religiosity allows for institutions to reduce stickiness in managing zakat operations (Taha et al 2017). With some innovation into regulated institutions, it could enhance credibility and performance. Indeed, innovation is necessary for survival (Owolabi Yusuf & Mat Derus, 2013). Kaslam (2009) argued that zakat beyond social institution due to strong relationship with social elements.

Nevertheless, by becoming close with the society, it will clear some skepticism for better credibility. Indeed, innovation allows for zakat institution to reduce the rigidity of routines and business as usual (Ab Rahman et al, 2012). The link to sustainable development goals is practical to sustain the society and the economy through zakat institutions (Leal Filho et al, 2019).

As public institutions, zakat institutions are not spared from public skepticism. Zakat Officer 3 pointed that:

“Some members of the society are skeptical about zakat centres. They resorted to distribute directly to the zakat recipients based on their own way. The religious authority has reminded the public to adhere to the administrative law.”

According to Leal Filho *et al* (2019), zakat institutions are meant for public interest. The primary purpose of zakat is to provide justice and equality. In fact, Schroeder, Aggraeni & Weber (2019) argued that zakat institutions enable circular economy to sustain the economy with Islamic principles. As such, some values and credibility are restored. Pitlik & Rode (2017) argued on values, trust and attitudes to get rid of embedded stickiness and complexity (Montazemi et al, 2012; Riusala & Smale, 2007). As for Boettke, Coyne & Leeson (2008), institutional stickiness is appropriate to get rid with institutional economics approach.

As zakat institutions, they are exposed to stickiness to administrative requirements and public skepticism. Zakat Officer 4 said:

“As an institution, zakat office has to follow SOP, audit exercise, performance management and so on. Basically, we have to adhere to public finance procedure. The public audit department is making regular inspection on us. Although we are just collecting zakat, we have to follow strictly financial procedures.”

Stickiness is related to various communication, activities and relationships in organizations. According to Hwang et al (2019), external stickiness or interorganizational relationships could influence the internal stickiness into communication and transactional relationships. In fact, the rigidity or routines in the forms of templates are practical to address transactional relationships (Szulanski & Jensen, 2004). Likewise, the practice of corporate social relationship has some cost stickiness (Habib & Hassan, 2019). Sometimes, cost factor becomes serious consideration for organizations in making a few important choices (Bigelow et al, 2019).

The results of the interview argued that bureaucratic thinking, process and attitude contribute to lack of sustainability in the development of the society and the economy. The informants suggest for transformation on the bureaucratic thinking and attitude at zakat institutions in Malaysia. Figure 3 summarises the factors of stickiness in the forms of organizational, contextual and individual factors for zakat institutions in Malaysia to achieve Sustainable Development Goals.

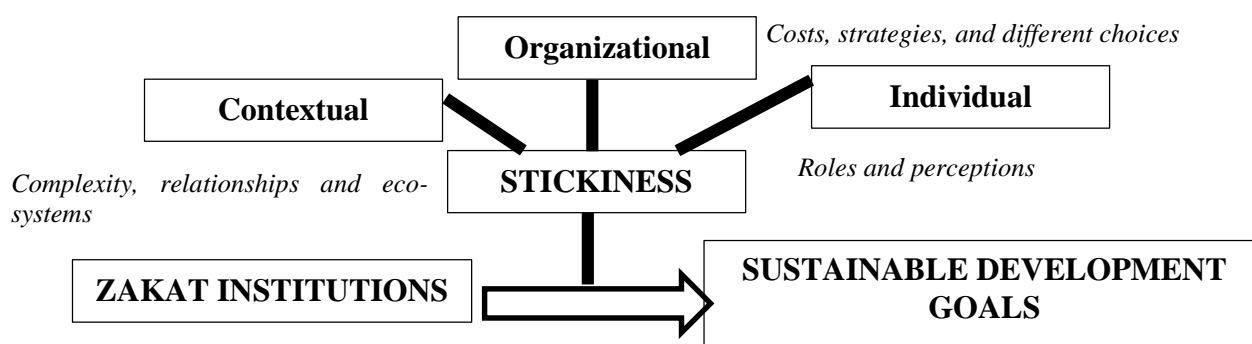


Figure 3. Modified Framework

CONCLUSION

This study found out that stickiness embedded in organization, context and individual has reduced the efficiency and effectiveness of zakat institutions in Malaysia to contribute to the attainment of 17 Sustainable Development Goals. Notably, stickiness in organization and context is in terms of bureaucratic thinking of zakat officers, zakat collection and distribution process. The study is not to generalize or to predict the behavior, but to provide insights about stickiness in managing zakat. For more insights, the study suggests the future study should use case study method with many zakat institutions in Malaysia.

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