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Research paper

Spending patterns of zakat recipients among students of higher education institution (HEIS)

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Abstract

The disbursement of zakat to the recipients must be efficient and for the intended purpose. This is to ensure that the objectives of the Shariah in safeguarding the welfare of the ummah are achieved. As financial assistance by way of zakat would add more cash to the recipients (asnaf), there is a need to study the effectiveness of the cash they received as the absence of such information may contribute to the lack of evidence on the effectiveness of zakat in reducing the financial burden of the recipients. Therefore, this study examines the spending patterns of zakat recipients among University Technology MARA (UiTM's) students. This quantitative research used primary data gathered through a self-administered questionnaire. The sample of this study comprises of zakat recipients among students of UiTM Selangor. Questionnaires were distributed to a total of 400 respondents and the collected data were analysed descriptively. The findings showed that a sizeable portion of the students' spending was on necessities such as food, transport, shelter, clothing and learning materials. A considerable number of respondents spent on mobile phones and very few saved the money they received.

Keywords: *Zakat; Recipients; ASNAF; Spending Patterns*

1. Introduction

Zakat is an obligatory alms' giving from the portion of a Muslim's wealth designated to the poor. According to al Qardawi (2001), the word zakat refers to the determined share of wealth prescribed by Allah to be distributed among deserving asnaf (zakat recipients). There are eight categories of zakat recipients as stated in the Holy Quran in surah al -Taubah (9) verse 60:

"The alms are only for the poor, the needy, those who collect them, those whose hearts are to be reconciled, to free the captives and the debtors, for the cause of God, and for the travelers; a duty imposed by God. God is Allah Knowing, AIIah Wise."

The above verse mentioned those who are eligible to receive zakat, among them are the poor, which refers to those who do not have anything to support themselves and the needy, i.e. those people who have insufficient income or earnings to provide them with basic needs.

In Malaysia, zakat is collected and distributed by the Islamic Affair Department of each state (Anuar, P. et al. 2017; Aishath, 2017). The collected zakat is distributed to the recipients with the aim of assisting them to get themselves out of difficulty or hardship in life. Of the recipients, the poor (faqir) and the needy (miskin) are at the top of the list as they deserve the most from the zakat funds. (Erdal, M.B., and Borchgrevink, K., 2016). Hence, often the distribution would be more to them compared to the rest. This is to ensure that the poor would be assisted sufficiently, and eventually would one day become zakat payer.

An issue arises as to whether or not the recipients, particularly the poor and the needy, utilize the zakat funds they received wisely. This is due the fact that some poor asnaf (recipients) have been consistently receiving zakat for years with no apparent or significant improvement in life. (Raudah, M. R., et al. 2011; Ahmad Fahmie, M. A., et al. 2015). There are also cases of zakat funds being misused for spending on other than necessities such as payment of Astro bills, cigarettes and as such (Bernama, 2017).

In this regard, knowing about the usage of zakat funds by the recipients is important to ensure that the distribution does not beat the purpose. Therefore, this study is conducted to examine the spending pattern of zakat recipients particularly among the poor and the needy. The hieratical consumption pattern in Islamic consumption theory i.e. necessities (dharuriyyah), comfort (hajiyyah) and luxury (tahsiniyyah) is used as the basis of analysis. This study selected the samples among students of HEIs, who received zakat from their respective institutions. The selection is due to the perception of youngsters being prone to misspending or misuse of their financial resources.

2. Literature review

Previous studies on spending patterns among youngsters who receive zakat could hardly be found in the literatures. However, the literature on spending behaviour especially among students can be found in several writings. Alhijeet Birari, et al (2014) found that, students belonging to different education levels differ significantly in spending. It was also noted that both the male and female youth have different spending patterns as they have different interests and preferences. However, both males and females shared a significant portion of their spending on shopping, fast food, mobile phone expenditure, investment and transportation. Also, Tanakon (2013) found that females had more positive attitudes toward saving and shopping than males. Furthermore, females were more concerned with being rich or having a lot of money than males, while males had a more positive attitude towards spending money than females. The fact was supported by Hayhoe et al (2000) who showed gender differences in the relationship between financial practices, financial stress and affective

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credit attitude. Female students employed a greater number of financial practices and had different preferences. Females purchased more clothing, while males spend more on entertainment, electronics and food. With regards to factors of spending behaviour among students, several important researches can be referred. Chan et al (2016) examined the relationship between college students' money-related aptitudes, financial management practices and financial well-being. They surveyed 802 university students in Hong Kong and found that students' tendency to engage in healthy financial management practices is related to attitudes towards debt, dysfunctional impulsivity, perceived behavioural control, financial knowledge and employment. Students who practised good financial management, tend to incur less debt and showed better financial well-being.

The research by Georgins et al, (2015) is also relevant and significant. The research involved 506 respondents from University of Ghana and investigated the use of mobile money technology (a mobile phone based application) among students and its effects on student spending behaviour. Interestingly, the findings showed that active use of the mobile money service (technology) has significant influence on students spending behaviour. Students who use mobile money will tend to spend more than those who do not use it. Other factor contributing to spending behaviour is promotional pricing (Munikza, 2014). The study proved that the price promotion had an impact on the purchasing behaviour of students at the Durban University of Technology who stayed in the institution's accommodation. This study attempts to fill the gap in the knowledge by examining the spending pattern of zakat recipients among students of HEIs.

3. Methodology

The objective of this study is to examine the spending pattern of zakat recipients among HEIs students. The study adopts a survey method using questionnaire. Primary data were gathered from the primary sources using a self-administered questionnaire distribution. The population in this study are zakat recipients among students of Universiti Teknologi MARA (UiTM) Selangor. The selected respondents involved zakat recipients among UiTM students of UiTM Shah Alam, UiTM Puncak Perdana and UiTM Puncak Alam. Of the 400 questionnaires distributed, 288 were filled and returned (a response rate of 72 percent). The close-ended questionnaires were divided into sections. Section A involved questions related to students' demographic information such as gender, the number of siblings, and parental occupation. Section B captured the spending patterns i.e. their spending on food, transportation, shelter, clothing, saving money, learning materials, movies, mobile phone and cosmetic. Data were processed and descriptively analysed using the Statistics Package for Social Sciences software (SPSS). Findings are displayed in tables and graphs to facilitate the discussion.

4. Results and discussion

Of the 400 questionnaires, 288 was returned and usable for the study. Discussion on the demographic profile of the respondents and their spending patterns is as follow.

Profile of Respondent. Female respondents (71.2 percent) outnumbered male (28.8 percent) in this study. This is sensible as the number of female students in many universities across Malaysia is greater than the number of male students with the ratio of 7:3. The respondents are degree students undertaking science and non-science based courses (281 students or 97.6 percent). Only 2.1 percent (6 students) of the respondents are at the diploma level and 0.3 percent (1 student) at the post-graduate level.

With regards to the courses they undertake, the number of surveyed respondents is almost equal between those who take science and non-science based courses. The number of non-science students is slightly higher (152 students or 53.1 percent) than the science students (134 students or 46.9 percent). The courses undertaken by them are important for this study as it would determine their gross expenses. Non-science students generally need less for educational expenses as they used less tools and apparatus compared to their science-based counterparts.

The respondents' achievement is measured by their CGPA. Those who get more than 3.0 are considered excellent while those who get less than 2.0 are poor in terms of performance. The in-betweens are average students. In this study, more than half of them are excellent (157 or 54.5 percent) with 32 of them achieving the Dean List. Very few are below average (2 or 0.7 percent) while the rest are average (129 or 44.8 percent). The finding is gratifying as the students could perform well in their study even though they face financial constraint.

The respondents were also asked concerning their parents' marital status. Not surprisingly, 70.5 percent of them (203 students) are from dual-parent's household. It is interesting to note that almost 1/3 of the respondents are from single-headed families (80 students or 27.8 percent) and few have their parents practising polygamous marriage. Among the qualifying attributes for zakat application is the parents' income where students from poor families are eligible to apply. In this study, it is sensible to note that almost all the respondents (96.1 percent) are from poor families whose parents earn less than RM 3000 a month. The rest even though their parents earn more than RM 3000, they still qualified to receive zakat may be due to large number of dependents.

Nevertheless, it is quite surprising to note that the majority of the students (211 students or 73.3 percent) are getting their pocket money from education loans or PTPTN other than zakat. The rest are relying on their parents (51 or 17.7 percent), zakat (16 or 5.6 percent) and scholarship (3 or 1.0 percent) for pocket money. Some have part-time jobs (7 or 2.4 percent) to supplement their living.

Spending Pattern. Analysis of the spending pattern of the respondents was analysed based on the Islamic theory of consumption i.e. necessities (dharuriyyah), comfort (hajiyyah) and luxury (tahsiniyyah). As the respondents are zakat recipients, they are assumed to spend on five priorities in fulfilling their necessities for their spending. Necessities to the students include food, clothing, shelter and transport.

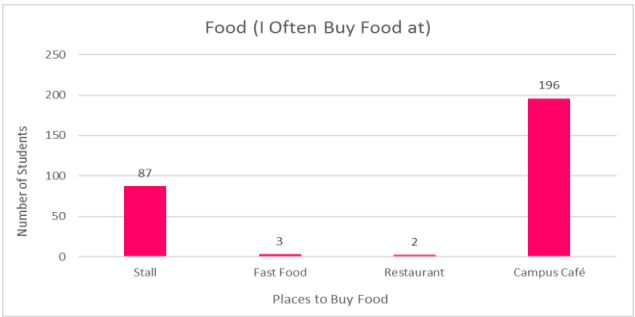

Fig. 1: Places in Spending Food.

Figure 1 shows the places where students spend for food. The result shows that most students buy food at campus cafe (67.4%). This is because the prices are cheaper and affordable. There are also students who buy food at stalls (30.6%), and restaurants (7%), and very few spend at fast food outlets (1%). For the amount spent, most students (66.7%) spent less than RM 10.00 and 33% spent between RM10.00 - RM 20.00 a day.

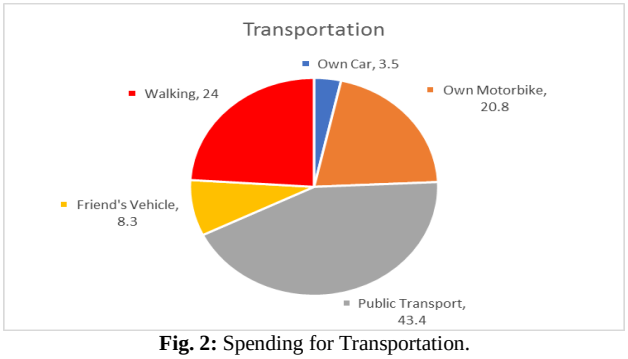

Fig. 2: Spending for Transportation.

In this study, students were also asked about their main mode of transportation for them mainly to go to classes. Figure 2 shows that 43.4% (majority) of the students used public transport, 24% of students are on foot and 8.3% share their friend's vehicle. As for the amount spent for transportation, the majority of students spent between RM150.00 – RM 300.00, 30% of students spent more than RM300.00 and 8.3% spent less than RM 150.00.

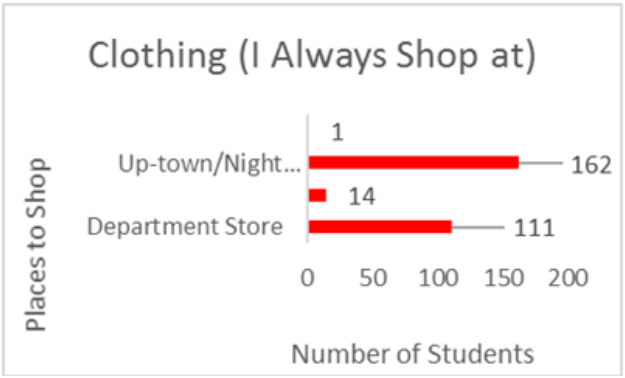

Fig. 3: Places of Spending for Clothing.

As for the places where they shop for clothing, about half of the students most students (162 students or 55.9%) shopped at uptown or night markets. The next preferred place for shopping is the department store (111 students or 38.5%). Quite surprising, not many of the students shops online (14 students or 5.2%) though the trend among youngsters is increasing. Only 1 student (3%) shops clothing at boutique. Another related question was the frequency of buying new cloth. Most students (64.2%) rarely bought new clothes, 26.7% hardly spent on new clothes and only 9% frequently bought new clothes.

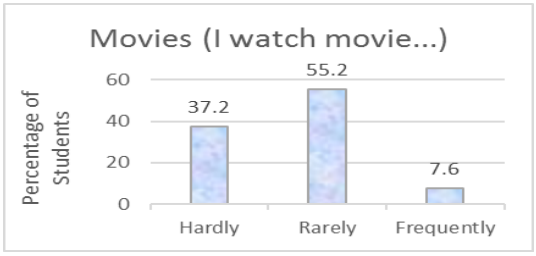

Fig. 4: Spending for Movies.

Regarding movies, interestingly, 55.2 percent of the respondents rarely watch movies (figure 4), 37.2 percent hardly watch and only 7.6 percent were frequently watch movies. For expenditure, most students spent less than RM 50 or spent nothing at all on movies.

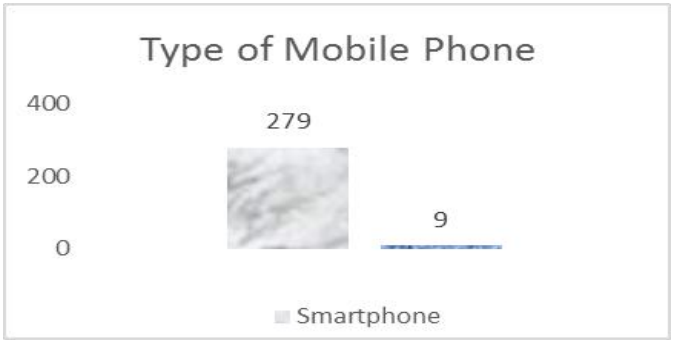

Fig. 5: Spending for Mobile Phone.

As for the types of mobile phones used by students, figure 5 shows that the majority of them i.e. 279 students (96.9%) use smartphones. This is understandable as students nowadays rely on gadgets to access information, communicate with friends and keep themselves entertained. This expense is seen as necessary.

In terms of accommodation, most students (74.3%) did not pay rent as they stayed either with their family or in the hostel provided. 45.8% of students spent between RM 150.00- RM 300.00 monthly on accommodation and 43.8 % spent less than RM 150.00. Only 10.4% spent more than RM300.00. For buying learning material, the majority of students (79.2%) spent less than RM 200.00. This is highly concerned as they spend too little for education, which should be their top priority.

Another interesting item asked is about the spending on cosmetics. The majority of students (95.1%) did not spend much on cosmetics. This could indicate their wise spending practice of the respondents in prioritising their spending. Apart from spending, students were also asked on whether they save some portion of the money they have. The study found that a significant number of the students (65.6%) do save their money regularly. Nevertheless, However the amount of money saved by the majority of respondents (66.7 %) is less than RM10 monthly. Only 29.5% save between RM 10 - RM 20 and only 3.8 % save more than RM 20 per month.

5. Conclusion

Financial management is an important skill for a quality of life as students. Previous studies showed that financial literacy among students is required to mitigate problems that may arise from a lack of awareness and knowledge of financial management. In general findings of this study indicate that the majority of the students practice good financial management. They spend the money wisely on necessities and they know their priority in spending. They also save some of their money though in just a small amount. The thought of saving small portion of their money is commendable knowing that they have only sufficient amount for their living. This study only takes a sample from UiTM students who's the fee is the lowest among HEIs. Therefore, it may not represent the whole population of university students. Thus, further research using samples from other university that charge higher fees is recommended.

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