The Effects of Maslow's Hierarchy of Needs on Zakah Distribution Efficiency in Asnaf Assistance Business Program

Maheran Zakaria
Accounting Research Institute (ARI)
Universiti Teknologi MARA, Malaysia

Junaidah Hanim Ahmad
Nur Ain Abdul Malek
Universiti Teknologi MARA Kelantan, Malaysia

ABSTRACT

The objective of this study is to examine the effects of Maslow's hierarchy of needs on zakah distribution efficiency. Maslow's hierarchy of needs posits that humans strive to achieve five levels of needs in hierarchical order, starting from physiological needs and followed by the needs for safety, social, self-esteem and self-actualization. Zakah distribution efficiency is then evaluated using Balanced Score Card with four dimensions, namely customer satisfaction, internal process, knowledge worker and financial management. Three hundred recipients of the Asnaf Assistance Business Program conducted by Majlis Agama Islam Kelantan (MAIK, Islamic Religious Council of Kelantan) completed a questionnaire prepared for the purpose of the study. Data was analysed using Statistical Package for Social Sciences (SPSS) and Analysis of Moment Structure (AMOS). It can be concluded from the findings that Maslow's hierarchy of needs has positive effects on zakah distribution efficiency. This proves that the distribution of zakah in sustainable forms could satisfy recipients' needs and help them maintain a decent quality of life.

Keywords: *Zakah distribution, efficiency, Maslow's hierarchy of needs, asnaf*

27

Introduction

An important principle of Islam is that all things belong to God, and as such wealth is therefore held by human beings in trust. The word *zakah* means both 'purification' and 'growth'. Human possessions are purified by setting aside a proportion for those in need, and, like the pruning of plants, this balances and encourages new growth. *Zakah* is a religious obligation anchored within the Islamic economic system to cater for the social welfare through wealth-sharing between those who have and have not. Muslims are obligated to pay *zakah* and this fund is distributed to prescribed eight beneficiaries known as *asnaf* group with the priority given to the poor and destitute. The general principle of *zakah* distribution has been laid down clearly in the Quran as underlined in Surah Al-Taubah verse 60 that states: "Alms are for the poor and the needy, and those employed to administer the (funds) for those whose hearts have been (recently) reconciled (to Truth) for those in bondage and in debt in the cause of Allah and for the wayfarer: (thus is it) ordained by Allah, and Allah is full of knowledge and wisdom". The primary objective of *zakah* is to eradicate poverty through the distribution of wealth while the secondary objective is to ensure the *asnaf* groups (*zakah* recipients) mainly the poor and destitute are pulled out of poverty so that they will no longer become the recipients of *zakah* in the future or if not, could at least attain a minimum quality of life.

The efficiency of *zakah* distribution in reducing poverty is a great concern to the Muslim society at large thus triggering many scholars and researchers to examine its efficiency in relation to the reduction in poverty (Fuadah, 2004; Mujamid, 2005; Ibrahim & Salleh, 2006; Mohamad, 2008; Rosbi & Sanep, 2010; Zakaria, Amini Amir & Mohd Fahme, 2010; Mahyudin & Abdullah, 2011). In practice, poverty is assessed according to a minimum standard of income. Those who earn less than the minimum standard of income are classified as poor. Income has been widely used by previous studies as the denominator of basic needs, of which *zakah* distribution is judged efficient based on the increment of recipients' income (Fuadah 2004; Mujamid, 2005; Ibrahim & Salleh, 2006; Mohamad, 2008; Zakaria et al., 2010). Income is also used by many nations as a tool to measure the basic needs based on the assumption that it is the best means to quantify essential sufficiency. Despite being widely used, income has been criticised for its uni-dimensional feature that fulfils human needs in one perspective only

(Mohamad Saladin, Ariffin & Mohd Fauzi, 2010). Nevertheless, apart from income or money, humans also need other non-monetary elements such as education, knowledge, socialization, protection, shelter, comfortable living and recognition, among others (Wagle, 2005, 2007 & 2008). Therefore, focusing on income alone may not completely fulfill the holistic perspective of human needs.

According to Mohamad Saladin et al., (2010) and Rosbi and Sanep (2010), human needs should be evaluated in a wider context that is not only confined to monetary elements but also other non-monetary elements as stipulated in *Maqasid Syariah* (objectives of syariah). According to *Maqasid Syariah,* human needs consist of 5 elements namely religion, physical-self, knowledge, family and wealth. Maslow, on the other hand, postulates that humans are motivated by 5 needs presented in hierarchy starting from physiological needs at the lowest level followed by second, third, fourth and fifth levels of needs which are safety, social, self-esteem and self-actualization respectively. Interestingly, Rosbi and Sanep (2011) integrated the Islamic and western perspectives of needs namely *Maqasid Syariah* and Maslow's hierarchy of needs and examine them in relation to *zakah* distribution efficiency. This prior study proposed that the combination of needs as stipulated in *Maqasid Syariah* and Maslow's hierarchy of needs provide a more accurate and fairer measurement or even holistic view of human needs.

Despite previous studies acknowledging the assessment of *zakah* distribution efficiency in relation to fulfilling *zakah* recipients' needs, very few studies evaluate the needs using multi-dimensional measurements. In fact, monetary indicator with the inclusion of non-monetary indicators is expected to improve the measurement and thus able to capture a comprehensive and holistic approach of human needs (Nolan & Whelan, 2010). For example, a number of studies examined *zakah* distribution efficiency in relation to human needs such as income (Fuadah, 2004; Mujamid, 2005; Ibrahim & Salleh, 2006; Mohamad, 2008; Zakaria et al., 2010), quality of life (Hairunizam, Sanep & Mohd Ali, 2004), comfortable living (Mahayudin & Abdullah, 2011), human needs as stipulated in *Maqasid Syariah* (Mohamad Saladin et al, 2010) and the integration of humans needs as stipulated in *Maqasid Syariah* and Maslow's hierarchy of needs (Rosbi & Sanep, 2011). *Zakah* distribution is judged efficient if basic needs are fulfilled.

The authors are of the opinion prior studies did not examine the effects of human needs on *zakah* distribution efficiency. Additionally, to date, no study has been conducted to examine the human needs in the perspective of Maslow's hierarchy of needs and *zakah* distribution efficiency as two separate variables and investigate their relationship. Therefore, to fill this knowledge gap, this study looks to examine Maslow's hierarchy of needs and *zakah* distribution efficiency as two different variables besides examining the effects of Maslow's hierarchy of needs on *zakah* distribution efficiency.

Literature Review

Zakah **distribution efficiency**

Giving *Zakah* or alms is one of the five pillars of Islam and is the obligatory eligious duty for all Muslims who possess surplus wealth and earnings. The amount of *zaka*h to be paid is ascertained based on a fixed proportion of a certain amount of wealth over a certain period of time. The *zakah* fund is then distributed to prescribed eight beneficiaries known as *asnafs*. The *asnafs* consists of eight groups namely poor, *faqir* (destitute), *amil* (zakat collector), *riqab* (freed slaves, however to date, slavery no longer exists), *muallaf* (non-Muslims who have just converted into Islam), *al-gharimun* (heavily indebted borrowers who have no resource to settle their debt)*, fi sabilillah* (striving in the path of Allah) and *ibn-sabil* (needy travellers or wayfarers who run out of food ration during their travel for a good cause).

In Malaysia, all aspects pertaining to the administration of *zakah* are under the jurisdiction of the states through the State Islamic Religious Council (SIRC). At present, every state has its own institution, totaling 14 *zakah* institutions. SIRCs are empowered by the government on the matter of collection and distribution of the *zakah* fund in those particular states. Being public trust organizations, these *zakah* institutions are accountable to the stakeholders and Muslim public at large thus being subjected to intense scrutiny and criticism. Among the main issues surrounding the *zakah* institutions is efficiency in managing *zakah* especially from the perspective of distribution of *zakah* funds. As noted, *zakah* institutions have initiated varieties of *zakah* programs and channeled the distribution of *zakah* funds to *asnaf* groups through these programs.

In this study, the *zakah* distribution efficiency of *zakah* program is evaluated by using a performance tool, namely Balanced Score Card (Norton & Kaplan, 1996). Balanced Score Card (BSC) is a performance measurement framework that assesses the efficiency of a program based on non-financial and financial indicators. The assessment provides a more balanced view of organizational performance and has been widely used in profit and non-profit organizations. In addition, this assesment is a comprehensive measurement that looks at multiple measures of performance, comprising four dimensions namely customer satisfaction, internal process, knowledge worker and financial performance.

Customer satisfaction (CS) emphasizes on identifying the needs of the potential customers in the targeted segments and consequently creates programs to meet their needs. Meanwhile, knowledge worker (KW) stresses on skill, innovation, creativity, competency and capability of the organization's human capital to support the program (Cohen, Thuiraasi & Kandilarou, 2008). In addition, it also focuses on human capital and their attitude, knowledge, development and ability to learn and improve. Internal process (IP), on the other hand is the process carried out by the organization to satisfy its customers for current and future organizational success (Atkinson, 2006). Finally, the last dimension is financial performance (FP). The financial performance of a program is assessed based on the net outcome of the program by taking into consideration the cost incurred and benefit derived therefrom.

Zakah distribution efficiency has been measured in relation to its performance in fulfilling *zakah* recipients' needs. For example, many studies examined the needs in terms of income (Fuadah, 2004; Hairunizam et al., 2004; Ibrahim & Salleh, 2005; Mujamid, 2005; Sanep et al., 2006; Mohamad, 2008; Rosbi & Sanep, 2010; Zakaria et al., 2010). Hairunizam et al., (2004) on the other hand, evaluated the needs based on socio economic factors such as income, education, health, water and electric supplies as well as many other development indicators. The results of the study also indicated that the distribution of *zakah* to the recipients can give a significant impact to their level of income but with a small effect to the quality of life especially education and social relationship within community. Meanwhile, Mahyudin and Abdullah (2011) evaluated the needs based on the attainment of a minimum quality of life. Mohamad Saladin et al (2010) opined that

focusing on income alone does not provide a comprehensive approach to needs and suggest a combination of monetary and non-monetary evaluations. Additionally, Rosbi and Sanep (2010) articulated that the inclusion of Maslow's hierarchy of needs would provide multi-dimensional evaluations of needs that lead to a fair and holistic approach of humans needs.

Maslow's Hierarchy of Needs

Zakah distribution is efficient if it is able to assist the recipients and their dependents in attaining at least a level of sufficiency and comfortable living that leads to improvement in quality of life (Mahyudin & Abdullah, 2011). Maslow (1970) articulates that quality of life will be achieved if needs and comfortable living are fulfilled. Furthermore, Maslow's theory is widely used by researchers as the underlying basis to examine the needs required by human beings (Rosbi & Sanep, 2010; Mahyuddin & Abdullah, 2011). Given these facts, it indicates that if humans are unable to fulfil their basic needs, their life will have no quality. However, if they have fulfilled the basic need, they will move to higher needs and other needs in the hierarchy. In total, the theory addresses five levels of needs comprising physiology, safety, social, self-esteem and self-actualization.

Physiology
At the bottom of the hierarchy are the basic needs or physiological needs such as food, water and sex. Once humans attain the needs for basic nutrition, they will attempt to accomplish more. Maslow believes that these needs are the most basic and instinctive needs in the hierarchy because all needs become secondary until these physiological needs are met.

Safety
After fulfilling physiological needs, humans strive for safety and security. Security needs are important for survival but they are not as demanding as physiological needs. These needs include desire for steady employment, health insurance, safe neighborhoods and shelter from the environment.

Social
Humans also need love, sense of belonging and affection. Maslow considers these needs to be less basic than physiological and security needs. Relationships such as friendship, romantic attachment and family help fulfil

these needs for companionship and acceptance, as do involvement in social, community or religious group.

Self-esteem
The needs for self-esteem emerge after humans fulfilled their social needs. This level of needs will be achieved after they feel comfortable with what they have accomplished. This is also the success level or status from self and others.

Self-actualization
This is the highest level of Maslow's hierarchy of needs. Those who achieve this level of needs are aware and concerned with personal growth and these attributes drive them to fulfil their potential. However, they are less concerned about the opinion of others. Figure 1 depicts Maslow's hierarchy of needs.
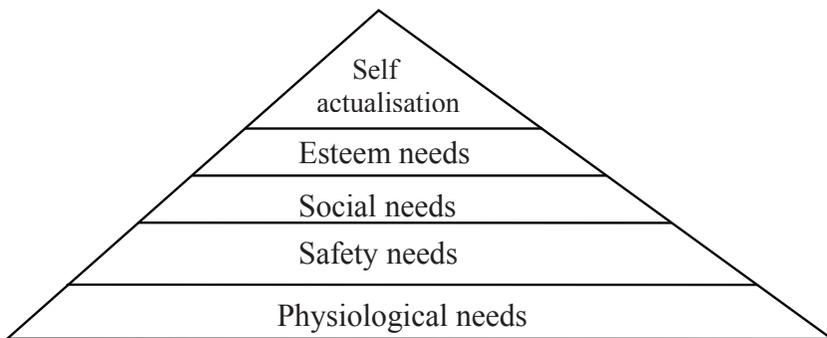

Figure 1: Maslow's Hierarchy of Needs

Studies on Human Needs and Zakah Distribution Efficiency

As noted, many studies have examined *zakah* distribution efficiency in relation to human needs (Fuadah, 2004; Ibrahim & Salleh¸ 2005; Mujamid, 2005; Patmawati, 2008; Mohamad, 2008; Zakaria et al., 2010; Rosbi & Sanep, 2011). Human needs are evaluated using various indicators. For example, Patmawati (2008) looked at life quality. Apart from that, there were studies that assessed them in terms of income (Fuadah, 2004; Ibrahim

& Salleh, 2005; Mujamid, 2005; Mohamad, 2008; Zakaria et al., 2010). These prior studies indicated that the distribution of *zakah* is classified as efficient if the income of *zakah* recipients' increases. However, focusing on one dimension, either income or quality of life could only fulfil the needs on a short term basis (Rosbi, Sanep & Hailani, 2009). In fact, the scope of human needs should not only be confined to monetary but other non-monetary indicators should also be considered.

Sanep et al., (2006) evaluated human needs based on socio economic factors that include education, health, water and electric supplies as well as many other development indicators. The results of this prior study indicates that the distribution of *zakah* in monetary terms to the recipients can only give a significant effect to their level of income but less effect on quality of life especially education, comfortable life and social relationship. According to Mohd Saladin et al., (2010), human needs should not only be evaluated based on a uni-dimensional factor such as income, but also other non-monetary elements as stipulated by *Maqasid Syariah*. *Maqasid Syariah* stresses on 5 elements of basic needs which are essential to humans namely religion, physical-self, knowledge, family and wealth. Meanwhile, Rosbi and Sanep (2010) proposed another measurement of poverty by integrating the 5 elements of human needs as stipulated in *Maqasid Syariah* and Maslow's theory. According to this prior study, the evaluation provides a comprehensive, fair and holistic assessment. Further, this prior study examined the effect of poverty on *zakah* distribution efficiency of a program ran by Lembaga Zakat Selangor (Selangor Zakat Board which manages *zakah* in the state of Selangor) by evaluating whether *zakah* recipients fulfil the 5 elements of human needs proposed by *Maqasid Syariah* and Maslow's theory. Using Change Assessment and Scoring Tool (CAST) analysis, the study found that *zakah* distribution was only efficient in fulfilling 2 elements of basic needs namely religion and self-actualization as well as physical self and security. Meanwhile, for the remaining 3 elements of basic needs that are knowledge and social, family and self-esteem as well as physical-self and security, *zakah* distribution efficiency were rated average. Overall¸ *zakah* distribution efficiency of the program was judged as average.

Despite the abundance of studies that evaluated *zakah* distribution efficiency in relation to human needs (Ibrahim & Salleh¸ 2005; Fuadah, 2004; Mujamid, 2005; Patmawati, 2008; Mohamad, 2008; Zakaria et al., 2010;

Rosbi & Sanep, 2011), none was found to examine it in the perspective of Maslow's hierarchy of needs. Thus, the authors are of the opinion no study was found to examine the effects of Maslow's hierarchy of needs on *zakah* distribution efficiency. To fill this literature gap, this study would examine the effects of Maslow's hierarchy of needs on *zakah* distribution efficiency of *Asnaf* Assistance Business Program managed by Majlis Agama Islam Kelantan (MAIK). As such, considering all the issues above the following hypothesis was formulated:

> H: *Maslow's hierarchy of needs positively affects zakah distribution efficiency.*

Proposed Model
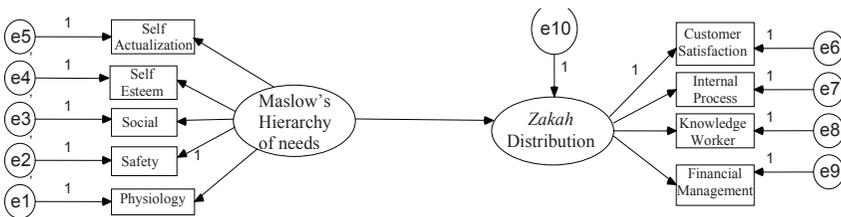
The proposed model is depicted in Figure 2.

Figure 2: Proposed Model

Methodology

Questionnaire and sample

The focus of this study was to examine the effects of Maslow's hierarchy of needs on *zakah* distribution efficiency. The study wass conducted in the state of Kelantan which was considered to be the poorest state in peninsular Malaysia (Economic Planning Unit, 2009) and where the majority of residents are Muslims (Statistic, 2010). Due to this fact, MAIK bears a high responsibility in ensuring that the recipients at least attain a level of essential sufficiency and comfortable living. The respondents of this study were selected from *Asnaf* Assistance Business Program run by MAIK. The

purpose of this program is to accelerate recipients' economical productivity thus uplifting as well as sustaining their quality of life. This program is different from other *zakah* programs run by MAIK in that it not only enables the fulfilment of the needs on a short term basis whereby once given, the funds are dispensed off to make their ends meet.

The sampling frame for the *Asnaf* Assistance Business Program was based on *zakah* recipients listing provided by MAIK. The listing indicates that there were 320 *zakah* recipients from 1 September 2010 to 1 February 2012. The questionnaire was personally sent to all of these recipients and 300 responded, representing 80 % response rate. According to the Roscoe Rule of Thumb (1975), an appropriate sample size for any research ranges from 50 to 500. Therefore, this sample size was deemed sufficient.

Measurements

The measurements were adapted from previous studies. *Zakah* distribution efficiency was measured based on the dimensions of Balanced Score Card namely customer satisfaction, internal process, knowledge worker and financial performance adapted from Salwana, Siti Shafrina & Kamarul Hayati, (2012). Out of 21 items, 6 items measured customer satisfaction, 5 items measured internal process, 5 items measured knowledge worker and finally 5 items measured financial performance. Meanwhile, measurement for Maslow's hierarchy of needs was adapted from Rosbi and Sanep (2010). In total, 30 items were used to measure Maslow's hierarchy of needs. Out of 30 items, 7 items measured self-actualization, 5 items measured safety, 5 items measured social, 5 items measured self-esteem and 8 items measured physiology. Both constructs were operationalized using 7-point Likert scale, ranging from strongly disagree (1) to strongly agree (7).

The study employed SPSS to analyze the preliminary data which provided descriptive analyses about samples such as frequencies, analyze quantitative data, reliabilities as well as data screening. Next, the study adopted a two stage approach of Structural Equation Modelling (SEM) using AMOS (Analysis of Moment Structure). The first stage assessed the measurement model, using Confirmatory Factor Analysis (CFA). This involved the assessment of the uni-dimensionality, followed by the assessment of reliability and validity of the underlying constructs. Once the scale had

been developed in stage one, the hypothesis was then tested in stage two (the structural model) through path analysis to investigate whether the path is statistically related.

Analysis and results

The results reveal that 188 or 62.67 % respondents were females with the remaining 112 or 37.33 % males. Additionally, 218 or 72.67 % of the respondents were married, 45 or 15.00 % were single and the remaining 37 or 12.33 % were divorced, widowed and widowered. In terms of age, 32 or 10.67 % were below 25 years, 105 or 35.00 % were between 25 to 34 years, 113 or 37.67% were between 35 to 44 years, 34 or 11.33 % were between 45 to 54 years and finally 16 or 5.33 % were above 55 years. Further, it was found that the majority of the respondents had minimum education of Sijil Pelajaran Malaysia (SPM) (178 or 59.33 %) which is equivalent to O-level, followed by certificate (71 or 23.67 %), diploma (32 or 10.67 %) and SRP (Sijil Rendah Pelajaran) or PMR (Penilaian Menengah Rendah) (19 or 6.33 %). SRP or PMR are secondary school examinations taken prior to SPM. Meanwhile, in terms of dependents, the results show that 27 or 9.00 % respondents had no dependent, 79 or 26.33 % had dependents ranging from 1 person to 3 people, 157 or 52.33 % of the respondents had dependents ranging from 4 to 8 people and finally 46 or 15.33 % had dependents of more than 9 people.

The results of CFA (*zakah* distribution efficiency) indicate that the initial measurement needed to be re-specified, even though all standardized parameter estimates were all significant (p<0.001). After deleting a few questionnaire items, the model indicated that the chi-square was significant ($\chi^2 = 150.45$, df = 50, $p = 0.000$, N = 450). All the fitted indices were fitted to the data; TLI = 0.926, NFI = 0.919, CFI = 0.944, RMSEA = 0.54. In addition, the inter-correlations among the constructs were lesser than 0.85, demonstrating a lack of discriminant validity. Similarly, the second construct namely Maslow's hierarchy of needs was also re-specified. After removing 6 questionnaire items and performing the CFA again, the modified model showed a better fit to the data ($\chi^2 = 231.519$, df = 80, $p = 0.203$, $\chi^2/df = 2.894$, TLI = 0.914, NFI = 0.935, CFI = 0.910, RMSEA = 0.065). Even though the chi-square was significant, these values suggested that the model fitted

adequately to the data. Furthermore, it is commonly accepted that the chi-square estimate would potentially reject valid models in large sample size (Bagozzi & Yi, 1988). The standardized factor loadings for these measures were all higher than the recommended level of 0.50. The reliability for all the variables was above 0.70 and the construct reliability (CR) and average variance extracted (AVE) were all above 0.50. In addition, the standardized parameter estimates for these measures was statistically significant ($p <$ .001) thus providing uni-dimensionality scales for each of these factors.

The data were subsequently tested at the second stage. The results reveal that the chi-square statistic was insignificant ($p = 0.909$) with the value of 17.005. Furthermore, the fitted indices were all above the recommended value; AGFI = 0.984, GFI = 0.991, NFI = 0.985, CFI = 0.995, RMSEA = 0.001.

With regard to the importance of each dimension, the values of standardized coefficients were useful indicators to indicate the strengh of every manifested dimension. From all 5 elements of Maslow's hierarchy of needs, physiology was the strongest, followed by safety, self-esteem, social and finally the weakest was self-actualization. Figure 3 and Table 1 depict the results of the proposed model.
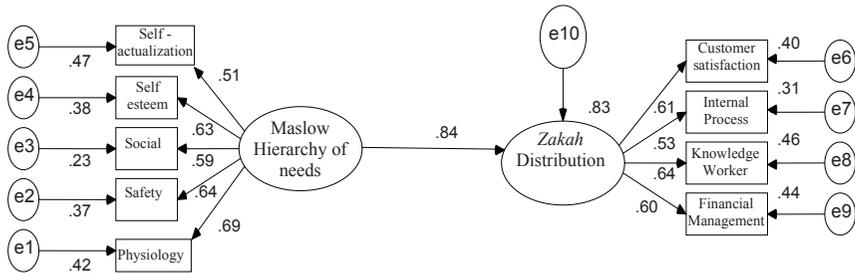

Figure 3: Results for the effects of Maslow's hierarchy of needs on zakah distribution efficiency

Table 1: Results of the proposed model

Endogenous	Standardized	t-value	Cronbach's Alpha	CR	AVE
Self- actualization	.510	8.722	.805	.815	.597
Self esteem	.631	10. 728	.792	.802	.577
Social	.588	9.770	.722	.726	.570
Safety	.642	10. 941	.763	.785	.553
Physiology	.689	-	.785	.764	.520

X= 17.005 ; p = .91

AGFI = .984; GFI = .991

CFI = .995; NFI = .985; RMSEA = .001

Meanwhile, the results that answered the hypothesis for the effects of Maslow's hierarchy of needs on *zakah* distribution efficiency are indicated in Table 2. The results show that Maslow's hierarchy of needs positively affects *zakah* distribution efficiency, with the value of path coefficient is 0.843. In addition, the R^2 also shows a high value of 0.831.

Table 2: Results of the hypothesis

Casual Path	Hypothesis	Expected Sign	Path Coefficient	t-value	R^2	Assessment
Maslow's hierarchy of needs *Zakah* distribution efficiency	H	+	0.843	9.432	0.831	Support

Discussion

The analysis shows that Maslow's hierarchy of needs has strong positive effect on *zakah* distribution efficiency. In addition, the results supported the hypothesis or prediction and all the coefficient of determination is high for all dimensions (all the factor loadings are above .50). As such, to increase efficiency in *zakah* distribution, *zakah* institutions should concentrate on fulfilling all needs stated in Maslow's hierarchy of needs.

Meanwhile, for each dimension of needs it appeared that every dimension had different degrees of intensity in influencing Maslow's hierarchy of needs. Physiology appeared to be the most important dimension of Maslow's hierarchy of needs. As such, to satisfy these needs, *zakah* institutions should focus on the programs that could increase, generate and sustain the *zakah* recipients' income thus helping them pertaining to basic amenities such as food and clothes.

The second important dimension of Maslow's hierarchy of needs was safety. The findings give an insight to *zakah* institutions to closely monitor and supervise the performance of recipient's business. It is hoped that the involvement of *zakah* institutions would assist recipients to sustain the viability of their business which can bring in income hence improving their living quality in terms of shelter, education, health and safe neighborhoods. Self-esteem ranked the third important dimension. The findings provide an implication to *zakah* institutions to continuously train the recipients on all matters related to business. This could help the recipients to become successful entrepreneurs. Furthermore, sufficient knowledge will boost the level of confidence and their morale will soar after they feel comfortable with their accomplishment.

Meanwhile, the fourth dimension was social needs. The results provide an implication to *zakah* institutions to initiate events that foster and promote socialization not only among the *zakah* recipients but also with the society. This will nurture sense of belonging, concept of brotherhood and sharing among the recipients and with the society.

Finally, the fifth important dimension is self-actualization. Even though these needs are the weakest they also need to be identified. Here, *zakah* institutions should create programs to educate *zakah* recipients on personal growth and motivate them to fulfil their potential.

Limitation and suggestion for future research

One limitation of this study is that the study employed a cross-sectional approach which limits the respondents' views and opinion. It would be better for future studies to adopt a longitudinal approach, whereby the respondents are required to respond to the questions at the entry and after at least one

year of running their businesses. Thus, this might give a clearer picture on the issue under investigation of which the changes and improvement in the respondents' livelihood and quality of life could become conspicuous.

Another limitation is this study only examined the *zakah* program managed by Majlis Agama Islam Kelantan (MAIK). In order to increase the validity of the results, it is suggested that a similar study to be conducted by other *zakah* institutions located in all states throughout Malaysia. Furthermore, it would be interesting to analyze the outcomes of the study thus providing a better understanding on the effects of Maslow's hierarchy of needs on *zakah* distribution efficiency.

Conclusion

This study concludes that Maslow's hierarchy of needs has positively affected *zakah* distribution efficiency. In addition, all 5 needs are found to be significant in contributing to Maslow's hierarchy of needs. Among all dimensions, physiology is the most important needs followed by safety, self-esteem, social and self-actualization. Lastly, the findings of the study provide useful insight to *zakah* institutions to channel fund in sustainable forms that could assist the recipients in attaining at least a decent life or a minimum level of life quality and thus free them from the chains of poverty.

Acknowledgement

References

Atkinson, R. (2006). Combating social exclusion in Europe. *The New Urban Policy Challenge, Urban Studies*. 37.

Bagozzi, R. P. & Yi, Y, (1988). On the evaluation of structural equation models. *Journal of the Academy of Marketing Science*, 16(1), 74 -94.

Cohen S., Thuiraasi D., & Kandilarou M. (2008). Performance parameters interrelations from a balanced scorecard perspective: An analysis of Greek companies. *Managerial Auditing Journal*, 23(5), 485-503.

Department of Statistics Malaysia (2010). Population distribution and basic demographic characteristics.Available at http://www.statistic.gov.my/portal/download_population/files/cencus 2010/Taburan_penduduk_dan_ciri-ciri asas demographi.pdf.

Economic Planning Unit (2009) – The highest hardcore poor.

Fuadah, J. (2004). Keberkesanan zakat dalam mengatasi masalah kemiskinan di negeri Melaka. Unpublished Master Dissertation. Universiti Malaya.

Hairunizam, W., Sanep, A., & Mohd Ali M. N., (2004). *Kesan bantuan zakat terhadap kualiti hidup asnaf fakir dan miskin.* Petaling Jaya: Intel Multimedia & Publication.

Ibrahim F, Salleh, M. F. M. (2006). Stochastic frontier estimation: An application to local government in Malaysia. *Malaysian Journal of Economic Studies*. 43(1).

Kaplan, R. S. & Norton D. P. (1996). *The balanced score card: Translating strategy into action*. HBS Press, Boston.

Mahyudin, A. B. & Abdullah, A. G. (2011). Towards achieving the quality of life in the management of zakat distribution to the rightful recipients (the poor and needy). *International Journal of Business and Social Sciences*. 2 (4): 237-245. ISSN 2219-1933.

Maslow, A. H. (1970). *Motivation and personality*. 2 nd. Edition, New York: Harper & Row.

Mohamad Saladin, A. R., Ariffin, M. S., & Mohd Fauzi, M. H.. (2010). Poverty measurement in Malaysia zakat institutions: non-Monetary indicators. Zakat Transformation: From Subsistence to productive. Proceeding of the 4th ISDEV International Islamic development, Universiti Sains Malaysia, 21-22 September 2010.

Mohamad, A., (2008). *Perception of academicians towards zakat administration particularly zakat distribution: The case of Selangor and Kelantan.* Unpublished Master Thesis, International Islamic University Malaysia, Kuala Lumpur.

Mujamid, T. (2005). *Golongan penerima zakat: Agihan dana zakat secara lebih berkesan.* Pusat Penerbitan Universiti (UPENA), Universiti Teknologi MARA, Shah Alam.

Nolan, B., & Whelan, C. T. (2010). Using non-monetary deprivation indicators to analyze poverty and social exclusions: Lesson from Europe. *Journal of Policy Analysis and Management Spring*.

Patmawati, I., (2008). Pembangunan ekonomi melalui agihan zakat: Tinjuan Empirikal. *Syariah Journal*. Academy of Islamic Studies. Universiti Malaya. 16 (2), 223-244.

Quran, Al-Taubah verse 60

Rosbi, A. R., & Sanep A., (2010). Keperluan asas berdasarkan Maqasid Al-Syariah: Ke arah pencapaian matlamat dan penilaian komprehensif agihan zakat- The 4th ISDEV International Islamic Development Management Conference (IDMAC 2010) Universiti Sains Malaysia, 21st – 22 December 2010.

Rosbi, A. R., & Sanep, A., (2011). Kesan kerohanian program bantuan modal asnaf oleh Lembaga Zakat Selangor (Lzs). The World Universities 1st Conference 2011, Zakat Research Institute of Malaysia of Malaysia (IKaZ), UiTM, 22 – 24 November 2011.

Rosbi, A. R., Sanep, A., & Hailani, M.Tahir., (2009). Keberkesanan agihan zakat mengikut perspektif Maqasid Al Syariah. Seminar Antarabangsa Muamalat Kewangan Ekonomi Islam. Universiti Kebangsaan Malaysia, 21 October 2009.

Roscoe, J. T. (1975). Fundamental research statistics for the behavioral sciences (2nd edition). New York, Holt, Rihehart and Winston.

Salwana, I., Siti Shafrina, M. S., & Kamarul Hayati, M. Y. (2012). *The use of balanced scorecard in school project to reduce absenteeism: A case of SMK Tanah Merah 2, Kelantan*. Unpublished project paper. Universiti Teknologi MARA, Kelantan.

Wagle, U. (2005). Multidimensional poverty measurement with economic well-being, capability and social inclusion: A case from Katmandu Nepal. *Journal of Human Development.* 6 (1), 210-225.

Wagle, U. (2007). Poverty in Katmandu: What do subjective and objective economic welfare concepts suggest. *Journal of Economic Inequality*. 5 (1), 96-113.

Wagle, U. (2008). Multidemensional poverty: Alternative measurement approach for the United States. *Social Science Research*. 37 (2), 50-64.

Zakaria, A. R., Amini, A. A., & Ahmad Fahme, M. A.,(2010). Peranan Agihan Zakat dalam mengurangkan jurang kemiskinan: Satu kajian di Kelantan. *Proceedings The ISDEV International Islamic Development Management Conference (IDMAC 2010). Zakat Transformation: From Subsistence to productive*. 21st – 22nd December 2010. Universiti Sains Malaysia.