

Zakat Among Muslim Foreign Workers: Payment in Malaysia versus Origin Country

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Abstract

Purpose: This study aims to analyse the factors that contribute to the practice of Muslim foreign workers in Malaysia paying zakat fitr and zakat income either in Malaysia or their origin countries.

Design/methodology/approach: Based on survey data collected within the area of Klang Valley (Wilayah Persekutuan Kuala Lumpur and Putrajaya), the data are tested and analysed using logistic regression analysis.

Findings: The study found that the probability of paying zakat fitr in Malaysia mainly determined by longer working duration, but less likely by those in employment sectors such as retail and business and organizational factor, as compared to other factors (altruism, religiosity, recognition, self-satisfaction). The likelihood to pay zakat income in Malaysia is positively influenced by elder workers and longer working duration but lower probability of the payment due to organizational factor. Altruism factor (the 'rights of poor and needy' to receive zakat payments) contributes positively and significantly to the tendency of respondents to pay zakat in their origin countries with the intention to assist the poor in home countries but working duration, religiosity factor and knowledge about zakat collection system in Malaysia negatively influence the payment of zakat in origin countries. Nonetheless, the willingness of respondents to pay zakat in Malaysia in the future is likely to be contributed significantly by the knowledge on the zakat collection and distribution system in Malaysia, working duration, and religiosity factor.

Research limitations/implications: Proper education and knowledge should be imparted to the Muslim foreign workers about zakat system in Malaysia since they have very limited knowledge on zakat system in Malaysia that make them to choose to pay zakat in their origin countries.

Practical implications: Workers with longer working duration must be encouraged to pay zakat in Malaysia and the 'religiosity factor' and 'organizational factor' must be addressed carefully to at least change Muslim foreign workers outlook in life to become potential zakat payers.

Originality/value: The zakat collection in Malaysia needs to be strategically planned to include non-citizens residing in the country as foreign workers. Due to the scant number of literatures on the topic of current practices of Muslim foreign workers in Malaysia with regards to zakat income payment, as well as the absence of studies exploring the probability that these Muslim foreign workers will pay zakat of income in Malaysia rather than their own countries; the current study therefore, attempts to fill these gaps.

Keywords: Muslim Foreign Workers, Zakat Fitr, Zakat Income, Malaysia

Introduction

The employment of foreign workers in Malaysia in the 1970s was mostly in the construction and rural plantation sectors with small in numbers to fulfill seasonal demand. The situation was changed in 1980s due to rapid industrialisation and economic growth in the country and the economy faced with high unemployment rate in the mid-1980s and later full employment by the early 1990s, together with labour and skill shortages, and wage increasing (Kanapathy, 2001). From this period, foreign workers number started to rise and the dependency on these workers more or less gave positive and negative impacts to the nation economically, socially and culturally. The manufacturing and construction industries are those industries in need of these outside manpower due to critical shortage of labour. This need is even escalated when domestic labours are not interested in jobs that use physical strength particularly the 3D (dirty, dangerous and demeaning) jobs. Nevertheless, low salary paid for the works is unattractive despite of the implementation of minimum wage act in Malaysia.

Based on data from Ministry of Home Affairs, at least 8 countries are the major source for foreign workers to Malaysia from year 2009 to 2018 (refer to Table 1). Those countries are Indonesia, Bangladesh, Thailand, Philippines, Pakistan, Myanmar, Nepal, and India. Among all, Indonesia, Bangladesh, Nepal and Myanmar are the major active contributors for foreign labour in Malaysia (Abdul Rahman, 2017). After the sector of manufacturing industries (36.6 percent), construction and farming sectors have attracted a large number of foreign workers with 18.8 and 15.1 percent, respectively. However, accurate data on Muslim foreign workers in Malaysia are rather lacking. What could be expected is that Muslim foreign workers are coming from Muslim-majority countries such as Indonesia, Bangladesh and Pakistan. Within states of Malaysia, Wilayah Persekutuan Kuala Lumpur is ranked number three of having the highest number of foreign workers after Selangor and Johor with 256,126 workers (14.57 percent) according to a report by Ministry of Home Affairs. In Wilayah Persekutuan Kuala Lumpur itself, the construction sector contributes the largest number of foreign workforces (36.5 percent) and followed by service sector (21.4 percent) and farming sector (14.4) percent.

Table 1: Number of Foreign Workers by Country of Origin (2009-2018)

CITIZEN	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
INDONESIA	991,940	792,809	785,236	746,063	1,021,655	817,300	835,965	758,487	720,464	705,154
NEPAL	182,668	251,416	258,497	304,717	385,466	490,297	502,596	405,336	388,836	382,651
BANGLADESH	319,020	319,475	116,663	132,350	322,750	296,930	282,437	252,365	271,100	268,050
MYANMAR	139,731	160,504	146,126	129,506	161,447	143,334	145,652	138,492	114,507	107,555
INDIA	122,382	95,112	87,399	93,761	124,017	105,188	139,751	119,984	117,314	113,891
PAKISTAN	21,891	28,922	26,229	31,249	50,662	51,563	72,931	62,745	58,510	56,719
PHILIPPINES	24,384	35,338	44,359	44,919	69,126	63,711	65,096	58,366	55,184	54,402
THAILAND	19,402	17,209	5,838	7,251	17,044	12,467	13,547	12,374	16,177	15,515
OTHERS	96,728	117,086	102,714	81,773	98,155	92,624	77,060	58,220	55,285	54,301
TOTAL	1,918,146	1,817,871	1,573,061	1,571,589	2,250,322	2,073,414	2,135,035	1,866,369	1,797,377	1,758,238

Source: Ministry of Home Affairs (2019)

Meanwhile, zakat payment is one of the five pillars of Islam which basically a form of material and spiritual worship to purify the wealth and income by giving a certain amount of money to the poor and the needy from the net income exceeding nisab (minimum level) for a full year. The term is derived from the Arabic verbal root, which means increase, purification and blessing. By paying zakat, it aims at raising grace, purification and good works (Hafidhuddin,

2002). Al-Qardawi (1993) stated that this zakat obligation is mentioned at twenty-seventh place in the holy Quran where thirty times zakat is associated with prayers. Besides, it is emphasized in the number of the hadiths. It has socio-economic goals apart from a compulsory worship. Undoubtedly, zakat has been a religious, spiritual and social purity in its nature (Khan, 2013) which manage to transfer the wealth from those with surplus towards those with shortage. It is a kind of social pressure and religious responsibility among the wealthier Muslim towards their needy Muslim which later, uphold the impact of reaching the equitable distribution of income through corrective distribution of wealth.

Malaysia has institutionalized its zakat system and different states in the country manage its zakat collection and disbursement according to the state Islamic law and fatwas. This resulted to difference in rulings between states and difference in enforcement making zakat management relatively less-regulated institution in Malaysia (Adnan & Bakar, 2009). The zakat system in the country has gone through some improvement over the years. For example, in 1990's, it introduced transformation namely privatization by institutionalising a body that acts as a subsidiary under the Majlis Agama Islam Negeri (MAIN) or State Islamic Religious Council to do zakat collection.

From 108 articles published on zakat in ten years' time from 2003 to 2013, most of it focuses on zakat management in Malaysia (Johari, Aziz & Ali, 2014). Past research on this area of zakat in Malaysia also focused on legal and compliance (Abdullah & Ahmad, 2002; Idris & Ayob, 2002), theories (Mujitahir, 2003; Tarimin, 1995), Muslim awareness and payment behaviour (Idris & Ayob, 2002; Ahmad & Wahid, 2005), accounting (Ismail & Sanusi, 2004), performance of zakat in term of collection and distribution (Noor, Ahmad & Bahrom, 2005) and impact of privatisation on the performance of zakat institutions (Ahmad & Wahid, 2005; Nor, Majid, Ahmad & Ismail, 2001). Studies on the motivational factors of paying zakat, among all are studies by Aidit (1998) and Al-Qaradawi (1999), who concur that non-compliance with the obligation to pay zakat is mainly determined by the level of faith in individuals.

Firdaus, Irawan and Juanda (2012) found that Muslims who paid zakat tend to have stronger faith, self-esteem, appreciation, and sacrifice and the act is influenced by education, occupation and income. Meanwhile, Wahid, Ahmad, Nor and Rashid (2007) found factors positively and significantly influence the payment of zakat income: income level, education level, age, marital status, and payment through mechanism of salary deduction, but satisfaction in zakat distribution, knowledge on Islam, and awareness of income as 'ikhtilaf' wealth are found to be insignificant. Six factors include number of dependents, gender, education level, level of piety (iman), knowledge on Islam, and knowledge on zakat income positively determined the payment of zakat income in a study by Noor, Wahid and Ghani (2004) but knowledge on zakat income and education level negatively affect the payment of zakat of income behaviour.

Ghazali and Ibrahim (2022) stated that the determinant factors of muzakki to pay zakat were compliance to pay zakat, zakat payment methods, trust, knowledge about zakat, zakat regulation, motivation to pay zakat, and zakat board management members while Tamimah (2020) found that there is a significant influence of religiosity on the compliance of paying zakat of assets (maal). The confidence of an individual on the organization also significantly influences his/her act of performing zakat. It is seen as a desire to trust others which can affect the amount of confidence a person should have (Irawati & Ratno, 2020). Syauqi, Anshori and Mawardi (2022) found that zakat literacy, religiosity, and regulations of government affect the

motivation to pay zakat simultaneously through a management agency. The strength of the zakat system also depends on the synergy among the government, muzakki, mustahiq, amil, scholars, as well as related parties, such as educational and accounting institutions (Aziz, 2020; Harahap, 2022.; Munadi, Umar & Aggraii, 2021). Attitude and religiosity have positive and significant relationship with paying zakat intention for millennials in a study by Purwadani and Ridlwan (2022) and the study also shows that attitude mediates the relationship between religiosity and paying zakat intention for the millennials. Khalil, Amin and Azman (2020) opined that the environmental factors such as the demographics of population, the beliefs of surrounding community group, and the obedience to collecting institutions influence an individual's behaviour in term of physical and mental readiness for the payment of zakat. Wahid, Salim, Daud and Ismail (2022) discovered that altruism and faith are important to the consciousness to pay zakat and courtesy, age, and religious influences were the driving forces of awareness.

Having said this, the collection of zakat in Malaysia should be strategically planned to encompass non-citizens who are residing in the country as foreign workers. Study on what are current practices of Muslim foreign workers in Malaysia as regard to payment of zakat income is lacking. Nevertheless, to the knowledge of authors, no study is exploring the likelihood that these Muslim foreign workers will pay zakat income in Malaysia, that is the working place, rather than in their own countries. The current study attempts to fill these gaps. Thus, the present study aims to analyse the practice of zakat payment among Muslim foreign workers in the Malaysia, specifically in Klang Valley (Wilayah Persekutuan Kuala Lumpur, and the factors contributing to zakat payment tendency in this working country of Malaysia or their origin countries.

Data and Methodology

Data

According to data recorded by the Statistics Department, up to June 2022, 2.1 million foreigners were working in various sectors in Malaysia. Data from Ministry of Human Resource (MOHR) show that more than half of the registered foreign workers reside in the three states of Malaysia: Selangor (30 percent), Johor (18 percent) and Wilayah Persekutuan Kuala Lumpur (15 percent). Klang Valley which includes the Federal Territory of Kuala Lumpur as well as Gombak, Hulu Langat, Klang and Petaling (as parts of Selangor) is estimated to have about 20 percent of foreign workers. As of 2018, 40 percent of Malaysia's total foreign worker are from Indonesia, followed by Nepal (22 percent) and Bangladesh (14 percent) where Indonesians and Bangladeshis are mostly Muslims.

Assuming that Klang Valley has 20 percent of total foreign workers of 2.1 million in 2022, the total number of foreign workers in Klang Valley could be estimated approximately 420,000. As mentioned earlier, Indonesians and Bangladeshis are the main groups with most of them are Muslims. Taken this into account, the number of Muslim foreign workers is estimated about 226,800 in Klang Valley. The sample size for this study is obtained by applying the formula of Yamane (1967) which suggests the required sample size is 399. This sample size is determined with confidence level of 95 percent and error level of 5 percent. The study was able to collect 426 data from the survey.

Method

The study utilizes Binary Logit model to test the probability that explanatory variables contribute to practice of paying zakat among respondents. This nonlinear regression model specifically designed for binary dependent variables using cumulative probability distribution function. The exponential function is used for the logistic cumulative distribution function. The logit model with binary dependent variable and multiple regressors is shown as:

$$\Pr(Y = 1|X_1, X_2, \dots) = F(\beta_0 + \beta_1 X_1 + \beta_2 X_2 + \dots + \beta_k X_k) = \frac{1}{1 + e^{-(\beta_0 + \beta_1 X_1 + \beta_2 X_2 + \dots + \beta_k X_k)}} \quad (1)$$

In modelling the probability that explanatory variables contribute to the practice of paying zakat among respondents, the model can be written as follows:

$$L = \ln \left[\frac{P_i}{1 - P_i} \right] = \beta_0 + \sum_{i=1}^n \beta_i (X_i) + \epsilon_i \quad (2)$$

where L_i is a dummy variable with value of 0 or 1 ($L_i = 0$, if respondent not paying zakat or the answer of ‘no’ and $L_i = 1$ if respondent is paying zakat or the answer of ‘yes’), X_i are explanatory variables such as motivational factors, demographic variables, and other controlled variables. In equation 2, the antilog of the j th slope coefficients (β ’s), subtract one from it, and multiply the result by 100 will give us the percentage change in the odds for a unit increase in the j th regressor. This percentage change is interpreted as probability/likelihood that the respondents pay zakat will change (increase or decrease) due to a unit increase in the independent variable. The goodness fit of the model is tested using “fraction correctly predicted’ as well as Pearson χ^2 -type tests of goodness-of-fit, namely Hosmer, Jovanovic and Lemeshow (1989) and Andrews (1988a, 1988b).

Findings

The primary data were analysed and Table 2 displays distribution of respondents demographically. Out of 426 respondents, 65.7 percent of the respondents are male and 32.6 percent are female. As of educational level, almost 40.6 percent of respondents are with secondary school education, 7.5 percent hold college diploma, 17.4 percent hold first degree and more than 10 percent are with postgraduate qualification (Master and/or PhD). Analyzing the monthly salary (RM), respondents earn less than RM2500 per month are 70.4 percent while those earn between RM2500 to RM5000 per month are 23.4 percent. Nonetheless, most of respondents are working in service sector, followed by other sectors (retail, business etc) and manufacturing sector.

Table 2: Background of Respondents

Variable	Category	Frequency	Percent
Gender	Male	280	65.7
	Female	139	32.6
	Missing data	7	1.6
Educational Level	Primary school	63	14.8
	Secondary school	173	40.6
	College Diploma	32	7.5
	Bachelor	74	17.4
	Master	41	9.6
	PhD/Professional	16	3.8

	Missing data	27	6.3
Monthly Salary (RM)	0 - 2500	300	70.4
	2501 - 5000	100	23.4
	5001 - 10000	17	4.0
	10001 – 15000	5	1.2
	15001 and above	4	0.9
Employment Sector	Manufacturing	59	13.8
	Services	178	41.8
	Construction	53	12.4
	Agriculture	1	0.2
	Farming	4	0.9
	Housekeeping	40	9.4
	Others (e.g., retail, business, landscape)	80	18.8
	Missing data	11	2.6

Table 3: Descriptive Statistics on Continuous Variables

Variable	N	Minimum	Maximum	Mean	Standard deviation (SD)	Skewness	Kurtosis
Age	425	19.00	64.00	32.66	8.31	0.97	0.76
Working duration (year)	375	0.2	30.00	6.08	5.65	2.04	5.23

Age and working duration are continuous data/variables collected from the survey. Table 3 shows that the minimum age of respondents is 19 with the maximum is 64 years-old. On average, respondents age is 33. As of working duration in Malaysia, the minimum is 0.2 years (or 2.4 months) and the maximum is 30 years. The working duration of respondents is about 6 years on average.

As regard to a practice of paying zakat, 89.4 percent of respondents paid zakat fitr during Ramadhan but only 24.2 percent of them paid zakat income. Table 4 displays the findings. The study also discovers that, for both cases of zakat, those who are paying zakat in their own countries of origin exceeds in number of those who are paying zakat in Malaysia. Among all different zakat, zakat fitr payment is mostly paid by respondents in Malaysia (33.6 percent). Basically, this is because this zakat is a compulsory obligation to be made before end of each month of Ramadhan. The amount of this zakat fitr is similar to every person regardless of the income level: the minimum amount is one sa' (four double handfuls) of food, grain or dried fruit for each member of the family, or an equivalent amount of money. Meanwhile, zakat income needs to be paid every year once the total annual wealth meets nisab threshold. It is an assigned amount that is worth 2.5% of wealth which is to be paid to the Muslim community. Thus, the obligation is not falling to those whose wealth and income values not yet meet the nisab.

Table 4: Practice of Zakat Payment

Type of zakat		Do you pay zakat every year?			
		Yes	No	Missing data	Total
Zakat of Fitr	N	381	45	0	426
	%	89.4	10.6	0	100
Zakat of Income	N	103	323	0	426
	%	24.2	75.8	0	100
		Where do you pay the zakat?			
		In Malaysia	In country of origin	Missing data	Total
Zakat of Fitr	N	143	222	61	426
	%	33.6	52.1	14.3	100
Zakat of Income	N	37	65	324	426
	%	8.7	15.3	76.1	100

Using binary logit models, the study investigates factors that determine the likelihood of respondents paying zakat fitr and zakat income in Malaysia, paying zakat in origin country and paying zakat in Malaysia in the future. There are only two categories for dependent variable, one and zero in logistic regression. Independent variables can be either categorical or continuous, or a mix of both. These variables could be demographic variables such as age, gender, education level, income level, employment sector, and working duration. Other variables included are control variables such as knowledge on zakat in general, knowledge on specific zakat (fitr or income), motivational factors (religiosity, recognition, altruism, self-satisfaction, organizational), knowledge that zakat is one of Islamic five pillars, and knowledge on zakat collection and distribution in Malaysia.

Four regressions (1, 2, 3 and 4) are developed with different dependent variables. Regression 1 focuses on the practice of 'zakat fitr payment in Malaysia', Regression 2 is on practice of 'zakat income payment in Malaysia', Regression 3 is on practice of 'zakat payment in origin country' with the reason to assist the poor and Regression 4 is on the willingness to 'pay zakat in Malaysia in the future'. Results of all regressions are displayed on Table 5.

Table 5: Binary Logit Estimations

Independent variables	Binary logistic							
	Dependent variables:							
	Paying zakat fitr in Malaysia (1)		Paying zakat income in Malaysia (2)		Paying zakat in origin country (to assist the poor) (3)		Willing to pay zakat in Malaysia in the future (4)	
	B	Exp(B)	B	Exp(B)	B	Exp(B)	B	Exp(B)
Constant	-3.255*	0.039	-4.533	0.011	22.12	40.046	2.302	9.997
Dummy GENDER	-0.116	0.890	-0.979	0.376	-0.203	0.816	-0.040	0.961
AGE	0.020	1.020	0.135**	1.145	0.007	1.007	0.002	1.002
EDUCATION LEVEL	-0.002	0.998	0.041	1.042	-0.066	0.936	-0.159	0.853
WORKING DURATION	0.153***	1.165	0.163**	1.177	-0.069**	0.934	0.061*	1.063
INCOME LEVEL	0.265	1.304	0.218	1.244	-0.158	0.854	0.294	1.342
Employment sector:								

<i>MANUFACTURING</i>								
<i>SERVICES</i>	-0.173	0.841	0.514	0.598	-0.374	0.688	-0.326	0.722
<i>CONSTRUCTION</i>	-0.200	0.818	-1.523	0.218	0.265	1.304	-0.490	0.613
<i>FARMING</i>	-0.667	0.513	-3.316	0.036	-0.478	0.620	-1.286**	0.276
<i>HOUSEKEEPING</i>	-21.915	0.000	-20.602	0.000	19.084	194.21	-2.524**	0.080
<i>OTHERS</i>	-	0.026	-22.088	0.000	0.580	1.785	-0.419	0.657
	3.631***							
<i>Dummy KNOWLEDGE ON GENERAL ZAKAT</i>	-0.480	0.619	-1.053	0.349	-0.181	0.834	-1.206	0.299
<i>Dummy KNOWLEDGE ZAKAT IS ONE OF FIVE PILLARS</i>	1.245	3.472	-	-	-19.305	0.000	-0.061	0.940
<i>Dummy RELIGIOSITY FACTOR</i>	0.279	1.322	0.447	1.564	-0.747*	0.474	0.613**	1.845
<i>Dummy RECOGNITION FACTOR</i>	-0.197	0.821	-1.035	0.355	0.421	1.524	0.077	1.080
<i>Dummy ALTURISM FACTOR</i>	-0.181	0.835	0.757	2.132	0.760**	2.139	-0.784**	0.456
<i>Dummy SELF-SATISFACTION FACTOR</i>	0.258	1.295	-0.610	0.543	-0.040	0.961	0.196	1.217
<i>Dummy ORGANISATIONAL FACTOR</i>	-0.773*	0.462	-2.160**	0.115	0.037	1.304	-	0.365
							1.007***	
<i>Dummy KNOW COLLECTION ZKT SYTM M'SIA</i>	0.818**	2.267	0.989	2.689	-0.717*	0.488	0.013***	3.707
<i>Dummy KNOW DISTRIBUTION ZKT SYTM M'SIA</i>	0.265	1.304	0.846	2.329	0.385	1.469	0.613**	1.845
Diagnostic tests								
<i>% correct classification</i>	76.8 (from 63.0)		78.3 (from 66.3)		83.9 (from 84.2)		73.3 (from 70.5)	
<i>Omnibus Chi-square stat.</i>	93.49***		50.959***		29.35*		59.23***	
<i>Hosmer & Lemeshow Test stat..</i>	9.667		9.985		8.843		6.722	
<i>Cox & Snell R-square</i>	0.281		0.459		0.085		0.165	
<i>Negelkerke R-square</i>	0.383		0.636		0.146		0.234	

Notes: 1. Standard errors are in parentheses;

2. ***statistically significant at the 1% level; **5% level; *10% level.

In Regression 1, the significant predictors of the practice of paying zakat fitr in Malaysia are 'working duration', 'employment sector', 'organization factor' and 'knowledge about zakat collection system in Malaysia'. The positive coefficient (beta) of working duration, that is 0.153, with the odd ratio (Exp(B)) of 1.165 indicates the likelihood of paying zakat fitr in Malaysia among respondents is more when the working duration is longer, with the odds of a person paying zakat fitr is 1.165 times higher for those who working longer duration than short duration, all other factors being equal. In addition, those working in other sectors (retail, business etc.) are less likely to pay zakat fitr in Malaysia as compared to those working in manufacturing sector. Similarly, organizational factor (i.e., confidence in zakat collection centre) is less likely to influence respondents to pay this zakat in Malaysia. The odd ratios in both cases are 0.462 and 0.026, respectively. Other independent variables are found to be insignificant.

In Regression 2, zakat income payment in Malaysia is used as a dependent variable and the results show that higher probability of paying zakat income determined by high age (older workers) and longer working duration but lower probability of the payment due to organizational factor. The odd ratio (Exp (β)) for age is 1.145 which indicates that the odds of a person paying zakat income, is 1.145 times higher for those at higher age, all other factors being equal. The odd ratio of 1.177 for working duration implies that as the working duration increases, the practice of paying zakat income is more likely to occur 1.177 times higher. On the other hand, the result shows that coefficient of organizational factor, is negative and significant with the odd ratio is 0.115, which is less than one. This implies that the odd of paying zakat income is 0.115 times lower due to organizational factor as compared to other factors (altruism, religiosity, recognition, self-satisfaction).

In Regression 3, altruism factor contributes positively and significantly to the tendency of respondents to pay zakat in their origin countries with the intention to assist the poor in their home countries. The altruism factor in this case is the 'rights of poor and needy' to receive zakat payments. The odd ratio of 2.139 implies the 2.139 times likelihood to pay zakat in own countries due to this altruism factor as compared to other factors such as religiosity, self-satisfaction, organizational, and recognition factors, other things equal. However, working duration, religiosity factor and knowledge about zakat collection system in Malaysia negatively and significantly influence the payment of zakat in origin countries. The results indicate that the tendency of paying zakat in own countries instead of in Malaysia is highly influenced by less working duration in Malaysia and lack of knowledge about zakat collection system in Malaysia. Religiosity factor also seems to contribute less to the probability of paying zakat in own countries.

As of Regression 4, the tendency of respondents to pay zakat in Malaysia in the future is likely to be contributed significantly by the knowledge on the zakat collection and distribution system in Malaysia, working duration, and religiosity factor. The odd ratios of these variables are all higher than 1 reflect that the odds of a person willing to pay zakat in Malaysia in the future is higher for someone who have knowledge about zakat collection and distribution system in Malaysia as compared to those who have no knowledge about it, those who work longer time in Malaysia and motivated by religiosity factor (obligation as Muslims), all other factors being equal. The negative coefficients of farming and housekeeping sectors indicate that those working in these sectors are less likely to pay zakat in Malaysia in the future as compared to those in the manufacturing sector (base sector). The odd ratios in both cases are 0.276 and 0.08, respectively indicating that the likelihood to pay zakat in Malaysia in the future is 0.276 and

0.08 times lower in these two sectors as compared to those who are working in manufacturing sector, other things equal. Unlike regression 3, altruism factor contributes negatively and significantly to the tendency of paying zakat in Malaysia in the future. Since the altruism factor in this case is the 'rights of poor and needy' to receive zakat payments, the odd ratio of 0.456 implies there is 0.456 times lower the likelihood of the respondents to pay zakat in Malaysia in future due to this factor.

The diagnostic tests for all estimations show that all models are performing good with the overall percent of correctly classified cases improve to more than 70 percent when independent variables is included in the model. There are significant Chi-square values for the Omnibus test in all regressions with p-value < 0.05, implying that the models with set of predictors are better than without predictor. The Hosmer & Lemeshow test statistics in all models also support the 'goodness of fit' of the models with the Chi-square statistics that have p-values > 0.05. In general, the pseudo-R-square statistics (Cox & Snell R-square and Nagelkerke R-square) of all regressions show that the variance in the dependent variable is explained by the set of predictor variables between 8.5% and 64%.

Conclusion and Policy Recommendations

The collection of zakat in Malaysia should be strategically planned to encompass non-citizens who are residing in the country as foreign workers. Study on what are the current practices of Muslim foreign workers in Malaysia as regard to payment of zakat income is lacking. Nevertheless, no study is exploring the probability or tendency that these Muslim foreign workers will pay zakat of income in Malaysia, the working place, rather than in their own countries. Thus, the present study aims to analyse the practice of zakat payment among Muslim foreign workers in the Malaysia and the determinants of zakat payment made in Malaysia as a working country or the origin countries. The study also attempts to investigate the likelihood that these foreign workers will pay zakat in Malaysia in the future and the factors affecting it.

Surveys are conducted within the area of Wilayah Persekutuan Kuala Lumpur and Putrajaya and sample data collected from a survey are analysed empirically using Binary Logit model. The study finds that most of respondents pay zakat fitr but only a few of them pay zakat income. Most of them paying zakat fitr and income in origin countries rather than in Malaysia. Zakat fitr is the payment that most of them paid in Malaysia among other types of zakat. In Logistic regressions, the probability of paying zakat fitr in Malaysia mainly determined by longer working duration, but less likely by those in employment sectors such as retail and business and organizational factor, as compared to other factors (altruism, religiosity, recognition, self-satisfaction). The likelihood to pay zakat income in Malaysia is positively influenced by elder workers and longer working duration but lower probability of the payment due to organizational factor. Altruism factor (the 'rights of poor and needy' to receive zakat payments) contributes positively and significantly to the tendency of respondents to pay zakat in their origin countries with the intention to assist the poor in their home countries but working duration, religiosity factor and knowledge about zakat collection system in Malaysia negatively influence the payment of zakat in origin countries. Nonetheless, the willingness of respondents to pay zakat in Malaysia in the future is likely to be contributed significantly by the knowledge on the zakat collection and distribution system in Malaysia, working duration, and religiosity factor.

Thus, it is recommended that proper education and knowledge is imparted to the Muslim foreign workers about zakat system in Malaysia since they have very limited knowledge and

awareness on zakat system in Malaysia that make them to choose to pay zakat in their origin countries. Workers with longer working duration should be the main target by zakat collectors to encourage them to pay zakat in Malaysia. Having this, the efforts should be taken by both zakat institutions as well as authorities to develop good and efficient methods of zakat collection among foreign workers particularly to encourage them to pay zakat income in Malaysia. Perhaps, the 'religiosity factor' and 'organizational factor' must be addressed carefully to change Muslim foreign workers outlook in life to become potential zakat payers.

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