

# EXAMINE THE AWARENESS AND KNOWLEDGE ON PUBLIC PERCEPTION TOWARDS ZAKĀT MANAGEMENT DURING THE POST-PANDEMIC PERIOD IN BANGLADESH

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## ABSTRACT

The global COVID-19 pandemic has infected millions of people at an alarming rate. Its emergence has slowed or even stopped economic activity worldwide due to the restrictions on movement imposed to contain the disease's spread. The globe has not experienced such an event in some decades. The COVID-19 pandemic appeared out of nowhere and has since spread worldwide, with five million deaths recorded globally in just a few months. The economic crisis has prompted global shrinkage, which has resulted in an anticipated economic collapse for 2020–2021. Islamic social finance illustrates that this challenging situation has significantly increased the number of needy people and the needs to do something for them. Maintaining Zakāt management has been recognized as a tool to help those impacted by the pandemic contend with the disruption. Zakāt can be helpful in offering financial assistance to needy people. This study's main objective is to examine the public awareness and knowledge towards the Zakāt management during the post-pandemic period in Bangladesh. The study was conducted among government employees, non-government employees, and middle-class business people in Bangladesh. This study applied a descriptive research design and a quantitative research method where the sample size was 210, and the target population was 460. Data was collected through the online procedure using a Google survey form that uses a 1 to 5 Liker scale. The data collection geography city was Dhaka, Bangladesh. The public's awareness of Zakāt management is the unit of analysis. A conceptual framework model has been developed for this study. The study will use SPSS 23.00 and Smart Pls 3.3.3 to measure hypothesis tests. The analyses revealed that Islamic social financing, through instruments especially, Zakāt, can offer and provide financial assistance during and after a crisis, such as the COVID-19 pandemic, from various sectors such as education, social, and humanitarian aid. The results and hypothesis showed that the public's trust in Zakāt institutions is expected to grow as more policies on zakāt management are developed socio-economically.

**Keywords:** Awareness, Islamic Social Finance, Post Covid-19, Socio Economic development. Zakāt Management.

## Introduction

The COVID-19 hurts Bangladesh's economy by interfering with the lives of millions of people and putting a strain on their income-generating capacities. COVID-19 has caused severe economic crises in Bangladesh and other countries. COVID-19 has been affecting Bangladeshi start ups since mid-March 2020. Around 24% of enterprises had to shut down, and 50% reported revenue losses, threatening 1.5 million jobs and a \$53 million yearly loss in 2020. Because of the economic crisis, which is diminishing both national and worldwide demand for goods and RMG products, 3 million graduates may lose their jobs by 2020, according to the Economist Intelligence Unit (SHAHRIAR et al., 2021).

In the first three months after the COVID-19 outbreak, various negative impacts were observed in the rural household economy of Bangladesh, according to the findings of the study. Some of the effects were delayed harvest, problems in selling farm produce, interruption of labour and non-labour inputs, cost hikes, decreased remittance receipts, and non-farm company sales. (Malek et al., 2021).

Zakāt is defined as a mandatory alms payment known as niṣāb, made by wealthy Muslims upon earning a certain amount of wealth and given to a specific group of individuals known as aṣnāf. In accordance with the concept of maqāṣid al-sharīʿah, zakāt as a tool to alleviate poverty. The obligation of zakāt payment is explained in Sharīʿah, i.e., Qurʾān, Sunnah, ijmaʿ as well as qiyās. Furthermore, the Qurʾān instructs the Prophet (ﷺ) to collect zakāt from the wealthy among the believers and distribute it to a specific group of people, which includes the needy, those who collect zakāt, those who unite hearts, those who are in debt to Allah (SWT), those who are traveling, and those who are in debt to Allah (SWT). Islam imposes zakāt as a requirement on all believers by Allah (SWT). In an Islamic economic system, zakāt is an important institution for poverty eradication and economic welfare. In an Islamic state, zakāt is a religious requirement to give the government a portion of one's income and produce. According to Islamic law, the government must spend zakāt revenues on actual subjects mentioned in the holy Qurʾān (Shaikh, 2015).

Disbursement of zakāt has a positive impact on the character of a person and the community as a whole. For Muslims, zakāt is a means of purifying their spirits of undesirable characteristics such as selfishness, greed, and pride while at the same time creating better empathy for those who are in need. Zakāt is also regarded as a symbol of brotherhood in the Islamic religion (What Is Zakāt and Why Do Muslims Pay It? | Global Sadaqah Blog, n.d.).

## LITERATURE REVIEW

For the economic development and growth in the Islamic economy, zakāt plays a significant role and helps the financially under pressure community. In this regard, payment of zakāt is an obligation for those Muslims who have sufficient wealth up to a specific limit as prescribed by Sharīʿah laws. Several benefits have been observed through the zakāt system in the community, like minimizing the gap between the rich and poor provision of various facilities like health, education, transportation and other necessities of those who are not under good financial conditions (Ridwan et al., 2019).

Zakāt is a mechanism, and social work is the practice of supporting people in overcoming poverty and bringing about social change locally and worldwide. Drawing a clear distinction between the two, they can contribute to wealth redistribution by enabling and empowering the poor to become more self-sufficient and produce revenue. In most Muslim countries, poverty is severe, with more than half of the population living in abject poverty. With 1.2 billion inhabitants, Islamic countries are divided into six regions: North Africa, Sub-Saharan Africa, the Middle East, Central Asia, South Asia, and Southeast Asia. Except for a few nations in Southeast Asia and the Middle East, there are high and rising poverty levels. Poverty is caused in part by unequal income distribution and inadequate productivity. Over

half of Indonesia's population (approximately 129 million) is poor or vulnerable to poverty, with daily wages of less than \$2. Burkina Faso (46.4 %), Chad (64.0 %), Guinea (70.1 %), Gambia (61.3 %), Mali (63.8 %), Mozambique (74.7 %), Mauritania (46.3 %), Niger (63.0 %), Nigeria (64.4 %), Sierra Leone (70.2 %), and Uganda are among the poorest Muslim countries (51.5 %). Bangladesh (45 %), Benin (47.3 %), Comoros (46.1 %), Guinea-Bissau (48.8%), and Uzbekistan (46.3 %) all have significant poverty rates (World Bank, 2010). A total of 122 million Muslims live in poverty in Bangladesh and Pakistan (Islamic Development Bank, 2011).

Zakāt is a required annual payment made under Islamic law from an individual's possessions, including wealth and income. It is used for religious and charitable purposes. Zakāt is considered a purification of one's possessions from possible impurities linked to the form from which they were acquired. It is one of the Five Pillars of Islam and ranks as the third pillar after prayer. Aside from that, the word zakāt can be described as "profit," "good," or "mercy." zakāt is a required charitable contribution for Muslims who are financially solvent. A wealthy Muslim who has a minimal amount of wealth, known as nisab, for a lunar year' he has to pay zakāt (Saad & Foori, 2020).

The Holy Qur'ān asserts that zakāt is important for socio-economic development and that it was even established during the life of Prophet Muhammad (ﷺ). Zakāt is advocated and used to lift people out of poverty and misery by ensuring and enabling them to improve their standard of living. The concept of zakāt has gone a long way toward encouraging Muslim brotherhood and social harmony. Zakāt prevents the receivers from engaging in criminal activity and other social vices, ensuring social stability and concord (Yusuf et al., 2020).

## RESEARCH METHOD:

This paper employs a quantitative method and the data used in this research is based on primary sources, such as questionnaires. The questionnaires for this study were developed mainly to meet the research's goal and were based on the Theory of Reasoned Action (TRA). After distributing the questionnaire to the respondents as selected according to the sampling method, the collected data was first input into excel, managed, and appropriately coded. Then the data were analyzed and tested using SPSS (version 23) and Smart PIs 3.3.3 to measure hypothesis tests.

## FINDING AND DISCUSSION

The required primary data was collected from the population of Bangladesh, who are Dhaka's residents. A total of 20 questionnaires were distributed, and 210 responses were received, of which 210 were complete and sufficient for statistical analysis to examine the level of zakāt awareness, zakāt knowledge, and public perception towards zakāt management in Bangladesh. The demographic section includes gender, age, occupation, monthly income, and respondents' education level. Out of 210 responses, 57.1% (120) of respondents were male, while 42.2% (90) were female. In terms of the age of respondents, 8.1% (17) of respondents

aged between 18 and 29 years old and those aged 30-39 years old carried 37.6% (79). 36.7% (77) of those polled are between 40 and 49. The next age group is 50-59 years, consisting of 15.2% (32). Over 60 years old is nearly 2.4 (5) percent. The majority of respondents fall into the second and third groups. We can conclude that an overwhelming 82.4% of respondents are aged between 18 and 49 years, suggesting that most of the respondents are young. 4.8% of respondents are students, 24.3% are business people, 50.5% of respondents are private jobholders, and 20.5% work in government service. 4.3% of respondents have secondary education, and 4.8% are students of higher secondary education. 45.2% have a bachelor's degree, 41.0% have a master's degree, 3.8 percent have a Ph.D., and 1% have another educational background. 30% of respondents' monthly income is between BDT 10000 and BDT 50000, which is 58.6% per month. Another 31.9% of respondents' monthly income is between BDT 50000 and BDT 80000, and 6.2 % of respondents' income is less than BDT 10000. In addition, the respondents who have an income of BDT 80000 or above are very few, which is 3.3%.

### **Finding of the first objective of the study**

In this research, the first objective is to determine the level of awareness about zakāt among Bangladeshi people. So, according to this objective and the question (what is the awareness level on public perception towards Zakāt management in Bangladesh?), each variable was subjected to descriptive analysis individually. Chapter four introduced the means and standard deviations for the five items of the awareness of zakāt in Bangladesh. The means ranged from 3.14 to 4.11, and standard deviations ranged from 0.780 to 1.314. The highest mean was equal to 4.11, and the second and third highest means equal to 4.10 and 4.09, respectively. Furthermore, based on the descriptive statistics, it was observed that four items of the awareness of zakāt in Bangladesh mean values were above the midpoint of the scale ( $\mu=4$ ). Therefore, it can be concluded that still, respondents have complete awareness about the zakāt system in Bangladesh.

### **Finding of the second objective of the study**

In this research, the second objective is to determine the level of knowledge about zakāt among Bangladeshi people. So, according to this objective and question (What is the knowledge level on public perception towards Zakāt management in Bangladesh?), each variable's descriptive analysis was carried out. It was found that the majority of the people who participated in our research for the first statement (40.0) %, second statement (40.5) %, third (37.6) %, fourth (44.3) % and fifth statement (42.4) % reacted in agreement with all five statements which are mentioned in the knowledge part in table 5.13. The means and standard deviations for the five items of the knowledge of zakāt in Bangladesh were presented in chapter four. The means ranged from 3.63 to 4.17, and standard deviations ranged from 0.874 to 1.18. Based on the descriptive statistics, it was observed that the majority of items of the zakāt knowledge mean values were below the midpoint of the scale ( $\mu = 4$ ). Therefore, it can be concluded that respondents don't have sound zakāt knowledge in Bangladesh.

## HYPOTHESIS TEST

### **Hypothesis 1 (H1): Awareness significantly influences public perception towards Zakāt management in Bangladesh.**

The relationship between zakāt awareness and public perception towards zakāt management in Bangladesh is examined; the standardized coefficient for the path connecting zakāt awareness and public perception towards zakāt management was 0.127 with a p-value of 0.047. The p-value in this result is smaller than the value of 0.05. This value shows significant evidence of the relationship between zakāt awareness and public perception towards zakāt management in Bangladesh. Hence, hypothesis one (H1) is supported.

### **Hypothesis 2 (H2): Knowledge significantly influences public perception towards Zakāt management in Bangladesh.**

The relationship between zakāt knowledge and zakāt management in Bangladesh is examined. The standardized coefficient for the path connecting zakāt knowledge and zakāt management in Bangladesh is 0.478, with a p-value of 0.000. The p-value is less than the  $\alpha$  value of 0.05. This shows significant evidence of the relationship between zakāt knowledge and Zakāt management in Bangladesh. In summary, the results from the statistical analysis revealed that hypotheses one and two are both supported. Hence, hypothesis two (H2) is supported.

## CONCLUSION

The results of this paper have illustrated that Bangladesh's population lacks awareness and knowledge of Islamic social finance. However, they know the basic Islamic knowledge regarding Islamic finance in general. This research has two objectives: to examine the level of awareness and knowledge level on public perception towards zakāt management in Bangladesh. According to the research objectives, the awareness level was not high but not very low in our analyses. If there was a definitive statement or question, the mean was a little higher than for the statements or questions that were slightly technical or advanced. Furthermore, the results show that the respondents have a high intention of learning about Islamic social finance and would like to follow the rules and regulations of the zakāt. The researcher hopes policymakers will consider the current results and establish an independent, renowned zakāt board in Bangladesh.

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