

Determinants of Poverty: A Logit Regression Analysis of Zakat Applicants

Authors : Zunaidah Ab Hasan, Azhana Othman, Abd Halim Mohd Noor, Nor Shahrina Mohd Rafien

Abstract : Zakat is a portion of wealth contributed from financially able Muslims to be distributed to predetermine recipients; main among them are the poor and the needy. Distribution of the zakat fund is given with the objective to lift the recipients from poverty. Due to the multidimensional and multifaceted nature of poverty, it is imperative that the causes of poverty are properly identified for assistance given by zakat authorities reached the intended target. Despite, various studies undertaken to identify the poor correctly, there are reports of the poor not receiving the adequate assistance required from zakat. Thus, this study examines the determinants of poverty among applicants for zakat assistance distributed by the State Islamic Religious Council in Malacca (SIRCM). Malacca is a state in Malaysia. The respondents were based on the list of names of new zakat applicants for the month of April and May 2014 provided by SIRCM. A binary logistic regression was estimated based on this data with either zakat applications is rejected or accepted as the dependent variable and set of demographic variables and health as the explanatory variables. Overall, the logistic model successfully predicted factors of acceptance of zakat applications. Three independent variables namely gender, age; size of households and health significantly explain the likelihood of a successful zakat application. Among others, the finding suggests the importance of focusing on providing education opportunity in helping the poor.

Keywords : logistic regression, zakat distribution, status of zakat applications, poverty, education

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