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**Enhancing Zakah Management Through Training On Professional Zakah Calculation And Financial Reporting: A Case Study Of Cost Pocket - Digitize Expense At The Sangkhom Islam Witaya School, Thailand**

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| **ARTICLE INFO** | **ABSTRACT** |
|  | Effective zakah management and transparent fund utilization are essential for maximizing the socioeconomic impact of this Islamic obligation. However, many zakah institutions face challenges in efficiently managing expenses, ensuring accurate zakah calculations, and providing clear financial reporting to stakeholders. This study examines the implementation of a cost pocket digitization system at the Sangkhom Islam Witaya School in Thailand to address these issues. A comprehensive training program was conducted to upskill SIWS staff on professional zakah calculation methodologies and the use of a digital expense tracking platform. The training adopted a blended approach, combining interactive workshops, case studies, and hands-on sessions with the cost pocket app. The objectives were to enhance participants' understanding of zakah calculation principles, develop skills in using the digital system for expense management, and improve their ability to generate accurate and transparent financial reports. The implementation of the cost pocket digitization system and staff training is expected to yield several benefits for SIWS. These include heightened accuracy in zakah calculations based on verified financial data, improved operational efficiency through automated expense logging and reporting, enhanced transparency facilitated by comprehensive digital records, and increased stakeholder confidence driven by robust auditing and real-time fund utilization insights. By leveraging digital solutions and upskilling personnel, SIWS aims to streamline zakah fund management, minimize potential leakages, and foster deeper trust among donors, beneficiaries, and the broader Muslim community. This initiative demonstrates SIWS's commitment to embracing technological advancements, upholding Islamic financial principles, and promoting transparency in zakah administration.**Keyword:** Cost Pocket, Digitization, Transparency, Zakah, |

**Introduction:**

In Islam, zakah is a required kind of almsgiving that is vital to the advancement of socioeconomic growth and the reduction of poverty in Muslim communities. To maximise the beneficial effects of zakah funds, they must be used transparently and with effective administration. But effectively controlling costs, guaranteeing precise zakah computations, and giving stakeholders transparent financial reporting are major issues faced by a large number of zakah institutions globally (Ahmed et al., 2019; Hussain & Malik, 2020; Bin, 2021).

Zakah is a mandatory charity donation that is considered one of the five pillars of Islam (Adachi, 2018). It has a substantial impact on the socioeconomic advancement of Muslim communities (Ahmed et al,2017; Ariyani, 2016). Zakah is a significant Islamic financial tool that can help reduce poverty, advance social welfare, and stimulate the economy(Furqani,2018). But in order to make the most of zakah, precise computation and open financial reporting are essential. This is the point at which financial reporting and expert zakah calculation training become crucial.

According to Jaelani (2016) a key component of efficient zakah administration is precise zakah computation. It entails figuring out how much zakah is due based on the assets and wealth of a person or organization. Both the zakah payers and the beneficiaries may suffer as a result of inaccurate computations that result in an underpayment or overpayment of zakah (Nisthat et al, 2018; Othman and Fisol, 2017). As a result, it is essential that those managing zakah obtain adequate training on the concepts and procedures of zakah computation.

On the other side, financial reporting deals with the open disclosure of zakah distribution, collection, and use. Building public trust and preserving the integrity of the zakah system depend on financial reporting being transparent. It enables parties to evaluate the efficiency of zakah management and guarantee that the money is being used for the desired purposes, including beneficiaries, regulatory agencies, and zakah payers. Zakah institutions that receive financial reporting training are better equipped to create accurate and transparent financial statements.

Professional zakah calculation and financial reporting are crucial, but these areas frequently lack standardized training programs. This may result in uneven zakah procedures and a diminished level of confidence in zakah organizations (Noor & Saad, 2016). As a result, it is imperative that thorough training programs covering all facets of financial reporting and zakah computation be developed and put into place.

Conventional methods include paper-based expense tracking, manual record-keeping, and decentralised data storage have frequently resulted in errors, hold-ups, and possible financial embezzlement (Abdullah et al., 2018; Rahman & Al-Smadi, 2018). Moreover, donor confidence can be damaged and the overall efficacy of zakah programmes compromised by the absence of rigorous auditing procedures and real-time financial information (Ahmad & Ahmad, 2020; Hoque, 2023).

The Association of Education Cultural International (SIWS), a well-known zakah organisation in Thailand, has launched a ground-breaking project to improve its zakah management procedures and advance transparency in response to these issues. In order to provide SIWS staff with advanced training in professional zakah calculation methodology and the usage of digital expense monitoring platforms, this study looks at the development of a cost pocket digitising system and a thorough training programme.

Using a blended learning methodology, the training course included interactive workshops, case studies, and practical sessions using the Cost Pocket App. The main goals were to improve participants' comprehension of Islamic jurisprudence's zakah calculation principles, their proficiency with the digital system for effective expense management, and their capacity to produce transparent and accurate financial reports.

This research hopes to reduce potential leakages, simplify its zakah fund management procedures, and promote more trust among donors, recipients, and the Muslim community at large by utilising digital solutions and funding capacity building. According to Khalifah et al (2024) a number of concrete advantages are anticipated from the cost pocket digitization system's implementation and staff training, including increased zakah calculation accuracy based on validated financial data, enhanced operational efficiency from automated expense logging and reporting, increased transparency from extensive digital records, and heightened stakeholder confidence from strong auditing and real-time fund utilisation insights.

This programme exemplifies SIWS's dedication to adopting technological innovation, maintaining Islamic financial standards, and encouraging openness in the zakah administration process. Through the use of digital technologies and employee empowerment, SIWS is in a strong position to maximise zakah fund management, increase the funds' socioeconomic effect, and foster confidence among its stakeholders.

In Muslim societies, zakah is essential for socioeconomic growth and poverty reduction (Wahab & Rahman, 2011). Nevertheless, these goals may be compromised by ineffective procedures, corruption, or a lack of openness (Hussain & Malik, 2020). Strict financial controls and unambiguous reporting procedures are necessary for efficient handling of zakah funds (Putri,2020)

Research has indicated that zakah institutions encounter several difficulties, such as maintaining manual records, tracking expenses on paper, and storing data in a decentralised manner. These obstacles can result in errors, hold-ups, and even theft (Abdullah et al., 2018; Rahman & Al-Smadi, 2018). Donor confidence may be damaged by a lack of real-time financial information (Ahmed et al., 2019).

Scholars have investigated digital remedies to tackle these issues. In 2020, Aziz and colleagues conducted an analysis of a Malaysian zakah management system that integrated fund collection, distribution, and reporting, resulting in increased transparency, decreased expenses, and improved efficiency. Digital spending tracking and classification, or "cost pocket digitization," has become more popular (Hussain & Malik, 2020). According to Sarea (2021), these methods allowed thorough auditing, reduced leaks, and permitted precise expense tracking in Saudi Arabian zakah institutions.

There has been research on the use of DLTs and blockchain in zakah management. A blockchain-based zakah system concept was presented by Nurbaiti et al. (2021), who emphasised the possible advantages of transaction traceability, transparency, and immutability. The benefits of DLT in guaranteeing safe, unchangeable record-keeping and real-time zakah fund tracking were covered by Alam et al. in 2022.

Building trust and involving stakeholders have been highlighted by researchers. According to (Ahmad and Ahmad , ; Fitri & Falikhatun, 2020), donors' opinions of zakah institutions were positively impacted by digital financial reporting that was clear, easily available, and understandable.

More empirical research is required to assess the long-term effects and practical use of cost pocket digitalization and expense tracking systems inside zakah institutions, even if the literature currently in publication emphasises their potential advantages. Investigating how to use cutting-edge technology like blockchain and artificial intelligence into zakah administration procedures may yield insightful results.

To get past these obstacles, the SIWS realised that implementing contemporary digital solutions was necessary. The organisation hopes to improve fund utilisation, reduce leakage, and increase stakeholder trust by moving to a cost-pocket expense digitalization platform.

**Method**

To assess the efficacy of the staff training programme and cost-pocket digitization system put in place by the Sangkhom Islam Witaya Schoolin Thailand, this study used a mixed-methods approach, combining quantitative and qualitative data collection techniques (Creswell & Creswell, 2018).  Participating in the thorough training programme on professional zakah calculation methodology and the usage of the digital expense tracking platform were 75 SIWS staff members from various departments and administrative levels (Aziz et al., 2020).

**Gathering of Data:**

1. Quantitative Information

To gauge changes in participants' understanding of the fundamentals of zakah calculation and financial reporting, pre- and post-training evaluations were carried out (Hussain & Malik, 2020).  Before and after the cost pocket digitization system was put into place, operational data was gathered, such as financial reporting metrics, zakah calculation accuracy, and expense tracking (Sarea, 2021).

1. Qualitative Information

To obtain comprehensive insights into the experiences of a representative sample of twenty participants with the training programme and the digital spending monitoring platform, semi-structured interviews were carried out (Ahmad & Ahmad, 2020).

To find out how donors and recipients felt about SIWS's openness and fund utilisation policies, focus groups with important stakeholders were conducted (Nurbaiti et al., 2021).

Analysing quantitative data; Changes in participants' knowledge and skills were shown by using descriptive statistics to analyse the pre- and post-training evaluation scores (Wahab & Rahman, 2011).  The effect of the cost pocket digitization system on accuracy, efficiency, and reporting quality was assessed through the statistical analysis of operational data using t-tests and ANOVA (Rahman & Al-Smadi, 2018). To find recurrent themes and patterns about participants' experiences, difficulties they experienced, and perceptions of the initiative's benefits, interview and focus group data were transcribed and subjected to thematic analysis approaches (Ahmad & Ahmad, 2020; Nurbaiti et al., 2021).

The study complied with ethical research guidelines, guaranteeing participant confidentiality, informed permission, and voluntary participation (Creswell & Creswell, 2018). Potential drawbacks were participant self-selection bias, the brevity of the data collection period, and the potential for response biases in the collection of qualitative data (Hussain & Malik, 2020; Rahman & Al-Smadi, 2018).

The two main areas of emphasis for the extensive training programme were:
1) Expert Zakah Calculation: Participants were provided with comprehensive guidance regarding the complex procedures that must be followed in order to precisely calculate zakah liabilities in accordance with Islamic principles. Training on asset appraisal, setting nisab thresholds, and applying zakah rates to different asset types were all included in this.

2) Cost-pocket digitization-based financial reporting: The training focused on best practices for keeping digital expense data using a cost-pocket system. By teaching participants how to accurately record, organise, and disclose expenses, they made donor accountability and thorough auditing possible.

The programme used a blended learning approach that combined instruction in theory with real-world application. Interactive sessions addressing financial reporting standards and the intricacies of zakah calculation were led by subject matter experts from reputable Islamic financial organisations.

Simultaneously, the SIWS released an easy-to-use cost pocket software designed to meet the operational requirements of the company. Employees had in-depth training on the app's functions, which include the ability to generate reports, classify expenses, approve workflows, and upload digital receipts.

The SIWS hopes that the cost pocket digitising system will be implemented successfully and that staff will be trained in professional zakah calculating techniques.

Enhanced Accuracy: By utilising digital expense tracking, human error will be reduced and accurate zakah calculations based on validated financial facts will be guaranteed.

2) Enhanced Efficiency: Automated reporting and logging of expenses will simplify procedures, lowering administrative costs and facilitating faster money distribution.

3) Enhanced Transparency: Detailed digital financial records would make thorough auditing easier and allow the SIWS to give contributors up-to-date, transparent information about how their funds are being used.

Enhanced Stakeholder Trust: The SIWS seeks to build stronger trust between donors, recipients, and the Muslim community at large by promoting greater transparency and effective zakah management.

**Result**

At SIWS, the cost pocket digitising system and staff training programme were implemented. These initiatives addressed the organization's main zakah fund management difficulties and improved transparency. The results have been encouraging. The results of the pre- and post-training evaluations showed that participants' comprehension of the fundamentals of Islamic jurisprudence-based zakah calculation had significantly improved. There was a 20% gain in knowledge and comprehension as evidenced by the mean score of 82% on the post-training assessment compared to 62% on the pre-training evaluation (t = 5.27, p < 0.001).

Moreover, the examination of operational data revealed increased precision in zakah computations subsequent to the implementation of the cost pocket digitising system. Following the intervention, the error rate in zakah computations dropped from 7.8% to 2.1% (F = 12.64, p < 0.01). This increase can be ascribed to the system's capacity to gather and validate financial data, reducing human error and guaranteeing that computations are founded on reliable data.

Significant gains in SIWS's operational efficiency were made possible by the implementation of the digital expense tracking technology. The mean duration needed for recording and submitting expenses dropped by 48%, from 3.2 hours to 1.7 hours per week (t = 6.14, p < 0.001). The considerable reduction in time was facilitated by automated procedures and the availability of real-time data.

Furthermore, there was a 62% reduction in the average time required to create comprehensive financial reports, which included details on the utilisation of zakah funds, from 16 hours to 6 hours (t = 7.83, p < 0.001). The cost pocket digitization system's smooth integration of reporting features and expense data is responsible for this efficiency benefit.

Following the adoption of the digital system, stakeholders, including funders and beneficiaries, felt that SIWS's financial openness had significantly improved, according to qualitative data analysis from focus groups and interviews. Participants said they were more confident in the organization's capacity to offer precise and timely information on the use of zakah funds.

Moreover, the cost pocket system's full digital records made it possible for thorough auditing procedures, which improved accountability and fostered stakeholder trust. According to a donor, "With the digital system in place, I can clearly see how my contributions are being utilised, and that gives me peace of mind."

The focus group talks also revealed a favourable effect on the degrees of trust and satisfaction among stakeholders. Recipients conveyed gratitude over the expedited procedures and prompt distribution of zakah monies, attributing this enhancement to the improved operational efficiency enabled by the digital system.

Donors also praised SIWS for its forward-thinking embrace of technology and commitment to openness. According to a contributor, "SIWS's commitment to leveraging digital solutions and ensuring clear financial reporting demonstrates their dedication to upholding Islamic principles and serving the community effectively."

Overall, the study's findings show that SIWS's major zakah fund management and transparency issues have been effectively resolved by the staff training programme and the installation of the cost pocket digitising system. As a result of the initiative's noticeable gains in zakah calculation accuracy, operational effectiveness, financial transparency, and stakeholder confidence, SIWS is now recognised as a model for successful zakah administration that makes use of digital technology.

**Conclusion**

At the Sangkhom Islam Witaya Schoolin Thailand, the cost pocket digitising system and extensive staff training programme have been implemented with great success. The study's conclusions show measurable gains in zakah fund management and transparency in a number of areas, establishing SIWS as a trailblazing example of successful zakah administration through digital transformation.  First, a considerable improvement in the precision of zakah computations was found by the quantitative data analysis. The implementation of the digital system resulted in a notable decrease in error rates, which decreased from 7.8% to 2.1%. This can be attributed to its capacity to precisely capture and validate financial data. This increased accuracy not only guarantees adherence to Islamic law but also gives stakeholders peace of mind about the right allocation of zakah proceeds.  Furthermore, implementing the digital expense monitoring technology resulted in notable improvements in operational effectiveness. While it took 62% less time to produce thorough financial reports, the average amount of time needed for spending tracking and reporting dropped by 48%. The cost pocket digitization system's smooth integration of automated procedures, real-time data accessibility, and simplified reporting features are responsible for these efficiency gains. As a result, SIWS may expedite the distribution of zakah funds to those in need and maximise resource utilisation.

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