International Journal of Al-Turath in Islamic Wealth and Finance, Vol.7, No.1 (2026) 63-79
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STAKEHOLDER PERCEPTIONS OF ZAKAH AS A TOOL FOR POVERTY ALLEVIATION IN KATSINA STATE, NIGERIA

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Abstract

Zakah constitutes a foundational pillar of Islamic social finance and is intended to function as a compulsory redistributive mechanism for poverty alleviation and social justice. In Nigeria, particularly in the northern states where poverty incidence is highest, Zakah has been re-institutionalized through state-level boards and local committees. Despite these efforts, the extent to which Zakah effectively addresses poverty remains contested, largely due to governance and institutional challenges. This study examines stakeholder perceptions of Zakah as a poverty alleviation tool in Katsina State, Nigeria. Using a qualitative research design, data were collected through in-depth interviews, focus group discussions, document analysis, and field observations involving donors, beneficiaries, religious leaders, and Zakah administrators. Data were analyzed thematically using ATLAS.ti 8. Findings reveal that while stakeholders acknowledge Zakah's contribution to food security, healthcare access, and short-term livelihood support, its broader developmental impact is constrained by weak governance, limited transparency, logistical inefficiencies, low public awareness, and declining donor trust. Beneficiaries report delays and inconsistencies in access, while administrators highlight capacity and funding constraints. The study concludes that institutional reform, digitalization, enhanced stakeholder engagement, and a shift toward productive Zakah are critical for strengthening Zakah's poverty-alleviation impact in Katsina State.
Keywords: Zakah, Islamic social finance, poverty alleviation, stakeholder perception, governance, Katsina State, Nigeria

1.Introduction

One of the most enduring and complex development issues facing the modern global economy is poverty.In recent development discourse,there has been a growing emphasis on the fact that

poverty involves vulnerabilities related to education,health, housing,employment, social exclusion,and shock exposure in addition to financial deprivation.The World Bank emphasises the systemic and multifaceted aspects of poverty by conceptualising it as a lack of opportunity and well-being (World Bank, 2023). In a similar vein, the United Nations Development Programme (UNDP) emphasises the need for inclusive and context-sensitive solutions by framing poverty as a violation of human dignity and fundamental capabilities(UNDP,2023).

The paradox of economic scale without corresponding social welfare outcomes is best illustrated by Nigeria.Despite being the most populous nation in Africa and having one of the continent's greatest economies after recent GDP rebasing activities, poverty rates are still startlingly high. According to recent national evaluations, Nigeria's economic growth has been mainly non-inclusive, with little job creation, growing inequality, and falling real incomes for sizable portions of the populace (World Bank, 2024). Due to structural disadvantages like low educational attainment, poor infrastructure, demographic pressure, climate vulnerability, and ongoing insecurity, poverty in Nigeria is also spatially uneven, with northern regions suffering from noticeably higher deprivation (National Bureau of Statistics [NBS], 2022; World Bank, 2023).

Recent empirical and policy assessments routinely list Katsina State, which is in the northwest of Nigeria, as one of the states most afflicted by poverty. More than two-thirds of Katsina's population, according to Nigeria's Multidimensional Poverty Index, suffer from deprivation in a number of important areas, such as access to productive economic opportunities, health, education, and living standards (NBS, 2022). According to recent research, poverty in Katsina State is also linked to rural vulnerability, reliance on subsistence farming, large household sizes, shocks related to climate change, and displacement brought on by insecurity, all of which compromise the sustainability of livelihoods (World Bank, 2023; International Organisation for Migration [IOM], 2024).

According to assessments of government-led initiatives to reduce poverty in northern Nigeria, their effectiveness has been hampered by inadequate institutional capacity, poor coordination, and a lack of alignment with regional sociocultural contexts (UNDP, 2023; World Bank, 2024). Scholarly and policy interest in complementary and alternative approaches based on ethical, faith-based, and community-centered frameworks has grown in reaction to the shortcomings of traditional poverty reduction strategies. In this context, Islamic social finance has become a major field of study, especially in cultures with a majority of Muslims. Zakah holds a unique place among its tools as a mandatory redistributive system ingrained in Islamic law and moral economy.

In contrast to voluntary charitable giving (ṣadaqah), Zakah is a legally enforceable duty for qualified Muslims and is regulated by precise guidelines for evaluation, collecting, and distribution. The Qur'an states: "And in their wealth there is a known right for the beggar and the

deprived" (Qur'an 70:24–25), establishing the normative basis of Zakah as a right of the poor over the wealth of the affluent.

On the other hand, it has been demonstrated that inadequate institutional capacity, bad governance, and a lack of transparency compromise the efficacy of Zakah and erode public confidence (Hasan & Sarea, 2021). Since the early 2000s, state-level Zakah boards and committees have been established in various northern Nigerian states, notably Katsina, giving the institutionalisation of Zakah additional impetus. These organisations were established specifically to mobilise Zakah funds in order to fight pervasive poverty and support government social welfare initiatives. However, recent research indicates that the effectiveness of Zakah institutions in Nigeria has been unequal, with results primarily influenced by public confidence, administrative capability, and governance quality (Abdullahi & Masruki, 2022; Ahmad & Oseni, 2022).

While recipient outcomes are impacted by the regularity, sufficiency, and promptness of Zakah payout, donor compliance is nevertheless susceptible to views of accountability and transparency. Stakeholder perceptions play a crucial role in comprehending these processes. The efficiency and durability of social finance institutions depend not just on formal regulations but also on how important stakeholders view impact, fairness, and reliability, according to recent institutional and governance research (OECD, 2019; World Bank, 2022). Stakeholders in Zakah include givers (muzakkī), recipients (mustaḥiq), administrators (ʿāmilūn), religious authorities, and governmental organisations.

There are still few empirical studies that thoroughly investigate stakeholder perspectives of Zakah at the subnational level, especially in Katsina State, despite the expanding corpus of literature on Islamic social finance in Nigeria. The majority of current research pays little attention to the lived experiences and perspectives of donors, beneficiaries, administrators, and religious leaders in favour of concentrating on institutional structures, legal frameworks, or overall results. This disparity is important because trust, compliance, and institutional efficacy are all directly impacted by stakeholder views. In order to close this gap, this study looks at how stakeholders in Katsina State, Nigeria, view Zakah as a means of reducing poverty.

The study offers context-specific insights into how Zakah is viewed, applied, and limited in a modern socioeconomic setting by emphasising the viewpoints of important stakeholders. In Katsina State and other similar situations, these insights are crucial for guiding institutional reforms meant to improve transparency, strengthen governance, and fully realise the potential of Zakah to reduce poverty.

2. Literature Review

2.1 Conceptual Foundations of Zakah

Zakah is derived from the Arabic root *z-k-w*, which conveys the meanings of purification, growth, and blessing. In its juridical sense, Zakah refers to a compulsory levy imposed on specified categories of wealth once they attain the prescribed minimum threshold (*niṣāb*) and complete the stipulated holding period (*ḥawl*). Within Islamic law, Zakah is recognized as a fundamental pillar of Islam and an obligatory act of worship with clear legal, ethical, and socio-economic dimensions (Hasan, 2017; Haneef & Adeyemi, 2020). The Qur'an explicitly identifies the categories of legitimate beneficiaries (Qur'an 9:60), thereby establishing Zakah as an institutionalized mechanism for redistribution and social justice rather than a voluntary act of charity (Ahmed, 2019).

From an economic perspective, Zakah operates as a structured transfer mechanism that reallocates resources from surplus-holding households to deficit-constrained households. Contemporary Islamic economists emphasize that this redistributive function contributes to allocative efficiency, mitigates excessive wealth concentration, and enhances aggregate demand, given the higher marginal propensity to consume among lower-income groups (Chapra, 2016; Hassan & Noor, 2016). In this regard, Zakah integrates spiritual objectives with tangible socio-economic outcomes by simultaneously promoting moral responsibility, income redistribution, and social cohesion. Recent scholarship conceptualizes Zakah as a hybrid institution that bridges ethical norms and economic regulation within the broader framework of Islamic social finance (Hasan & Sarea, 2021).

2.2 Zakah as an Instrument of Poverty Alleviation

Theoretical models of Islamic public finance position Zakah as a core component of the Islamic social safety net, capable of addressing both transient and chronic poverty (Ahmed, 2019; Haneef & Adeyemi, 2020). Within this framework, Zakah performs dual functions. Consumptive Zakah provides immediate relief by meeting basic needs such as food, shelter, and healthcare, thereby reducing vulnerability and preventing destitution (Suprayitno et al., 2017). Productive Zakah, by contrast, is directed toward income-generating activities, skills development, and micro-enterprise support, with the objective of enabling beneficiaries to achieve sustainable livelihoods and long-term economic independence (Rahman & Al-Mubarak, 2021).

Empirical evidence from several Muslim-majority countries supports this theoretical proposition. Studies from Malaysia consistently demonstrate that institutionalized Zakah distribution reduces poverty incidence and narrows poverty gaps, particularly when allocations prioritize productive and empowerment-oriented programmes such as micro-enterprise financing,

vocational training, and entrepreneurship support (Hassan & Noor, 2016; Suprayitno et al., 2017). Comparable outcomes have been documented in Indonesia, Pakistan, and parts of the Middle East, where professionally managed Zakah institutions contribute not only to short-term welfare improvements but also to longer-term income stability (Hasan & Sarea, 2021; Rahman & Al-Mubarak, 2021). However, recent literature cautions that the effectiveness of Zakah as a poverty alleviation instrument depends critically on governance quality, targeting accuracy, and monitoring mechanisms (Ahmed, 2019).

2.3 Empirical Evidence from Nigeria

In Nigeria, empirical research on Zakah remains relatively limited when compared to Southeast Asia, despite the country's large Muslim population and high poverty incidence. Existing studies indicate that Zakah has contributed positively to household welfare in several northern states, including Sokoto and Kano, particularly through food distribution, medical assistance, and cash transfers to vulnerable households (Abdullahi & Masruki, 2022; Ahmad & Oseni, 2022). Beneficiaries in these contexts often report improved short-term consumption and reduced exposure to economic shocks.

Nevertheless, Nigerian studies consistently identify significant governance-related challenges. These include weak institutional capacity, limited transparency in collection and disbursement processes, inadequate record-keeping, and, in some cases, political interference (Abdullahi & Masruki, 2022). Such constraints restrict the scale, efficiency, and sustainability of Zakah interventions. Moreover, most Nigerian studies focus primarily on outcomes or institutional arrangements, with limited attention to the perceptions and experiences of key stakeholders.

Given that Zakah relies heavily on trust, moral commitment, and voluntary compliance, stakeholder perceptions are central to understanding institutional effectiveness (OECD, 2019; World Bank, 2022). The relative neglect of perception-based analysis constitutes a critical gap in the Nigerian literature. This gap is particularly evident in Katsina State, which, despite its high poverty levels and long-standing Islamic heritage, remains under-represented in empirical studies on Zakah. Addressing this gap is essential for generating context-specific insights into how Zakah institutions function in practice and how their poverty-alleviation impact can be strengthened.

2.4 Stakeholder Theory and Zakah Institutions

Stakeholder theory posits that the effectiveness and sustainability of any organization depend on the alignment of interests, expectations, and perceptions among its key stakeholders (Freeman et al., 2019). In the context of Zakah institutions, stakeholders include donors (*muzakkī*), beneficiaries (*mustaḥiq*), administrators (*ʿāmilūn*), religious leaders, and government agencies.

Each group plays a distinct yet interrelated role in shaping institutional legitimacy, compliance behavior, and overall performance (OECD, 2019).

Where stakeholders perceive Zakah governance systems as opaque, inequitable, or inefficient, trust erodes and participation declines. This can manifest in reduced donor compliance, preference for informal distribution channels, and weakened institutional credibility (Abdullahi & Masruki, 2022). Conversely, transparent, accountable, and professionally managed Zakah institutions tend to foster higher levels of trust, enhanced resource mobilization, and stronger social cohesion (World Bank, 2022; Rahman & Al-Mubarak, 2021). Applying stakeholder theory to Zakah institutions therefore provides a robust analytical framework for examining perception-driven challenges and understanding how institutional design and governance practices influence poverty-alleviation outcomes in Katsina State.

3. Methodology

3.1 Research Design

This study adopts a qualitative research design to explore stakeholder perceptions of Zakah as a tool for poverty alleviation in Katsina State, Nigeria. A qualitative approach is particularly appropriate for this study because perceptions, experiences, trust, and institutional legitimacy are socially constructed phenomena that cannot be adequately captured through purely quantitative measures (Creswell & Poth, 2018; Merriam & Tisdell, 2016). By focusing on lived experiences and stakeholder narratives, the study seeks to generate context-specific insights into how Zakah institutions operate in practice and how their effectiveness is perceived by different actors.

Recent methodological literature emphasizes that qualitative inquiry is well suited for research in faith-based institutions and socially embedded financial systems, where meaning, norms, and values play a central role in shaping behavior (Flick, 2018; Creswell, 2021). Accordingly, this study prioritizes depth, interpretive understanding, and analytical rigor over statistical generalization.

The study was conducted in Katsina State, located in north-western Nigeria. Katsina State was selected purposively due to its high poverty incidence, Muslim-majority population, and the presence of formal Zakah institutions operating at state and local government levels. Recent national and international development reports identify Katsina as one of the states most affected by multidimensional poverty, making it a relevant and critical context for examining the role of Zakah in poverty alleviation (National Bureau of Statistics [NBS], 2022; World Bank, 2023).

The study population comprised key stakeholders involved in Zakah administration and utilization in Katsina State. These included:

i. Zakah administrators and officials
ii. Zakah donors (*muzakkī*)
iii. Zakah beneficiaries (*mustaḥiq*)
iv. Religious leaders (Imams and Islamic scholars)
v. Community leaders and relevant government officials

A purposive sampling technique was employed to select participants who possess direct knowledge and experience of Zakah processes. Purposive sampling is widely recommended in qualitative research where information-rich cases are required to address specific research questions (Palinkas et al., 2015; Creswell & Poth, 2018). Participants were selected across different local government areas to capture variation in institutional practices and stakeholder experiences.

Data were collected using multiple qualitative methods to enhance depth and credibility through triangulation.

3.4.1 In-Depth Interviews

Semi-structured interviews were conducted with Zakah administrators, donors, beneficiaries, and religious leaders. Semi-structured interviews allow flexibility while ensuring that core themes relevant to the research objectives are consistently explored (Kallio et al., 2016). Interview guides were designed to elicit participants' perceptions of Zakah effectiveness, governance practices, transparency, challenges, and opportunities for reform.

3.4.2 Focus Group Discussions (FGDs)

Focus group discussions were conducted with selected community members and beneficiaries to capture shared experiences, group dynamics, and collective perceptions of Zakah distribution. FGDs are particularly useful for exploring social norms, trust, and community-level perceptions in development research (Morgan, 2019).

3.4.3 Document Analysis

Relevant documents were reviewed, including Zakah policy documents, institutional reports, administrative records, and publicly available guidelines. Document analysis provides contextual and institutional insights and allows for cross-validation of interview data (Bowen, 2015).

3.4.4 Field Observation

Non-participant observation was conducted during selected Zakah distribution activities. Observational data helped to capture operational practices, beneficiary interactions, and logistical processes that may not be fully articulated in interviews (Flick, 2018).

All interviews and focus group discussions were audio-recorded with participants' consent and transcribed verbatim. The data were analyzed using thematic analysis, following systematic coding and theme development procedures. The analysis was supported by ATLAS.ti (version 8), a qualitative data analysis software widely used for managing, coding, and organizing large volumes of qualitative data (Friese, 2019).

The analysis followed these steps:

1. Familiarization with the data
2. Open coding to identify initial concepts
3. Categorization of codes into themes
4. Refinement and interpretation of themes in relation to the research objectives

This iterative process enhanced analytical depth and ensured that themes emerged inductively from the data rather than being imposed a priori (Braun & Clarke, 2021).

3.6 Trustworthiness and Rigor

To ensure methodological rigor, the study adopted established criteria for trustworthiness in qualitative research, including credibility, transferability, dependability, and confirmability (Lincoln & Guba, 1985; now widely reaffirmed in recent qualitative methodology literature).

- **Credibility** was enhanced through triangulation of data sources and methods.
- **Transferability** was supported by providing detailed contextual descriptions of the study setting.
- **Dependability** was ensured through systematic documentation of research procedures.
- **Confirmability** was strengthened by maintaining an audit trail and reflexive notes.

The study adhered to internationally accepted ethical standards for social science research, particularly those relating to qualitative inquiry involving human participants (Creswell, 2021; British Educational Research Association, 2018).

4. Findings

This section presents the empirical findings of the study based on qualitative data obtained from interviews, focus group discussions, document analysis, and field observations conducted in Katsina State. The findings are organized thematically in line with the study objectives and guided by the stakeholder framework. Analysis reveals a complex picture in which Zakah is widely recognized as a vital poverty alleviation mechanism, yet its effectiveness is constrained by governance, operational, and perception-related challenges.

4.1 Stakeholder Awareness and Understanding of Zakah

Findings indicate that awareness of Zakah as a religious obligation is generally high among stakeholders, particularly donors and religious leaders. Most donors demonstrate a clear understanding of Zakah as a compulsory act distinct from voluntary charity (*ṣadaqah*). Religious leaders consistently emphasized Zakah's role as a pillar of Islam and a means of social justice.

However, while awareness of the religious obligation of Zakah is widespread, understanding of its institutional objectives and administrative processes is uneven. Many donors possess limited knowledge of how Zakah institutions operate, how beneficiaries are selected, and how funds are allocated. Beneficiaries similarly reported limited understanding of institutional criteria guiding Zakah distribution, often perceiving assistance as discretionary rather than rights-based.

This gap between religious awareness and institutional understanding contributes to weak engagement with formal Zakah structures.

4.2 Perceived Contributions of Zakah to Poverty Alleviation

Across stakeholder groups, Zakah is widely perceived as making a positive contribution to short-term poverty alleviation. Beneficiaries reported that Zakah assistance helps meet immediate needs such as food, healthcare, school expenses, and basic household consumption. For many households, Zakah serves as a coping mechanism during periods of economic stress.

Zakah administrators and religious leaders emphasized that Zakah plays a stabilizing role by reducing extreme deprivation and preventing destitution, particularly among widows, orphans, the elderly, and persons with disabilities. These findings suggest that Zakah functions effectively as a consumptive social safety net.

However, stakeholders consistently noted that Zakah's impact is largely temporary. Beneficiaries reported that assistance is often insufficient to lift households out of poverty or support sustainable livelihoods. Productive Zakah initiatives-such as capital support for small businesses or skills acquisition-were reported to be limited in scope and coverage.

4.3 Donor Perceptions, Trust, and Compliance

Donor perceptions emerged as a critical determinant of institutional effectiveness. While donors expressed strong commitment to fulfilling their religious obligation, many reported low confidence in formal Zakah institutions. Main concerns raised by donors include:

i. Limited transparency in fund utilization

ii. Absence of publicly accessible financial reports

iii. Unclear beneficiary selection criteria

iv. Weak feedback and accountability mechanisms

As a result, several donors indicated a preference for informal or direct distribution of Zakah to known beneficiaries rather than channelling funds through institutional structures. This practice, while fulfilling individual religious obligations, limits the pooling of resources and reduces the potential scale and coordination of Zakah interventions.

4.4 Beneficiary Experiences and Distribution Challenges

Beneficiaries expressed appreciation for Zakah assistance but identified multiple challenges related to access and distribution. Common issues include:

i. Delays in Zakah disbursement

ii. Irregular distribution schedules

iii. Unequal coverage across communities

iv. Limited amounts relative to household needs

Some beneficiaries reported that selection processes are not always transparent, leading to perceptions of favoritism or exclusion. These perceptions, even when unverified, contribute to dissatisfaction and weaken institutional legitimacy at the community level.

Despite these challenges, beneficiaries generally viewed Zakah as morally legitimate and socially valuable, highlighting a distinction between trust in the principle of Zakah and skepticism toward its institutional administration.

4.5 Administrative and Operational Constraints

Zakah administrators identified several operational challenges that limit institutional performance. These include inadequate funding for administrative activities, shortage of trained personnel, weak data management systems, and logistical difficulties in reaching rural and insecure areas.
Administrators also noted the absence of digital platforms for Zakah collection, record-keeping, and monitoring. Manual processes were reported to increase inefficiency, errors, and delays, while also constraining transparency. These operational constraints reduce the ability of Zakah institutions to scale up activities and implement productive poverty alleviation programs.

4.6 Role of Religious and Community Leaders

Religious and community leaders play a central role in mobilizing Zakah compliance and mediating relationships between institutions and communities. Findings show that Imams and Islamic scholars are trusted sources of guidance and significantly influence donor behavior.
However, many religious leaders reported limited involvement in institutional decision-making and insufficient training in modern Zakah management practices. This limits their ability to support governance reforms, monitor implementation, or advocate for transparency beyond moral exhortation.

4.7 Stakeholder Perceptions of Governance and Accountability

Across all stakeholder groups, governance emerged as the most significant theme shaping perceptions of Zakah effectiveness. Stakeholders consistently linked transparency, accountability, and professionalism to trust and compliance.

Where governance was perceived as weak, stakeholders reported declining confidence, reduced participation, and preference for alternative distribution channels. Conversely, stakeholders emphasized that improved reporting, clear procedures, and inclusive engagement would enhance legitimacy and effectiveness.

These findings underscore that stakeholder perceptions act as a mediating factor between institutional design and poverty alleviation outcomes.

5. Discussion

This section discusses the findings of the study in relation to the research objectives, stakeholder theory, and contemporary literature on Zakah and poverty alleviation. The discussion moves beyond description to interpret how stakeholder perceptions, governance quality, and institutional

capacity collectively shape the effectiveness of Zakah as a poverty alleviation instrument in Katsina State.

5.1 Zakah's Role as a Social Safety Net: Short-Term Relief versus Long-Term Empowerment

The findings indicate that Zakah in Katsina State functions primarily as a consumptive social safety net, providing short-term relief to vulnerable households. Beneficiaries reported improved access to food, healthcare, and basic consumption needs, confirming Zakah's effectiveness in mitigating transient poverty and preventing extreme deprivation. This outcome aligns with contemporary empirical studies from Malaysia, Indonesia, and Nigeria that identify consumptive Zakah as an effective mechanism for immediate welfare support (Hassan & Noor, 2016; Suprayitno et al., 2017; Abdullahi & Masruki, 2022).

However, the limited scope of productive Zakah initiatives observed in this study suggests that Zakah's transformative potential remains underutilized in Katsina State. Recent literature emphasizes that productive and empowerment-oriented Zakah programs generate more sustainable poverty reduction outcomes by enabling income generation and asset accumulation (Rahman & Al-Mubarak, 2021; Hasan & Sarea, 2021). The dominance of consumptive Zakah in Katsina therefore reflects broader institutional constraints rather than conceptual limitations of Zakah itself.

5.2 Stakeholder Perceptions, Trust, and Institutional Legitimacy

A central contribution of this study lies in its examination of stakeholder perceptions as a determinant of Zakah effectiveness. Findings reveal a clear distinction between trust in the principle of Zakah and skepticism toward its institutional administration. While donors strongly affirm Zakah as a religious obligation, many express reluctance to channel funds through formal institutions due to perceived deficiencies in transparency and accountability.

This pattern supports stakeholder theory, which posits that institutional legitimacy is constructed through stakeholder trust and perceived fairness rather than formal mandates alone (Freeman et al., 2019). Similar findings are reported in recent studies on Islamic social finance, which show that donor compliance is highly sensitive to perceptions of governance quality and financial disclosure (OECD, 2019; Hasan & Sarea, 2021). In Katsina State, weak reporting mechanisms and limited feedback channels appear to undermine donor confidence, leading to increased reliance on informal distribution.

5.3 Governance and Administrative Capacity as Binding Constraints

Governance and administrative capacity emerged as binding constraints shaping Zakah outcomes. Zakah administrators identified challenges related to staffing, logistics, data management, and funding, which collectively limit the scale and effectiveness of interventions. These findings are consistent with recent Nigerian and African studies that highlight institutional weakness as a major impediment to effective Zakah administration (Abdullahi & Masruki, 2022; Ahmad & Oseni, 2022).

The absence of digital systems for collection, monitoring, and reporting further exacerbates governance challenges. Contemporary research demonstrates that digitalization enhances transparency, reduces transaction costs, and strengthens stakeholder confidence in Zakah institutions (Rahman & Al-Mubarak, 2021). The limited adoption of such systems in Katsina State therefore represents a missed opportunity for institutional modernization and trust-building.

5.4 Beneficiary Perceptions and Distributional Justice

Beneficiary experiences highlight important concerns regarding distributional justice, consistency, and adequacy. While beneficiaries value Zakah assistance, reported delays and irregularities contribute to perceptions of inequity and exclusion. These findings reinforce the argument that social protection effectiveness depends not only on resource availability but also on fair and predictable delivery mechanisms (World Bank, 2022).

From a stakeholder theory perspective, beneficiary dissatisfaction can erode institutional legitimacy even when intentions are sound. Recent studies emphasize that transparency in beneficiary selection and clear communication of eligibility criteria are essential for maintaining social cohesion and trust in redistributive institutions (OECD, 2019; Hasan & Sarea, 2021).

5.5 Role of Religious Leaders as Institutional Intermediaries

The study underscores the pivotal role of religious and community leaders as intermediaries between Zakah institutions and the public. Religious leaders command moral authority and influence donor behavior, making them critical actors in mobilizing compliance. However, limited involvement in institutional governance and lack of training in modern management practices constrain their effectiveness.

Recent literature advocates for greater integration of religious leaders into formal Zakah governance structures, combined with capacity-building initiatives, to enhance accountability and community trust (Rahman & Al-Mubarak, 2021; Abdullahi & Masruki, 2022). The findings from Katsina State support this recommendation, suggesting that moral legitimacy alone is insufficient without institutional empowerment.

5.6 Implications for Stakeholder Theory in Islamic Social Finance

The findings extend stakeholder theory within the context of Islamic social finance by demonstrating that perceptions act as a mediating variable between institutional design and poverty alleviation outcomes. Even where Zakah institutions exist and operate, negative stakeholder perceptions can significantly reduce effectiveness by discouraging participation and compliance.

This study contributes to the literature by showing that stakeholder theory is particularly relevant for faith-based financial institutions, where trust and moral legitimacy are central to resource mobilization. The Katsina case illustrates that strengthening governance, transparency, and engagement is not merely an administrative concern but a theoretical requirement for institutional effectiveness.

6. Conclusion and Policy Implications

6.1 Conclusion

This study examined stakeholder perceptions of Zakah as a tool for poverty alleviation in Katsina State, Nigeria, with particular attention to governance, institutional effectiveness, and stakeholder trust. Drawing on qualitative data from donors, beneficiaries, administrators, religious leaders, and community stakeholders, the study provides a nuanced understanding of how Zakah operates in practice and how its effectiveness is shaped by perception-driven dynamics.

The findings demonstrate that Zakah is widely recognized as a legitimate and morally grounded mechanism for poverty alleviation. Stakeholders consistently acknowledge its positive contribution to meeting immediate consumption needs, including food security, healthcare, and basic household support. In this respect, Zakah functions effectively as a consumptive social safety net, particularly for the most vulnerable groups.

However, the study also finds that Zakah's poverty-alleviation impact in Katsina State remains largely short-term and insufficient for enabling sustained poverty exit. Productive and empowerment-oriented Zakah initiatives are limited in scope, coverage, and institutional support. This limitation is not inherent to Zakah as an Islamic institution but rather reflects governance, administrative, and capacity constraints.

A central conclusion of the study is that stakeholder perceptions act as a critical mediating factor between Zakah institutions and poverty outcomes. While trust in the religious obligation of Zakah remains strong, confidence in formal Zakah institutions is weakened by perceived deficits in transparency, accountability, and procedural fairness. These perceptions discourage institutional participation, reduce donor compliance, and constrain the scale and effectiveness of Zakah interventions.

Overall, the study concludes that strengthening Zakah's role in poverty alleviation in Katsina State requires moving beyond symbolic institutionalization toward governance-driven, stakeholder-centered reform.

6.2 Policy Implications

The findings of this study have important policy implications for Zakah institutions, government agencies, religious authorities, and development stakeholders.

First, governance and transparency must be strengthened.

Zakah institutions should institutionalize regular financial reporting, public disclosure of collection and disbursement data, and clear beneficiary selection criteria. Transparent governance frameworks are essential for rebuilding donor trust and enhancing institutional legitimacy, as emphasized in recent Islamic social finance and governance literature (OECD, 2019; World Bank, 2022).

Second, Zakah administration should be professionalized.

Capacity building for Zakah administrators is critical. This includes training in financial management, beneficiary targeting, monitoring and evaluation, and data management. Professionalization will improve efficiency, reduce delays, and enhance accountability, thereby strengthening stakeholder confidence.

Third, greater emphasis should be placed on productive Zakah.

While consumptive Zakah remains essential, policy frameworks should prioritize the gradual expansion of productive Zakah programs that support income-generating activities, skills acquisition, and micro-enterprise development. Evidence from other Muslim-majority contexts shows that productive Zakah offers greater potential for sustainable poverty reduction when properly managed (Rahman & Al-Mubarak, 2021; Hasan & Sarea, 2021).

Fourth, digitalization should be integrated into Zakah management.

The adoption of digital platforms for Zakah collection, record-keeping, and monitoring can enhance transparency, reduce administrative costs, and improve real-time reporting. Digitalization has been shown to strengthen trust and compliance in Islamic social finance institutions and should be adapted to local infrastructural realities.

Fifth, religious leaders should be institutionally integrated.

Given their moral authority and community trust, religious leaders should be formally involved in Zakah governance structures, oversight committees, and public sensitization efforts. Targeted training can enable them to play a more effective role in promoting accountability and stakeholder engagement.

Finally, stakeholder engagement should be institutionalized.

Zakah institutions should establish feedback mechanisms that allow donors and beneficiaries to voice concerns, seek clarification, and participate in institutional learning. Such engagement reinforces legitimacy and aligns Zakah administration with community expectations.

6.3 Implications for Future Research

Future studies should consider mixed-methods approaches to quantify the long-term poverty impacts of Zakah and examine the interaction between Zakah and other Islamic social finance instruments. Comparative studies across Nigerian states and West African contexts would further enrich understanding of institutional variation and best practices.

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