

CHAPTER 1

INTRODUCTION

1.1 Introduction

The payment of *zakat* is a social justice that can help to alleviate poverty in *Muslim* societies. *Islam* introduces *zakat* as a means of redistribution of wealth among the *Muslims* in order to balance the situation. It takes from those who have excess to those who have nothing. The issue of poverty in Nigeria is somehow high, especially among the *Muslim*, to the extent that many *Muslim* children are dropping out of schools. Kwara state is a populated *Muslim* state where *Muslims* are about 77% of the population according to the 1963 Nigeria census, and the percentages of *Muslims* appear to be the same, according to Abdulganiy, (2012). Where *zakat* should have an impact on *Muslim* socio-economic affairs in the state but probably due to improper collection of *zakat* or due to not pay it through *zakat* institutions, the state is not enjoying the impact of *zakat* on their present situation of poverty.

This chapter begins by setting the context of the study and explaining its key concepts, primarily the meaning of *zakat* and its manifestations throughout *Islamic* history. It starts with the background of *zakat* institutions in *Islam*, followed by Nigeria's *zakat* institution and the challenges they face. From this context, the researcher articulates the research problem from which the writer derives the objectives of the research and the corresponding questions to achieve those objectives. The writer then highlights the significance of the research, as well as its contribution to theory and practice. Following

this, she details the scope and limitations of the research, explains the operational definitions of key terms, and outlines the structure of the study.

1.2 Background of the Study

Zakat is obligatory *Islamic* alms and the third pillar of *Islam*. Literally, *zakat* is derived from the root word in *Arabic*, meaning “that which purifies” and “that which fosters” (Johari *et al.*, 2013). It also carries other meanings of “growth” and “virtue”, as well as “giving”. It is referred to in the *Quran* as *sadaqat*, which means giving and charity. *Zakat* means both ‘purification’ and ‘growth’. An individual’s wealth and properties are purified by giving a proportion to those in need. Thus, the act of paying *zakat* means purifying one’s wealth to receive *Allah*’s blessing to make it grow in goodness. *Islam* did not only make paying *zakat* compulsory on capable *Muslims* in many verses of the Glorious *Quran*, but it also dealt extensively with the proper way the *zakat* assets should be managed (Mustapha, 2016; Fuadah *et al.*, 2013; Abubakar & Saad, 2017). For example, *Islam* explained the eight categories of beneficiaries of *zakat*, which means that *zakat* assets cannot be administered randomly, but one must follow the laid down rules and regulations. The Glorious *Quran* states the beneficiaries of *zakat* thus:

﴿ إِنَّمَا الصَّدَقَتُ لِلْفُقَرَاءِ وَالْمَسْكِينِ وَالْعَمِلِينَ عَلَيْهَا وَالْمُؤَلَّفَةِ
قُلُوبُهُمْ وَفِي الرِّقَابِ وَالْغَرَمِينَ وَفِي سَبِيلِ اللَّهِ وَأَبْنِ
السَّبِيلِ فَرِيضَةً مِّنَ اللَّهِ وَاللَّهُ عَلِيمٌ حَكِيمٌ ﴾

“Alms are for the poor and the needy, and those employed to administer the (funds; for those whose hearts have been (recently)

reconciled (to Truth; for those in bondage and in debt; in the cause of Allah; and for the wayfarer: (thus it is) ordained by Allah, and Allah is full of knowledge and wisdom” (Quran. Al-Tawbat 9:60).

This verse explains the categories of people entitled to *zakat*. This is a divine division from *Allah* and nobody, and thus not subject to change (Mahadi, 2019; Adam et al., 2017). Each of the eight categories identified by the *Quran* has clear social and economic effects. Some of the social and economic benefits of *zakat* manifest in the fact that it offers debt relief and assists price stability. It also has positive effects on increasing the money supply, and at the same time, boosts demand for goods and services. Although *zakat* has widely been abandoned in current times, it can have significant financial impacts if managed appropriately (Mustapha, 2016; Fuadah et al., 2013; Abubakar & Saad, 2017).

The *zakat* managers, as stated as “*al-Amilin*” in *surat al-Tawba: 60*, are those working on the collection, distribution, and administration of *zakat* resources that can be compensated for their services from the *zakat* income, as the *Quran* mentioned them among the *zakat* beneficiaries. This underscores the need for a specialized institution and appointed administrators to manage the affairs of *zakat* in the *Muslim* community while also emphasizing the importance which Islam attached to the *zakat* institution (Hamzah & Suraju, 2018). At the time of the Prophet Muhammad (Peace be upon Him), and his four rightly-guided successors (may *Allah* be pleased with them), *zakat* management was largely controlled by the state institution, until when the popular political crisis erupted, during the era of Khaliph Uthman (Hamzah & Suraju, 2018; Adam et al., 2017; Caturida & Bahari, 2018). During the early era of the *Islamic* government, *Muslim* rulers used to

administer the process of collection, distribution, and management of *zakat* directly by personally appointing capable and trustworthy people to collect *zakat* under their close supervision. As heads of the *Muslim* state, the Prophet and his successors (peace be upon them) gave adequate attention to the *zakat* institution, by ensuring proper monitoring of *zakat* affairs and the appointed people placed in charge of its activities were accountable to them directly. This affirms not only the importance of *zakat* but also the need for proper management of *zakat* resources for its intended purposes (Mustapha, 2016; Abubakar & Saad, 2017; Olaonipekun et al., 2015; Hamzah & Suraju, 2018; Adam et al., 2017).

Despite the fact, the payment of *zakat* is an individual duty, the process of its collection, distribution, and management is regarded as a collective obligation. *Islam* has organized the institution of *zakat* with a spiritual approach, leading to the socioeconomic advantage of humankind. The *zakat* institution, therefore, is an important institution with a certain religious-socioeconomic purpose. It has established rules and regulations, procedures, structure, and particular functions (Abdullah, 2017; Abubakar & Saad, 2017). The setting up of the institution of *zakat* is, therefore, a duty of an *Islamic* state in a well-coordinated *Muslim* society, where *Islam* directs all the affairs of the society (Hamzah & Suraju, 2018; Adam et al., 2017; Caturida & Bahari, 2018).

This was the general situation in the *Muslim* world before the colonization of Muslim nations (Abdullahi, 2017; Caturida & Bahari, 2018). However, the arrival of different colonial governments in *Muslim* nations put an end to state-managed *zakat* activities and the abolition of public *zakat* institutions. Hence *zakat*, as faith-based alms, obligatory only on the rich individuals in favor of the less-fortune in the society was

disorganized (Haji-Othman *et al.*, 2017 & Abubakar & Saad, 2016). In its place, taxation was introduced. Secular taxes are primary civic obligations and have no religious implications. Hence, their amounts are decided by the government while *zakat* rate and its use are based on *Islamic* injunctions (Mahadi, 2019).

In *Quran* 3 verse 180 *Allah* also says:

﴿ وَلَا يَحْسَبَنَّ الَّذِينَ يَبْخُلُونَ بِمَا آتَاهُمُ اللَّهُ مِنْ فَضْلِهِ هُوَ خَيْرًا لَّهُمْ بَلْ هُوَ شَرٌّ لَّهُمْ سَيُطَوَّقُونَ مَا بَخَلُوا بِهِ يَوْمَ الْقِيَامَةِ وَلِلَّهِ مِيرَاثُ السَّمَوَاتِ وَالْأَرْضِ وَاللَّهُ بِمَا تَعْمَلُونَ خَبِيرٌ ﴾

“And let not those who covetously withhold of the gifts which Allah hath given them of His Grace think that it is good for them: Nay, it will be the worse for them: soon shall the things which they covetously withheld be tied to their necks like a twisted collar, on the Day of Judgement. To Allah belongs the heritage of the heavens and the earth, and Allah is well-acquainted with all that ye do”.

(*Quran*. Al-'Imran 3:180)

This verse explains the type of punishment that wealthy people not paying *zakat* will receive on the Day of Judgement. *Allah* will strangulate their neck with their wealth from which they refused to pay *zakat* (Imam Tabari, 2000). According to Imam Tabari in his *tafsir* while he was explained the phrase سيطوقون ما بخلوا به يوم القيام he said: whoever among them whose relatives come to and ask him for help from his money and he refuses, that money will transform into an old male snake on the Day of Judgement and strangle his neck. Furthermore, *Quran* 9 verses 34-35 talk about the punishment of the wealthy for their evasion of *zakat*. *Allah* says:

﴿ يَتَّيِّهَا الَّذِينَ ءَامَنُوا إِنَّ كَثِيرًا مِّنَ الْأَحْبَارِ وَالرُّهْبَانِ
لِيَأْكُلُونَ أَمْوَالَ النَّاسِ بِالْبَاطِلِ وَيَصُدُّونَ عَن سَبِيلِ اللَّهِ ۗ وَالَّذِينَ
يَكْتُمُونَ الذَّهَبَ وَالْفِضَّةَ وَلَا ينفِقُونَهَا فِي سَبِيلِ اللَّهِ
فَبَشِّرْهُم بِعَذَابٍ أَلِيمٍ ﴿٣٤﴾ يَوْمَ يُحْمَىٰ عَلَيْهَا فِي نَارِ جَهَنَّمَ
فَتُكْوَىٰ بِهَا جِبَاهُهُمْ وَجُنُوبُهُمْ وَظُهُورُهُمْ ۗ هَذَا مَا كَنَزْتُمْ
لِأَنفُسِكُمْ فَذُوقُوا مَا كُنْتُمْ تَكْتُمُونَ ﴿٣٥﴾ ﴾

“O’ ye who believe! There are indeed many among the priests and anchorites, who in falsehood devour the substance of men and hinder (them) from the way of Allah. And there are those who bury gold and silver and spend it not in the way of Allah: announce unto them a most grievous penalty- On the Day when heat will be produced out of that (wealth) in the fire of Hell, and with it will be branded their foreheads, their flanks, and their backs, their flanks, and their backs. - “This is the (treasure) which ye buried for yourselves: taste ye, then, the (treasures) ye buried”!

(Al-Quran. Al-tawba 9:34-35).

The hadiths of Prophet Muhammed also explained some of the punishments.

وعن أبي هريرة رضي الله عنه قال: قال رسول الله صلى الله عليه وسلم: ما من صاحب ذهب، ولا فضة، لا يؤدي منها حقها إلا إذا كان يوم القيامة صفحت له صفائح من نار، فأحمي عليها في نار جهنم، فيكوى بها جنبه، وجبينه، وظهره، كلما بردت أعيدت له في يوم كان مقداره خمسين ألف سنة، حتى يقضى بين العباد فيرى سبيله، إما إلى الجنة وإما إلى النار .
قيل: يا رسول الله فالإبل؟ قال: ولا صاحب إبل لا يؤدي منها حقها، ومن حقها، حلبها يوم ردها إلا إذا كان يوم القيامة بطح لها بقاع قرقر وأوفر ما كانت، لا يفقد منها فصيلا واحدا، تطؤه بأخفافها، وتعضه

بأفواهها، كلما مر عليه أولاهها، رد عليه آخرهاها، في يوم كان مقداره خمسين ألف سنة، حتى يقضى بين العباد، فيرى سبيله، إما إلى الجنة وإما إلى النار.
قيل: يا رسول الله فالبقر والغنم؟ قال: ولا صاحب بقر ولا غنم لا يؤدي منها حقها إلا إذا كان يوم القيامة، بطح لها بقاع قرقر، لا يفقد منها شيئاً ليس فيها عقصاء، ولا جلحاء ولا عضباء تنطحه بقرونها وتطؤه بأظلافها كلما مر عليه أولاهها رد عليه آخرهاها في يوم كان مقداره خمسين ألف سنة حتى يقضى بين العباد، فيرى سبيله إما إلى الجنة وإما إلى النار.

رواه مسلم في (الزكاة) باب إثم مانع الزكاة برقم ٩٨٧

“Any owner of gold or silver who does not pay its due zakat, will be made to suffer on the Day of Resurrection, plates of fire would be beaten out for him; these will be heated in the fire of Hell and his sides, his forehead, and his back will be cauterised with them. Whenever they cool down, they will be heated during a day which is fifty thousand years long, until mankind is judged, and then he will end up either in Jannah or Hell It was said: “O Messenger of Allah, what about the camel”? He (the Prophet said: And so is the owner of camels who does not pay what is due on them, and of his due in that (camel) is (also) to milk it on the day when it comes down to water. On the Day of Resurrection, a soft sandy plane would be set for them (and they will be made) as fat as possible (he will find) that not a single young one is missing, and they will trample him with their hoofs and bite him with their mouths. As often as the first of them passes him, the last of them would be made to return during a day..”

(Hadith. Musilm. Kitab al-zakat: Bab: He who does not pay zakat, fasl:6: Abu Huraira: #50606.)

Abu Huraira narrated that Prophet Muhammad (peace be upon him) said, “Whoever is made wealthy by Allah and does not pay the zakat of his wealth, then on the Day of Resurrection his wealth will be made like a bald-headed poisonous male snake with two black spots over the eyes. The snake will encircle his neck and bite his cheeks and say, ‘I am your wealth, I am your treasure.’ “Then the Prophet recited the holy verses: -- ‘Let not those who withhold . . .’ (to the end of the verse) (3.180) (Hadith. Al-Bukhari. Kitab al-zakat: The sin of a person who does not pay zakat: fasl 2: Abu Huraira: #706.)

In some countries, however, *zakat* was replaced with a compulsory secular head tax on all adult male citizens, irrespective of their financial status. It is typically paid directly to the government, not for the benefit of the less-fortune, but to help the government in performing its responsibility of providing social amenities to the governed. For instance, in Nigeria, the government does not mandate *zakat* on citizens but does levy a compulsory tax (Adebayo, 2011; Hassan, 2010).

Since *Zakat* is an important pillar of *Islam*, it was revived by *Muslim* in the Middle East, Asia, and Africa, when their nations secured independence from their colonial masters such as Palestinian, Indonesia, and Malaysia as well as other nations, hence, the resuscitation of *zakat* institutions in various *Muslim* countries (Hamzah & Suraju, 2018; Adam *et al.*, 2017; Caturida & Bahari, 2018). *Muslim* minorities in other non-*Muslim* nations also strived to revive the institution of *zakat* in their various communities in order to fulfill their obligations to *Allah* by firmly upholding the tenets of the third pillar of *Islam* (Mahadi, 2019; Abdullahi, 2018). It is evident from the *Islamic* tradition that establishing the *zakat* institution is a primary responsibility of an *Islamic* state, but in the absenteeism of such an *Islamic* state, many individuals, *Islamic* organizations, and societies usually take it upon themselves the voluntary responsibility of collection, distribution, and management of *zakat* in their various communities in order to fulfill their religious obligations (Mahadi Ahmad, 2019; Muhammad *et al.*, 2016; Abubakar *et al.* 2017; Hamzah & Suraju, 2018; Adam *et al.*, 2017).

While these efforts deserve appreciation, it is observed that the benefits of *zakat* have not been fully attained or realised in some *Muslim* nations/communities, which do not have a competent and well-coordinated public or private *zakat* institution (Hary

Djatkiko, 2019; Abdulsalam, 2016). The problem in such a situation includes the lack of people with proper knowledge of the management of *zakat* resources. Efforts have been made to institutionalize *zakat* management by *Muslim* citizens. Hence, concerned *Muslim* individuals and organizations have strived to revive the institution of *zakat* under their successive secular military and civilian governments at the federal and state levels. Although these efforts deserved recognition and commendation, a lot still needs to be done in order to achieve the desired successes in the coordination and administration of *zakat* resources (Rahmatya & Wicaksono, 2018; Abdulazeez, 2019). Since Nigeria is a *populated Muslim* nation, some states in the Northern part of Nigeria, overwhelmingly dominated by *Muslim*, have established several forms of *zakat* institutions with government back up but the thing is not like that in South-East, South-West and North Central . Nevertheless, the reach of these institutions needs to be expanded with greater coordination among them to optimise their efficiency and advance the significance of their role in society.

1.3 The Foundation of the Zakat Institution in Islam

The foundation of the *zakat* institution in *Islam* was laid in the early stage during the lifetime of Prophet Muhammad (May peace be upon Him). *Allah* did not merely ask *Muslim* to pay *zakat* but commanded the Prophet to take *zakat* from the eligible *Muslim* when He says:

﴿ خُذْ مِنْ أَمْوَالِهِمْ صَدَقَةً تُطَهِّرُهُمْ وَتُزَكِّيهِمْ بِهَا وَصَلِّ عَلَيْهِمْ إِنَّ صَلَاتَكَ سَكَنٌ لَهُمْ وَاللَّهُ سَمِيعٌ عَلِيمٌ ﴾
﴿ ١٠٣ ﴾

“Of their goods, take alms, that so thou mightiest purify and sanctify them; and pray on their behalf. Verily thy prayers are a source of security for them: And Allah is One Who heareth and knoweth”

(Quraan. At-Tawbah 9:103).

If we look at the meaning of this verse, we discover that it emphasizes the importance of establishing *zakat* institutions. For example, individual *Muslim* is commanded to perform other important *Islamic* injunctions like *salat*, fasting, and pilgrimage by themselves. As for *salat*, *Allah* says:

﴿ وَأَقِمِ الصَّلَاةَ طَرَفِي النَّهَارِ وَرُفَاً مِنَ اللَّيْلِ إِنَّ الْحَسَنَاتِ يُدْهَبْنَ السَّيِّئَاتِ ذَلِكَ ذِكْرَى لِلذَّاكِرِينَ ﴾
﴿ ١١٤ ﴾

“And establish regular prayers at the two ends of the day and at the approaches of the night: for those things that are good remove those that are evil: be that the word of remembrance to those who remember (their Lord)”

(Quran. Hud 11:114).

Allah did the same concerning fasting and *Hajj* but when it comes to *zakat*, *Allah* commanded Prophet Muhammad (PBUH) to take it out of *Muslim*' wealth by himself. Individual *Muslim* were not asked to perform it by themselves. During the period of the Prophet (PBUH) and his rightly-guided successors, it was the institution of the state that took the responsibility of collecting and distributing *zakat*, which indicated that the establishment of the *zakat* institution is as important as *zakat* itself, because the absence of such institutions may lead to inefficient *zakat* collection and distribution, thereby preventing *zakat* from achieving its major objectives of poverty alleviation (Akanni, 2006).

According to Adam *et al.*, (2017), the *Islamic* commandment has set confidently that the management of *zakat* funds should be in the government province. With reference to *At-Taubah* (103), the Prophet (PBUH) as the head of state or head of government, was commanded to assemble alms from the wealth of the *Muslim*. Additionally, *zakat* was given high priority in *Islam*. It is because *zakat* does not relate solely to the relation of *Muslim* as an individual but with *Allah* Almighty as the creator. *Zakat* is also related to the community and affects the poor members of such a community, whether *Muslim* or not. As mentioned before, the complete obligation of *zakat* is not in terms of payments but includes its proper implementation and distribution to the correct recipients (Abdullah, 2017, Abubakar & Saad, 2017; Mohd KhairuFirdaus Khairuldin & Mohammad., 2013). Many *Hadiths* of the Prophet (PBUH) also buttressed the importance of *zakat* as a major pillar of *Islam* and explained how the Prophet institutionalized the process of *zakat* collection and distribution.

"عن ابن عباس -رضي الله عنهما-: أن رسول الله -ﷺ- لما بعث معاذًا إلى اليمن قال له: "إنك تأتي قوماً من أهل الكتاب، فليكن أول ما تدعوهم إليه شهادة أن لا إله وفي رواية: "إلى أن يوحدوا الله-، فإن هم أطاعوك لذلك فأعلمهم أن الله افترض عليهم خمس صلوات في كل يوم وليلة، فإن هم أطاعوك لذلك فأعلمهم أن الله افترض عليهم صدقة تؤخذ من أغنيائهم فترد على فقرائهم، فإن هم أطاعوك لذلك فأياك وكرائم أموالهم، واتق دعوة المظلوم فإنه ليس بينها وبين الله حجاب"

"According to the hadith narrated by Ibn Abbas, the Messenger of Allah ﷺ told Mu'adh when He sent him to Yemen: 'You are going to folks who are of the people of the Book. The first thing you call them to should be to testify that there is no god but Allah and that Muhammad is the Messenger of Allah. If they accept that, tell them that God has made it obligatory on them to pray five times every day and night. If they accept that then tell them that God has imposed zakat on them, to be taken from the rich among them and given to the poor among them'".

(Hadith. al-Bukhari. Kitab: Iman/chapter: 1: Ibn Abbas: #56)

This *hadith* showed that *zakat* has procedures in *Islam* which required an institution that will manage it in accordance with the *Shari'ah* prescriptions (Al-Qardawi, 1999). The Prophet (PBUH) established the *zakat* institution, and Abubakar, who was elected after him, followed his footsteps in everything he was doing during his reign. The majority of the *amilis* (*zakat* collectors) appointed by the Prophet (peace be upon him) were recalled by the first *khalif*, Abu Bakar As-Siddiq. Under his government, Abu Bakar stressed the significance of *zakat* payment and was recorded as saying:

"If they withhold giving zakat even a little rein of a camel or a small baby sheep (that is due on them) I will fight them for it. Zakat is the

obligation of properties. By God, I will fight whoever discriminates between prayers and zakat”.

(Hadith: Sahih Bukhari Kitab zakat / Fasil wujubi zakat: #705.)

Later, during the caliphate of Umar bin Al-Khattab, a different method of *zakat* collection was introduced. Recognized as *Al-Bashir* (tax collector), Umar fixed several checkpoints on major highways, specifically those coming from other countries. An assigned tax collector was allotted at each checkpoint, and *zakat* was collected from the *Muslim* traders. On the other hand, the non-*Muslim* traders have imposed taxes on imports (Abdullah, 2017; Ahmed, 2016; Asmah & Mohd Jamil, 2013; Al-Qardawi, 1999). This exercise persistent throughout the early history of the *Islamic* government (Mastura, & Zainol. 2015.). Aside from *al'ashir*, Umar also introduced the idea of *Baital-mal* or Public Treasury in order to manage the *zakat* and *waqf* funds in 15 AH. He also expanded the list of *zakatable* items to consist of new sources of income that had been let off under the governance of the Prophet (peace be upon him) by using *ijtihad*. Some of the new objects introduced are horses, lentils, and chickpeas. The *ijtihad* was then complied with by other *khaliphas* and *Islamic* scholars. It is believed that during the virtuous governance of Umar, there was an abundance of affluence that often it was hard to find a qualified *zakat* recipient (Rahmatya & Wicaksono, 2018; Abdulazeez, 2019).

The significance of *Bait-al-Mal*, or Public Treasury saw significant revenue from newly attained territories. After one year of Abu Huraira's administration in Bahrain, he deposited five *lakh dirhams* into Public Treasury from tax. Umar called the meeting of companions and requested their opinions on how to spend this large sum of income. Ali suggested that it should be distributed among the people, but Usman suggested otherwise.

Walid bin Hisham opined the idea of a treasury in the form of one he had seen in Syria, in which the treasury and the office of accountancy were maintained independently. Umar accepted it, and he established the foundation of *Bait-al-Mal* (Abdullahi, 2017; Caturida & Bahari, 2018). Numerous able men were selected to be in charge of the treasury while Abdullah bin Arqam, a well-experienced businessman, was selected as an officer of the treasury. Besides the capital, treasuries were established at regional headquarters and other central places.

1.3.1 *Zakat* during Usman's Era

During the Usman period, there was a rumor that *zakat* collectors often embarrassed the people during the collection of *zakat*. To correct the situation, Usman delegated the power to the donors to distribute *zakat* funds on non-apparent possessions such as gold, silver, and jewels to the needy by themselves. In this way, the people were given the control to evaluate the sum due to making reimbursement to the needy and then credit the rest into the Public Treasury (Rahmatya & Wicaksono, 2018; Abdulazeez, 2019). *Zakat* institution was re-introduced in its original form by Umar bin Abdul al-Aziz during the Umayyad era. He selected *amil*s or collectors in various parts of the *Muslim* world to collect *zakat* on an obvious property (such as an animal) and non-apparent wealth like gold and silver. The regional administration under the *Umayyads* was that at the head of the province stood the *amir*, or *wali*, who was appointed by the caliph and charged with every charge of a monarch (Muhammad Hasbi et al., 2016). His charge was the chief officer of the province, and sometimes it is combined with the charge of revenue

administration (Maidugu, A. 2013, Abukar & Saad, 2017; Mohd KhairuFirdaus Khairuldin & Mohammad., 2013).

After the death of Prophet Muhammad (peace be upon him), there were no major changes in *zakat* basic rules and regulations made by the four khaliphas. *Zakat* basic rule means *nisab*, *zakat* beneficiaries, and *zakat* distributions. However, minor adjustment occurred later due to changes in commercial activities. For example, *Amiru li mumineen* Umar al-Khattab presented *zakat* on trade possessions since the trading activities were major activities in that period. After that, the classification of wealth was also introduced by khalipha Usman. Wealth was categorized into two types, which are visible wealth (*Maa'l Zahira*) and invisible wealth (*Maa'l Baten*). Both have divergent rates. They are new kinds of wealth subjected to *zakat* like horses, sea products and honey cultivation since that industries became the major economic activities (Abubakar & Saad, 2017).

Like the *Umayyads*, the activities of the *zakat* institution continued during the *Abbasid* era. The improvement of *zakat* attained its objectives during the *Umayyad* and *Abbasid* periods. It is because they had a surplus of *zakat* profits in the *zakat* treasury as it was difficult to find eligible people to collect *zakat* in the *Islamic* world. The *zakat* resources were then moved to the central government office (Abdullahi, 2017). The establishment of *zakat* institutions brings the idea of "*Wakalah*". The meaning of *Wakalah* is the concept of allocation of the task to the third party. While its literal meaning according to the *fiqh* scholars is protection, delegation, authorization (Saleem, 2007) and preservation (Asmah & Mohd Jamil, 2013) and the legal meaning is a deal made when a capable person authorizes another to do the lawful action on his behalf

(Abubakar & Saad, 2017) Here; the *zakat* institution is as a person selected to perform *zakat* disbursement on behalf of the *zakat* payer.

However, before the transfer procedure, five conditions need to be observed. The first condition is on the principal i.e. *zakat* payer. The *zakat* payer should own the property; it should be under his control and ability to perform the task. It is illegal to transfer a loan or rental and other property, which he did not have any right to transfer, even though he owns half of the ownership of a property (Asmah & Mohd Jamil, 2013; Saleem, 2007). By referring to this condition, it is the same as the pre-requisite for *zakat* wealth, as the wealth should be in possession of the *zakat* payer. The minors or insane cannot implement this kind of *wakalah* contract since they do not have any control over their possession (Abdulazeea, 2019, Abukar & Saad, 2017; Mohd KhairuFirdaus Khairuldin & Mohammad., 2013; Amirul *et al.*, 2015; Saleem, 2007). This is based on the *hadith* of Prophet Muhammad (peace be upon him), where they are excluded from religious obligations (Al-Qardawi, 1969). *Zakat* institutions are referred to as an agent in the second condition. The agent should be proficient in conducting the works (Saleem, 2007). In this regard, *zakat* institutions should have been equipped with well-trained and knowledgeable employees to ensure that the commission works smoothly. Thus, the issue of competence is very important.

The third condition is the thing or act. Here, it refers to wealth. It should be confirmed in order to eradicate the element of uncertainty (*gharry*) (Saleem, 2007). In this situation, Islam introduced several criteria over the property before it can be taken as *zakat* wealth. The fourth condition is the action of the agent. It must be acceptable in Islam and within the *Shari'ah* context. The agent is prohibited from creating or

performing illegal activities on behalf of the principal (Amirul *et al.* 2015, Saleem, 2007). It means that the *zakat* institution has to exercise due care in *zakat* management. The last condition is the subject matter of agency. It should be clear and understandable (Muhammad Hasbi *et al.*, 2016 & Saleem, 2007). Here, it means that there must be a clear statement between the principal and the agent on their agreement.

As discussed above, there is evidence that *zakat* is active in eliminating poverty. A number of researchers' prove that during the period of Umar bin Al-Khattab (13-22H) and Umar bin Abdul Aziz (99-101H), poverty is completely removed (Mustapha, 2016; Abubakar & Saad, 2017; Olaonipekun *et al.*, 2015; Hamzah & Suraju, 2018; Adam *et al.*, 2017). In conclusion, the patronage of the *zakat* institution is necessary for the proper management of *zakat*. If we study *zakat* historically, we will discover that *zakat* activities are regarded as an institutional responsibility, especially during the time of the Prophet (PBUH) and his rightly guided khaliphas.

1.3.2 Zakat Institutions in the Contemporary Muslim World

The impact of *zakat* institutions in *Islam* has led some *Muslim* countries like Malaysia, Yemen, Saudi Arabia, Libya, Sudan, Pakistan, Iran, Bangladesh, Bahrain, Iraq and other nations to establish special institutions for *zakat* collection and disbursement (Euis, 2019; Abdullah, 2017; Farah *et al.*, 2012; Asmah & Mohd Jamil, 2013). In Malaysia in 1991, the government was being urged to legislate for the giving of *zakat* with penalties of up to three years in jail or £1800 fine and six strokes of the cane for non-payment (Asmah & Mohd Jamil, 2013). Although the payment of *zakat* is an individual responsibility, the process of its gathering, disbursement, and management is regarded as

a collective obligation. *Islam* has systematized the institution of *zakat* with a spiritual approach, leading to the socio-economic benefit of mankind. The *zakat* institution, therefore, is an important institution with a certain religious-socioeconomic purpose. It has established rules and regulations, procedures, structure, and specific functions (Haji-Othman *et al.*, 2017). The establishment of the institution of *zakat* is, therefore, a duty of an *Islamic State* in a well-coordinated *Muslim* society, where *Islam* is directing all the affairs of the society (Mahadi, 2019; Shrifah *et al.*, 2011.).

The operation of the *zakat* institution has been a subject of analysis by many authors. For example, Sharifah *et al.*, (nd) said *zakat* institution is established in the *Muslim* community to take care of *Muslim*'s welfare. The function of institutions mostly dealing with collecting obligatory donations from qualified *Muslim* and disbursing them to lawful beneficiaries this called *asnaf*. Azhana *et al.* (2013) also said that the responsibility of *zakat* institution is to ensure proper collection of *zakat* from eligible payers and accurate disbursement to the rightful beneficiaries. According to Sharifah *et al.* (2013), *zakat* institution is a faith-controlled institution in the *Muslim* community, with functions similar to those of the Inland Revenue Department on the one hand and a social welfare organization on the other (Nor Shahrina *et al.*, 2013).

Zakat institutions face many challenges like privatization or corporation of *zakat* institutions, which hinders *zakat* payers from contributing to it. For example, Caturida & Bahari., (2018) and Adam *et al.*, (2017) believe that the privatization of *zakat* institutions in Malaysia has significant effects on *Muslim* paying *zakat*. However, the empirical study by Nor Ghani *et al.* (2001) discovered that privatization has no significant impact on *zakat* collection. In Pakistan, Mohmmad Faiz (1991), who examined the performance of

zakat institution there, said that *zakat* collection and distribution did not have the desired effects in Pakistan until some *Sunni Muslim* institutionalized a *zakat* center in 1980. This institution, he added, brought a unique experiment of transforming religious ideals into practical institutions.

With these achievements by *zakat* institutions, some *Muslim* countries are still yet to have such institutions. For example, Bangladesh has more than 90% *Muslim*, yet the majority of them still pay *zakat* individually, which has affected the effectiveness of *zakat* in alleviating poverty (Farah, 2012; Asmah & Mohd Jamil, 2013). Also, in the Gulf countries, *Muslim* prefer to contribute *zakat* to charitable organizations or pay it to *zakat* recipients directly (Nor Shahrina *et al.*, 2013). According to the writer, this behavior occurred as a result of the misunderstanding effect of religious belief that *zakat* must be a private affair between *Muslim* and *Allah*. Hence, *zakat* is regarded as an individual action rather than an organized one. The *zakat* payer intends to make sure that the *zakat* reaches the targeted people, and because of this, most of the *zakat* payers feel more comfortable paying *zakat* directly to recipients. However, Ahmed (2016) suggested that institutionalized *zakat* can help address poverty in the Organisation of *Islamic* Countries (OIC) countries.

Furthermore, in most countries, *zakat* is not collected by the government and is not considered as a compulsory payment to the government (Powell, 2009). Ahmad *et al.* (2006) studied the factors contributing to the dissatisfaction towards formal *zakat* institutions in Malaysia. They collected questionnaires from 753 respondents who paid their *zakat* to six privatized institutions. They used logistic regression to analyze the probability of paying to such *zakat* institutions. Their results showed that the gratification

on the disbursement and effective management of *zakat* were the leading factors motivating *zakat* payment. Approximately 57% of the respondents were displeased with the disbursement of *zakat* resources, which meaningfully affects payments to the *zakat* institutions. Caturida & Hahari (2018) disclosed that there were two major issues causing dissatisfaction, specifically, the ineptitude of *zakat* disbursement with the deficiency of transparency on info about the disbursement of *zakat*. The deficit of confidence concerning the management of *zakat* institutions due to the apparent shortage of efficiency and effectiveness would openly challenge the collection of potential *zakat* and the realization of the desired socioeconomic goals. Abubakar *et al.*, (2017) argued that the shortage of proper application of *zakat* in Nigeria restricts the achievement of the noble aims of the *zakat* institutions.

To correct this situation, Yusoff (2011) urged that every *Muslim* nation must organize *zakat* collection and *zakat* disbursements in the most proficient and competent method. Azam *et al.* (2014) also recommend that it is essential to pay to *zakat* institution to increase *zakat* collection rather than pay it individually. In another study, Ahmad (2016) said that the institution of *zakat* has ample opportunities to contribute towards poverty alleviation if it is properly patronized and managed efficiently. Taha *et al.*, (2017) observed transparency among the matters that essential to be addressed by the relevant authority for the efficiency of *zakat* institutions. In line with this finding, Abioye *et al.*, (2011) and Ahmad & Adibah (2010) realized that most existing and potential *zakat* payers expressed doubt in the reliability performance of *zakat* institutions in the management of *zakat* funds. Both existing and potential *zakat* payers suspected a lack of trust towards *zakat* institutions' management, which made most potential, and some

current *zakat* payers refuse to make payments through *zakat* institutions (formal channel). Instead, they preferred to pay *zakat* to the poor (informally) directly or not pay at all.

On the effect of tax on *zakat* collection, Ahmad (2016) said one of the other possible reasons for the insignificant size of central *zakat* collection and ineffective disbursement is that *Islam* permits taxes to be imposed other than *zakat* for mobilizing public finance. Maududi (1960), as quoted by Ahmad (2016), said that *zakat* is a religious obligation, and it is not a substitute for tax. Caturida & Zakaria (2018) cited the opinion of prominent *Islamic* jurists such as Ibn-e-Hazm and Imam Shatibi in support of this view. These scholars claimed that taxes other than *zakat* could be enforced in an *Islamic* economy if these taxes are imposed by the legislative council and used for public welfare. He added that the taxes disapproved in *hadith* are those enforced by the autocratic kings for their profligate consumption and that such type of usurpation of public property was disapproved in *Islam*.

On how to enhance the performance of *zakat* institutions, Sheila & Salman (2014) in their research titled “Proposed Best Practices of Financial Information Disclosure for *Zakat* Institutions: A Case Study of Malaysia”, concluded that it would be better if *zakat* institutions, which took the responsibility to collect and distribute *zakat*, could be accountable for the tasks they took by providing transparent disclosure of their activities in their annual report. Mahmud (2016) found that the establishment of *zakat* institutions for reviving *zakat* practices in contemporary *Muslim* societies has been directed to more organized management of *zakat* funds. They said *zakat* institutions must have sound management machinery to make *zakat* management work appropriately. As a religious organization, *zakat* institutions must include practices that can help them protect *zakat*

funds and uphold the philosophy of *zakat* Management Account. Management Account refers to procedures and techniques that emphasize on effective and efficient use of organizational resources (Sherifah *et al.*, 2011). On this ground, Management Account practices would contribute meaningfully towards improving the management of resources in *zakat* institutions.

According to Saad & Haniffa, (2014), accountability and transparency are the Management Account principle from an Islamic perspective. Jaribah (2006) supported Saad *et al.*,’s idea and emphasized that *Khalipha* Umar governed with full accountability and transparency. He always recapped himself and his workers that they are up keeping *Allah* SWT’s wealth. That was the reason for *khalipha* Umar taking his responsibilities extremely seriously through the appropriate arrangement, supervisory, estimation, guiding, and proper decision-making systems. *khalipha* Umar taught his workers that they are vicegerents of *Allah* SWT and that all *Muslims* will account for every action they undertake. In another vein, Mahmud (2016) said understanding *zakat* payers’ compliance behaviour is critical to *zakat* institutions because numerous Muslim envisage that most of their governments have a political plan in setting up charitable organizations, and this adversely disturbs their trust in them.

The turn against governmental institutions led to the emergence of voluntary organisations to fill the cavity by collecting and disbursing *zakat* alongside other philanthropic donations. Jordan, a country with about 5.25 million people, has over 650 licensed charitable bodies, while the number of voluntary organisations in Egypt is around 14,000 (Ahmad, 2016). The consequential outcome is competition for the available limited *zakat* and other donations. Accordingly, *zakat* institutions adopted

marketing strategies like promotional gifts as well as high investment in technology to increase the faith of *zakat* payers. This is widespread in countries like Malaysia and Singapore (Wahid *et al.*, 2008) However, wholesale acceptance of marketing strategies without sufficient understanding of factors that stimulate trust in *zakat* institutions may be a waste of *zakat* payers' money. It looks like these efforts do not generate the expected outcomes (Taha *et al.*, 2017). Generally, about behavioural aspects of *zakat*, Abioye *et al* (2011) observed insufficient studies on these important aspects of *zakat*.

In addition, further studies are required to give a greater understanding of the relationship between *zakat* payers' compliant behaviour and attributes and actions of board members and top management of *zakat* institutions. Such studies on the steps and actions of *zakat* institutions to enhance the reimbursement and effective disbursement of *zakat* is essential but scant. Have an ideal *zakat* institution, Asmah & Mohd Jamil, (2013) said that 104 perfect rules relating to *zakat* administration were listed by Muhammad *et al* (2016). Among the 104 model rules is the establishment of the institution of *zakat*, which should function as an intermediary to bond the *Islamic* society in a methodical system under the supervision of numerous *Muslim* government or special International Muslim supervisory bodies such as the Organisation of *Islamic* Countries (OIC). Besides, the *zakat* staff must be amongst the indigenous residents who are accustomed to the status of the *Muslim* community where they reside. The institution should be used to uphold the morality and goodness of *zakat* collections and distributions. Furthermore, *zakat* institutions should be organized with the uppermost level of consistency, politeness, and loyalty (Zuhairah, 2017). In sum, the achievement of *zakat* objectives would be realized

through the proper reimbursement of *zakat* institution as the Prophet Muhammad (peace be upon him) and his companions had successfully practiced it.

Many previous studies discussed *zakat* payer compliance behaviours while others debated on *zakat* institution efficiency, and most of them used one to three factors. The majority of them carried out their studies where paying *zakat* to *zakat* institutions is famous among the donor. This is the gap which this research want fills. This research wants to combine the two (i.e.. *zakat* payer's compliance and *zakat* institution efficiency) by a look at what factors can influence to pay to *zakat* institution and at the same time, factors that can motivate their patronage through *zakat* institutions. Also, prior studies explored one to 3 factors while this research combines many (7) factors that can motivate *zakat* payers to pay their *zakat* through *zakat* institution instead of paying it into the wrong channel or paying it directly to the *asnaf* because pay it to local mallams or pay it directly to the *asnaf* it is what is popularly practice in Nigeria, and this method has been in practice since Nigeria got the independent, but yield non-profitable result. Millions of Nigeria are still swimming in the ocean of poverty due to improper reimbursement of *zakat* by *zakat* payers, and the impact of *zakat* is felt. This research is also carried out in the country and state where payment of *zakat* to *zakat* institution is popular among *zakat* payers and not gain government support.

1.3.3 Zakat and Zakat Institutions in Nigeria

Nigeria, the most populous country in Africa, is geographically situated in the West African region. With a population of over 198 million (National Population Commission NPC, 2018). And *Muslims* are estimated to constitute above 51%, Nigeria has the largest

population of *Muslim* in Sub-Saharan Africa. *Islam* is the predominant religion in Nigeria, and it is the first of the two major religions practiced in the country. It is followed by Christianity, with about 40% of the population and other African traditional religion constituting about 9%. By 2030, Nigeria is expected to have a slight *Muslim* majority (51.5%). Nigeria's *Muslim* population is expected to increase by more than 41.1 million from 2010 to 2030, rising from 75.7 million in 2010 to 116.8 million in 2030 (News from Africa, 2011). It is seen as the largest projected growth in sub-Sahara Africa. Table 1.1 details the countries with the highest *Muslim* population in the world and their projection. (Abioye, 2012; Ajetumanbi, 2018).

Islam came to Nigeria as early as the 9th century CE through trading activities with the *Arab* world. *Muslims* in Nigeria have hitherto been introduced to *zakat* and *zakat* management activities since *zakat* is the third pillar of the Islamic faith, which is expected to be observed by capable *Muslim*. After testifying to the oneness of *Allah* and the messenger-hood of the Prophet Muhammad (Peace be upon Him), *Muslims* are expected to perform *salat* and pay *zakat* as and when due whenever they meet the requirements guiding its payment. *Zakat* is obligatory alms prescribed for *Muslims* upon acquiring a certain amount of wealth, reaching the *nisab*, and it is to be paid to the category of *Muslim* known as *Asnaf-zakat* (Al-Qardawi, 1999). The activity of *zakat* collection, distribution, and management has been in practice in Nigeria ever since it was introduced to *Islam*.

As the situation in most *Muslim* societies, the practice of *zakat* in Nigeria was initially through individual activities. The practice of *zakat* was hitherto a private and voluntary affair, typically administered by the owner of the wealth who used to distribute

zakat to the people he/she identified as worthy beneficiaries of *zakat* revenues. However, in some cases, some *zakat* payers would hand over the *zakat* funds/items to an *imam/sheikh* in a certain locality for onward distribution partly, believing that he knows the “needy” persons who should benefit from *zakat* (Abubakar, 2013). *Zakat* became an important aspect of the state only after the reform by Usman Dan Fodio in Northern Nigeria and the establishment of the *Islamic* Caliphate in Sokoto, when *zakat* management became a public institution, through the office of a *sa’i* (*zakat* collector). The *sa’i* had a team of officials working under him, including the village heads, and community leaders. The *zakat* institution was well accepted and respected by the people because of how it administered the *zakat* assets (Abioye, 2012).

The arrival of the British colonial power and the military defeat of the Sokoto Caliphate in Northern Nigeria had adverse effects on the *Islamic* administration, including the *zakat* institutions. The colonial government introduced different taxes and directed that no other taxes should be paid to any local authorities besides the ones imposed by the colonial power (Abioye, 2012; Ibrahim & Shaharuddin, 2013). The directive was meant to discourage *Muslims* from performing the third pillar of their religion and block all sources of revenues to community rulers to weaken their authority and people’s loyalty to them. The step did not only provoke the local authorities who were in charge of *zakat* administration but also angered the *zakat* payers and receivers, as well as the *Muslims* in general. Realising the danger of public protest, the colonial government relaxed the directive and agreed with the traditional rulers that the payment of *zakat* could be made voluntary by individuals and that 25% of the *zakat* revenues should be remitted to the colonial government’s coffers. By this act, the collection and distribution of *zakat* did

reduce the momentum of *zakat* activities and stifled the activities of many *Islamic* and public-oriented institutions, which depended on *zakat* for funding (Abioye, 2012).

After unsuccessful attempts by the colonial power to reduce *zakat* in personal matters, *zakat* activities were revived when Nigeria attained independence from the British government in 1960 (Abioye et al., 2011; Abubakar, 2013). The practice of *zakat*, which kept shifting from public administration to private collection and distribution, received a further boost with the adoption of the *Shari'ah* legal system by state governments in Northern Nigeria in 2000. The implementation of *Shari'ah* in 12 states of Northern Nigeria led to the resuscitation of government-backed public *zakat* institutions. This development inspired a new impetus concerning the practice of *zakat* in Nigeria, and Muslim communities began to register collective administration of *zakat* in their various capacities. *Muslim* voluntary organizations and societies also took charge of *zakat* administration in *Muslim* populated states in the South-West of Nigeria and other states in the North where a *Shari'ah* legal system was yet to be adopted (Abioye, 2012; Abubakar, 2013; Abdussalam et al., 2016; Ahmed, 2016).

Presently, different institutions manage *zakat* in Nigeria. They include government registered *zakat* institutions, non-government registered/unregistered *zakat* foundations, Muslim societies, or organizations with *zakat* units, and individual *Muslim* scholars and *Imams*. The re-emergence of organised *zakat* institutions in some states in Nigeria can be related to a number of reasons including the increased awareness of *Islam* among the *Muslim*, especially the youth, and the educated elite, the high level of poverty among the Nigerian populace, the declaration of the *Islamic* legal system by some states in Northern

Nigeria and the need for proper management of *zakat* revenues (Abioye, 2012) to combat poverty among the *Muslim* in the state.

1.3.4 The *Zakat* Gap in Nigeria and Kwara State

The *zakat* collection and distribution activities in Nigeria require reorganisation. Efforts have been made to institutionalise *zakat* management by Muslim citizens. Concerned *Muslim* individuals and organisations have strived to revive the institution of *zakat* under their successive secular military and civilian governments in the federal and state levels. Although these efforts deserved recognition and commendation, a lot still needs to be done in order to attain the anticipated successes in the coordination and administration of *zakat* resources (Abioye, 2012; Abioye *et al.*, 2011). Since Nigeria is a populated *Muslim* nation, some states in the Northern part of the country, which are overwhelmingly dominated by *Muslim*, have established some forms of *zakat* institutions.

However, *zakat* collection by both governmental and non-governmental organisations is grossly low compared with the *zakat* payment potential of *Muslim* living in Nigeria. A study was carried out by Aminu Ibrahim *et al.*, (nd) which was cited by Abioye *et al.*, (2011) that ascertained a broad gap between the real *zakat* payers and potential *zakat* payers of *Muslim* occupant in Kano state. The study discovered the problem of low *zakat* collection and tendered some solutions but abortive to inspect the origin of the poor *zakat* collection by Kano State's *zakat* institutions. The inspected account of the other three major *zakat* institutions in the state also affirmed poor *zakat* collection scenarios. A similar scenario was reported in other states in Northern Nigeria, which have government-backed *zakat* institutions. For example, it was informed in 2008

by the British Broadcasting Corporation that the affluent in Bauchi state directly gave their *zakat* to the poor, and this is one of the likely reasons poverty continues to grow wider among the *Muslim* in Nigeria and *zakat* has a low impact on *Muslim* in Nigeria especially in Kwara state. If the situation continues like this *Muslims* will continue to suffer from poverty and the aims of *zakat* will not be accomplished in our community even though our people are paying it. This is the purpose of this study to help Nigeria *Muslim* to alleviate poverty through *zakat* institution which is their legal provision from almighty *Allah* to combat poverty and research view it as a scriptural solution to the problem of poverty in our society.

Kwara State has no government-backed *zakat* institutions. It has voluntary *sadaqa* and *zakat majilis for Islam* committees established by some serving and retired top government officials, including secular, and shari'ah court judges and another Lagos based *zakat* and sadaqat foundation, which has a branch in Kwara State. However, the general complaint is the problem of low patronage, as the committee members had to use their personal relationships with individuals to get few contributors (Muhammed *et al*, 2016 & Ahmad, 2016). This, therefore, emphasises the need for the current study, as the study will be carried out in an environment not hitherto researched. Though few studies have been carried out in some states with government-backed *zakat* institutions in Northern Nigeria, no sound solution was provided for the low patronage of such institutions. In addition, there is little or no empirical study conducted on the problem in other *Muslim* populated states of Nigeria, which have no official backed *zakat* institutions (Abioye, 2012; Abioye *et al.*, 2011; Aminu Ibrahim *et al.*, nd).

The significance of this study is further attested to with calls by previous researchers in some *Muslim* countries for more research attention on *zakat* payers' attitude towards *zakat* institutions (Idris & Ayub 2001; Nor Ghani et al., 2001; Ahmad et al., 2005; Ghazali & Ibrahim, 1990; Abdul Rahman, 2003; Ismail & Sanusi, 2004; Idris & Ayub, 2002) This study, which will be conducted in a relatively different environment, is expected to add an additional context to the literature on the general *zakat* process, especially the problems facing *zakat* institutions in the *Muslim* world.

1.4 Statement of the Problem

Many *Muslims* in Nigeria are subjected to abject poverty, and generally, the nation facing security challenges and the *Muslim* majority state in the country is specifically linked to inefficient *zakat* institutions in the country (Mahmud, 2016). *Muslims* constitutes 51% of the Nigerian population (Ajetunmanbi, 2019), but the poverty level and insecurity in *Muslim* populated areas are found to be higher than any in other regions (Mahmud *et al.*, 2016). Abdulazeez (2013) also calls for a viable *zakat* foundation in Nigeria as this is seen as an efficient antidote to poverty alleviation and perennial insurgency rather than paying *zakat* individually. Proper *zakat* implementation programs can reduce the poverty level in *Muslim* developing countries.

Presently, in Nigeria situation and Kwara state, in particular, it seems that *zakat* impact is not felt due to improper collection and disbursement of *zakat*; as a result, many *Muslim* ladies become street baggers, many *Muslim* youths prone to abuse and manipulation by selfish politicians and egocentric scholars who use them to create trouble in the society (Abdulazeez, 2013). Mahmud *et al.*, (2016) also calls for paying *zakat*

through *zakat* institutions instead of paying it to local clerics, paying it to a practicable *zakat* foundation in Nigeria where the foundation will emulate ideal *zakat* institution practiced during prophet time and his rightly guided *khalifa*. This will serve as an effective remedy to poverty alleviation. According to Abubakar *et al.*, (2017) the system and mode by which *zakat* is being paid, collected, and disbursed need to be examined for our society to feel its impact and benefits from its golden advantages.

The general method by which *zakat* is paid and the attitude of many *Muslim* towards it today may be associated to the way the Colonial Authorities dealt with *zakat* and downgraded it to the level that it bears a resemblance to the local levy imposed by the Emirs and religious leaders during that time (Abdulazzeez, 2013). The majority of *Muslim* who are willing to pay do so at their own decision without consulting Islamic scholars. Therefore, those who are paying *zakat* do so at their own will and distribute it the way they like it. For instance, a *zakat* payer may want to distribute his *zakat* to many recipients, and in the process, he may end up giving out one thousand nairas (1 000) only, which is about RM 11.60 sent to each recipient. In this way, the impact of *zakat* is not felt in the society, and the theological rationale behind *zakat* is to empower recipients and help them out of poverty (Abdulazzeez, 2013).

According to a study carried out by Abioye *et al.*, (2011), he reported that majority of young boys and girls engaging in petty trades at the roadside in Nigeria are *Muslim* who dropped out of school due to lack of financial support from their parents to pay their school fees and school materials. If *zakat* is institutionalized and its incomes are judiciously used, many youths will have the opportunity of completing their education through a scholarship scheme from the proceeds of *zakat*, and they would be saved from

being used by unrealistic scholars that did not have a deep understanding of Islam to cause confusion in the society to achieve their own selfish interest. The administration of *zakat* in Nigeria, particularly in Kwara State, is done haphazardly, person-to-person approach in the payment of *zakat* is not decent enough. It is not even supported under *Islamic* injunction, and this is the reason why the majority of Nigerian *Muslim* suffer in spite of the fact that most of the richest people in the country are *Muslim* (Akani, 2006).

Another problem of *zakat* collection in Nigeria, particularly in Kwara State, is paying it into the wrong channel. According to Azeez (2013) and Mukhtar (2019) observes: On many occasions, some payers give their *zakat* to local *mallams* and clerics for onward distribution to the deserving beneficiaries. The latter, in most cases, use the money for personal comforts, such as buying cars, marrying more wives etc., rather than distributing it to the beneficiaries after taking their rightful portions. Doing it this way, there will not be accountability on the one hand, and on the other hand, *zakat* will not achieve its aim of alleviating poverty among *Muslim*

According to Akann (2006) reported "in southwestern Nigeria shortly after the *zakat al-Fitr* period, wives of some of those *Imams* suddenly turned into food items sellers. Many of them sell the food items collected at a low price. It is believed by many that most of such food items are proceeds from *Zakat al-Fitr*, which their husbands might have collected during the month of *Ramadan*". From the above illustration, if the situation of *zakat* continues like this in our country and specifically in Kwara state, the golden advantages of *zakat* will not be felt by alleviating poverty in the midst of *Muslims* in the state. It is clear that the majority of scholars said that *zakat* could not be paid

directly to the recipient; it must be paid to the government under the *Shari'ah* and where *Shari'ah* is not in place, to an agency of government or a body instituted for that purpose.

This is because *zakat* is not just an ordinary obligatory charity. It is a state responsibility, and the individual does not have the authority to calculate and spend his *zakat* as he likes (Akani, 2006). It must be collected by the state and spent by the state or body instituted for it. The *Quran* explained how *zakat* should be distributed, it mentions officials appointed to collect and distribute *zakat* among the beneficiaries of *zakat*, which shows openly that *zakat* should be institutionalized in the *Muslim* communities. *Zakat* payer is not expected to give a certain portion of his wealth to a deserving person, except to contribute it to a fund that must be used for the upliftment of *Muslim* destitute in the community. It was in this way that the Holy Prophet Muhammad (SAW) understood and practiced it as the head of the *Muslim* empire. Abubakar, who succeeded him, also understood and practiced it in this manner. That was the reason he wages war against those who refused to pay it to the purse of the *Muslim* empire after the demise of the Prophet Muhammad.

For instance, at the beginning of the Islamic era, the institutions of *zakat* and *sadaqat* aided the poor and needy. The *zakat* institution has been ignored by many *Muslims*. Currently, limited *Muslim* states have introduced the system of *zakat* formally, which is not instigated to its real spirit. Whereas in other states, there is a complete absence of *zakat* institutions. If this institution is revitalised, fully implemented, and adequately patronised, it could uproot poverty completely. The fundamental aspiration of *zakat* is to reduce the burden of the poor and needy by providing financial support to improve their economic well-being and reduce poverty.

Mahmud (2016) found that improper reimbursement of *zakat* in Nigeria lead many *Muslims* to live in poverty. Also, *zakat* payers do not know that if they give less than the *nisab*, they have given charity instead of *zakat*. (Daily Trust, Wednesday, August 08, 2018) because they do not pay it through proper channels. Akanni (2006) explored the impact of *zakat* in the multi-religious society of Nigeria and found a lack of understanding about *zakat* affects the payment of *zakat*. Hamzah and Suraju (2018) found that a large number of *Muslims* in Nigeria did not have clear knowledge and understanding of *zakat*. There is also a lack of support and encouragement from the political authority and a lack of public awareness on the principles and objectives of the *zakat* institution (Abdullahi, 2017; Mustapha, 2016) in Nigeria.

It seems like improper payment of *zakat* in Nigeria and specifically in Kwara state affects the effectiveness of *zakat* in the state, which leads *Muslims* to continue swimming in the ocean of poverty and make them live mysteriously. Many previous studies discussed *zakat* payer compliance behaviours while others debated on *zakat* institution efficiency, and most of them used one to three factors. The majority of them carried out their studies where paying *zakat* to *zakat* institutions is famous among the donor. This is the gap which this research want fills. This research will be carried out in an environment where paying *zakat* to *zakat* institutions is not famous among *zakat* payers by a look at what factors can influence the payment of *zakat* to *zakat* institution and examine reasons for not paying *zakat* to *zakat* institutions.

Also, prior studies explored one to 3 factors on *zakat* institution such as Abioye et al, (2011), expored on Antecedents of *zakat* payers' Trust, Taha et al., (2017) carried out a study on Religiosity and transparency in the management of *zakat* institution and Siti

Salwa et al., (2018) carried out a study on The Factors Associated with *zakat* Compliance Behaviour among Employees using attitude, subjective norms and religiosity as examined factors, while this research combines many (7) factors that can motivate *zakat* payers to pay their *zakat* through *zakat* institution instead of paying it into the wrong channel or paying it directly to the *asnaf*, because paying it to local clerics or pay it directly to the *asnaf* it is what is popularly practice in Nigeria. This method has been in practice since Nigeria got the independence but yield non-profitable results. Millions of Nigeria are still swimming in the ocean of poverty due to improper reimbursement of *zakat* by *zakat* payers, and the impact of *zakat* is not felt. This is what motivated the researcher to carry out this study. This research is also carried out in the country and state where payment of *zakat* to *zakat* institution is not popular among *zakat* payers and does not gain government support.

1.5 Research Objectives

Poverty in Nigeria among *Muslim* is rife due to many factors which improper disbursement of *zakat* is one of it according to a literature review and this study examines the understanding of *zakat* payers about *zakat* institution and the reasons *zakat* payers do not pay their *zakat* to *zakat* institution and the factors that can be influencing *zakat* payers to patronise *zakat* institutions in the Kwara State of Nigeria.

1. To explore whether *zakat* payers' in Kwara State, Nigeria. understand the concept of *zakat*.
2. To explore whether people in Kwara State pay *zakat* at *zakat* institutions

3. To examine factors that influence *zakat* payers to pay *zakat* at *zakat* institutions.

1.6 Research Questions

Based on the problems facing *zakat* management in Kwara State, this research will provide answers to questions concerning the factors affecting the patronage of *zakat* institutions. The questions include:

1. What is the *zakat* payers' understanding of *zakat* concept in Kwara State, Nigeria?
2. What are the reasons for *zakat* payers in Kwara state do not pay their *zakat* to *zakat* institutions in Kwara state?
3. What are the factors influencing *zakat* payers' intention to pay their *zakat* to *zakat* institutions?

1.7 Methodology

This study explores the factors that influence *zakat* payers' patronage of *zakat* institutions in Kwara State. It employed a quantitative design using survey questionnaires and semi-structured interviews to collect data. A total of 350 *zakat* payers and potential *zakat* payers who are working adults were purposively selected from the research sample. The population for this study only covers working adults' *zakat* payers and potential *zakat* payers in Kwara state. The questionnaire was administered by hand in public places like mosques, *Islamic* organisations, schools (to *zakat* payers and potential *zakat* payers among the teachers), private companies, and government secretariats like local

government, state, and federal ministries, markets, and *Shari'ah* court after getting permission from the head of staff in the respective offices as well as personal contact with business personnel and top government officials. The survey questionnaire was structured in a Likert format. The participants were allocated 15 to 20 minutes to answer the survey questionnaire. A convenient time was booked with the interviewee. Responses were recorded and written down. The survey was conducted in two months in order to meet the expected sample size. The data gathered from this research instrument were then computed for interpretation using descriptive analysis and structural equation modeling (SEM). A more comprehensive discussion of methodology is provided in chapter five

1.8 Significance of the Study

Much has been said by previous researchers about the concept of *zakat* and poverty alleviation and that *zakat* is an ideal tool to combat poverty, improving human welfare, and reduce the gap between the rich and poor. It is an approach to establishing equality in society (Johari, 2013). Some scholars consider it social insurance for *Muslims* (Muhammad & Saad, 2016). The significance of this study is manifested in its attempt to contribute to the literature on *zakat* and *zakat* management activities, by extensively examining the factors responsible for the *Muslim*' patronage of *zakat* institutions. Studies on *zakat* and *zakat* management institutions were conducted in *Muslim* countries, where such institutions usually enjoy government recognition and patronage. This study is expected to provide additional context to the literature, as the research is conducted in Kwara State, where there is minimal patronage of *zakat* institutions, and where the secular government has demonstrated no interest in such religious-oriented activities

(Abdulssalam, 2016). Besides, the problem of minimal *Muslim* patronage of public *zakat* institutions in multi-religious nations has not received adequate attention from previous studies (Abioye *et al.*, 2011; Abdulssalam, 2016). This study, therefore, provides empirical findings on the phenomenon. Furthermore, it has been inferred from the previous studies that there is a high levels of poverty in Nigeria, which underscore the significance of this study for poverty eradication through *zakat* institutions.

Similarly, it helps *zakat* managers to identify factors to formulate appropriate strategies to entice *zakat* payers to patronise *zakat* institutions. Enhancing *zakat* collection and distribution also supports socio-economic development. The outcome of the current research would assist the Government of Nigeria and Kwara State in formulating policies for managing the economy and restraining poverty by capitalising on an efficient *zakat* institution. The proper management of *Islamic* economic instruments such as *zakat* would support the state to overcome the long-existing problem of poverty in Kwara State and Nigeria as a whole. In addition, the study provides important information to Nigerian *zakat* managers about the current problems facing *zakat* institutions to enhance and improve their current policies, especially information that could help institutions develop plan strategies to increase *zakat* collection.

A. Contribution to the Body of Knowledge

The first significant impact of this research to the body of knowledge is the use of the decomposed theory of planned behaviour (DTPB) to examine the factors that can influence *zakat* payers' intention to patronise *zakat* institutions. Previous studies on *zakat* institutions have tested the compliance behaviour of *zakat* payers, but only used the

theory of reasoned action (TRA) and the theory of planned behaviour (TPB). Consequently, using the decomposed theory of planned behaviour makes this study unique by decomposing the TPB variables (attitude, subjective norm, and perceived behavioural control) into different variables more relevant to *zakat* institutions. The attitude was decomposed into two relevant variables (knowledge and religion) subjective norms were decomposed into two variables (family influence and media awareness), while perceived behavioural control was decomposed into three variables (trust, transparent, and *zakat* managers).

The findings of this study suggest that DTPB can be applied in the study of factors that can influence *zakat* payers' patronage toward *zakat* institutions. The second significance of this research is the use of SEM as a method of data analysis. Behavioural and human issues are more complex. Since this study is on human behaviour, it contains many latent variables. SEM is a powerful method that is more effective than other multivariate techniques. This study uses SEM to examine the effects of independent variables on the dependent variables. The findings reveal significant effects of the independent variables (attitude, subjective norms, and perceived behavioural control) on the dependent variable (intention). Hence, this study contributes to human information and knowledge about *zakat* activities in Kwara State, a locale that is absent in the existent literature.

B. Practical Contribution

Apart from its impact on the body of knowledge, this study contributes to people administering various *zakat* management institutions in different *Muslim* nations or

communities by providing empirical research findings on the attitude of *zakat* payers towards contribution to such institutions. It is also expected to offer suggestions on ways of ensuring regular and increased patronage of *zakat* institutions by *Muslim* contributors to enhance the institutions' performance and ensure the sustainability of their activities. This study would assist the government at national and state levels to attain their ambitions of alleviating poverty problem this is because if *zakat* payers are encouraged to pay *zakat* to *zakat* institutions by doing so, it will increase *zakat* income, through this proceeds, *zakat* institution will support destitute in the state by providing equipment for those who have acquired skills but have no money to equipment, supporting recipient who wants to established business but has no money, give scholarship to those who want to complete there, but they are financially handicap by doing this poverty will reduce in the state and government struggle to alleviate poverty will reduce.

More importantly, it would show how *zakat* will have positively affect the destitute while improving the standardized living of *Muslims* in Kwara State if managed properly. The study is expected to subsidize socioeconomic and political policy-making both at the national and state levels in Nigeria as it would offer judicious suggestions and recommendations to the government concerning enhancing *zakat* institutions. The study also provides researchers and the interested public with insights into *zakat* activities and *zakat* management institutions in Africa, particularly in Kwara State. It will also help poor to be treated proper through *zakat* resources if *zakat* institution is well patronised.

1.9 Scope and Limitation of the Study

The study examines the understanding of *zakat* payers in Kwara State about the concept of *zakat* to know whether they have a deep understanding of *zakat*. It also explores whether they pay their *zakat* to *zakat* institutions. It assesses factors that will motivate *zakat* payers to patronise *zakat* institutions in Kwara State, through the perception of *zakat* payers about the *zakat* institutions trust, transparency, accountability and competence performance which may influence *zakat* payers' patronage to *zakat* institutions. This study was conducted in Kwara State, where the primary data for the study was collected. A survey questionnaire was used to collect the data from the representative sample respondents to understand the behaviour of *zakat* payers to *zakat* institutions. The target respondents are *zakat* and potential *zakat* payers.

Kwara State is chosen due to the peculiar situation of *zakat* management activities in the state. The area of coverage is restricted to Kwara State. Therefore, caution should be taken in generalizing the findings of the study beyond its scope. The area of coverage of this study might have been extended to cover other states of Nigeria, but this is difficult due to the country's big landmass and its large population, which is estimated at over 198 million (National Population Commission NPC, 2018). Nigeria, which is made up of 36 states and the federal capital, Abuja, is a heterogeneous society, with its multi-ethnic, multi-religious, multi-lingual, and multi-cultural diversities. Hence, conducting research of this nature in such an environment requires significant financial and material resources beyond the capacity of the researcher.

1.10 The Chapter Outline of the Study

This study is made up of six chapters. Chapter one consist of the introduction of the study, the background of the study, the foundation of *zakat institutions* in Islam, *zakat* institution in the contemporary *Muslim* world, *zakat* and *zakat* institutions in Nigeria the problem statement, and the research questions, objectives of the study, the significance of the research, expected contributions of the study, scope, and limitation of the study, the operational definition of major terms as well as the structure of the study.

Chapter two provides an in-depth review of the relevant literature on *zakat* and *zakat* management activities. *Zakat* definition, *zakat* in the *Shari'ah*, types of *zakat*, *zakat* items, condition for payment of *zakat*, recipients of *zakat* items, who is *Amil zakat* view of scholars regarding who is supposed to collect *zakat*, *zakat* institution in Kwara state, factors were influencing *zakat* payers' compliance and selected theories on human behaviour. Chapter three consists of the research framework, research hypotheses, and the research model.

Chapter four focuses on the explanation of the research methodology, which includes the research design, the sampling procedure, the instrumentation, reliability, and validity of the instrument, major variables used in the study and their measurements, the pre-testing activities and results as well as the method of data collection and statistical used for data analysis which include descriptive analysis, factor analysis, and structural model.

Chapter five contains the presentation explanatory of data analysis and explanation of the findings of the study, based on the set objectives and the proposed hypotheses.

Chapter six will present the discussion of the findings and conclusions of the study, as well as recommendations and suggestions for further studies.

