

# EFFECT OF ZAKAH DISBURSEMENT ON THE BENEFICIARIES' ECONOMIC EMPOWERMENT IN KARAYE EMIRATE COUNCIL OF KANO STATE, NIGERIA

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## Abstract

*Ineffective disbursement of Zakah funds affects the effectiveness of Zakah institutions towards attaining their divine objectives in modern days. This study examined the effect of Zakah disbursement on economic empowerment of beneficiaries in Karaye Emirate Council, Kano State, Nigeria. Using a cross-sectional survey and a self-designed questionnaire, data from Zakah beneficiaries were analyzed with a binary logit model. Thus, 520 copies of questionnaire were administered and 400 copies were considered usable for analysis using descriptive statistics and Logic model. Findings indicate that economic empowerment is positively linked to beneficiaries who received small business supports and were affected by poverty. Education level also played a significant role, as educated beneficiaries made better financial decisions. Conversely, factors such as food security and healthcare access had weak or insignificant effects on empowerment. The study concludes that Zakah enhances beneficiaries' financial stability and economic empowerment. The study recommends that the Kano State Zakah and Hubsu Commission should intensify effort at strengthening Zakah disbursement, improve financial literacy, and focus on poverty alleviation, and small business support. These initiatives will enhance beneficiaries' long-term economic welfare and empowerment.*

**Key Words:** Beneficiaries, Disbursement, Economic Empowerment, Logit and Zakah.

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**JEL Code:** O40, H56, E60, E63

## 1.0 Introduction

Empowerment of individuals and family have been identified as primary ladder for human resource supports and intervention with aim of reducing unemployment, crime rates, poverty rates and hunger. Different conventional economic theories were established at different historical stages with intention to create a solution to human suffering and promote welfare. The Classical Say's Law of Market established by J.B. say was the core theory of employment developed on the

proposition that supply creates its own demand, so that overproduction and underutilization of resources can be addressed strategically (Jhingan, 2013). Conversely, Keynes refuted the Say's Law by saying that only part of income earned by the factor owners are spent in purchasing products which they helped to produce. Therefore, when all the earned income was not spent on consumption goods and portion of it were saved, there will be a resultant deficiency in aggregate demand, leading to general overproduction and unemployment.

The religion of Islam gives much concern on social welfare of its followers compared to the conventional thoughts and showed the significant of Zakah in addressing social issues such as poverty, unemployment and income inequality being the dominant demographic issues affecting the emerging economies (Wali, 2013).

Therefore, Zakah being third Islamic pillar for Muslims is an obligation and economic mechanism designed by the Almighty Allah to eradicate poverty among humanity (Arif, 2017). Because of its important, the Holy Quran mentions the term "Zakah" thirty times. The effectiveness of Zakah is believed to help in addressing welfare issue among household. However, improper implementation of Zakah is the main cause of poor welfare among Muslims today (Arif, 2017; Lailatussufiani, Burhan & Multifiah, 2016). Other challenges such as inefficiencies in Zakah administration and a lack of transparency impede its effectiveness Mokodenseho, et al. (2024)

The institution of Zakah has been established since the Prophet Muhammad's (Peace be upon him) time to combat poverty and economic injustice in the majority of Muslim cultures. Most Islamic scholars agreed that it had existed since the Prophet's time in Mecca, prior to his journey to Medina in the 10 B.H. However, the Holy Qur'an did not provide a comprehensive explanation of it until the Prophet Muhammad moved to Medina. It was the time when the Muslims established their governmental and economic empire in Medina. Administrators or collectors were dispatched to Medina in order to carry out the specified distribution and surveying of all Muslims (Al-Qardawi, 1999). To ensure proper management of Zakah funds, different Muslim economies have different agencies for administration of Zakah. For example, in Indonesia, Baitul Mal Aceh and BAZNAS is in charge of Zakah administration; in Muslim Welfare Fund, Sokoto State Zakah and Endowment Committee, the Companion Zakah Committee, and Nasfat Agency for Zakat & Sadaqat institutions is in charge of Zakah administration in the state. In Kano, Zakah funds are collected and managed by Zakah Commission known as Kano State Zakah and Hubsu Commission

(KSZHC), which has been working tirelessly to ensure Zakah funds were mobilized, collected and properly disbursed according to Islamic teaching (Mustafa et al, 2020).

Among the Islamic economies, Zakah is collected and distributed by the governments or their agencies in Muslim nations including Saudi Arabia, Malaysia, Libya, and Pakistan. Zakah is implemented in these countries; it is a mandatory payment to the government. However, several nations including Kuwait, Jordan, Iraq, Oman, Qatar, Bahrain, and Bangladesh, have set up institutions specifically designed to collect and distribute Zakah (Kahf, 1989). Zakah was efficiently utilized in Indonesia, through the Baytul Qiradh founded National Body of Amil Zakah (Baznas), a microfinance organization. The Zakah Bureau, a division of the Ministry of Guidance and Direction is responsible for implementing the Zakah system in the Republic of Sudan (Hassanain & Ali, 2016).

In Nigeria, Zakah institution predated colonization in Kano state and several northern regions of the country. The Sokoto Caliphate, an organized governmental system that followed Islamic law, ruled the area during that time. The Caliphate's emirates were in charge of managing finances through "baitul-mal" (Islamic treasury) which at the time served as both a tool for fiscal policy and the emirate's primary source of income. As required by Islamic law, the Emirate gave the proceeds to the impoverished (those in need and those with disabilities). As colonialists arrived, new levies were imposed to be paid for the colonial government. This created a situation where there was misunderstanding and double or multiple taxation in relation to the fiscal policies of the Emirate. This made it challenging to separate taxes from the Emirate's colonial taxation. Since then, people have abandoned the Emirate and begun distributing their Zakah directly.

Furthermore, with all the efforts of Zakah institutions all over the Muslim communities, the major question that arises is whether or not Zakah funds collected and disbursed are sufficient enough to meet the people's actual economic empowerment? This is because sustainable wellbeing is a purpose of Zakah collection and distribution, whereby the poor are not simply meant to be able to survive by having the basic needs fulfilled, but also to work and fulfill his needs and that of his family independently (Furqani, Mulyany & Yunus, 2018).

In Kano State, with large size of Muslim traders in the State. It was reported that, the amount of Zakah funds collected and disbursed in Kano State are very insignificant or inadequate to address poverty (Wali 2013). Against this deficiency, Furqani, Mulyany and Yunus (2018) recommended that independency of *mustahiq* (Zakah recipients) is very much crucial in actively empowering the

poor to address issues of inequality, marginalization, unemployment, and poverty in society by introducing various productive Zakah programmes under the institutions of Zakah.

Furthermore, despite the recognized significance of Zakah as a socio-economic measure within the Islamic framework, concerns persist regarding its effectiveness in fostering economic empowerment within the context of Karaye Emirate. This research seeks to address these issues by investigating the impact of Zakah on economic empowerment, analyzing its contribution to economic productivity and consumption, assessing its role in employment generation, and identifying challenges and opportunities for improvement within the Zakah institution operating in Karaye Emirate Council, Kano State, Nigeria.

Many empirical studies have focused primarily on the impact of Zakah on poverty reduction; few have examined its role in the economic empowerment of beneficiaries, particularly within the context of specific local institutions like the Karaye Emirate Council in Kano State. By concentrating on the empowerment dimension, this research provides a deeper understanding of how Zakah institutions can contribute not only to immediate poverty alleviation but also to sustainable economic development and self-reliance among recipients.

## **2.0 Literature Review**

According to the World Bank report, empowerment is generally understood to mean giving impoverished people more freedom to decide for themselves how they want to live. It suggests having authority over choices and resources (Narayan, 2005). In addition, empowerment refers to the process of supporting and enabling the underprivileged. Justice, independence, involvement, and networking are typically linked to the concept of poor people's empowerment (Soetomo, 2015).

Therefore, economic empowerment "is predicated on the idea that youth represent the greatest asset for advancing development and that they act as change agents by overcoming obstacles and resolving issues of their own" (Ministry of State Youth Affairs, 2007, p.13). The Arabic term "Zakah" (which signifies "cleanliness, purification, increase, growth, righteousness, blessing and praise") is the source of the English word "Zakah." (Dimola, Nasir & Bala, 2015). According to Al-Qaradawi (1999). Zakah means "cleaning" and "growing" etymologically. Zakah, when used technically, refers to the issuance of a specific quantity of property to be distributed to those who

are eligible to receive it in accordance with the guidelines established by Islamic law (Avazbek & Umaraliev, 2020).

## **2.1 Theoretical Framework**

The theoretical foundation of this paper is based on the theory of empowerment by Zimmerman (2000), Zakah effectiveness hypothesis by Mustafa, et al (2020) and Fisher and Shragge (2000). These theories and hypothesis provide a strong theoretical foundation for an engaging and instructive conversation about Zakah. The theory of community development states the basis for systematically evaluating the practice of community development. The people already know what needs to be done and possess innate power and expertise. The community developer's job is to support the community's transition from its current state to its desired state.

As such, empowerment theory refers to the process of enabling individuals or groups to gain control over their lives, make informed choices, and take action to improve their circumstances. It involves providing individuals with the resources, skills, knowledge, and opportunities necessary to exert influence, make decisions, and achieve desired outcomes. These theories are significant because they demonstrated that society plays a role in the riches of the affluent and that, in return, the society should get a share of the money transferred for the benefit of the less fortunate members of society. In Muslim nations, the Zakah system essentially accomplishes this with the prescribed 2.5% of the zakatable currency of the endowed ones (Mustafa, et al 2020).

## **2.2 Empirical Literature Review**

Various empirically studies examined Zakah and economic empowerment relationship. For instance, in Indonesia Mokodenseho, et al. (2024) explored the strategic role of Zakah management in enhancing the socio-economic status of the Ummah through survey analysis, including interviews, focus groups, and content analysis. The study reveals that Zakah significantly contributes to poverty alleviation and social welfare, highlighting its potential as a mechanism for community empowerment. Another study by Khamis, Hashim, and Ab Rahman (2024) assessed the effectiveness of Zakah in alleviating income inequality among Muslim in Selangor, Malaysia. This empirical study employed a survey methodology, gathering data from 394 Zakah recipients

across four districts Kuala Selangor, Hulu Langat, Petaling, and Klang selected for their high concentrations of recipients. Utilizing Partial Least Squares Structural Equation Modeling (PLS-SEM) for data analysis, the research identifies significant correlations between efficient management systems, continuous monitoring of recipients, and systematic distribution of Zakah, all contributing to the effectiveness of Zakah in reducing economic disparities. The findings reveal that these factors collectively explain 68.2% of Zakah management's role in mitigating income inequality. Key results indicate that efficiency, monitoring, and systematic distribution significantly influence Zakah effectiveness. The study emphasizes that while Zakah collections and distributions have increased, income inequality persists and necessitating improved distribution strategies. Respondents expressed confidence in Zakah institutions like Lembaga Zakah Selangor (LZS) and recognize Zakah crucial role in addressing wealth disparities. The implications of this research advocate for enhanced policies that strengthen Zakah systems, emphasizing effective administration, transparency, and accountability to maximize impact. Furthermore, integrating Zakah with broader social welfare programmes could create a holistic approach to poverty alleviation and economic disparity reduction.

In the same vein, Kamaruddin et al. (2024) examined the implementation of Zakah as a strategy for community empowerment in Gunung Binjai village in Balikpapan city, through the Zakah Community Development (ZCD) system. Utilizing a descriptive qualitative method and a socio-economic approach, the study analyzes how the ZCD system aligns with maqāsid al-syāriah principles, particularly the five essential needs (daruriyatul khams): protection of religion, life, intellect, progeny, and property. The findings indicate that the ZCD system effectively enhances the welfare of *mustahik* (Zakah recipients) by addressing their socio-economic needs, illustrating that Zakah can serve as a transformative tool for societal improvement rather than merely a charitable act. The research emphasizes that the strategic application of Zakah, guided by maqāsid al-syāriah, is capable of fostering sustainable development in marginalized communities. Additionally, Rahmat (2024) examined the economic empowerment of small businesses through Zakah funds managed by LazisMu in Surakarta. Using qualitative methods, the study finds that LazisMu effectively channels Zakah to mustahiq, providing business capital, training, and mentorship. Programmes like By Friend and By Requests distribute in-kind resources, fostering entrepreneurship. A holistic approach, including spiritual development and continuous monitoring, enhances outcomes. While the system improves economic conditions, further optimization is

needed. Integrating models like Qardhul Hasan and Mudharabah could expand financial support. The study highlights Zakah's role in entrepreneurship, economic justice, and community welfare. More so, Zulkifli et al. (2021) measured the impact of Zakah in combating poverty among recipients and primary source of data was employed by administering questionnaire. SPSS was used to analyze the data and produce a descriptive analysis. The results emphasized the significance of Zakah in the endeavor to reduce poverty and raise standard of living. Pertiwi, Herianingrum, and Kusuma (2020) examined the economic relationship between Zakah institutions in supporting individual welfare by Al-Azhar Zakah Institution. The study involved a model for youth empowerment programme that have an impact on social welfare and maqashid ash-Shariah indicators on the individual welfare. Primary data with purposive sampling and quantitative approach of a path model were employed. The study found that the entire success of the youth empowerment programme was importantly connected to the relationship between individual welfare and Zakah institution support

A study by Latief and Niu (2020) examined the utilization of productive Zakah to enhance the economic empowerment of *mustahik* (Zakah recipients) in Manado City, focusing on the distribution patterns employed by BAZNAS (National Amil Zakah Agency). The study gathered data through interviews, documentation, and observations, analyzing it through data reduction, display, and conclusion drawing. The findings revealed that BAZNAS employs five key programmes Prosperous Manado, Smart Manado, Healthy Manado, Taqwa Manado, and Caring Manado to guide Zakah distribution. Each programme targets specific areas: Prosperous Manado supports microeconomic initiatives for local businesses; Smart Manado focuses on educational support for students; Healthy Manado addresses health needs by providing housing, ambulances, and medical assistance; Taqwa Manado promotes religious education and awareness about Zakah; and Caring Manado aids the impoverished and those affected by natural disasters. The process for Mustahik to access productive zakat involves submitting business proposals, which BAZNAS evaluates through administrative processing and surveying to determine eligibility. Once approved, recipients receive funding and additional support in areas such as marketing and financial management to help them rise above the poverty line. The study also notes that while BAZNAS aims to empower Mustahik, supervision of these initiatives is lacking due to insufficient human resources.

From the literature reviewed on related studies carried-out in Nigeria and beyond, the study were able to identify that most of the studies carried-out in Nigeria are limited to impact of Zakah on poverty alleviation (see Arif, 2017: Jaelani, 2015: Magaji, Mike & Hamzat, 2022: Mustafa, Baita and Adhama, 2020: Alim, 2015: Fadilah, Maemunah, & Hernawati, 2019). While effectiveness of Zakah as an instrument of poverty eradication based on livestock, agricultural products and stored wealth by (Athoillah, 2018). None of the study was conducted in Karaye Emirate; Kano State It. is on this basis that the study attempts to study Zakah and economic empowerment specifically to examine Zakah institution and empowerment of beneficiaries in Karaye Emirate Council of Kano State, Nigeria.

### **3.0 Methodology**

#### **3.1 Research Design and Description of Study Area**

A research design offers fundamental guidance for carrying out a study and the information required to answer precisely the research question or hypothesis (Island, Taylon & Zou, 2001). The study is a survey type that employed quantitative approach to collect data from representative sample through questionnaire adopted from Lawan (2019). This type of study helps researcher to carry out statistical explanation and inference.

Karaye Emirate Council is an Emirate in Kano state, which comprises Gwarzo, Garin Mallam, Kabo, Rimin Gado, Madobi, Kiru and Rogo local governments. The Emirate is located on latitude 11<sup>0</sup>45'45" North and longitude 8<sup>0</sup>0'35" East (Mapcarta, 2023). The dominant ethnic group is Hausa/Fulani who are Muslims. The major economic activities in the Emirate are farming, fishing and petty trading. According to National Bureau of Statistics (NBS) report 2023, Karaye Emirate has 1,126,023 people (NBS, 2023).

#### **3.2 Population and Sampling of the Study**

The population of the study comprises all Zakah beneficiaries in Karaye Emirate Council. Therefore, it is made-up of 868 beneficiaries from Gwarzo, Karaye, Garin Mallam, Rimin Gado, Kabo, Kiru, Madobi and Rogo Local Government Areas (Kano State Zakah and Hubusi Commission, 2022). The Sample size refers to the designed part that represents the whole population in research studies (Gichohi, 2016). In this regard, Yamane (1967) formula was used to calculate the sample size as follows:

$$n = \frac{N}{1 + N(e)^2} \text{----- (3.1)}$$

Where:

N= Population size

n= Sample size

e= Margin of error (in this case 5%)

Therefore,

$$n = \frac{868}{1 + 868(0.05)^2}$$

n= 400

To minimize the problem of low response resulting from non-retrieval and missing data, 10% to 30% attrition rate should be added (Isreal, 2013). Subsequently, this study increased 30% of 400, making the sample higher to 520. Therefore, 520 Zakah beneficiaries were sampled based on Multi-stage Sampling technique as used by Mustafa *et al.* (2020) and Wali (2013). Karaye Emirate Council was chosen purposively in the first stage. In the second stage, the eight local government areas were clustered and in each cluster sample Zakah beneficiaries were chosen proportionately. In the third stage, questionnaire were administered to retrieve useful information among individual beneficiaries.

### 3.3 Model Specification

This study employed the Logit model used by Magaji, Mike and Hamzat (2022), in order to achieve the specific objectives of the study. Therefore, the model was specified as follows:

$$Y_i = X_i + \mu_i \text{----- (3.2)}$$

Where;

$Y_i$  is the dependent variable (Economic empowerment);

$X_i$  is the vector of explanatory variables;

$\mu_i$  is the error term.

$$ECOE_i = \beta_0 + \beta_1 ZAK_i + \beta_2 EDU_i + \mu_i \text{----- (3.3)}$$

$\beta_5$  is parameter;

*ECOE* is dependent variable for Economic empowerment (dummy= 1 if empowered 0 otherwise)

*ZAK* is independent variable for the amount of income received through Zakah.

*EDU* is independent variable for Zakah receiver's level of education (years).

*AGE* is independent variable for Zakah receiver age (years).

*FAMS* is independent variable for Zakah receiver number of family (persons).

*MAR* is independent variable for Zakah receiver's marital status (dummy= 1 if married 0 otherwise).

*CAPS* is independent variable for Zakah receiver's capital sufficiency (dummy= 1 if capital is sufficient 0 otherwise).

*OVEN* is independent variable for the availability of other business venture (dummy= 1 if Zakah receiver has other business 0 otherwise).

### **Measurement of Variables**

***Empowerment (EMP)***: This is a dependent variable for economic empowerment and was used to measure public empowerment based on disbursement of Zakah funds. The variable is dichotomous assuming one (1) if the funds were disbursed and zero (0) if otherwise.

***Income from Zakah (ZAK)***: This is an independent variable is the amount of income received through Zakah. The variable will be measured in Naira, continuous in nature and it should be positively related to the empowerment, consumption habit and savings habit of the beneficiaries.

***Level of Education (EDU)***: This is another independent variable for the Zakah receiver level of education. The variable will be measured in the year of beneficiary's school attendance and it is expected to be positively related to the empowerment and saving behavior.

***Age of Beneficiary (AGE)***: In addition, AGE is an important independent variable for the Zakah beneficiary age. The variable will be measured in the number of years Zakah beneficiary has from birth and it is expected to be positively related to the consumption behavior of the beneficiary.

***Family Size (FAMS)***: This is an independent variable for the Zakah receiver number of family members. The variable will be measured in the number of person on each beneficiary's family and

it is expected to be positively related to the consumption behavior and savings behavior of the beneficiary.

### 3.4 Techniques of Data Analysis

Descriptive tools such as tables, charts, and percentages, mean, median, standard deviation and correlation matrix were used in this study to ascertain the descriptive behavior of the variables as well as the socio-economic characteristics of the Zakah beneficiaries. However, all techniques are not without their associated shortcomings, in the context of this study logit model was used due to its relative simplicity in computation of parameter estimates (Dougherty, 2001). Following Haruna (2016) logit regression model, estimate postulates that the function below determines the likelihood that the event will occur:

$$P_i = F(Z_i) = \frac{1}{1+e^{-Z_i}} \dots \dots \dots (3.6)$$

As Z tends to infinity,  $e^{-Z_i}$  tends to 0 and p has a limiting Upper bound of 1. As Z tends to minus infinity,  $e^{-Z_i}$  to infinity and P has a limiting lower bound of 0. Hence, here there is no possibility of getting predictions of the probability being greater than 1 or less than 0. The marginal effect of Z on the probability, which will be denoted  $F(Z_i)$ , is given by the derivatives of this function with respect to  $Z_i$ .

$$F(Z_i) = + \frac{dp}{dz} = \frac{e^{-Z}}{1+e^{-Z_i}} \dots \dots \dots (3.7)$$

## 4.0 Result and Discussion

### 4.1 Response Rate

**Table 1. Rate of Response on Administered Questionnaire**

Local Government	Allocated Questionnaires	Returned Questionnaires	Usable Questionnaires	Proportion %
Gwarzo	120	105	100	25
Garin Mallam	50	45	42	10.5
Kabo	80	52	50	12.5
Rimin Gado	50	39	37	9.25
Madobi	50	41	31	7.75
Karaye	100	87	79	19.75
Rogo	70	65	61	15.25
<b>Total</b>	<b>520</b>	<b>434</b>	<b>400</b>	<b>100</b>

Source: Author`s computation (2025).

From table 1, the least usable copies of the questionnaire were from Madobi (7.75%); and the local governments with highest usable copies were Gwarzo LGAs. Gwarzo, Karaye Kabo and Rogo local governments accounted for 370 copies of the questionnaire (i.e. 72.5%)

#### 4.2 Results of Reliability Test

**Table 2. Cronbach’s Alpha Reliability Result**

S/N	Item	Cronbach’s alpha Index
1	Average Interitem Correlation (AIC)	0.0966
2	Number of Items in the Scale	20
3	Scale Reliability Coefficient (SRC)	0.6813

Source: Stata 14 Estimation (2025).

Table 2 reports the reliability analysis results of 20 question items. The reliability analysis yielded an approximate Cronbach’s alpha coefficient of 0.7 indicating a strong and positive interitem correlation (AIC) and higher level of internal consistency among the items in the instrument. This is suggesting that the items are homogenous to measure the same underlying constructs. Also the scale is reliable and can be used with greater confidence to measure the intended constructs (supporting scale’s reliability and validity).

#### 4.3 Results of Correlation Test

**Table 3. Correlation Analysis Result**

	GEN	AGE	EDU	MAR	TRIB	LGA	OCC
GEN	1.000						
AGE	0.425	1.000					
EDU	-0.281	-0.208	1.000				
MAR	0.421	0.072	-0.139	1.000			
TRIB	-0.242	-0.487	0.125	-0.446	1.000		
LGA	0.123	-0.075	0.080	-0.020	-0.078	1.000	
OCC	-0.265	-0.333	0.205	-0.296	0.058	0.238	1.000

Source: STATA Output (2025).

Table 3 shows that age, marital status and local government area of Zakah beneficiaries have positive correlation with gender while educational level, tribe and occupation have significant negative correlation with gender. The table also revealed that only marital status has significant and positive correlation with age of Zakah beneficiaries while education level, tribe, local government area, and occupation are negatively correlated with age. Again, the Table revealed that tribe, local government area, and occupation negatively correlated with marital status of Zakah beneficiaries. Occupation is correlated with tribe while local government area has negative

correlation with tribe of Zakah beneficiaries. Lastly, occupation has positive correlation with local government area of Zakah beneficiaries.

#### 4.4 Summary of Descriptive Statistics

**Table 4. Result of Descriptive Statistics**

Variable	Mean	Standard Deviation	Min	Max
Gender	0.88	0.34	0	1
Age	1.73	0.67	1	3
Education	2.24	1.07	1	6
Marital Status	1.54	0.50	1	2
Religion	1	0	1	1
Tribe	1.46	0.84	1	3
LGA	1.48	1.51	1	8
Occupation	2.17	0.83	1	4

Source: STATA Output (2024).

Table 4 shows that gender has a mean of 0.88 with a standard deviation of 0.34, implying that participated beneficiaries are dominantly males with little number of females. The gender of respondents has a minimum and maximum value of 0 and 1, respectively. Age has a mean of 1.73 with a standard deviation of 0.67, implying that participated beneficiaries of Zakah are dominantly individuals within 30-44 age bracket. Education has a mean of 2.24 with a standard deviation of 1.07, implying that participated beneficiaries possessed a minimum of primary school education. The education of respondents has a minimum and maximum value of 1 and 6 respectively referring to owners of other non-formal education and graduate, respectively. Marital status has a mean of 1.54 with a standard deviation of 0.50, implying that participated beneficiaries are dominantly married. The marital status of respondents has a minimum and maximum value of 1 and 2 respectively, referring to single and married individuals. Religion has a mean of 1 with a standard deviation of 0, implying that participated beneficiaries are all Muslims. The religion of respondents has a minimum and maximum value of 1 and 1 respectively. Tribe has a mean of 1.46 with a standard deviation of 0.84, implying that participated beneficiaries are dominantly Hausa/Fulani. The tribe of respondents has a minimum and maximum value of 1 and 3, respectively. LGA of participation has a mean of 1.48 with a standard deviation of 0.83, implying that participated beneficiaries are dominantly from Gwarzo. The LGA of respondents has a minimum and maximum value of 1 and 8, respectively. Occupation has a mean of 2.17 with a standard deviation of 0.83, implying that participated beneficiaries are dominantly farmers. The occupation of respondents has a minimum and maximum value of 1 and 4, respectively.

#### 4.5 Socio-economic Characteristics of Respondents

Key demographic factors such as gender, educational attainment, family size, and industry are among the socioeconomic parameters that were investigated as presented in table 4.2. Consequently, the descriptive data of the demographic variables was compiled and it can be seen that the distribution of respondents by age reveals that majority of Zakah beneficiaries who participated (191) are between 30-44 years of age (48%). The implication of this result is that Zakah beneficiaries between these ages are likely to be more economically active and productive to utilize the amount in a wiser manner. The distribution of respondents by level of education reveals that majority of Zakah beneficiaries participated (140) possess maximum of primary educational qualification (35%). The implication of this result is that less educated beneficiaries are more likely to commit the amount received into moneymaking activities.

**Table 5. Socio-economic Characteristics of Participated Zakah Beneficiaries**

Variable	Frequency	Percentage (%)
<b>Age</b>		
29 and below	154	40.00
30-44	185	48.00
45-59	61	15.00
<b>Total</b>	<b>400</b>	<b>100.00</b>
<b>Level of Education</b>		
Others	104	27.00
Primary	140	35.00
Secondary	127	32.00
Diploma/NCE	17	4.25
Graduate.	12	3.00
<b>Total</b>	<b>400</b>	<b>100.00</b>
<b>Marital Status</b>		
Single	190	47.5
Married	210	54.00
<b>Total</b>	<b>400</b>	<b>100.00</b>
<b>Tribe</b>		
Hausa/Fulani	308	77.00
Fulani	92	23.00
<b>Total</b>	<b>400</b>	<b>100.00</b>
<b>Gender</b>		
Male	347	87.00
Female	53	13.00
<b>Total</b>	<b>400</b>	<b>100.00</b>

*Source:* Researcher's Computation (2025).

The distribution of respondents by marital status reveals that majority of Zakah beneficiaries who participated are married (54%) most of whom are males (87%) and dominantly (77%) are

Hausa/Fulani. The implication of this result is that married beneficiaries can increase their family income, reduce their poverty levels, and improve their living standards.

#### 4.6 Logit Estimation Results on Zakah Effectiveness Hypotheses as Indicator of Zakah’s Economic Empowerment on Beneficiaries in Karaye Emirate Council

The result of Logit and its corresponding Marginal Effect (mfx) for the significance of Zakah Effectiveness Hypothesis on economic empowerment (proxied by ownership of livestock) of beneficiaries in Karaye Emirate Council, considering the dependent variable to be binary choice with category 1 if a beneficiary owned a livestock out of the amount received and 0 if otherwise, as summarized in table 5.

**Table 5. Zakah Effectiveness Hypothesis and Economic Empowerment of the Beneficiaries**

S/N	Variable	Logit Coefficient and P-Value	Marginal Effect (Mfx)
1	Noccp	1.311 (0.265) <sup>***</sup>	0.051
2	ZCSp	0.954 (0.239) <sup>***</sup>	0.100
3	SizeF	0.351 (0.242) <sup>NS</sup>	0.018
4	EDU	0.890 (0.182) <sup>***</sup>	0.223
5	NOHc	0.179 (0.411) <sup>NS</sup>	0.017
	Pvalue	0.000	
	Pseudo R <sup>2</sup>	0.2116	

*Source:* Researcher’s Computation using STATA 14 (2025).

Standard Error in Parentheses

\*Highly Significant at 99%; \*\* Fairly Significant at 95%; \*\*\* Slightly Significant at 90%; <sup>NS</sup> Not significant even at 10%.

From table 5, the overall model is found statistically significant with corresponding probability of 0.000. The McFadden R-Squared is estimated, implying that only 21% of the changes in probability of Zakah beneficiaries being empowered is explained by the explanatory variables included in the model. The table revealed that the variable representing support for small business entrepreneur (Noccp) is found statistically positive and significantly associated with the probability of the beneficiary’s economic empowerment at 1% level. However, the sign conforms to the a priori expectation. The estimated marginal effect of the coefficient indicates 5.1% additional likelihood for Zakah beneficiaries to be empowered economically compared to non-

beneficiaries. The variable representing poverty reduction of the beneficiaries (ZCSp) is positively and significantly related with the probability of beneficiaries being empowered at 1% level. The sign of the variable conforms to the a priori expectation. The estimated marginal effect of the coefficient indicates 10.0% more likelihood for beneficiaries with poverty to experience more economic empowerment compared to those with no poverty.

The variable representing food security (SizeF) is found statistically positive but insignificantly related with the probability of experiencing economic empowerment even at 10% level. This may be attributed by limited access to financial services, and ongoing inflation and high cost of living. The variable representing education level (EDU) is found statistically positive and significantly related with the probability of Zakah beneficiaries to be economically empowered at 1% level. However, the sign conforms to the a priori expectation. The estimated marginal effect of the coefficient indicates 22.3% additional likelihood for Zakah beneficiaries with education to experience more access to economic empowerment compared to Zakah beneficiaries with little or no education. The implication of this result is that Zakah beneficiaries with education have more tendency of making right decision on spending, save some portion for investment, and increase future welfare. Lastly, the variable representing healthcare (NOHc) is found positive but insignificantly related with the probability of Zakah beneficiaries' access to economic empowerment even at 10% level. This may be attributed to beneficiaries' poor access to quality health care.

The logit result of the variable representing support for small business entrepreneur is found statistically positive and significantly associated with the probability of Zakah beneficiaries access to economic empowerment. This result is found consistent with the findings of Furqani, Mulyany and Yunus (2019), but in controversy with the conclusion of Alim (2015). The variable representing poverty reduction of the beneficiaries is positively and significantly related with the probability of having access to economic empowerment. This result is found consistent with the findings of Mustafa, Baita and Adhama (2020), but in controversy with the conclusion of Alim (2015). The variable representing education level is found positive and significantly related with the probability of Zakah beneficiaries' access to economic empowerment. This result is found in conformity with the result of Widiastuti, Sukmana and Heraningrum (2016), but in contradiction with the findings of Al-Salih (2020).

## **Diagnostic Tests for the Estimated Model**

The study tested for misspecification based on link test, which defines the linear predicted value using  $\hat{y}$  and  $\hat{y}^2$ , so that irrelevant variables could not be incorporated in the model. The result of this test reveals significant value for  $\hat{y}$  (0.000). However, this is what is required to accept the null hypothesis and conclude that the model was specified correctly even if the  $\hat{y}^2$  is found insignificant. The study also tested for goodness of fit based on Percent Correctly Predicted method. The outcome revealed that the predicted probability value indicated under the Receiver Operator Characteristics (ROC) curve is above 50% (0.8198). Therefore, it can be said that the model predicted that  $Y=1$ , other than zero. The model overall accuracy is 80% (correctly) specified. Additionally, based on the model classification results and the predicted results revealed that 83% of the observations are classified as high empowered beneficiaries.

## **5.0 Conclusion and Recommendations**

The result shows that the Zakah Effectiveness Hypothesis (ZGEN) facilitates to economic understanding and analysis of economic empowerment, especially with the significant enhance in consumption and savings habit of the beneficiaries in the emirate. Statistically, supported by indicators including poverty reduction (ZCSp), assistance for small business companies (NOCCU), and education.

### **5.1 Conclusion**

The study revealed that Zakah institution in Karaye Emirate Council has significant important on economic empowerment of the beneficiaries. As such, the institution of Zakah should be provided the enabling environment to flourish and contribute to the welfare enhancement of Karaye Emirate Council of Kano state. The study concludes that Zakah enhances beneficiaries' financial stability and economic empowerment. It recommends that the Kano State Zakah and Hubsu Commission shall strengthen Zakah distribution, improve financial literacy, and focus on poverty alleviation, education, and small business support. These efforts will enhance beneficiaries' long-term economic welfare.

### **5.2 Recommendations**

In view of the findings emanating from this study, the following recommendations are hereby proposed:

- i. The state and local governments must strengthen the key indicators of the Zakah Effectiveness Hypothesis education, poverty alleviation, and small business support given their significant impact on economic empowerment. Enhancing these areas will maximize the effectiveness of Zakah funds, fostering sustainable development, reducing economic disparities, and improving the long-term financial stability of beneficiaries.
- ii. This study suggests that future studies on Zakah institution and economic empowerment should cover the five (5) emirate councils of Kano state; Bichi, Gaya, Karaye, Kano and Rano for comparative analysis. Similarly, multiple econometric techniques should be adopted for more robustness of the results, in order to strengthen policy formulation.

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