

Towards Harmonizing the Problems Affecting Zakat Management and Practices in Kano

Sheriff Muhammad Ibrahim

Yobe State University, Niegria

Sheriffalmuhajir@gmail.com

Abstract: In recent times, there is a growing concern among the researches and practitioners of Islamic Economics systems regarding the rising poverty condition among the Muslim community despite the sharia mechanisms for poverty alleviation. These financial difficulties does not only stop at Muslim states or communities that did not accept the legislation of zakat but transcends to states with active legislation and established institution of zakat. Many theoretical and empirical research indicates problems affection zakat institutions but scholars have identified that these problems are not identical or replica to one another, each community have their issues affecting their zakat management institutions and practices according to their circumstances. Thus, scholars recommends that studies on zakat management problems should be done independently according to each community. This will researchers make sound and feasible recommendation. This study explores the problems affecting the zakat management and practices in Kano. The aim of the study is to for the zakat management institution, the ulamas, researchers, zakat beneficiaries, zakat payers and general public understand his role and contribution towards a better zakat systems to reduce the widespread poverty among the Kano communities and elsewhere with similar circumstances.

1. INTRODUCTION

Zakat is a tool employed by Islam to help in redistribution of wealth and ensuring sustainable development among Muslim societies. Practically, various studies have shown the role of *zakat* in establishment of welfare, social justice, and poverty alleviation among many Muslim societies. But this situation was not the case in Kano, despite being the most populous Muslim community in Nigeria, and the center of commercial activities in Northern Nigeria, poverty and social welfare loss are some of the most visible phenomena in the state. To address these problems, Kano State government established various programs and institutions including *Zakat* and *Hubusi* Commission, the problems are still in existence.

Muslim countries and communities across the globe have intensified the quest for institutionalization of *zakat* management, to help reduce the widespread poverty among the communities. This resulted in practical commitments and efforts towards establishments of *zakat* institutions. Currently, many Muslim communities engaged in humanitarian activities through collecting *zakat* from the rich to redistribute to poor. Data on Muslim demographics, shows that the humanitarian assistance mobilized by government and other organizations within the Organization of Islamic Cooperation (OIC) grew from USD 599 million to over USD 2.2 billion. This figure raised the total share of Muslim contribution to humanitarian assistance among the Muslim communities from 4% to 14% (Pew Research Center, 2014; Global Humanitarian Assistance, 2014).

However, despite the established role of *zakat* in poverty reduction and income distribution, some scholars yet argue that *zakat* alone would not be sufficient to address poverty. Kahf (1989) argues that if *zakat* proceeds are targets only at redistribution of wealth among the poor, it may only increase consumption of the recipients. This is in contrast with the study by Nur Hafizah and Shafinah (2012) which indicates that the systematic *zakat* management and its administration have played an immense role in reshaping the economic standards of many Muslim societies. They both maintained that *zakat* proceeds if properly managed could eradicate poverty, establish social justice and develop healthy ambience.

2. PROBLEMS AFFECTING ZAKAT MANAGEMENT AND PRACTICES IN KANO

Muhammad (2006) discovers that Kano State *Zakat* and *Hubusi* Commission needs to improve its services by ensuring adequate awareness and sensitization as this will consolidate the ties between the *zakat* givers and its managers. In order to deal with the issues related to *zakat* management, the institution must consider a suitable approach to convince the society through proper administration; a slower response by the institution will only have a negative impact on the development of *zakat* institutions. Stirk (2015) address two important barriers slows the improvement in *zakat* management to achieve its objectives; ideological and logistical barriers. Ideological barriers are conflicting views on the traditional concepts of *zakat*, especially the concept of *zakat* distribution to non-Muslim beneficiaries.

Although, *zakat* distribution to non-Muslims has been a subject of debate in *zakat* management, the ideological issues exceeds to include all aspects of *zakat* management, including payment of *zakat* through official systems, collection and distribution methods, and jurisprudential differences among the various schools of *fiqh*. Most arguments emerged in respect to identification of *zakat* payers, the ratio of *zakatable* amount, what to give and how to give *zakat*. The concepts of *zakat* beneficiaries and the criteria for *zakat* recipients are also debatable among Islamic jurists.

Logistic issues are identified in explaining the way to streamline and formalize the *zakat* collections, management, and distribution in line with the contemporary practices of financial institutions. Stirk (2015) further suggests continued intellectual discussions with professionals including; academicians, Islamic scholars, theologians and practitioners to share learning and experiences on *zakat* management and its contemporary applications. The modernization of *zakat* management to meet the standards and requirements of financial institutions, and the involvement of non-governmental organization in *zakat* management are emphasized.

Many scholars identify ideological and logistical problems as major problems affecting *zakat* institutions. Muhammad (2014) maintained that despite the fact that *zakat* is among the five principles of Islamic faith, *zakat* systems still suffer from definitional misconceptions, a situation that is seen as a major factor contributing to problems in *zakat* management. He stressed that problems in the concept of professionalism versus traditionalism need to be studied to achieve a common goal. This shows that to propose a best practice for *zakat* management, there is absolute need to re-examine the theories and practices of *zakat* in both classical and contemporary age, this will help bridge the gap between professionalism and traditionalism and pave way to suggest a more effective *zakat* services that could earn public confidence.

Problems in *zakat* management systems have been discussed in other studies that include; Shahir and Adibah (2010); Zainal Abidin (2006); Nur Fadilah et al.(2006); Nur Bazirah et al. (2006); Kamil (2005) ; Jamaliah (2004) and Ismail (2006). These studies have concluded that *zakat* institutions are yet to meet the standard of effective managements especially with regards to collection and distribution. Kamil, (2005) for instance, insisted that a big population of *zakat* payers are doubtful about either the sincerity or ability of *zakat* institutions in management of *zakat* funds.

Similarly, Shahir and Adibah (2010) indicate that many *zakat* payers questioned the credibility of *zakat* institutions management systems, making it difficult for them to make their payments through such organizations, but pay directly to the recipients. Shahir (2007) found that only about 10%-15% of *zakat* payers in Selangor state of Malaysia pay their *zakat* through the *zakat* institution. However, some studies indicate that there are efforts to enhance the management systems of *zakat* by some *zakat* institutions to encourage *zakat* payers. This is done through the introduction of professional financial services, accounting practices, and strategic planning and performance management systems (Shahir & Adibah, 2010). In the same vein, Jamaliah (2004) questioned the extent of the implementation of the performance management of the organizations, while Azizah (2005) faults some *zakat* organizations for not understanding the purpose of budgeting before presentation if the budgets which led to failure in achieving the budgets.

In another study conducted by National Board of *Zakat* of Republic of Indonesia (BAZNAS) (2014), *zakat* management problems are related to lack of collaboration among the various *zakat* institutions to share knowledge and expertise since a united *zakat* platform is difficult to be established. Lack of cohesion among various *zakat* institutions are seen as a major factor leading to inefficiency in *zakat* management. Generally, three major problems affecting the *zakat* institutions are identified; ideological, logistical and lack of collaboration between *zakat* institutions.

Zakat management is one of the efforts established by the Kano State Government in 2003 under its program, Kano State Economic Empowerment and Development Strategy (K-SEEDS). This program aims to reduce the prevalence of poverty in the state. Thus, the state government established its first and only *zakat* institution named “*Zakat* and *Hubusi*

Commission” (Kano Gazette, 2003). The establishment of *zakat* commission replaced the former *zakat* organization that used to serve the state as a non-governmental body. In short, the *Zakat* and *Hubusi* Commission now serves as the official body charged with *zakat* collection, management and distribution which was once a voluntary work of a *Zakat* institution (Ostien, 2008).

Astonishingly, despite these efforts, poverty is clearly a witnessing fact in Kano. This situation has attracted the attention of many researchers and has raised many questions regarding the programs and the methods adopted in these implementations. The presumed issues associated with *zakat* management practices in Kano includes; conflicting views related to ideological concepts of *zakat* that requires a comprehensive study to address issues from both contemporary and traditional practices (Wambai, 1991). Disorganized application of *zakat* management causes difficulties in understanding and establishing relationships between the *zakat* payers and the *zakat* managers (Muhammad, 2010). Kurawa (2008) also discovered that inefficient collection and distribution of *zakat* is one of the focal reasons that contribute in prevalence of poverty among the people of Kano.

This study observed that the above-mentioned problems are the same issues found as predicaments for the inefficiency of *zakat* institution in Kano. For instance, Wambai (1991) states that ideological problems resulting from the conflicting views and limited awareness of definitional concepts of *zakat* are among the reasons that contribute to inefficient *zakat* management in Kano. This problem is in line with Muhammad (2014) that contradictory views on the traditional concepts of *zakat* are among the major problems affecting its management. Stirk (2015) insists that unless ideological issues are solved *zakat* institutions will continue to face problems.

Second major problem of *zakat* management in Kano is disorganized *zakat* management system as Muhammad (2010) observes. This coincides with the findings of Stirk (2015) who argues that disorganization is major logistical problem affecting the *zakat* management. This problem is also stressed in (Ahmad Shahir & Adibah, 2010; Zainal Abidin, 2006; Nur Fadilah et al., 2006; Nur Barizah et al., 2006). The third problem identified in Kano is ineffective system of *zakat* collection and distribution methods that discourage the *zakat* payers to pay through the *zakat* institution (Kurawa, 2005). This is similar to a problem mentioned in National Board of *Zakat* of the Republic of Indonesia (2014) which suggests collaborative exercises between the various *zakat* institutions to mend the gap.

3. CONCLUSION

This study explores the limited empirical researches done in order to examine factors leading to the inefficiency of *zakat* management, collection, and distribution in Kano, Nigeria. This work if utilized may be significant in improving the *zakat* systems in the following ways:

Policy Making: Considering the efforts made by many Muslim communities especially the Kano State Government in reviving the *zakat* management system by establishing the *zakat* law 2003, it becomes clear that the government may welcome further researches focusing on improving the *zakat* management in the state. Although, most studies that aimed at reviewing government policies are mostly considered if the government initiated them. However, personal efforts may be given consideration to a limited extent. This work can be an aid to the policy makers in their efforts to establish suitable policies for the *zakat* management, and will contribute in improving the services of *Zakat* and *Hubusi* Commission, and any other *zakat* organization.

Muslim Scholars: This study might be of immense importance to the Muslim scholars in Kano and elsewhere. In the State, there are high profile Islamic scholars and the state is a center of Islamic knowledge in Northern Nigeria; these scholars engaged in Islamic preaching in mosques and at other congregational occasions. Using this study may direct them in guiding the public to the best models of *zakat* management and elevate the level of their knowledge on the obligation of *zakat*.

***Zakat* givers:** Rich Muslims in Kano have begun to realize the obligation of *zakat* and its importance in the religion, therefore the quest on *zakat* and its application becomes inevitable. This research will enlighten the *zakat* givers on the aspects of percentages and time due for *zakat*. It may also be used to convince the *zakat* givers to recognize the *Zakat* and *Hubusi* Commissions as the official bodies charged with *zakat* services in the state.

***Zakat* recipients:** Problems related to multiple collections of *zakat*, collection of *zakat* funds by people not legible for *zakat* and inefficient use of *zakat* funds by the *zakat* recipients have become widespread. This study puts light on assisting

the policy makers to design better ways of collecting *zakat*; avoiding multiple collections; restricting illegal allocation of the funds to people not entitled for *zakat*; and guiding the recipients on better ways to manage the collected funds.

Public: This research also demonstrates the relevance of Islamic economic systems through the adoption of systematic *zakat* management as a corporate social responsibility set to help in bringing sustainable developments among the communities.

Economic situation: The significance of this study supports the hypothesis that *zakat* could be used as important determinant for economic growth in Kano. Therefore, the study suggests that Kano state and all Muslim countries must improve the efficiency of *zakat* collection and spend it prudently.

4. RECOMMENDATION

This is only a conceptual study curved out of a larger ongoing study on the practices of *zakat* institutionalization and management in Kano, thus the study recommends a thorough and elaborative work that will be able to provide answers on current issues related to the *zakat* institutionalization among Muslim communities, the best practices of *zakat* institutions management in other Muslim countries, the current practices of *zakat* management among Muslim communities in Kano and identify the practices of *zakat* management suitable for adoption by Kano state *zakat* institution. Such study will help to comprehend issues related to institutionalization of the *zakat* among Muslim communities, explore various models of *zakat* management including government institution model practiced in different Muslim counties, examine the current practice of government institution model of *zakat* management in Kano and make a relevant recommendation for *zakat* management in Kano, with a view to reach a more efficient and equitable distribution of wealth and income in the society.

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