ZAKAT AND POVERTY ALLEVIATION RESEARCH

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Abstract

Zakat is a core instrument of Islamic social finance intended to alleviate poverty and promote equitable wealth redistribution. Despite growing institutionalisation and technological advancement in zakat management, evidence on its long-term effectiveness in poverty alleviation remains fragmented. This study synthesises over 15 years of empirical zakat research conducted across different socio-economic contexts to consolidate cumulative evidence on zakat's role in reducing poverty incidence, depth, and severity. Adopting a qualitative content analysis of empirical studies, the research examines methodological approaches, poverty measurement techniques, and institutional factors shaping zakat outcomes. The findings indicate that zakat consistently alleviates short-term poverty, particularly through income and consumption support; however, its sustained impact is constrained by limitations in targeting accuracy, governance capacity, and reliance on conventional income-based poverty measures. The study highlights a methodological shift toward zakat-based poverty thresholds, such as *had kifayah*, which better capture household needs and cost-of-living realities. By integrating empirical findings with long-term research experience, this study advances an evidence-based perspective on strengthening zakat governance, measurement, and strategic allocation for sustainable poverty alleviation.

Keywords: Zakat; Poverty Alleviation; Islamic Social Finance; Had Kifayah; Zakat Governance; Poverty Measurement; Wealth Redistribution

INTRODUCTION

Zakat, as a fundamental pillar of Islamic social finance, is intrinsically designed to alleviate poverty and promote equitable wealth redistribution within Muslim societies. Rooted in Islamic jurisprudence, zakat functions as a compulsory transfer of wealth from the economically able to eligible recipients (*asnāf*), with the dual objectives of social justice and socio-economic balance (Ahmad & Mahmood, 2009; Samad & Lowell, 2010). Through its institutionalisation, zakat serves as a structured mechanism for channelling resources to vulnerable populations, thereby supporting financial inclusion, meeting basic needs, and fostering social welfare. Contemporary scholarship increasingly recognises zakat as a strategic instrument within Islamic wealth redistribution frameworks, with the potential to reduce income inequality and contribute to broader socio-economic development (Razak, 2020; Khamim et al., 2025).

Despite this potential, the effectiveness of zakat in achieving sustainable poverty alleviation remains uneven across contexts. Persistent challenges related to governance quality, fund allocation efficiency, transparency, and monitoring continue to constrain zakat's developmental impact. Empirical evidence suggests that institutional governance—particularly transparency, accountability, and procedural justice—plays a decisive role in shaping zakat compliance and distribution effectiveness (Hamid et al., 2020; Sawmar & Mohammed, 2021). At the same time, the rapid digitalisation of zakat administration, accelerated by technological advancements and the COVID-19 pandemic, has transformed fundraising and payment systems. While digital platforms have expanded outreach and convenience, they have also exposed gaps in digital inclusion, operational readiness, and data integration among zakat institutions (Hudaefi & Beik, 2020; Nasution et al., 2025).

More critically, existing zakat practices often rely on conventional income-based poverty assessments, which may inadequately capture household needs, cost-of-living pressures, and contextual vulnerabilities. As a result, zakat distribution may alleviate short-term hardship without facilitating sustained poverty exit. These limitations highlight the need for more nuanced measurement approaches, improved institutional capacity, and evidence-based targeting mechanisms to enhance zakat's poverty alleviation role (Afandi et al., 2022; Rohaizan et al., 2020).

Against this backdrop, this study positions itself within the evolving discourse on zakat and poverty alleviation by synthesising cumulative empirical evidence and experiential insights derived from long-term engagement in zakat research. By aligning institutional governance, technological innovation, and poverty measurement within an Islamic social finance framework, the study seeks to contribute to a more coherent, evidence-based understanding of how zakat can function more effectively as a sustainable instrument for poverty alleviation.

LITERATURE REVIEW

Historically, zakat institutions have evolved in response to changing socio-economic conditions across Muslim societies. Classical Islamic jurisprudence originally defined zakat types, eligible wealth, and categories of recipients within relatively stable socio-economic structures (Samad & Lowell, 2010). However, contemporary realities characterised by urbanisation, complex income structures, and institutionalised economies have necessitated reinterpretation and adaptation.

Recent scholars have consolidated the traditional eight *asnāf* categories into broader functional groups to enhance relevance and administrative efficiency in modern contexts (Muhammad Misbahul & Khamim, 2023). Similarly, legal reasoning through *qiyās* has enabled the extension of zakat obligations to contemporary forms of wealth, such as corporate zakat, reinforcing zakat's applicability within modern economic systems (Munir & Khamim, 2023).

Beyond jurisprudential adaptation, the effectiveness of zakat in addressing poverty is increasingly linked to institutional governance and management quality. Empirical studies consistently show that transparency, procedural justice, disclosure practices, and trust in zakat authorities significantly influence payer compliance and institutional legitimacy (Sawmar & Mohammed, 2021). Complementing this, Razak et al. (2024) demonstrate that institutional capability—particularly leadership, entrepreneurial competence, and regulatory harmonisation—mediates the relationship between zakat regulation and compliance outcomes. Operational mechanisms such as the *wakalah* model further strengthen accountability by standardising monitoring, reporting, and distribution processes, thereby enhancing institutional effectiveness (Hamid et al., 2020; Khamim et al., 2025).

The capacity of zakat to alleviate poverty is ultimately shaped by how effectively funds are managed and deployed. Studies on zakat utilisation highlight its impact beyond short-term consumption support. Afandi et al. (2022) show that strategic allocation of zakat for education financing improves human capital outcomes, while Nasution et al. (2024) demonstrate that the adoption of Islamic accounting standards enhances transparency and traceability of zakat funds. At the macro level, zakat has been shown to generate multiplier effects on economic growth; agent-based modelling by Putriani et al. (2020) reveals that zakat distribution contributes to increased aggregate production and GDP growth, reinforcing zakat's role as a redistributive and developmental instrument.

Zakat's poverty alleviation role is also evident in targeted social empowerment initiatives. Women's economic empowerment programmes funded by zakat have produced measurable socio-economic improvements, particularly among *asnāf* women entrepreneurs. Anwar et al. (2024) find that religiosity, motivation, and institutional support jointly facilitate business sustainability, which in turn contributes to broader household welfare and community development. These findings underscore the importance of tailoring zakat interventions to specific vulnerable groups rather than adopting uniform distribution models.

Recent advancements in digital technology have further transformed zakat management and outreach. Digital platforms and social media campaigns have expanded donor engagement, enhanced transparency, and strengthened trust, particularly among younger donors and during crisis periods such as the COVID-19 pandemic (Hudaefi & Beik, 2020; Rasiam et al., 2023). Emerging technologies, including blockchain, offer promising solutions for improving traceability and governance in zakat fund management (Mohiuddin & Abolola, 2025), while community-based digital systems such as the Radar Zakat (RAZAR) model address operational inefficiencies in beneficiary identification and data integration (Sukmana et al., 2019).

Despite these advancements, the literature reveals persistent challenges in translating zakat distribution into sustained poverty reduction, particularly due to limitations in poverty

measurement, targeting accuracy, and institutional capacity. This evolving body of research highlights a gradual methodological shift from income-based poverty assessments toward zakat-based poverty thresholds, such as *had kifayah*, that better reflect household needs and living costs in contemporary settings.

Against this backdrop, the purpose of this study is to synthesise and reflect on over 15 years of research experience in zakat and poverty alleviation, drawing from a sustained programme of empirical studies across diverse contexts and beneficiary groups. The study aims to consolidate cumulative evidence on zakat's effectiveness in reducing poverty incidence, depth, and severity, while highlighting methodological and institutional factors that shape these outcomes. In particular, it seeks to demonstrate the evolution of zakat–poverty research from conventional income-based assessments toward zakat-based poverty thresholds that more accurately capture socio-economic realities. By integrating empirical findings with experiential insights gained through long-term engagement with zakat institutions and beneficiaries, this study contributes to a more coherent, evidence-based understanding of zakat as an Islamic social finance instrument for poverty alleviation and future research advancement.

METHOD OF THE STUDY

This study employs qualitative content analysis with empirical coding to synthesise findings from a series of published empirical studies on zakat and poverty alleviation authored or co-authored by Fuadah Johari and collaborators. The selected studies represent a coherent body of work conducted across different contexts (Malaysia and Nigeria), populations (fakir, miskin, muallaf, women, zakat payers), and analytical techniques, providing a robust empirical foundation for synthesis.

The unit of analysis is each empirical study (journal articles, doctoral research, and institutional reports) authored by Fuadah et al. that explicitly examines zakat as a poverty alleviation mechanism. Only studies employing empirical analysis, such as poverty indices, regression models, behavioural models, or zakat-based poverty thresholds, are included. Conceptual or normative discussions are excluded to preserve analytical consistency.

The table is constructed using a thematic content analysis framework, where each study is coded across five empirically grounded dimensions:

1. Context and Sample – geographical setting and beneficiary group
2. Empirical Method – analytical tools used (e.g. poverty indices, regression, SEM, threshold analysis)
3. Poverty Alleviation Outcome – measured effects on income, poverty incidence, depth, or severity
4. Key Contribution – distinctive empirical or methodological insight
5. Future Research Potential – gaps or extensions identified from findings

This coding enables systematic comparison across studies despite differences in data sources and analytical techniques. Content analysis is conducted through iterative comparison and pattern matching. Findings from each study are first summarised individually and then compared across studies to identify recurring empirical patterns, methodological evolution, and context-specific

outcomes. Particular emphasis is placed on how zakat effectiveness is measured (e.g. before–after income analysis, poverty indices, zakat-based thresholds) and on institutional and behavioural factors influencing outcomes.Rather than aggregating statistical results, the table serves as an evidence-mapping tool, demonstrating how the empirical zakat–poverty literature developed by Fuadah et al. converges around three core findings:

(i) zakat consistently reduces short-term poverty indicators;
(ii) the magnitude of impact depends heavily on targeting accuracy, institutional governance, and poverty measurement; and
(iii) zakat's long-term poverty eradication potential requires methodological innovation, particularly through had kifayah–based thresholds and productive zakat models.

RESEARCH FINDING

Table 1 : Poverty Alleviation research, case by case in Malaysia and Nigeria

Author(s) & Year	Context & Sample	Empirical Method / Analysis	Key Findings on Poverty Alleviation	Interesting / Distinctive Point	Inspiration for Future Research
Johari (2004)	Melaka, Malaysia; zakat recipients (asnaf)	Survey-based empirical analysis	Zakat effectively alleviates **short-term poverty**, mainly through income and consumption support; limited long-term poverty exit	One of the **earliest empirical zakat-effectiveness studies** in Malaysia	Longitudinal tracking of zakat recipients to assess **poverty exit sustainability**
Johari et al. (2015)	Selangor, Malaysia; 78 muallaf households	Regression analysis	Zakat significantly improves **income and expenditure** of muallaf; family size and income are significant determinants	Highlights **muallaf as a distinct poverty-vulnerable group**	Design **tailored empowerment zakat programmes** for converts
Ali et al. (2015)	Kelantan, Malaysia; 481 fuqara & masakin households	Poverty indices (H, P1, I, Sen Index) before–after zakat	Zakat reduces **poverty incidence, depth, and severity**, but income gains remain modest	One of the **most methodologically rigorous zakat poverty studies** using multiple poverty indices	Develop **optimal zakat amount models** and poverty-specific allocation strategies
Abdussalam et al. (2015)	Kwara State, Nigeria; Muslim women	Survey & regression analysis	Zakat has **weak poverty alleviation impact** due to informal distribution	Demonstrates failure of **non-institutional zakat systems**	Comparative study of **formal vs informal zakat governance**
Sahban & Johari (2021)	Kwara State, Nigeria; 314 zakat payers	SEM (Decomposed Theory of Planned Behaviour)	Low institutional patronage limits zakat's poverty impact	Introduces **behavioural dimension** into zakat–poverty discourse	Link **zakat compliance behaviour → collection → poverty outcomes**
Ahmed et al. (2017)	Nigeria; zakat beneficiaries	Zakat-based poverty threshold construction	Conventional poverty lines misclassify asnaf, weakening targeting	Proposes **had kifayah–based zakat poverty threshold**	Integrate **Islamic poverty metrics** into national poverty policy
Md. Fizol et al. (2022)	Malaysia; national/state zakat data (2011–2020)	Descriptive trend & comparative analysis	Rising zakat distribution does not automatically reduce poverty	Reveals **disconnect between zakat growth and poverty outcomes**	Efficiency-based evaluation of zakat distribution mechanisms
PPZ–MAIWP (2024)	Kuala Lumpur; 23,553 asnaf + 396 households	Mixed methods (admin data + household survey)	Urban poverty driven by **non-food living costs**; PLI underestimates hardship	Strong empirical case for **urban had kifayah**	Dynamic, city-specific zakat poverty thresholds

Table 1 shows That Empirical evidence across Malaysia and Nigeria consistently demonstrates that zakat functions as an effective short-term poverty-alleviation instrument, particularly by improving the capacity of the poor and needy to increase household income, consumption, and expenditure (Johari, 2004; Johari et al., 2015; Ali et al., 2015). Studies employing poverty indices before and after zakat intervention, especially in Kelantan, confirm that zakat reduces poverty incidence, depth, and severity, although the magnitude of impact remains modest and insufficient to ensure sustainable poverty exit (Ali et al., 2015). This limitation is further reinforced by national-level analyses showing that increases in zakat collection and distribution do not automatically translate into proportional poverty reduction, highlighting inefficiencies in targeting and allocation mechanisms (Md. Fizol et al., 2022). Methodologically, recent studies advance the literature by challenging conventional income-based poverty lines and proposing zakat-based poverty thresholds grounded in had kifayah, which better reflect actual household needs and living costs, particularly in urban contexts (Ahmed et al., 2017; PPZ-MAIWP, 2024). Evidence from Nigeria further underscores that zakat's poverty alleviation potential is highly contingent on institutional quality and behavioural compliance, as weak governance, informal distribution, and low public trust significantly constrain zakat effectiveness (Abdussalam et al., 2015; Sahban & Johari, 2021). Collectively, the empirical literature suggests that while zakat is demonstrably effective in alleviating poverty, its long-term developmental impact depends on dynamic poverty measurement, needs-based targeting, institutional strengthening, and the integration of productive zakat strategies within broader socio-economic frameworks.

CONCLUSION

This study set out to synthesise and reflect on more than 15 years of empirical research experience in zakat and poverty alleviation, positioning zakat not merely as a charitable obligation but as a structured instrument of Islamic social finance with demonstrable poverty-reducing potential. Through a systematic content analysis of empirical studies conducted across different contexts, the findings confirm that zakat consistently contributes to reducing poverty incidence, depth, and severity, particularly by improving household income and consumption capacity among vulnerable groups. These outcomes reaffirm zakat's relevance as a redistributive mechanism within contemporary socio-economic systems.

However, the synthesis also reveals persistent structural limitations that constrain zakat's long-term impact. While zakat effectively alleviates short-term hardship, its ability to facilitate sustained poverty exit remains uneven and highly contingent on institutional governance quality, targeting accuracy, and measurement approaches**.** The continued reliance on conventional income-based poverty lines often underestimates household needs and cost-of-living pressures, leading to suboptimal allocation and misclassification of beneficiaries. In response, this study highlights the growing importance of zakat-based poverty thresholds, such as *had kifayah*, as more context-sensitive tools for assessing deprivation and guiding equitable zakat distribution.

The study further demonstrates that institutional capacity, transparency, procedural justice, and trust are critical determinants of zakat effectiveness, while technological innovations—though promising—must be accompanied by organisational readiness and inclusive digital strategies. By integrating methodological insights with experiential knowledge gained through long-term

engagement with zakat institutions and beneficiaries, this study contributes a coherent, evidence-based perspective to the zakat–poverty literature.

Overall, the findings suggest that enhancing zakat's role in sustainable poverty alleviation requires a holistic approach that combines robust governance, adaptive poverty measurement, strategic and productive allocation, and continuous institutional learning. Future research should extend this synthesis through longitudinal analysis, comparative cross-country studies, and empirical testing of dynamic zakat models to strengthen zakat's contribution to inclusive and sustainable development.

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