

THE APPLICATION OF ZAKAT AND WAQF FOR THE STRATEGIC DEVELOPMENT OF ENTREPRENEURSHIP IN ADAMAWA STATE, NIGERIA

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ABSTRACT

The study critically examined the role of Zakat and Waqf in developing entrepreneurship in Adamawa State, Nigeria. It specifically examined the impact of Zakat-based financing on micro and small business entrepreneurship and the role of the Waqf-based financing system in sustainable entrepreneurial development. The study used a cross-sectional survey design and a quantitative research approach, sampling 301 entrepreneurs from selected Local Government Areas in Adamawa State using a multistage sampling procedure. The study used structured questionnaires to collect data and analyzed it using descriptive statistics. The results showed that Zakat financing significantly influenced respondents' business capital, business profitability, and business expansion. Moreover, Waqf support systems positively affected business sustainability, entrepreneurial skill development, and employment generation. The statistical outcomes showed significant positive correlations between entrepreneurship development outcomes and Islamic social finance interventions. However, institutional barriers such as poor coordination, limited funding, and weak monitoring systems may hinder long-term sustainability. The study concluded that Zakat and Waqf have strong potential to promote inclusive entrepreneurship and sustainable economic empowerment, provided they have proper, high-quality governance and institutional integration. The study contributes to the growing discussion on Islamic social finance and entrepreneurship development in developing economies.

Keywords: Zakat, Waqf, Entrepreneurship Development, Islamic Social Finance, Adamawa State.

INTRODUCTION

Entrepreneurship has gained growing recognition as a key driver of economic transformation, job creation, social mobility, and poverty alleviation in developing economies. In many developing societies, entrepreneurship growth has been limited by poor access to finance, institutional barriers, a lack of business support services, and income disparities. Vulnerable groups such as low-income entrepreneurs whose creditworthiness and track record are not established in the conventional financial system are often excluded from financial services. This challenge has sparked new academic and

policy debates on how to use Islamic social finance tools, especially Zakat and Waqf, to support inclusive entrepreneurial development and, in turn, sustainable economic empowerment (Razak, 2020; Shaikh, 2025; Zulkipli et al., 2025). Zakat and Waqf are historically considered the main pillars of Islamic economic civilization. Zakat was a compulsory redistributive mechanism that circulated wealth and protected the social fabric. At the same time, Waqf was an endowment system established for long-term purposes such as education, trade, health care, and public welfare. The incorporation of the two institutions has recently been seen as having considerable potential to stimulate entrepreneurial productivity, expand access to capital, and provide sustainable livelihoods for marginalized communities (Iqbal, 2025; Çizakça, 2024; Ramadhan & Hayatullah, 2025). However, the theoretical excitement around Islamic social finance has been followed by a significant disconnect between the theoretical advocacy and entrepreneurial outcomes. The existing empirical evidence showed that Zakat-based entrepreneur development programmes had a positive impact in terms of income generation, business survival, and human capital development of the beneficiaries in some of the Muslim economies (Meerangani et al., 2023; Mohd Thas Thaker et al., 2021). Likewise, research on Waqf entrepreneurship has highlighted the importance of endowment-based financing structures in strengthening innovation ecosystems, business sustainability, and social enterprise development (Maulina et al., 2025a; Maulina et al., 2025b). However, many programs were still plagued by institutional fragmentation, governance issues, regulatory inconsistencies, weak monitoring systems, and limited entrepreneurial scalability. As a result, many developing societies have not fully tapped Zakat and Waqf's transformative potential. The Nigerian context is an important setting for exploring this issue. Nigeria has one of Africa's largest Muslim populations. Still, it faces high unemployment, high poverty, limited financing for entrepreneurs, and weak institutional coordination in administering Islamic social finance. Efforts to implement Zakat and Waqf to develop micro and small enterprises (MSE) in northern Nigeria, particularly in Adamawa State, have increased. According to Muhammad and Iklima (2022), Zakat and Waqf interventions in Gombe State helped finance small businesses and empower the community. However, the development discourse did not sufficiently consider the sustainability, institutional efficiency, and entrepreneurial outcomes of such interventions. Moreover, most literature focused on poverty alleviation and placed less emphasis on entrepreneurship as a strategic channel for economic transformation.

Therefore, this study critically examined the role of Zakat and Waqf in entrepreneurship development, using Adamawa State, Nigeria, as a case study. The research focused on the potential of integrated Islamic social finance mechanisms to improve financing for microenterprises and support their sustainable development for economically vulnerable people. Adamawa State was selected because Islamic charitable institutions are increasingly important in its socioeconomic system, and there is a growing need for alternative entrepreneurship-financing mechanisms that do not depend on conventional banking. This study aimed to critically examine the extent to which the Zakat and Waqf mechanism contributes to entrepreneurship development and sustainable micro enterprise empowerment in Adamawa State, Nigeria. In particular, the study aimed to achieve two goals:

- a. To examine the effect of Zakat-supported financing on the development of micro and small-scale entrepreneurship in Adamawa State, Nigeria.
- b. To assess the contribution of Waqf-based support systems toward sustainable entrepreneurial growth and business empowerment in Adamawa State, Nigeria.

The following research questions guided the study:

- i. To what extent has Zakat-supported financing enhanced the development of micro and small-scale entrepreneurship in Adamawa State, Nigeria?
- ii. How have Waqf-based support systems contributed to sustainable entrepreneurial growth and business empowerment in Adamawa State, Nigeria?

The importance of this study, both theoretically and from a policy perspective, is: Theoretically, the study expanded the discussion on Islamic social finance and entrepreneurial economics by critically questioning the institutional relevance of Zakat and Waqf beyond their traditional welfare function. From a policy perspective, the study presented evidence to inform regulators, Zakat institutions, Waqf administrations, and development agencies about the need for integrated Islamic finance frameworks that can build inclusive entrepreneurship, alleviate poverty, and promote sustainable economic development.

Adamawa State, alongside Taraba State, emerged from the former Gongola State on August 27, 1991, with Yola as Adamawa State's capital and Jalingo as Taraba State's capital. Adamawa State has 21 local governments, namely: Demsa, Fufure, Ganye, Girei, Gombi, Guyuk, Hong, Jada, Lamurde, Madagali, Maiha, Mayo-Belwa, Michika, Mubi North, Mubi South, Numan, Shelleng, Song, Toundou, Yola North, and Yola South. Adamawa State is Nigeria's 8th-largest state, just behind Zamfara (7th). The state borders Borno State to the Northwest, Gombe State to the West, and Taraba State to the Southwest, and it also has an international border with Cameroon to the East. Adamawa State is divided into 3 senatorial districts and 8 federal constituencies.

Most of Adamawa State's population is engaged in agriculture. They cultivate crops such as Groundnut, Cotton, Maize, Yam, Cassava, Guinea Corn, Millet, Beans, Sweet Potato, and Rice. They also engage in cattle rearing, particularly in communities along the banks of the River Gongola and the Benue; during the dry season, farmers grow crops such as tomato, onion, pepper, okra, garden egg, and melon. The abundance of these Fadama crops during the on-season is lost to poor harvesting techniques and a visible lack of post-harvest and agro-allied industries. Zakat and Waqf can play substantial roles in redistributing wealth and funding entrepreneurship in these areas (Salaudeen, 2026).

LITERATURE REVIEW

Conceptual Review

Conceptualizing Zakat and Waqf in Islamic Economic Thought

Historically, Zakat and Waqf in Islamic economic thought have been identified as institutions necessary to maintain distributive justice, socio-economic balance, and collective welfare. Islamic social finance differs from traditional capitalist finance systems, which may focus on profit maximization and wealth concentration. Zakat was a mechanism for the compulsory transfer of surplus wealth to the vulnerable, and Waqf was a means of perpetual charitable giving focused on developing social and economic infrastructure (Razak, 2020; Shaikh, 2025). Recent research has tended to view Zakat and Waqf more broadly than through their charitable aspects. However, recent research has seen both institutions as developmental tools that can boost entrepreneurial development, economic productivity, and sustainable livelihood generation (Iqbal, 2025; Zulkipli et al., 2025). This shift from charity-oriented to productive empowerment structures reflects the broader discussion in Islamic economics on modernizing Islamic social finance institutions. Zakat, Razak (2020) argued, has strong potential to be redistributed to address structural poverty if well institutionalized. The study underscored the need to allocate Zakat funds

productively, particularly to finance businesses, as this provides more sustainable socio-economic returns than short-term consumption assistance. Likewise, Maulana (2024) found that increasing Zakat use to build economic empowerment reduced dependency cycles among low-income people. Similarly, Waqf evolved from a traditional philanthropic institution into a modern development financing mechanism. Historically, Waqf institutions supported schools, hospitals, agriculture, transport, and commercial centers across the Islamic world. In the modern era, Waqf's potential role in entrepreneurship rose to the fore, with a focus on business financing, business incubation, skill development, and innovation support systems (Maulina et al., 2025a; Çizakça, 2024). This new thinking positioned Waqf as a strategic institutional instrument that can catalyze sustainable economic engagement. However, significant issues persisted, including operational inefficiencies, disjointed governance bodies, and inadequate institutional coordination. Some researchers concluded that many Zakat and Waqf institutions remained confined to a charity context and could not drive development (Ramadhan & Hayatullah, 2025; Lahuri et al., 2021). As a result, the discussion shifted to how these institutions could fit into a contemporary entrepreneurship system that sustains scalable economic growth.

Entrepreneurship Development within Islamic Economic Frameworks

Entrepreneurship is central to Islamic economic philosophy because it connects to productivity, lawful wealth, innovation, and social responsibility. Historically, Islam taught people to engage in productive work and moral commerce. As a result, many scholars now see entrepreneurship as a practical tool for economic empowerment and poverty alleviation (Maulina et al., 2025b). Nevertheless, the entrepreneurial development process in many developing economies remains beset by structural challenges. Access to finance, institutional support, capacity building, and socioeconomic exclusion often limit vulnerable groups' involvement in entrepreneurial activities. Low-income entrepreneurs were pushed to the periphery of conventional credit systems because of collateral requirements, high rates, and financial discrimination. These circumstances have spurred greater interest in Islamic social finance options that can finance entrepreneurs who are financially excluded (Muhammad & Iklima, 2022). Shiyuti et al. (2021) defined *asnaf* (*Asnaf* refers to the eight specific categories of people eligible to receive Zakat, or mandatory almsgiving). The Quran (Surah At-Taubah, verse 60) strictly defines these beneficiaries as poor Muslims, and Zakat institutions have shifted beneficiaries from aid recipients to economic players. Since some of the *Asnaf* under this study are poor entrepreneurs, they will constitute a group of active poor who can benefit from Zakat. The study found that entrepreneurial empowerment was a more sustainable form of poverty alleviation because it encourages self-reliance and income generation, rather than only temporary poverty relief. This aligns with Islam's broader development concept, which favors empowerment over dependency on charity.

Similarly, Meerangani et al. (2023) found that Zakat-funded entrepreneur development programs substantially enhanced beneficiaries' capacity in Malaysia. The study revealed that entrepreneurial training, financial assistance, and institutional mentoring all helped sustain businesses and improve socioeconomic mobility. However, the researchers also found some ongoing challenges in program monitoring, market integration, and scalability. Scholars also examined Waqf's entrepreneurial function more closely. Maulina et al. (2025a) argued that Waqf-based entrepreneurship involves not only financial support but also creating motivational environments, social trust, and sustainability. The study highlighted the importance of Waqf entrepreneurship in balancing social mission orientation and commercial productivity to develop a hybrid development approach that could fulfill both economic and social goals. In addition, Thaker et al. (2021)

created a cash Waqf model for micro-enterprise human capital development. Their study showed that Waqf financing could be used to build entrepreneurial skills through training programs and sustain businesses. The study in particular contributed to refocusing attention from purely financial assistance to integrated capability development for entrepreneurship. Amid these contributions, critics noted that many Zakat- and Waqf-related entrepreneurial interventions lacked a full-scale institutional framework to ensure sustainability. Financial assistance was limited in size, poorly monitored, and disconnected from other entrepreneurial ecosystems in various settings. As such, doubts remained about the sustainability of Islamic social finance institutions in fostering transformational entrepreneurship.

Theoretical Perspectives

Islamic Redistribution Theory

One of the basic frameworks in current debates on Zakat and Waqf is Islamic Redistribution Theory. The theory stresses equitable wealth circulation, socioeconomic justice, and collective welfare as the main goals of Islamic economic systems. Islamic Redistribution Theory also holds that economic resources should flow productively through society in ways that minimize deprivation and social exclusion, in contrast to neoliberal economic theories that often prioritize market efficiency over distributive equity. Under this rubric, Zakat was a formal redistributive device that transferred wealth from the rich to the poor. The theory proposed was that redistributive transfers, which focused on income generation rather than short-term consumption, positively influenced productive participation. Hence, financing for entrepreneurship was identified as a logical development in Zakat's application, as it helped achieve the objective of making Zakat beneficiaries self-reliant members of society (Razak, 2020). Waqf complemented this redistributive function by providing sustainable institutional infrastructure to support education, healthcare, commercial activities, and public services, and Çizakça (2024) argued that combining the two produced stronger developmental outcomes because Zakat provided immediate relief from financial vulnerability, while Waqf provided long-term institutional sustainability. In theory, this combined strategy enhanced entrepreneurial ecosystems by providing financial support and building infrastructure.

However, critics noted that redistributive actions alone could not ensure entrepreneurial change without broader institutional reforms. Weak governance, corruption, and poor policy coordination often undermined the effectiveness of Islamic redistribution systems. In practice, however, applying redistribution theory depended heavily on institutional quality and administrative capacity.

Social Entrepreneurship Theory

In addition, Social Entrepreneurship Theory helped explain the connection between Zakat, Waqf, and the development of entrepreneurship. It emphasizes entrepreneurial activities that create economic impact while also generating social impact. Social entrepreneurship took a different approach to the traditional concept of entrepreneurship, which was based solely on profit maximization. Waqf-based entrepreneurship especially resonated with this concept because it blended business with social good. Maulina et al. (2025) concluded that Waqf entrepreneurship fostered sustainable community empowerment by incorporating social responsibility into Waqf entrepreneurs' activities. These models assisted vulnerable groups and created economic value. Likewise, productive Zakat programs also drew on social entrepreneurship, aiming to empower beneficiaries to become productive economic actors and build sustainable livelihoods. Zakat funding for entrepreneurial interventions increasingly prioritizes community development, job creation, and poverty alleviation over

profit-making (Meerangani et al., 2023). However, some academics challenged social entrepreneurship methods because they sometimes lack clear sustainability indicators and accountability systems. Some initiatives also faced a gap between social goals and financial sustainability, affecting long-term entrepreneurial achievement. This challenge was especially relevant in contexts with weak institutional systems, where governance structures were neither transparent nor efficient.

Empirical Review

Research on Zakat, Waqf, and entrepreneurship development has increased empirically in Southeast Asia, the Middle East, and parts of Africa. However, results remain mixed on whether Islamic social finance institutions can drive sustainable entrepreneurial transformation. Iqbal (2025) studied the integration of the Zakat and Waqf systems in Pakistan and concluded that institutional coordination significantly affected inclusive entrepreneurial growth. The study found that combining Islamic social finance mechanisms improved marginalized entrepreneurs' access to finance and supported job creation. However, the study also revealed regulatory fragmentation and insufficient institutional integration, which chronically constrain scalability. Likewise, Ramadhan and Hayatullah (2025) stated that synergies between Zakat and Waqf helped achieve sustainable development outcomes through entrepreneurial financing, social investment, and community empowerment. Their results indicated that integrated Islamic social financing systems yielded more positive socioeconomic results than stand-alone interventions. However, the researchers noted that successful implementation required effective governance structures and transparent financial management. In Indonesia, Maulina et al. (2025a) examined how motivational factors influence Waqf-based entrepreneurship. They found that religious commitment, social impact orientation, and institutional trust significantly influenced entrepreneurial participation. The study emphasized the need for social legitimacy to continue Waqf entrepreneurship efforts. However, the authors also noted that limited public awareness and weak managerial skills limited its widespread adoption. Laila et al. (2022) examined awareness of Waqf entrepreneurship in Malaysia and Indonesia and found that the public has moderate awareness of applying Waqf in entrepreneurship. Their findings showed that participation among potential beneficiaries and investors was low because of limited education and communication within institutions. Based on the study, the authors recommended stronger awareness programs and institutional modernization. Meerangani et al. (2023) assessed entrepreneur development programs for Zakat beneficiaries and observed improvements in business performance, income generation, and self-reliance. However, the research also found that many beneficiaries remained reliant on institutional assistance because of limited business mentoring and market access. To improve healthcare financing for Waqf and Zakat recipients, Ahmad et al. (2021) and Anis et al. (2023) both proposed a hybrid Waqf and Zakat model. The study focused on the healthcare sector, but its results demonstrated the broader potential of integrated Islamic social finance systems. The researchers concluded that hybrid models increased sustainability through diversified resource mobilization and institutional collaboration. In Nigeria, Muhammad and Iklima (2022) conducted one of the few empirical studies on using Zakat and Waqf to develop micro and small enterprises in Gombe State. They found that Islamic social finance interventions positively impacted beneficiaries by helping them establish businesses, generate income, and alleviate poverty. However, the study identified significant challenges, including limited funding, poor institutional coordination, and limited government support. Yusroni and Chadhiq (2021) also found that Zakat and Waqf positively affect rural economic development through productive economic activities and community empowerment. Their research confirmed that Islamic social finance institutions had greater developmental capacity than just

providing charity. However, the researchers noted that institutional inefficiencies often undermined long-term impact.

Critical Gaps in Existing Literature

Despite the growing literature on Zakat, Waqf, and entrepreneurship development, several gaps remain. First, many previous studies were descriptive rather than critically analytical. Many studies made normative claims about the potential of Islamic social finance without critically examining institutional flaws, governance issues, or sustainability challenges. Second, studies were heavily clustered in Southeast Asia (Malaysia and Indonesia). Comparatively few empirical studies critically explored entrepreneurship-oriented Zakat and Waqf interventions in the African economy, particularly in Nigeria. As a result, there was a lack of contextual awareness of the realities of institutions in the African Muslim world. Third, many studies focused only on poverty alleviation and not on entrepreneurship development as an analytical category in itself. While poverty reduction was crucial, entrepreneurship encompassed more: innovation, business sustainability, market integration, and economic productivity were also components. The existing literature has relatively underdeveloped these entrepreneurial complexities. Fourth, the literature has paid little attention to the effectiveness of the integrated Zakat and Waqf model in the entrepreneurial ecosystem. Despite growing scholarly consensus on the need for institutional synergy, empirical evidence on operational integration, scalability, and sustainability remains underdeveloped (Çizakça, 2024; Ramadhan & Hayatullah, 2025). Lastly, many studies did not adequately address governance and institutional accountability issues. In many developing contexts, Islamic social finance institutions suffered from weak transparency, regulatory fragmentation, political interference, and poor administrative capacity. However, the entrepreneurship literature often lacked critical analysis of these structural constraints. This study therefore aimed to contribute to the literature by critically reviewing the role of Zakat and Waqf in entrepreneurship development in Adamawa State, Nigeria, focusing on institutional effectiveness, entrepreneurial sustainability, and integrated Islamic social finance frameworks.

METHODOLOGY

This study used a quantitative research approach to investigate and critically analyze the contribution of Zakat and Waqf to entrepreneurship development in Adamawa State, Nigeria. The quantitative approach was appropriate because the study aimed to measure the relationship between interventions in the Islamic social finance system and entrepreneurial outcomes through statistical analysis, enabling objective, generalizable findings. Specifically, the study focused on micro- and small-scale entrepreneurs who were direct or indirect beneficiaries of any program(s) under Zakat and Waqf carried out by Islamic charitable organizations, community development associations, and faith-based support institutions in Adamawa State. A cross-sectional survey design was used because it allowed data to be collected at one time and enabled examination of patterns, relationships, and the institutional effects of Zakat and Waqf interventions. The study targeted registered and unregistered micro-entrepreneurs operating in selected commercial clusters in Jimeta metropolis, Mubi, Yola, and Mayo-Belwa Local Government Areas. These areas were selected because they were active in informal entrepreneurial activities and because Islamic social finance approaches to support small business development were evident. This study used simple models with only one predictor each.

The first-stage LGAs were selected because of the density of entrepreneurial activities and Zakat and Waqf intervention programs. In the second phase, the entrepreneurs were

divided into two groups: beneficiaries and non-beneficiaries of Zakat and Waqf support programs. The study then used simple random sampling to select respondents in each category. Using Cochran's sample size determination formula for a finite population, the study determined that 320 respondents were sufficient. This sample size provided statistical reliability and ensured the sample represented entrepreneurial groups in the study area.

The study gathered primary data using a structured questionnaire aligned with the study objectives. The questionnaire included closed-ended items measured on a 5-point Likert scale, from strongly disagree to strongly agree. The instrument had 7 sections: demographic information; support for Zakat financing; support for Waqf-supported entrepreneurial assistance; indicators of business sustainability; income improvement; indicators of employment; and indicators of entrepreneurial growth outcomes. The study questions were adapted from existing studies on Islamic finance and entrepreneurship, with minor adjustments to align with the Nigerian context (Meerangani et al., 2023; Mohd Thas Thaker et al., 2021; Muhammad & Iklima, 2022). To assess its validity, the instrument was sent to a panel of experts in Islamic economics, entrepreneurship studies, and quantitative research methodology. Their comments clarified vague statements and improved the content's relevance. Reliability testing used Cronbach's Alpha coefficient in a pilot study of thirty respondents outside the study area. Reliability coefficients for the major constructs ranged from 0.78 to 0.86, which is satisfactory for social science research and indicates good internal consistency. A trained research assistant conducted in-person data collection and understood the local language and entrepreneurial landscape. The study adhered to ethical considerations. Participants were volunteers; respondents' confidentiality was guaranteed, and informed consent was obtained before administering the questionnaires. No pressure or institutional coercion was used during data collection. The collected data were coded and analyzed using the Statistical Package for the Social Sciences (SPSS). Respondents' characteristics and key variables were summarized using descriptive statistics such as frequency distributions, percentages, mean, and standard deviation. Relationship tests between Zakat financing, Waqf support system, and entrepreneurship development indicators were conducted using inferential statistical techniques, including Pearson Product-Moment Correlation and multiple linear regression analysis. The study used a 0.05 significance level. The study evaluated the influence of Zakat and Waqf interventions on entrepreneurial development outcomes in the study area using an analytical approach to critically assess the magnitude, direction, and significance of the influence.

RESULTS AND DISCUSSION

Descriptive Analysis of Respondents

320 questionnaires were given to the micro and small-scale entrepreneurs in the Yola metropolis, Jimeta, Mayo-Belwa and Mubi local government areas. Of these, 301 questionnaires were properly completed and returned (94.1 percent). This high response rate increased the reliability and validity of the statistics.

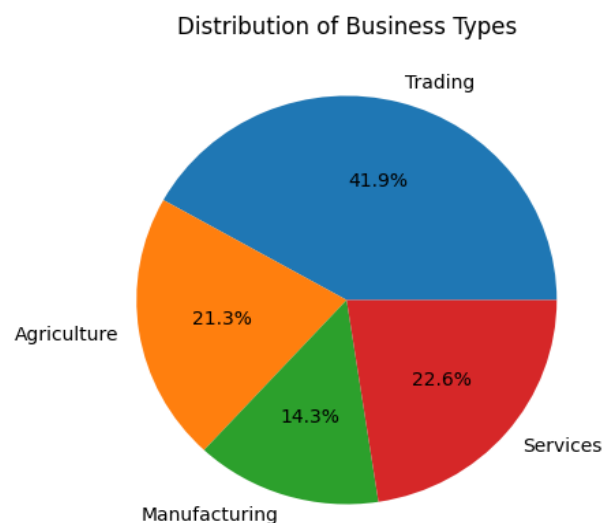
Table 1: Demographic Characteristics of Respondents (N = 301)

Variable	Category	Frequency	Percentage (%)
Gender	Male	181	60.1
	Female	120	39.9
Age	18–30 years	98	32.6
	31–40 years	117	38.9

Variable	Category	Frequency	Percentage (%)
Educational Level	41–50 years	61	20.3
	Above 50 years	25	8.3
	Primary Education	54	17.9
	Secondary Education	129	42.9
	Tertiary Education	91	30.2
	No Formal Education	27	9.0
Business Type	Trading	126	41.9
	Agriculture	64	21.3
	Manufacturing	43	14.3
	Services	68	22.6

The findings showed that most respondents were male (60.1 percent), and females (39.9 percent) were entrepreneurs. Most respondents were in the economically active age group of 31-40 years, indicating that entrepreneurs were largely in productive age groups. Moreover, the significant percentage of secondary- and tertiary-educated respondents suggested that education might affect entrepreneurial participation and access to Islamic social finance opportunities. The clustering of respondents in trading and service-related business activities portrayed the structure of informal entrepreneurial activities in Adamawa State.

Figure 1: Distribution of Business in Adamawa State: Authors' compilation



These results align with Muhammad and Iklima (2022), who reported that small-scale commercial businesses dominated commercial activities among Zakat and Waqf beneficiaries in Northern Nigeria.

Objective One: Effect of Zakat-Supported Financing on Entrepreneurship Development

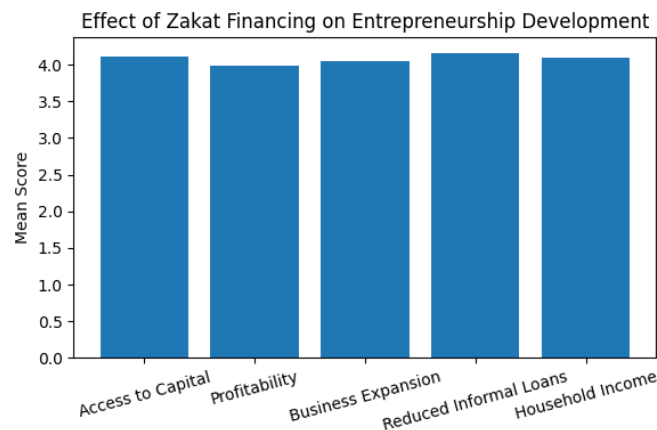
Table 2: Descriptive Statistics on Zakat-Supported Financing and Entrepreneurship Development

Variable	Mean	Standard Deviation
Zakat financing improved access to business capital	4.11	0.73
Zakat assistance increased business profitability	3.98	0.81

Variable	Mean	Standard Deviation
Zakat support enhanced business expansion	4.05	0.76
Zakat financing reduced dependence on informal loans	4.16	0.69
Zakat interventions improved household income	4.09	0.74
Aggregate Mean	4.08	0.75

The results showed a mean score of 4.08 across all items, indicating strong agreement among respondents on the positive effect of Zakat financing on entrepreneurship development. Respondents especially noted that Zakat financing helped them access business capital and avoid relying on informal financing. The SD values were relatively low, indicating consistent perceptions among respondents. These findings showed that productive Zakat allocation plays a significant role in empowering entrepreneurs and prevents it from becoming a source of welfare consumption. The findings align with Razak (2020) and Çizakça, M. (2024), who argued that productive Zakat financing increases wealth distribution through sustainable income-generation mechanisms.

Figure 2: Effect of Zakat Financing on Entrepreneurship



Likewise, Meerangani et al. (2023) found that an entrepreneur development program with financing support from Zakat institutions enhanced the beneficiaries' business sustainability and economic self-reliance.

Table 3: Pearson Correlation Analysis between Zakat Financing and Entrepreneurship Development

Variables	Zakat Financing	Entrepreneurship Development
Zakat Financing	1	0.721**
Entrepreneurship Development	0.721**	1

Correlation is significant at the 0.01 level.

Based on the Pearson Product Moment Correlation analysis, the correlation value between Zakat financing and entrepreneurship development is 0.721, which falls in the strong category. This was statistically significant at the 0.01 probability level, meaning that as Zakat financing increases, respondents' entrepreneurial growth increases. This statistical significance indicated that Zakat institutions in the study area significantly improved entrepreneurs' performance. The results confirmed the Islamic Redistribution Theory, which highlights the importance of wealth-redistribution mechanisms to promote productive economic engagement and mitigate structural exclusion (Shaikh, 2025).

Table 4: Regression Analysis on the Effect of Zakat Financing on Entrepreneurship Development

Variable	Beta Coefficient	t value	Significance
Constant	1.284	4.116	0.000
Zakat Financing	0.684	12.538	0.000

Model Summary	Value
R	0.721
R Square	0.520
Adjusted R Square	0.517
F Statistic	157.202
Significance	0.000

Based on the regression results, Zakat financing had a statistically significant positive effect on entrepreneurial development. The beta coefficient of 0.684 indicated that entrepreneurial development indicators increased as Zakat financing support increased. This R-squared value was 0.520, meaning that Zakat financing accounted for about 52 percent of the variation in entrepreneurial development. The F statistic and probability value are high, indicating the regression model's robustness.

These results indicated that productive Zakat financing has a significant positive effect on sustainability, income generation, and business expansion of the respondents. This confirmed Muhammad and Iklima (2022), who found that Zakat-based interventions enhanced the performance of micro enterprises in Gombe State. Despite these positive results, some entrepreneurs noted limited financing and irregular institutional monitoring. These institutional weaknesses may have limited entrepreneurs' long-term scalability. This result confirmed Ramadhan and Hayatullah's (2025) and Fariah's (2025) arguments that a lack of a unified governance system for Islamic banking and finance often undermines sustainable developmental outcomes.

Objective Two: Contribution of Waqf Support Systems toward Sustainable Entrepreneurial Growth

Table 5: Descriptive Statistics on Waqf Support Systems and Entrepreneurial Growth

Variable	Mean	Standard Deviation
Waqf support improved access to business facilities	4.02	0.77
Waqf interventions enhanced entrepreneurial skills	3.91	0.82
Waqf support improved business sustainability	4.13	0.71
Waqf programs strengthened employment generation	3.95	0.80
Waqf support encouraged long-term business planning	4.08	0.74
Aggregate Mean	4.02	0.77

The results show agreement among respondents regarding the role of Waqf support systems in achieving entrepreneurial sustainability. Business sustainability scored the highest mean score, indicating that Waqf interventions provide stable support structures that can help achieve long-term entrepreneurial continuity. The results indicated that Waqf

institutions went beyond charitable assistance to support entrepreneurial capacity development and institutional sustainability. These findings align with Maulina et al. (2025a), who stated that Waqf entrepreneurship promoted sustainable long-term economic participation through institutional support mechanisms.

Table 6: Pearson Correlation Analysis between Waqf Support and Entrepreneurial Growth

Variables	Waqf Support	Entrepreneurial Growth
Waqf Support	1	0.689**
Entrepreneurial Growth	0.689**	1

Correlation is significant at the 0.01 level.

Correlation analysis showed a strong correlation between the Waqf support system and entrepreneurial growth ($r = 0.689$). This correlation was significant at the 0.01 probability level, meaning that improvements in the Waqf support system were correlated with increases in entrepreneurial sustainability. This finding indicated that Waqf institutions contribute significantly to the development of the entrepreneurial ecosystem by supporting business continuity, infrastructure development, and entrepreneur empowerment. The results confirmed Çizakça's (2024) observation that Waqf institutions played an important role as the basic framework of economic life in both trade and productive activities.

Figure 3: Correlation Matrix between Zakat, Waqf, and Entrepreneurship Development

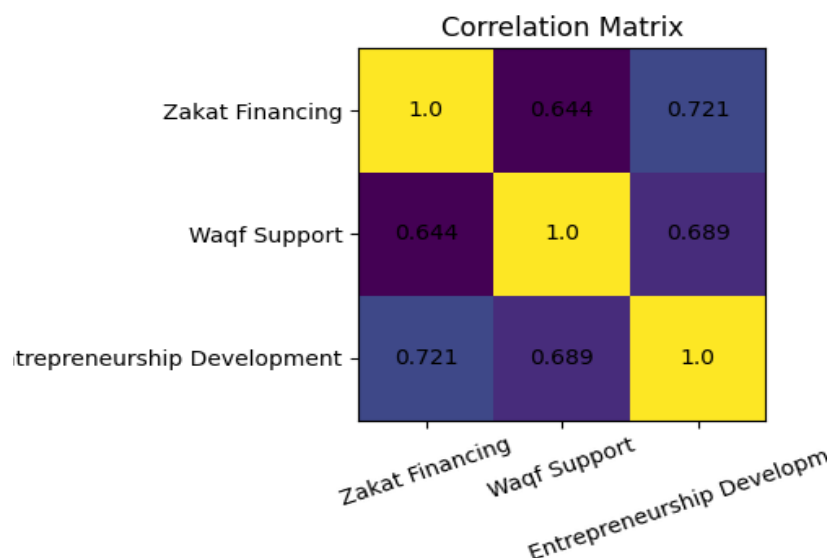
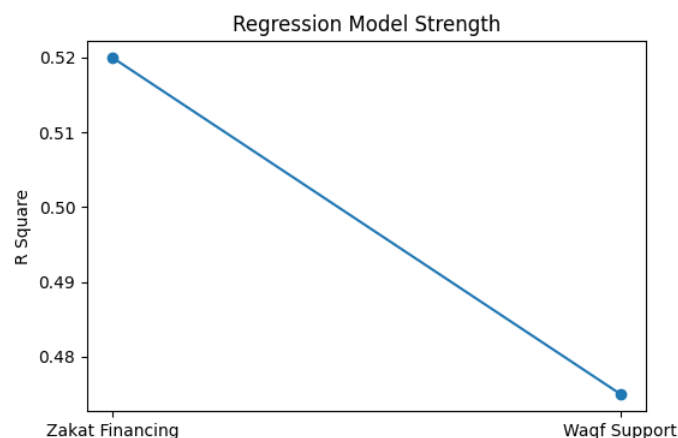


Table 7: Regression Analysis on the Contribution of Waqf Support Systems toward Entrepreneurial Growth

Variable	Beta Coefficient	t value	Significance
Constant	1.173	3.882	0.000
Waqf Support Systems	0.651	11.427	0.000

Model Summary	Value
R	0.689
R Square	0.475
Adjusted R Square	0.472
F Statistic	130.577
Significance	0.000

Figure 4: Regression Model Strength



The regression results showed that Waqf support systems significantly affected respondents' entrepreneurial growth. The positive and significant beta coefficient of 0.651 shows that Waqf interventions significantly affected business sustainability and entrepreneurial development. Based on the R-squared result, Waqf support systems could explain about 47.5 percent of the variation in entrepreneurial growth. The results supported the claim that, when managed well, Waqf institutions can significantly support sustainable entrepreneurship development. The results aligned with Thaker et al. (2021) and Triyatno, G., & Julaihah, U. (2025), which emphasized the contribution of cash Waqf in enhancing entrepreneurial human capital development. However, respondents also cited institutional constraints, such as limited public awareness, weak managerial coordination, and poor integration between Waqf institutions and other business support systems. Laila et al. (2022) also noted that low public awareness and weak institutional communication limited entrepreneurs' involvement in Waqf activities. Overall, the results showed that Zakat and Waqf contributed significantly to entrepreneurship development in Adamawa State. However, the sustainability and scalability of these contributions still depend on improved governance, integrated systems, transparency, and policy coordination to make Islamic social finance a more comprehensive framework for entrepreneurial development.

RESEARCH LIMITATIONS

A few factors also limit the research. The work is narrowly focused on Adamawa State, which does not allow for regional or national implementation with distinctive institutional, political, and industrial settings. It also did not review previous work by Jamatul Nasil Islam, the Adamawa State Muslim Council, the Muslim Youth Association of Nigeria, Fityanul Islam, or Jamatul Izalatul Bidia wa ikamatu sunna.

The work is mainly based on primary data provided by respondents and other published reports; the researcher missed qualitative information from the field, which could help cross-validate this research. Third, budget limitations that restrict data access made it impossible to compile a fully balanced dataset for the intended sample.

CONTRIBUTION TO KNOWLEDGE

This study contributes to the literature on Islamic Social Finance and MSME development by advancing an integrated macro-industrial perspective on how Zakat and Waqf are collected, administered, and distributed in Adamawa State.

The study extends the Zakat/Waqf-financing literature by shifting attention from aggregate government funding programs to a more sector-specific understanding of the developmental implications of Zakat and Waqf in agro-allied industry development, with attendant job creation and structural transformation of the state.

Second, the research develops the Macro-Industrial Debt–Productivity Nexus. This research develops a framework that offers a broader conceptual lens for understanding the channels through which Islamic Social Finance influences MSMEs' development and aligns with other global studies.

The study contributes to policy debates by evaluating the role of Zakat and Waqf in industrial clusters as institutional mechanisms for improving industrial productivity and mitigating structural constraints within the agro-allied sector.

IMPLICATIONS

Adamawa State, in Nigeria's northeastern region, has vast agricultural potential, with a large share of its population engaged in farming. Crops such as maize, rice, sorghum, cowpeas, and yams form the backbone of the local economy, complemented by livestock production. However, this potential remains largely unrealized because of a complex web of structural, financial, and environmental constraints. Smallholder farmers, who make up the vast majority of the agricultural labor force, operate at subsistence scale, trapped in a cycle of low productivity, systemic poverty, and food insecurity.

The primary impediment to agricultural transformation in Adamawa is the absolute lack of accessible, affordable credit. Formal financial institutions view smallholder agriculture as high-risk, demanding collateral that impoverished farmers do not possess, and charging exorbitant interest rates that are both economically unviable and religiously problematic for the Muslim-majority population. Consequently, farmers are forced to rely on informal moneylenders who charge high interest or dictate exploitative harvest prices.

In this context, Islamic social finance instruments, Zakat and Waqf, emerge as viable, socio-religiously integrated alternatives. Zakat, a mandatory third pillar of Islam, requires redistributing a specific portion of wealth to designated vulnerable groups. Waqf represents a voluntary, permanent dedication of an asset for charitable purposes. Together, these instruments offer a dual-engine framework that can address both immediate liquidity needs and long-term asset development without plunging farmers into cycles of debt.

Zakat and Waqf Synergy in Agriculture

To maximize Islamic social finance's impact on agricultural development, it must move beyond traditional, purely consumption-oriented disbursement models. Historically, Zakat boards in Northern Nigeria have focused heavily on immediate, direct relief, such as distributing small cash allocations or foodstuffs. While essential for emergency survival, this approach creates aid dependency and fails to disrupt the structural roots of rural poverty. The contemporary academic consensus advocates for 'Productive Zakat' and 'Strategic Waqf' integration.

The synergy between these two pillars operates as an optimal economic cycle. Waqf acts as the permanent infrastructural foundation. By establishing agricultural land, water infrastructure (such as solar-powered boreholes), processing plants, and heavy machinery (tractors) as communal Waqf properties, poor farmers can access these assets without the high fixed-capital barrier. Farmers are granted access to these assets either for free or at nominal fees designed solely for asset maintenance.

Simultaneously, Zakat provides the dynamic liquidity required to operate this infrastructure. Zakat funds, collected from urban wealth centers and commercial farmers through Zakat al-Mal and Zakat al-Zur'u (zakat on agricultural yield), are converted into non-refundable grants for agricultural inputs. Eligible farmers (classified under the Shariah categories of Al-Fuqara and Al-Masakin) receive high-yield climate-resilient seeds, eco-friendly fertilizers, and mechanized tilling services funded directly by Zakat. Thus, Waqf builds production capacity, while Zakat secures the inputs to execute it, creating an unencumbered production cycle.

Realities and Operational Challenges in Adamawa State

Despite the robust theoretical framework, empirical observations within Adamawa State reveal significant gaps between potential and practice. These challenges fall into conceptual, institutional, and socio-political categories.

The 'Static Asset' Misconception: Field research identifies a primary obstacle: a pervasive conceptual misunderstanding among local communities and traditional caretakers about the legal nature of Waqf.

Most of the population views Waqf exclusively through a religious-ritual lens, believing endowments are strictly confined to the construction of mosques, Islamic schools, or cemeteries. As a result, extensive tracts of fertile agricultural land donated historically by traditional rulers or wealthy families remain idle, underutilized, or unmanaged because administrators do not understand the concept of 'Productive or Commercial Waqf'.

Institutional Gaps and Trust Deficits: Zakat and Waqf administration in Adamawa State suffers from severe institutional fragmentation and a profound trust deficit. The Adamawa State Muslim Council and various local government-level committees struggle with limited logistical frameworks, opaque reporting, and a lack of standardized financial auditing.

Wealthy citizens, large-scale commercial farmers, and institutional donors often withhold contributions and instead distribute funds informally to immediate relatives. While informal charity is positive, it lacks the macroeconomic scale required to build large-scale processing facilities, standard storage silos, or statewide agricultural programs.

Socio-Political and Technical Constraints: Existing administrative boards often lack the agronomic and technical expertise needed to manage agricultural enterprises. Designing a sustainable corporate Waqf requires expert knowledge in crop rotation, soil management, supply chain logistics, and market integration.

These boards' vulnerability to local political interference further compromises continuity, as leadership shifts often lead to the abandonment of ongoing rural development projects.

Integrated Islamic Agricultural Development Model (IIADM)

To operationalize these concepts within Adamawa, this study proposes the Integrated Islamic Agricultural Development Model (IIADM). This model structurally links regional Zakat collections, Cash Waqf pools, and state-backed technical extension services into a centralized, transparent rural ecosystem.

The Adamawa Agricultural Waqf Land Bank

The state, in partnership with traditional emirate councils (such as the Yola, Mubi, and Adamawa Emirates), must inventory and formalize all historically endowed and under-utilized land parcels into a public Agricultural Waqf Land Bank. These lands are legally shielded from private sell-offs and earmarked explicitly for block-farming operations by cooperatives of vulnerable smallholder farmers.

Cash Waqf for Communal Infrastructure

To solve the chronic lack of irrigation and post-harvest storage in rural Adamawa, the state board must launch a targeted 'Cash Waqf Infrastructure Fund'. This would allow middle-class citizens, diaspora members, and corporate bodies to buy fractional 'Waqf shares'. The pooled capital is used exclusively to build solar-powered irrigation networks and modern cold-storage warehouses, shielding smallholders from post-harvest losses and enabling dry-season farming.

Productive Zakat Input Revolving Scheme

Zakat collected from urban commercial hubs and large-scale grain merchants is channeled into seasonal packages for cooperative members. Rather than distributing cash, which is easily diverted to immediate consumption, the Zakat board delivers physical input vouchers. These vouchers give farmers access to tractor services, elite seeds, and organic fertilizers, ensuring the fund's full economic value is directly converted into crop production.

Policy Recommendations and Implementation Roadmap

To transition from theoretical models to field execution, the following policy steps must be taken immediately by the Adamawa State Government, religious bodies, and civil society actors:

- a. Legal and Regulatory Overhaul: The Adamawa State House of Assembly must enact a comprehensive Zakat and Waqf Administration Law. This legislation should establish an autonomous, technocrat-led Board with clear corporate governance structures, strict accounting transparency, and statutory immunity from political interference.
- b. Strategic Scholarly Sensitization: A coordinated public education campaign must be launched, utilizing Friday sermons, radio broadcasts, and workshops to re-orient the public mind toward Productive Waqf. Religious scholars must actively champion agricultural development as an essential form of permanent charity.

c. Fintech and Blockchain Integration: To entirely eradicate the pervasive trust deficit, the collection and distribution of Zakat and Cash Waqf should be digitized. Utilizing mobile-money wallets and transparent, public-facing ledger systems will allow donors to track precisely how and where their capital is being deployed in rural farming communities.

CONCLUSION

The institutional deployment of Zakat and Waqf offers a mathematically sound, socially integrated, and self-sustaining paradigm to alleviate rural poverty and supercharge agricultural productivity in Adamawa State. By structurally uniting Waqf's permanent asset-building features with Zakat's dynamic operational liquidity, Adamawa can systematically dismantle the barriers of capital starvation and land insecurity that plague its smallholder farmers. The transition requires brave regulatory reforms, localized financial technologies, and a profound shift in religious perception from passive consumer charity to active economic empowerment. Implementing the proposed Integrated Islamic Agricultural Development Model will not only safeguard Adamawa State's food security but also provide a replicable blueprint for the entire West African sub-region.

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