



## Managing Social Inequality Risk in Lagos State: The Role of Zakat NGOs

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**ABSTRACT** - Several socio-economic policies initiated by various governments in Nigeria have failed to curb the evil effects of social inequality risks (SIR). Lagos State being the country's commercial capital city, is worse hit by virtue of its huge population. Zakat, the third pillar of Islam, is ordained to bridge this gap that SIR creates by redistributing income among the citizenry. This study is intended to explore how *zakat* institutions have been effective in complementing Government's initiatives at combating social inequality risks in Lagos-Nigeria. The study utilized data gathered from 500 middle-class respondents randomly selected in Lagos's middle-class location via an online survey channel by identifying five SIR dimensions. The data were analyzed using Statistical Package for Social Sciences (SPSS) version 25, while descriptive and Multiple Regression analysis were used as tools for the data analysis. Findings suggest that SIR is still endemic in the study area which mirrored the near ineffectiveness of *zakat* institutions. In addition, the available *zakat* institutions were found to be ineffective and overwhelmed to meet the demands of their patrons. Also, *zakat* institutions were found to be beset by inaccessibility and dwindling resources. It is suggested that the Government utilize the *zakat* institutions to reach the grassroots for a more significant impact on reducing the SIR incidences.

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## INTRODUCTION

Every religion has emphasized the importance of working to alleviate poverty (Todaro & Smith, 2006). In Islam, inequality is added to the list of what needs to be eradicated in the society. According to Todaro and Smith (2006), we ought to be concerned about inequality for at least two reasons. One, we should be concerned because inequality results in economic inefficiency. Two, inequality undermines social stability and solidarity. Lagos State, Nigeria, is not immune to this problem of inequality. Even with rapid urbanization, the gap between the rich and the poor has widened in Lagos. Internetgeography.net (2019) reports that over 60% of Lagos residents live in slums, many of them living on less than US\$1.25 per day. These slums are usually overpopulated, lacking basic amenities such as clean, potable water and appropriate waste (sewage and refuse) disposal means. It is a common sight in Lagos to find mansions near these slums. What then is the way out?

Even though the Government of Lagos state Nigeria had implemented several policies, especially in the socio-economic sectors, yet, the level of social inequality risk in Lagos remains a concern in recent times. For instance, Lagos' urbanization has widened the gap between the rich and the poor in the state. Lagos' urbanization has increased the state's wealth, but over 60% of the people still living in the slums, especially in the Makoko area of Lagos state where houses are built with poles above the Lagos lagoon (Akanle & Adejare, 2017). Many people in Lagos slums earn approximately \$1.25 per day and there is a heavy stress the infrastructure of Lagos state. In recent time, the state government's efforts have doubled, especially in rapid transportation networks within Lagos metropolis (Aliyu & Lawal, 2018). However, Lagos being the commercial centre of Nigeria and the largest city in Africa is facing severe socio-economic challenges from poor electricity supply, potable water availability, and less privileged economic empowerment among the state's residents.

The electricity challenges show that only the middle class and a few wealthy Lagos households and businesses could afford 24hours power generators. Moreover, Lagos state water cooperation seems diminishing as many companies and families do not have access to the piped borne water(Eide, 2014). The majority of Lagos residents now rely on public taps or boreholes powered by generators. Studies have suggested that the looming rate of inequality in Lagos state is triggered by a lack of opportunities for Lagos state's broader population. There is no doubt that the Lagos state government has initiated some policies to further powered its economy into a megacity, among others. However, the challenges of socio-economic inequality risk are aggravating and, therefore, it calls for a rethinking in the role of Non-government organizations like *zakat* institutions in supplementing the Government's effort to alleviate social inequality problems in Lagos state (Ajibola et al., 2019; Busari & Aminu, 2017).

According to Weiss (2020), many Muslim NGOs in sub-Saharan Africa have employed Muslim public donations from *zakat*, *sadaqah*, and waqf in influencing the socio-economic advancement of the people. Despite the menace of poverty, hunger, and unemployment in Nigeria, *zakat* remains a potential Islamic social finance that can relieve the national socio-economic budget challenges. Abdurraheem and Suraju (2018) contends that achieving the full potentials of *zakat* requires centralized *zakat* institutions in Nigeria as compliance with the lexical prescription in the Quran and Sunnah. Moreover, lack of access to information technology, social exclusion, subjective norms, and religious belief have subjected many people to financial exclusion in the modern time. Studies have advocated using *zakat* to redistribute wealth between the rich and the poor. The eight beneficiaries of *zakat* proceeds mentioned in the Quran have significant prospects in fostering inclusive growth, financial inclusion, and overall economic development (Adebayo, 2020; Khasandy & Badrudin, 2019; Machado et al., 2018).

Nevertheless, one way the negative results of inequality can be averted and mitigated is by implementing an effective *zakat* system. *Zakat* as an instrument for combating social inequality is not without challenges. Current challenges include problems with calculation, poor collection

mechanisms and unsuitable distribution channels (Mahomed, 2017). We chose Lagos State, Nigeria, because of the familiarity of the authors of this paper with Lagos. Furthermore, Lagos is typical of Nigeria because its cosmopolitan nature ensures that every tribe in Nigeria is found in Lagos.

Therefore, this paper aims to investigate *zakat* institutions' effectiveness in complementing the Government's initiatives to fill the gap of social inequality risk (SIR) in Lagos-Nigeria. The study will explore the level of SIR awareness among citizens on the one hand and effectively complement government effort in reducing social inequality in Lagos state.

## **CONCEPTUAL FRAMEWORK**

### **Social Inequality**

Social inequality is the existence of unequal opportunities and rewards for different social positions or statuses within a group or society (Moffitt, 2019). The major examples of social inequality include income gap, gender inequality, healthcare and social class. For example, in healthcare, some individuals receive better and more professional care than others. They are also expected to pay more for these services. Social inequality can be divided into: wealth/income inequality, treatment and responsibility inequality, political inequality, life inequality, and membership inequality (Braveman, 2006). Sometimes, economic inequality is used interchangeably with income inequality. However, the two do not mean the same thing. Income inequality is a subset of economic inequality as the latter broadly covers income, pay and wealth inequalities.

There are five main kinds of social inequality in the sociological study; there is socio-economic inequality risk resulting from income and wealth, inequality from treatment and responsibility, inequality in political class and participation, life and membership inequality (Giordano et al., 2019). For the purpose of this study, income and wealth inequality is an issue confronting socio-economic balance among Lagos residents. Increasing demand for little available or no job opportunities is one of the striking factors that triggering socio-economic inequality risk in Lagos state. However, there is a dire need to determine the extent to which non-governmental organisation can complement the efforts of the Government in alleviating the challenges of social inequality risk arising from uneven distribution of wealth and income in Lagos state (Olukoya, 2017).

### **Social Policy**

Social policy is the strategic approach every authority used to meet societal demands and needs especially in security, education, job, health and general wellbeing. The social policy is the policy of the Government which addresses socio-economic challenges, international organisations, the market and civil society to provide services across the nation (Brown, 2019). The social policy provides services and supports for the citizen, children and families in the society. Social policy encapsulates provision of education supports, housing, jobs, unemployment supports and poverty reduction programs and other welfare and wellbeing packages to the citizens. Social policy is one of the factors used in measuring the effectiveness of a government in society (Macgregor, 2014).

More so, an effective government will tend towards a robust and comprehensive social policy for its citizenry's general well-being. Social policy is the strategic plans developed by the government officials and political ruling class about the guidelines, rules, regulations, and action plans that influence people's living conditions (Aravacik, 2018). Although the Government is the highest institution in the society that is responsible for the provision of social facilities such as education, social security, health, food and general wellbeing, while the corporate social responsibility of companies and the roles of non-government organisation in complementing the effort of the government social policies cannot be overemphasized (Torres et al., 2012).

## Zakat NGOs

*Zakat* means obligatory charity. The word 'Zakat' is derived from 'Zakā'; which means it to grow and increase. *Zakat* is the third of the five pillars of Islam. There are two types of *zakat*, namely: *zakatul fitr* and *zakatul mal*. *Zakatul fitr* refers to the *zakat* due between the starting of Ramadhan (9<sup>th</sup> month of Islamic calendar) and the start of the Eidul fitr prayer (Zakat Selangor, 2019). *Zakatul mal*, on the other hand, means *zakat* on wealth. This paper focuses on *zakatul mal* (wealth) as it is evident from the Qur'an and Ahadith as follows:

*"The alms are only for the poor and the needy, and those who collect them, and those whose hearts are to be reconciled, and to free the captives and the debtors, and for the cause of Allah, and (for) the wayfarer; a duty imposed by Allah. Allah is Knower, Wise. (60) And of them are those who vex the Prophet and say: He is only a bearer. Say: A bearer of good for you, who believeth in Allah and is true to the believers, and a mercy for such of you as believe. Those who vex the messenger of Allah, for them there is a painful doom" [Quran 9:60]*

As mentioned in the verse, all the eight recipients of *zakat* are people confronted with socio-economic challenges in society. Islam promotes social equality among the people whereby it provides for socio-economic situations of the eight categories of the people to alleviate inequality risk (Rahman, 2014). The verse emphasized the wellbeing of the poor, the needy, the stranded wayfarer, the financially distressed person, promoting the path of Allah and creation of job for the administrator to manage the *zakat* fund between the collection, the safekeeping, and distribution of the *zakat* funds among the eight beneficiaries (Hossain, 2015). An important role of the *zakat* NGOs is to cater to socio-economically excluded people and people who do not have access to basic human needs especially feeding, health, and shelter. Hence, [Quran 9: verse 60] highlights the categories of people on whom *zakat* is payable to alleviate their socio-economic challenges in the society (Ahmed, 2004). As a model for effective *zakat* distribution, *zakat* in Lagos State can be distributed to these eight categories. Al-Quran also signifies the importance of *zakat* as a means of purification of self and wealth by paying the *zakat* (poor-due). The Quran states thus:

*"Take alms of their wealth, wherewith thou mayst purify them and mayst make them grow and pray for them. Lo! thy prayer is an assuagement for them. Allah is Hearer, Knower" [Quran 9:103]*

*"That which Allah giveth as spoil unto His messenger from the people of the townships, it is for Allah and His messenger and for the near of kin and the orphans and the needy and the wayfarer, that it become not a commodity between the rich among you. And whatsoever the messenger giveth you, take it. And whatsoever he forbiddeth, abstain (from it). And keep your duty to Allah. Lo! Allah is stern in reprisal" [Quran 59:7]*

According to the exegeses of Al-Qurtubī (2006), *zakat* is a means of wealth purification for the believers. The Zakat NGOs rely mainly on the obligatory donation of the *zakat* payers. Every amount of *zakat* due paid on the wealth is a means of spiritual cleansing and purification on wealth and a mechanism to earn continuous blessing in the sight of Allah SWT. Another significant essential impact of *zakat* in the society is to relieve people from socio-economic bondage and servitude from human beings by giving hope and empowerment to the less privileged of recognizing Allah as their lord and He only deserved to be worshipped (Al-Zuhailī, 2011). However, studies have shown that the impact of *zakat* on poverty alleviation depends on the effectiveness in the activities of the Zakat NGO especially in record keeping and transparency (Abd. Wahab et al., 2016; Hamimi et al., 2018).

## The Research Objectives

This study investigates *zakat* institutions' effectiveness in complementing the Government's initiatives to fill the gap of social inequality risk (SIR) in Lagos-Nigeria. This primary aim is sub-grouped into the following research objectives below:

- i) To assess the level of awareness about SIR among citizens in Lagos;
- ii) To evaluate the effectiveness of Government initiatives in reducing SIR incidence;
- iii) To assess the effectiveness of *zakat* in reducing the incidence of SIR;

## METHODOLOGY

Due to the nature of the study, which is covering people with diverse demographic properties, the researchers used purposive non-probabilistic sampling method to select the participants for the study. In view of this, researchers collected data through an online survey questionnaire from several participants who are well informed of *zakat* institutions' purpose and objectives. The online survey used has two sections; the respondents' demographic data and research questions designed on the Likert-type scale structure between the range of "strongly disagree" to "strongly agree." The survey questions were presented to the respondent to explore their perspective on the complimentary effectiveness of Zakat NGOs towards alleviating social inequality in Lagos state. Moreover, the survey questions were structured based on past literature on *zakat* institutions' imperative role in alleviating socio-economic inequalities in society (Adebayo, n.d.; Atah, et al., 2018; Rahman, 2014; Shaikh, 2017).

The COVID-19 pandemic situation and restrictions have prompted the researchers to use online surveys as a data collection method. The survey questions were pilot tested and later sent to different WhatsApp platforms of Nigerians residents of Lagos state. An estimated 300 participants were expected to fill the online survey, but the researchers received responses from 130 respondents after six months. The online survey collected was subjected to descriptive analysis with a graphical representation of the outcome due to the research objectives' direction. The descriptive analysis test depicts the respondents' mean scores based on the survey research questions. Firstly, the respondents' demographic features from Table 1 revealed the frequency statistics of participants' gender, the highest level of education, age, marital status, and religion of the respondents. The data collected showed that most of the respondents are male consisting of over 60% of the respondents. Over 80 percent of the total respondents have a minimum of first-degree educational qualification and above. More than 80 percent of the respondents are between 20 and 49. While over 70 percent of the respondents are married, 99 percent of the total respondents are Muslims. Meanwhile, to ensure that each item measures the same construct, cronbach alpha reliability analysis was conducted. The result of each constructs shows that, the items measure its corresponding construct, because the Cronbach alpha coefficient of each construct was greater than the required threshold of .70 (Pallant, 2007) as can be viewed from Table 1 below:

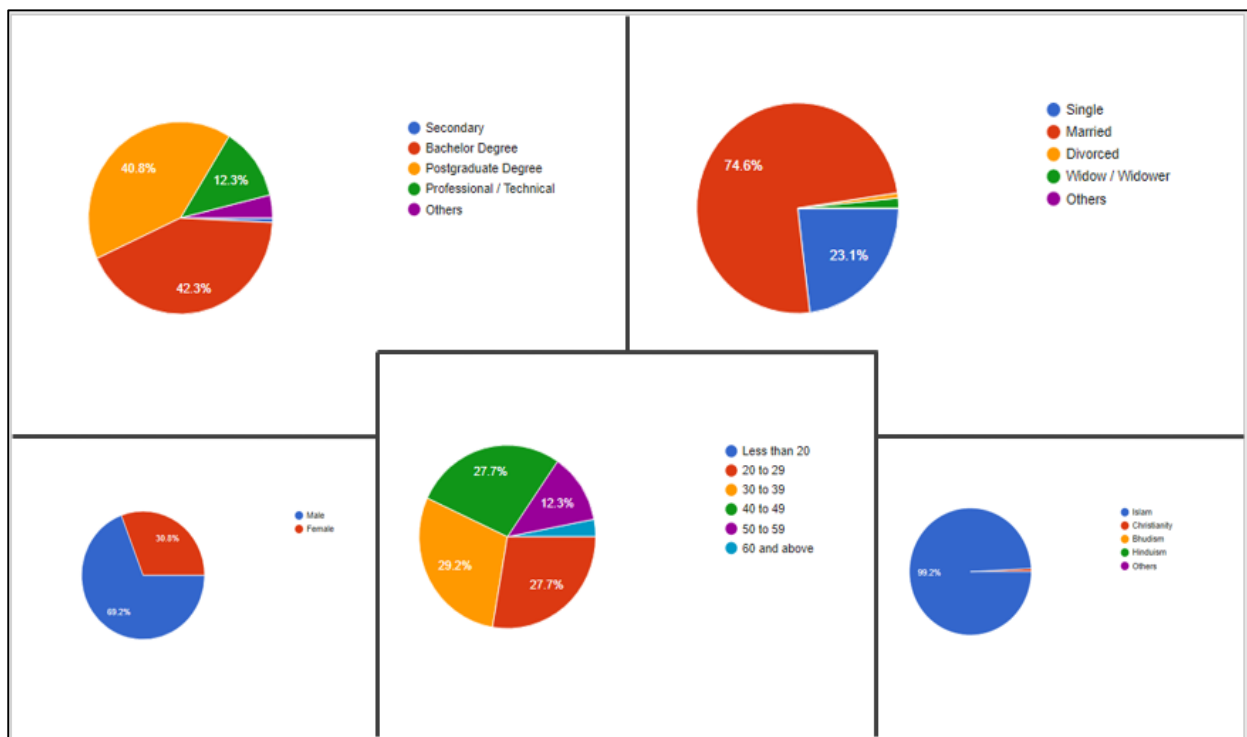
**Table 1:** Reliability Outcome of the Instruments

S/N	CONSTRUCTS	CRONBACH'S ALPHA	NO OF ITEMS
1	Awareness	.793	6
2	Government	.797	5
3	NGO	.928	5
4	Poor and Needy	.929	5
5	Consolation	.896	5
6	Propagation	.917	5
7	AIDs	.915	5
8	Wayfarer	.952	5

The research survey explores the stakeholders view on the role of *zakat* NGOs towards alleviating social inequality in Lagos State, Nigeria. The questionnaire survey uses Likert scale with the range of (1←3→5) while strongly disagree was represented by 1, disagree by 2, neutral by 3, agree by 4 and strongly disagree by 5. This Likert-type scale ranges was used to explore stakeholders' opinions about the complimentary effectiveness of *zakat* NGOs in alleviating social inequality in Lagos state. For the purpose of simple analysis, 3 was considered as means score therefore, any mean score below 3 are regarded as respondents' negative opinion on the complimentary effectiveness of Zakat NGOs towards alleviating social inequality in Lagos state.

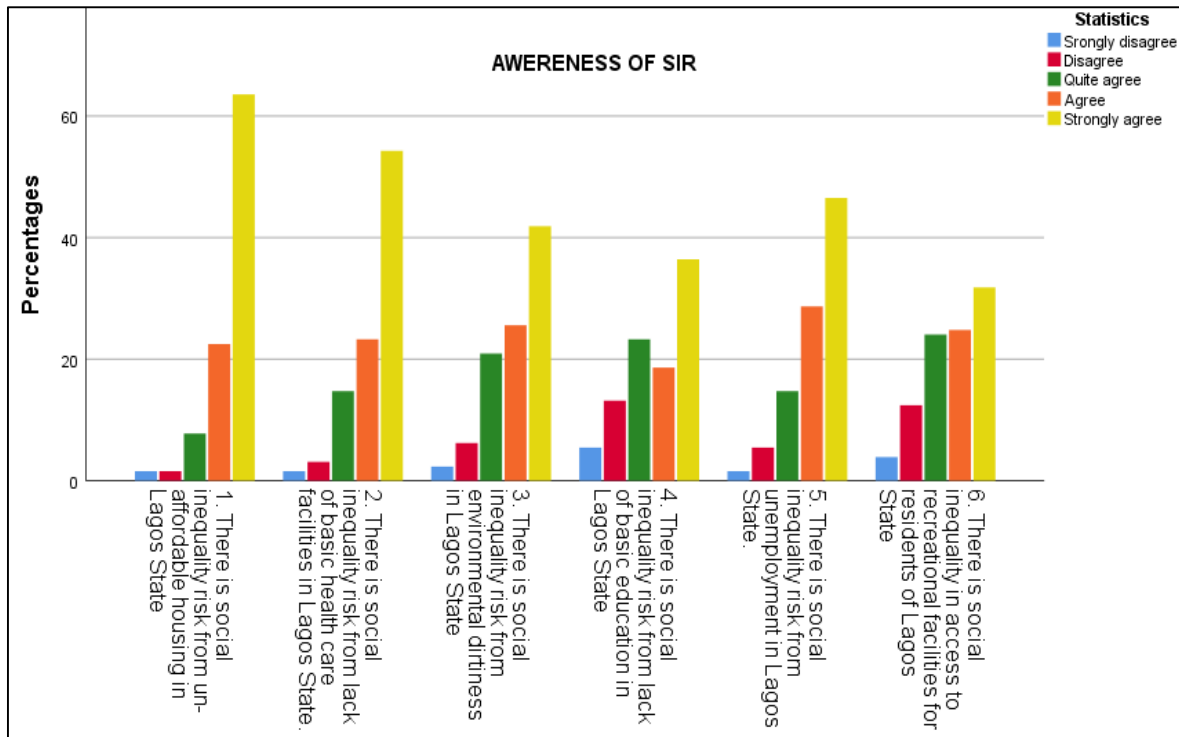
### Analysis

A total of 46 different questions were asked in the questionnaire. The result is shown in the descriptive analysis and the graphical representation of the data outcome. However, these descriptive analysis findings are clear and reliable enough for publication. Considering the data from Figure 1 below, it shows that respondents from the questionnaire survey viewed that Zakat NGOs in Lagos state play significant roles in reducing inequality among the people.



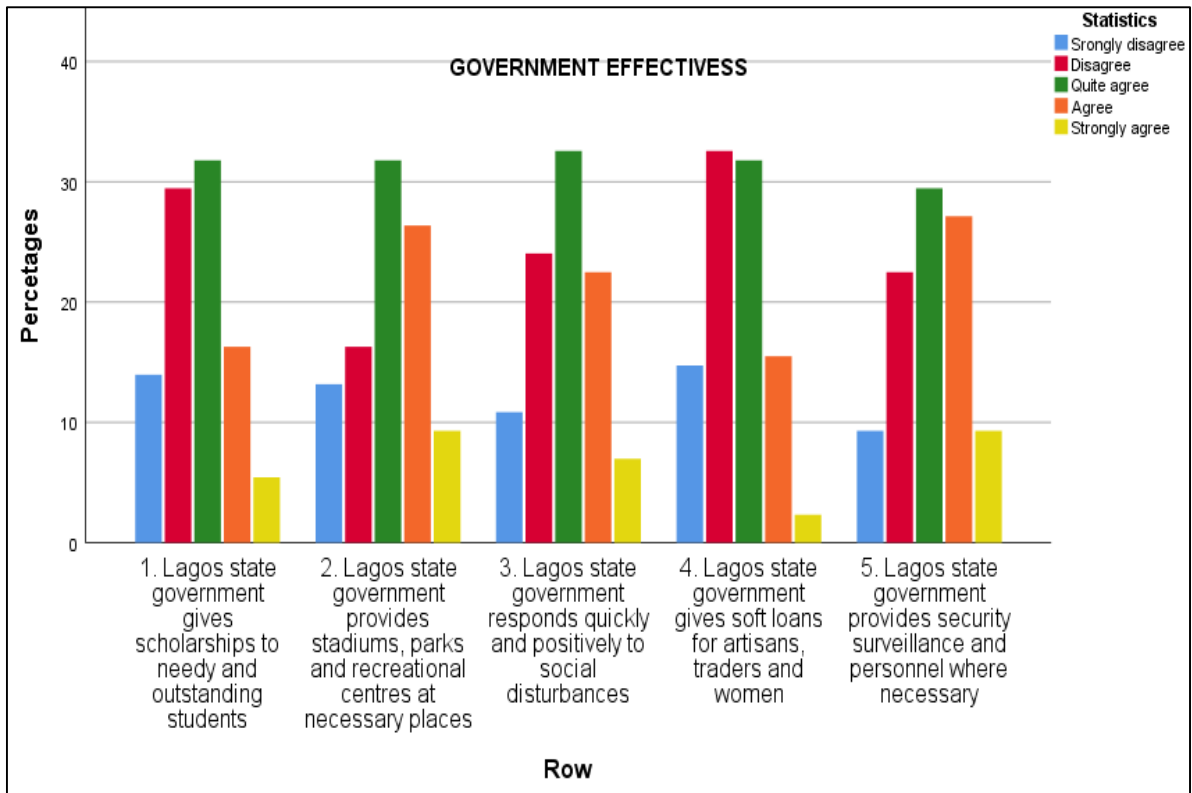
**Figure 1:** Demographic Dimensions of Respondents

According to Figure 2, the level of awareness of SIR was assessed in terms of unaffordable housing among Lagos residents, which shows a very high agreement of 87.7%. It equally shows a very high level of agreement in the aspect of lack of basic health care facilities of 80%, environment dirtiness 68.9%, lack of basic education 60% above, lack recreational facilities was equally high in terms of the level of agreement. Lastly, risk from unemployment was 76.9%. It can be deduced from the result that there is a high level of awareness of SIR among Lagos state residents in terms of unaffordable housing, lack of health facilities, the risk from environmental dirtiness, lack of basic education, risk from unemployment and lack of access to recreational facilities.



**Figure 2:** Perception on Social Inequality Risk

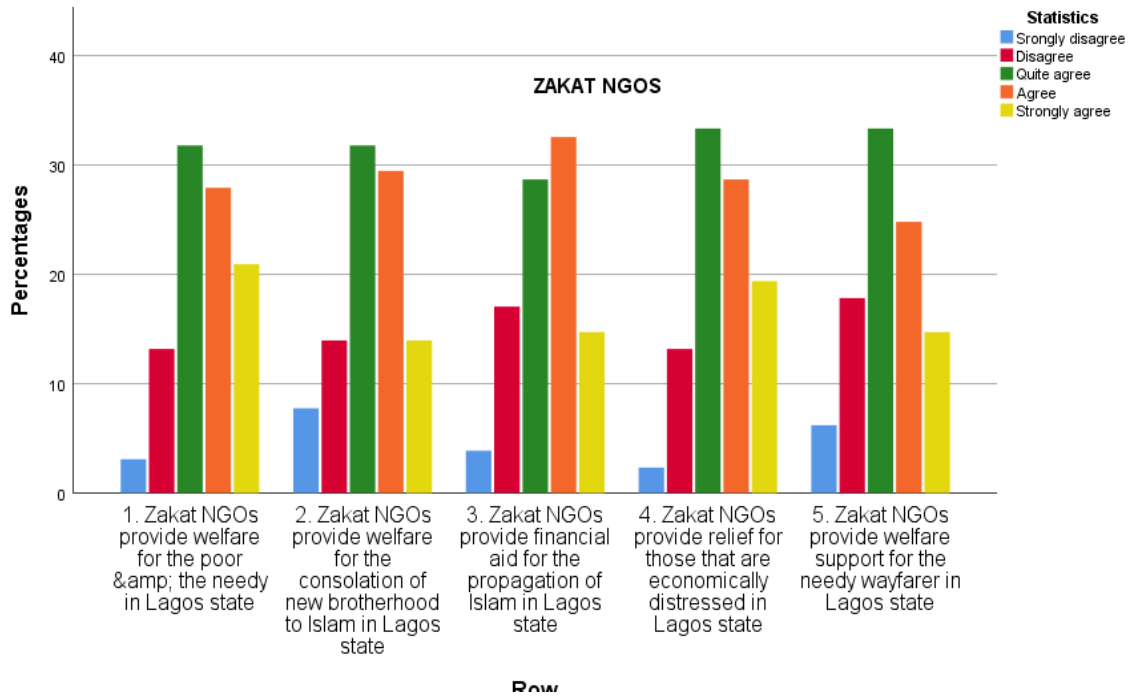
Figure 3 shows the extent of government effectiveness in reducing SIR burden was measured through several factors. In terms of scholarship given to the needy and outstanding students, it recorded low level of agreement of 29%, provision of stadiums, parks and recreation centers was quite low 37%, quick and positive response to social disturbances was equally quite low of 30%, soft loans for artisans, traders, and women were very low at 19%, provision of security surveillance and personnel was equally quite low of 38.5%. The overall deduction from this graphic analysis is that the extent of government effectiveness in reducing SIR burden is low and the impact of Lagos state government effectiveness in given scholarship, provision of recreation centers response to disturbances, and provision of soft loans and provision of security surveillance and personnel.



**Figure 3:** Government Effectiveness in Alleviating SIR

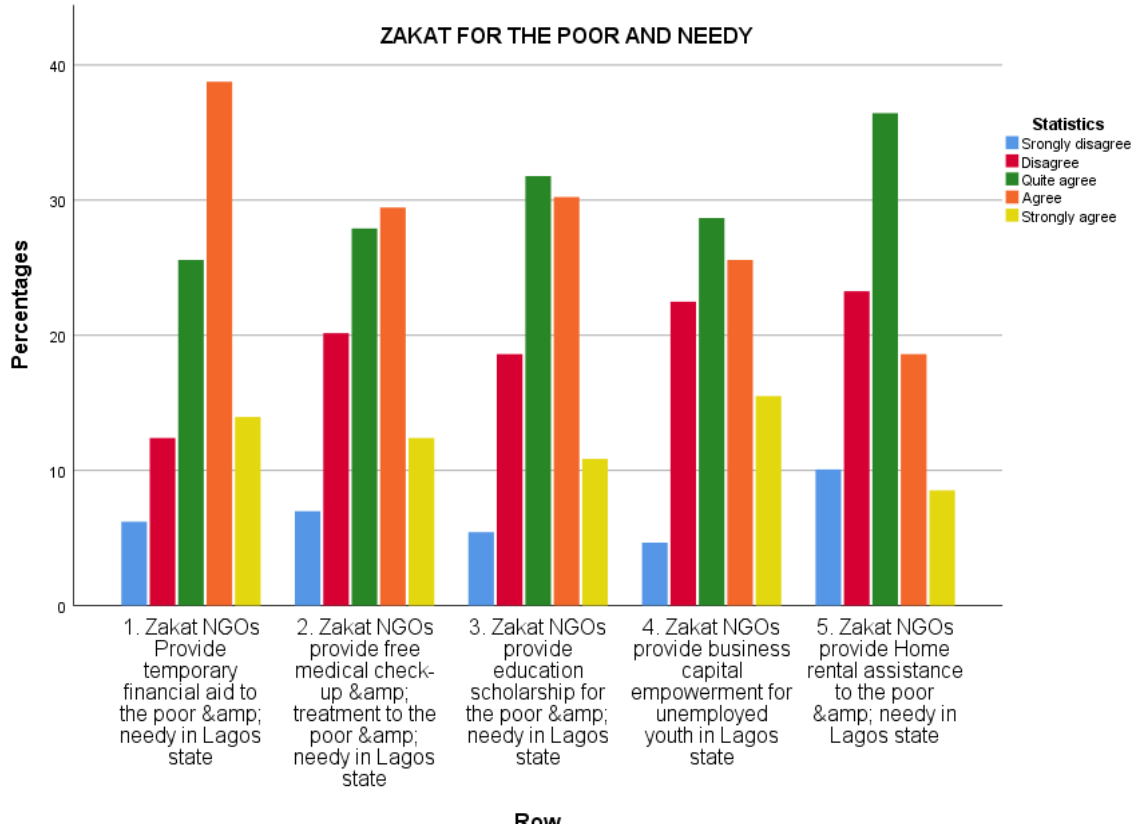
In Figure 4, The effectiveness of Zakat NGO in reducing SIR was equally measured through this descriptive analysis. It can be seen from the table above that, in terms of provision of welfare for the poor and needy the score is fairly above average because the disagreement level was 16.9%, provision of welfare for the new brotherhood in Islam was very low - at 23% in terms of disagreement, for financial aid for the Islamic propagation was equally very low in disagreement of 21.2%, for the relief of economically distressed people was equally very low 16.1% in disagreement and for the support of the needy and wayfarer was very low of 24.6% in terms of disagreement. It is seen from this analysis that, the effectiveness of the Zakat NGO in reducing SIR in Lagos is fairly high.





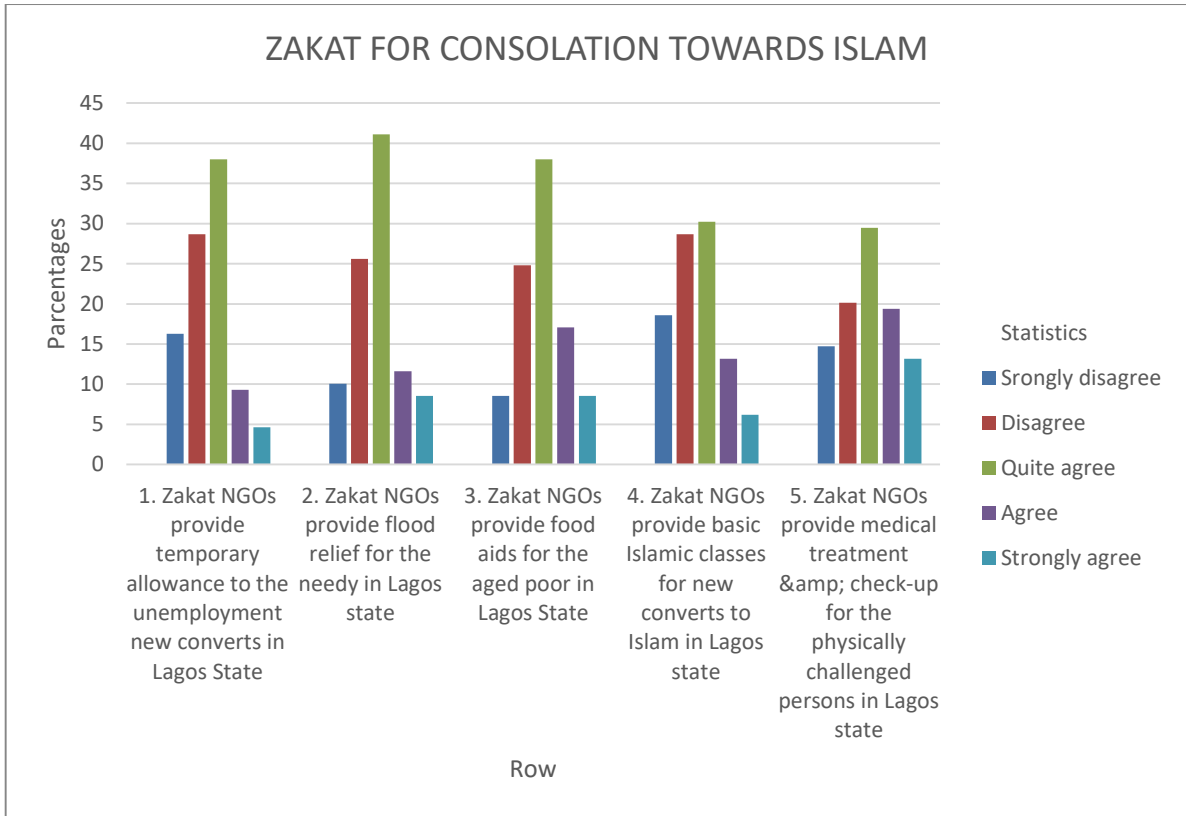
**Figure 4:** Role of Zakat NGO in Alleviating SIR

In Figure 5, Zakat NGO effectiveness on the provision for the poor and needy people in Lagos state was measured through temporary financial aid to the poor and needy. The analysis shows disagreement level is of 18.5%, which was very low, free medical check-ups and treatment for the poor and needy was fairly low of 27.7% in terms of disagreement. Provision of education scholarship was low fairly of 25.4% in terms of disagreement, business capital empowerment for unemployed youth was equally low at 27.7% in terms of disagreement and the provision of home rental assistance for the poor and the needy was fairly low of 34.6% in terms of disagreement. In conclusion of this, it can be summed up that, Zakat NGO in Lagos state is fairly effective on the provision for the poor and needy people.



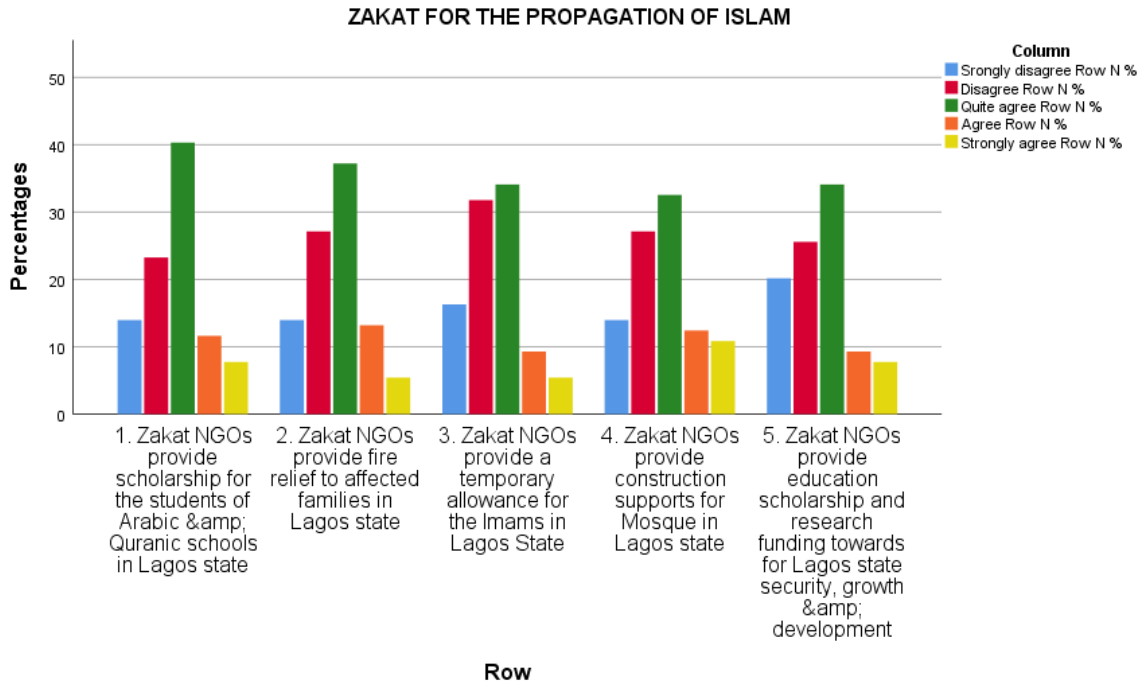
**Figure 5: NGOs Zakat for the Poor and Needy**

Figure 6 shows level of effectiveness of Zakat NGO for consolation towards Islam was measured through the assessment of their temporary provision of allowance to the unemployment new convert of which the level of agreement was very low 15.4%, measured in terms of provision of flood relief for the needy which was equally low of 19%, provision of food aid for aged poor was equally low of 26.2%, provision of basic Islamic classes for new convert was also low in terms of agreement level of 20% and provision of medical treatment and check-up for the physically challenged persons was equally low of 22.3% in terms of agreement. It can be deduced at this junction that; the extent of Zakat NGO's effectiveness is very low in terms of consolation towards Islam.



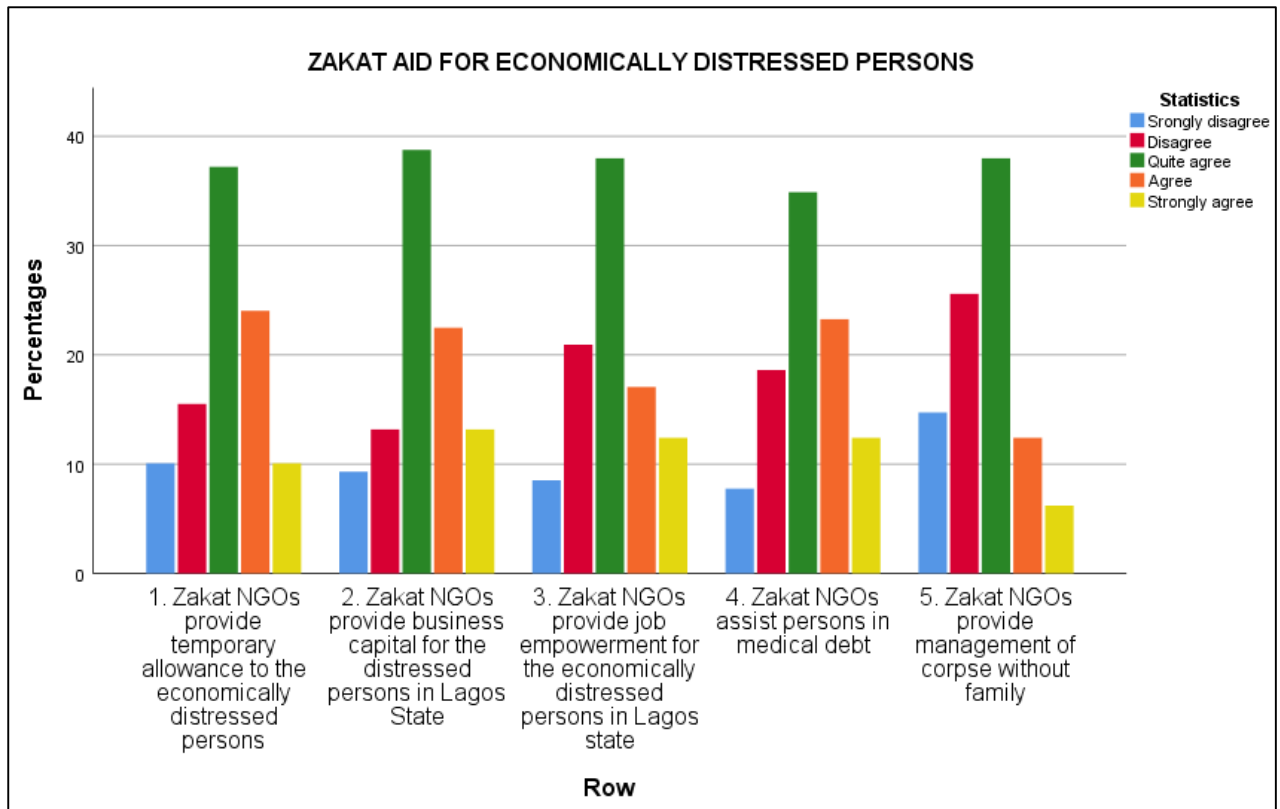
**Figure 6:** NGOs Zakat for Consolation to Islam

Figure 7 shows graph depicts the extent of the effectiveness of the Zakat NGO in the propagation of Islam. It shows from the above graph that, Zakat NGO provision of scholarship for the students of Arabic and Quran is very low in terms of agreement which was 18.2%, provision of relief for the affected families was equally low of 19.2%, and provision of temporary allowance for Imams was equally very low of 16.4% in terms of agreement. The Zakat NGO support for mosques construction was very low of 23.9% and provision for education scholarship and research funding for security, growth and development was equally very low at 16.9%. It means the extent to which the Zakat NGO propagates Islam is very low in overall rating.



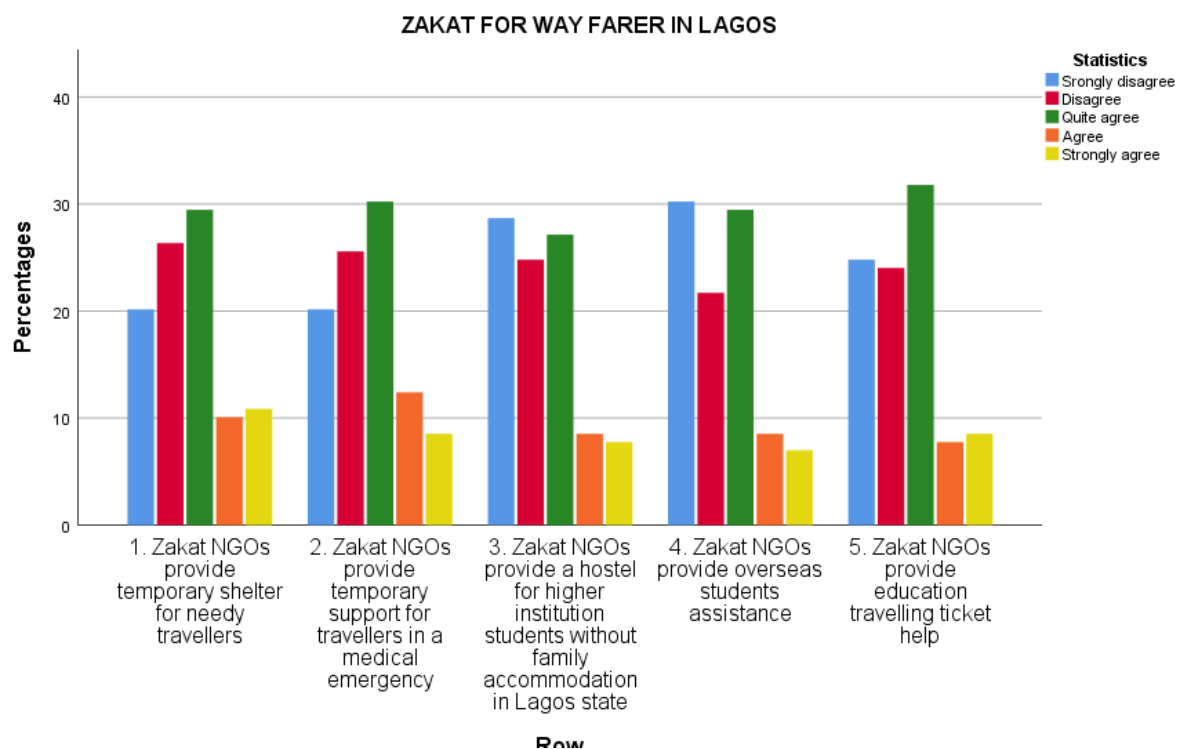
**Figure 7: NGOs Zakat for Islamic Propagation**

Figure 8 shows the extent of the effectiveness of the *zakat* that NGOs aid for the economically distressed people. In terms of the provision of allowance for the economically distressed people, the agreement level was quite high like 60%, provision of business capital for the distressed people was equally high of 62%, in the level of agreement, empowerment was also quite high in terms of agreement, assistance of people in medical debt was high and the management of the corpse without family was very low in terms of agreement. In this sense, the extent of the *zakat* NGOs aid for the economically distressed people in Lagos is quite high except for the management of the corpse without family which is quite low.



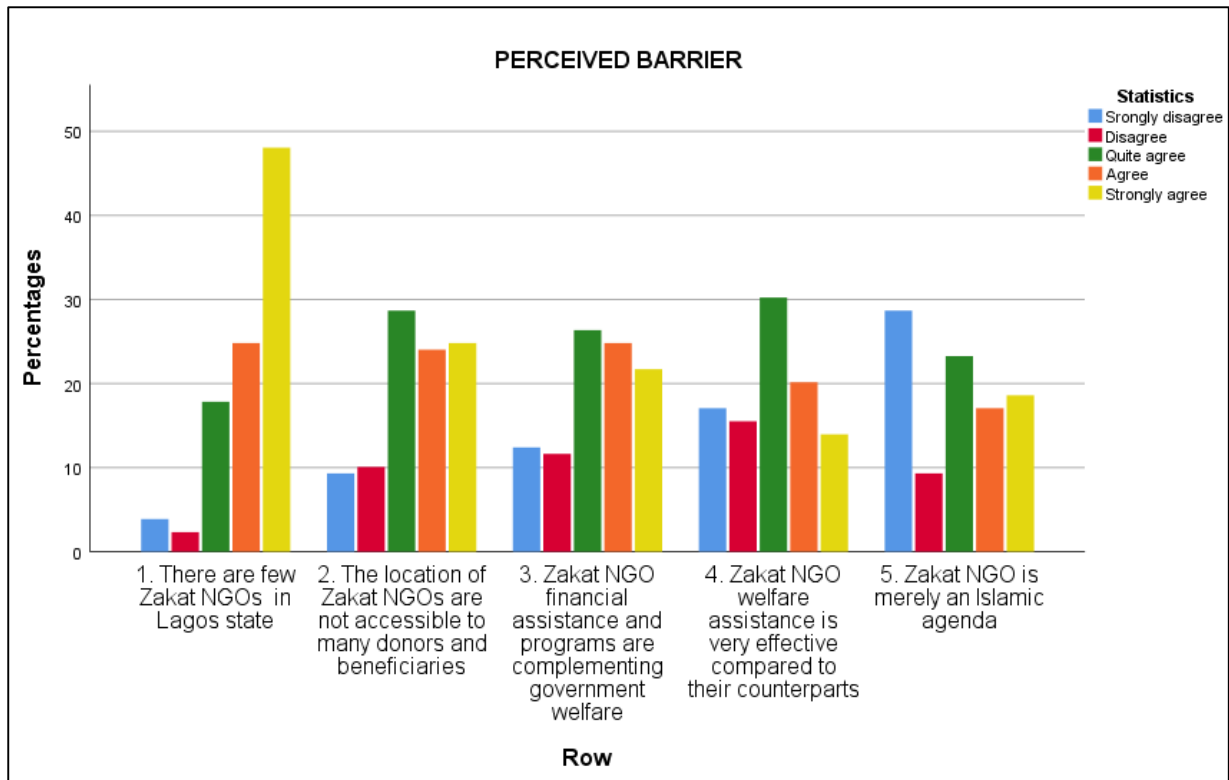
**Figure 8:** NGOs Zakat for the Economic Distressed Persons

Figure 9 shows that, the extent of Zakat NGO provision of temporary shelter for needy travelers is quite low in terms of agreement at 20.8%, provision of temporary support for the travelers in a medical emergency was quite low in terms of agreement, provision of housing aid for higher institution students without family was very low in terms of agreement. Overseas' student assistance was equally very low of 15.4% and provision of education travelling tickets help was also very low of 16.2%. Summarily the extent of Zakat NGO effectiveness for the wayfarer aid in Lagos is quite low.



**Figure 9:** NGOs Zakat for the Travellers

Figure 10 shows in terms of perceived barriers confronting Zakat NGO in Lagos, the first item which is "the few zakat NGO" recorded a very low level of disagreement, very high level of agreement of 75%, inaccessibility of Zakat NGO to many donors and beneficiaries was equally very high in terms of agreement. The Zakat NGO financial assistance and programs are complementing government welfare equally recorded a high level of agreement like 60% above, the Zakat NGO welfare assistance is very effective compared to their counterparts' item is a bit high and the perception that, Zakat NGO is merely an Islamic agenda item recorded an average level of disagreement as well as agreement. In view of this, it can be concluded from the outcome of the analysis that, the main perceived barriers of Zakat NGO in Lagos state in reducing SIR are the fact that, there are few Zakat NGO in Lagos state, the location of the Zakat NGO are not accessible to many donors and beneficiaries, the financial assistance offered by the Zakat NGO and programs are complementing government welfare and people perception that, Zakat NGO is merely and Islamic agenda.



**Figure 10:** Percieved Barriers to NGOs Role in Reducing SIR

### Major Findings from the Study

The outcomes from the analysis revealed that:

1. Residents of Lagos are adequately aware of the existence of SIR in the aspect of lack of basic human needs and facilities.
2. The Government's impact is inadequately felt in the provision of basic human need and facilities among Lagos state residents.
3. The Zakat NGO's impact is adequately felt in reducing SIR level among Lagos state residents with buckets of challenges like the inadequate number of Zakat NGO, subsuming government roles, and people's negative perception against zakat NGOs.

### RESULT

After the analysis, it is found that residents of Lagos are adequately aware of the existence of SIR in the aspect of lack of basic human needs and facilities. It means most Lagos state residents are aware that there is unaffordable housing, lack of health facilities, risk from environmental dirtiness, lack of basic education, risk from unemployment and lack of access to recreational facilities. This finding is in consonance with the previous study of (Oyebanji, 1986), who later suggested that, Government should promote widespread urbanization on the one hand and the spirit of self-involvement on the other hand. Equally, Oxfam (2017) confirmed the presence of SIR in Nigeria, who states that effort must be made to bridge this inequality gap.

The study also found that the impact of Government is inadequately felt in providing basic human needs and facilities among Lagos state residents. It means Government is failing to provide basic amenities for citizens such as scholarships, provision of recreation centers, response to disturbances, provision of soft loans, and security surveillance and personnel provision. This study was not alone in this arena as case study of Kinnan et al. (2011) also contend that the citizen feels the Government's poor performance in reducing inequality in the education sector. Ogunsanmi (2013) equally strengthens the finding of the present study by stating that there are several cases of inadequacies from the Government in terms of provision of basic amenities such as in

infrastructure, power supply; shortage of pipe borne water; scarcity of fuel; unreliable healthcare services, unstable educational system, bad road, malfunctioned port and fickle telecommunication services.

More so, it was found from the study that the impact of the Zakat NGO is adequately felt in terms of reducing SIR level among Lagos state residents. It can be deduced here that, Zakat NGO has been effective in reducing SIR in Lagos, providing for the poor and needy people, and providing aid for the economically distressed people. The study of Ashafa (2014) equally finds similar outcomes in his empirical research: corporate *zakat* institutions in Lagos and Ogun state have been very active in alleviating the poor and the needy's challenges. Equally Ummulkhayr, et al. (2020), have highlighted the importance, usefulness and effectiveness of Zakat NGO in alleviating poverty in Nigeria as well as entire west Africa.

Lastly, it was found that several barriers are confronting Zakat NGOs in reducing SIR level among Lagos state residence such as: inadequate number of Zakat NGO, subsuming government roles and people's negative perception against Zakat NGOs. In relation to this finding (Raimi, 2015) identified that, Islamophobic reaction greeted the introduction of Islamic financial system (IFS) by the central bank of Nigeria, as some elements created unhealthy media debates and hair splitting controversies, as well as the upsurge in terrorism and emergence of militant groups with hidden sources of funding, has put Islamic funds under suspicion, which made several potential donors have negative perception against zakat NGOs. Equally, it was asserted that, the presence of an NGO in operation may contribute to unrealistic expectations of government health services for the general public (Biermann, et al., 2016). This study aligns with the finding of Jamaludin et al., (2017) that contends that even effective *zakat* management through online platform also requires trust and transparency of the Zakat NGOs. It means government may relax on part of their own responsibilities when Zakat NGOs' activities are effectively managed in Nigeria.

## CONCLUSION

Zakat NGOs' complementary role cannot be overemphasized, especially in poverty alleviation and economic empowerment of Muslims in Lagos state. This study found that *zakat* institutions in Lagos have a significant contribution towards reducing socio-economic inequality in the state but score poor performances in propagating Islam (*da'wah*) and extending consolation reliefs towards those with a flair for accepting Islam. This study concluded that despite the largeness of Lagos city which represents every strata of Nigeria diversity, the lack of accommodation for the wayfarer is a strong weakness of the *zakat* institutions because this factor has triggered many socio-economic disturbances in the state. The researchers further suggest that the stakeholder's administrators and policymakers of the Zakat NGOs' need to create more awareness among the elites and corporate bodies to expand the institution's income to realize the full objectives of *zakat* as an Islamic social finance instrument. This study is limited by its sample size and method based on descriptive analysis. Therefore, readers should handle the data analysis with caution.

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