

## Chapter 22

# Can Zakat Institutions Adopt Consumer–Centric Knowledge Management Successfully to Alleviate Poverty?

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### ABSTRACT

*Drawing upon Consumer-Centric Knowledge Management (CCKM) approach and poverty alleviation efforts, this chapter elaborates the adoption of these approaches in Zakat Institutions (ZI) in their search to alleviate poverty. It assesses the interrelationships of the two approaches in ZI considering the poor and needy as the main envisioned stakeholders. The investigation deliberates the landscape of poverty alleviation by key agents of knowledge change, reviewing their contributions to establish communities of practices in creating and sharing knowledge on poverty alleviation. Similarly, it relates major strategic focus of poverty alleviation to CCKM processes. It explores knowledge management gaps that could affect ZI outreach highlighting the main internal and external challenges. The substances of outreach stipulate the importance of poverty intelligence portfolio that utilizes key elements of CCKM, namely poor and needy intelligence, demand intelligence, situational intelligence, and networking intelligence. As a result, the effective engagement of ZI in the two approaches is valued with respect to knowledge on poverty alleviation.*

### INTRODUCTION

Existing research on the effect of consumer – centric knowledge management on poverty alleviation by Zakat Institutions (ZI) has not yielded definitive conclusions, in part because of differences in methods. Four issues distinguish recent literature

based on assessing factors influencing poverty alleviation as strategic goal in economic development. First, knowledge and knowledge sharing is essential for development in general and alleviating poverty in particular (Shin and Kook, 2014; World Bank, 2011; KDI & WBI, 2011; FAO, WFP & IFAD 2012; IFAD, 2011; Anand, & Lea, 2011;

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Anderson et al, 2013. Second, different perceptions caused by demand –led poverty alleviation approaches (Biard, 2013; Camacho & Conover, 2011). Third, all types of organizations can benefit from the essence of knowledge management (KM), customer relationship management (CRM) – customer-centric approach (Jirinova, 2013; Wang & Fen, 2012; Kopetz et al. 2012; Alhawari, 2013; Al-Shammari, 2011; Lee, 2014; Gebert, 2003). Fourth, globalization changed the nature of economic activities, which results in redefining poverty, and the poor. This process modifies the role of Zakat Institutions (ZI) as social safety net organizations (Al Baraka, 2011, 2012 & The Kuwaiti Zakat-House).

These four issues are interrelated: for instance the millennium declaration and the move towards knowledge economy places knowledge as a global strategic goal to alleviate poverty. However, many countries, international, national and organizations adopted Consumer Centric Knowledge Management approach to support collaboration oriented activities (Tsai *et al*; 2006). The effectiveness of these relations in organizations (i.e. ZI) depends on not only social capital and knowledge management processes but also on knowledge sharing and partnership (Barry & Tacneng, 2013; Abuoz-Zeid; 2007).

Zakat as a third pillar of Islam is the proportion of a person's wealth designated for the poor and needy seeking purification and growth<sup>1</sup>. Legally, it means transfer of ownership of specific wealth to specific individual or individuals under specific conditions (Abdul-Rahman, 2007). It indicates that poor people have the right in the wealth of the rich. Zakat Institutions are legal entities aim to implement the divine objectives of Zakat including collection, distribution and management. Hussain (2001; 2011) showed that the theoretical framework of Zakat institutions comprises the scope (objectives), focus (rules, regulations, and policies) and processes (different methods and techniques). Accordingly, its stakeholders include Zakat payees (obligatory and voluntary payees),

employees (admin staff, Sharia boards/committees etc), community, government, and Zakat receivers prescribed in the holy Quran. The focus on the poor and needy stems from the fact that they are the main envisioned stakeholders that all social policies and Zakat institutions' objectives revolve around.

The dynamics of identifying and reaching the poor and needy as the prime target of Zakat institutions overshadowed by recent developments in the literature, in particular the investigation aims to assess the following factors:

- How Zakat Institutions utilize the developments in knowledge sharing and knowledge exchange for more efficient and effective poverty alleviation practices.
- The strategic commitment of ZI to reduce poverty as a multifaceted phenomenon and to establish the necessary condition to promote change in a dynamic nature of poverty reduction processes as an Islamic obligation.
- The needs to promote and sustain knowledge creation (portfolios) and knowledge sharing in poverty alleviation depend on a rapid growth of information and the move towards knowledge management in Zakat activities and processes in collection and distribution. Given the unstable flow of collected funds, distribution is highly dependent on processes of creation and acquiring knowledge.
- While more Consumer Centric imputes came from inside these institutions, knowledge exchange with other stakeholders including community is a vital objective.

This chapter assesses the interrelationships of CCKM and poverty alleviation approaches in ZI considering the poor and needy as the main envisioned stakeholders. It tries to identify areas in which ZI can contribute to the existing knowledge in alleviating poverty. It departs from deliberating

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