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The Effect of Zakat Compliance on Institutional Performance through Strategic Planning as a mediating variable: An Applied Study at the General Authority of Zakat, Yemen

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Abstract:
This study aims to analyze the mediating role of strategic planning in the relationship between zakat compliance and institutional performance in the General Authority for Zakat in Yemen, filling a research gap in fragile environments (Bin-Nashwan et al., 2021; Bryson, 2018). The study employed a quantitative descriptive-analytical approach using a questionnaire as a key tool which was distributed to all administrative and functional leaders in the Authority and its branch in the capital, Sana'a, totaling 515, thereby representing a comprehensive survey of the research community. A total of 417 questionnaires were received. However, 398 were valid for final statistical analysis. The data were analyzed using SPSS v24 and PLS-SEM software. The results showed that a high level of zakat commitment is significantly associated with improved institutional performance ($\beta = 0.413$, $p < 0.01$) and the strength of strategic planning implementation ($\beta = 0.733$, $p < 0.01$). It was also found that strategic planning has a direct effect on institutional performance ($\beta = 0.462$, $p < 0.01$). It plays a partial mediating role, accounting for approximately 45% of the total effect of zakat compliance on institutional performance. These results confirm the dual role of strategic planning as a direct driver of performance improvement and an indirect mechanism that translates religious commitment into measurable organizational efficiency. The study also extends the application of Resource-Based Theory (RBV) and institutional theory by showing how religious and ethical commitment can be transformed into a strategic resource that enhances performance, especially in fragile environments such as Yemen. The study recommends that Zakat institutions should strengthen their strategic planning systems, support digital transformation, and adopt comprehensive monitoring and evaluation systems that contribute to greater transparency, accountability, and institutional efficiency.
Keywords: Zakat, Zakat Compliance, Strategic Planning, Institutional Performance, Yemen.

1.Introduction:

Zakat is a legal obligation and one of the fundamental pillars of Islam. It is a financial act of worship with profound spiritual, social, and economic dimensions. Allah says: "Establish prayer and give zakat" (Al-Baqarah: 43). Zakat is also an effective Islamic mechanism for achieving social justice and sustainable economic development through the redistribution of wealth and the reduction of disparities between social groups, thereby contributing to the consolidation of the values of social solidarity and mutual support (Abdullah et al., 2015; Dhar, 2013; Heikal et al., 2014; Mohsin, 2020).

In the modern era, the role of zakat institutions has gone beyond traditional tasks of collection and distribution to include the adoption of strategic management and good governance practices to ensure transparency and accountability and enhance the developmental impact of their activities (Bin Khamis et al., 2011; Sawmar & Mohammed, 2021). Commitment to performing zakat is a decisive factor in determining the amount of financial resources available to these institutions and their ability to perform their social and economic functions efficiently (Muhammad & Saad, 2016).

In modern Islamic societies, zakat institutions are increasingly viewed as an effective development tool in combating poverty and achieving social justice (Kasri & Putri, 2018; Setiawan, 2017). However, the success of these institutions in performing their tasks is closely linked to the quality of the administrative practices they follow, foremost among which is strategic planning (Bryson, 2018), which enables the institution to effectively direct its resources, deal with environmental and administrative challenges, and achieve its long-term goals (Bryson & George, 2020).

Conversely, strategic planning is one of the most important management tools that enables organizations to set their long-term goals, allocate their resources efficiently, and address the environmental and administrative challenges that stand in their way (Bryson & George, 2020; Bryson, 2018). Numerous studies have confirmed that strategic planning acts as an intermediary link between behavioral or financial commitment and institutional performance, thereby contributing to enhancing the efficiency of public and non-profit institutions and effectively achieving their goals (Al-Kahtani et al., 2024; Poister et al., 2010).

In light of the growing scientific interest in zakat institutions as an effective tool for development, poverty alleviation, and social justice (Kasri & Putri, 2018; Setiawan, 2017), the success of these institutions has become closely linked to the quality of their management and strategic practices. However, there remains a knowledge gap regarding the understanding of the mechanism of zakat compliance's impact on institutional performance through strategic planning, especially in fragile environments such as Yemen, which faces intertwined political, economic, and administrative challenges.

Therefore, this study aims to analyze the mediating role of strategic planning in the relationship between zakat commitment and institutional performance in the General Authority for Zakat in Yemen. The study is based on resource theory (Barney, 1991), which expands the concept of strategic resources to include religious and ethical commitment as a rare and valuable intangible resource that contributes to improving institutional performance in Islamic contexts. The study also seeks to provide empirical evidence from a fragile institutional environment, highlight the role of strategic planning as an effective intermediary mechanism, and offer practical recommendations for enhancing governance, transparency, and efficiency within zakat institutions.

Hence, this research seeks to fill a knowledge gap regarding how religious commitment can be transformed into measurable institutional organizational efficiency.

This study is based on a set of hypotheses that assume direct and indirect relationships between the three variables (zakat commitment, strategic planning, and institutional performance), reflecting the mediating role of strategic planning in building these relationships.

The problem with this research is the lack of a clear understanding of the extent to which zakat commitment affects institutional performance through strategic planning in the General Authority for Zakat in Yemen, which can be summarized in the following main question:

What is the mediating role of strategic planning in the relationship between zakat compliance and institutional performance improvement in the General Authority for Zakat in Yemen?

The following questions branch out from this main question:

1. What is the nature of the relationship between zakat compliance and institutional performance?
2. What is the impact of zakat compliance on strategic planning within the Authority?
3. To what extent does strategic planning affect institutional performance?
4. Does strategic planning play a mediating role between zakat compliance and institutional performance?

The importance of this study lies in the fact that it combines the religious dimension with the modern administrative dimension, thereby contributing to the enrichment of theoretical and practical knowledge in the field of Islamic management. Its findings also provide practical indicators that can help decision-makers in zakat institutions develop more efficient and transparent planning and administrative policies.

The general structure of this research consists of the following: after this introduction, the theoretical framework and development of hypotheses are presented, followed by the research methodology and study design section, then the presentation and analysis of the results, followed by a discussion of the results, conclusions, and recommendations, and finally, the conclusion of the study and its references.

2. Literature Review and Hypothesis Development:

2.1 Zakat Compliance:

Zakat compliance is defined as the obligation of those liable to pay zakat in accordance with Islamic law and regulations. It is one of the key factors influencing the enhancement of financial resources available to Zakat authorities. Compliance will have positive results in increasing revenue, which will, in turn, enhance the ability of institutions to achieve their social and development goals (Bin-Nashwan et al., 2021; Bin Khamis et al., 2011; Hashim, 2009). Previous research indicates a clear link between zakat compliance and institutional governance and transparency practices, which in turn will enhance trust between taxpayers and zakat institutions and positively reflect on institutional performance (Abioyea et al., 2013; AlAjam, 2022; Judijanto et al., 2025). We therefore propose the following hypotheses:

H1: Zakat compliance has a direct and significant effect on institutional performance in the General Authority of Zakat in Yemen.

H2: Zakat compliance has a direct and significant effect on strategic planning in the General Authority of Zakat in Yemen.

2.2 Institutional Performance:

Institutional performance can be defined as an organization's ability to achieve its goals efficiently and effectively through the optimal use of available human, material, and organizational resources (Kaplan & Norton, 2001). This concept also expresses the organization's ability to convert its resources into tangible outputs that translate into financial, administrative, and social achievements (Daft et al., 2010; Maktouf & Hussein, 2020).

In the context of zakat institutions, institutional performance is measured by the extent of compliance with Sharia standards, the level of transparency in the management of zakat funds, and the institution's efficiency in meeting the needs of beneficiaries and achieving distributive justice (AlAjam, 2022; Sawmar & Mohammed, 2021).

Recent empirical studies confirm that adherence to zakat performance directly contributes to improving institutional performance by increasing the volume of available financial resources and raising the level of trust between stakeholders and the local community (Abdullah et al., 2015; Bin-Nashwan et al., 2021).

Other studies have also shown that strategic planning remains one of the most important factors supporting performance by enhancing institutional efficiency and increasing the ability to face environmental and regulatory challenges (Christensen, 1999; Johanson, 2021; Lin et al., 2014). From a resource perspective (Barney, 1991)**,** we can say that zakat compliance is a valuable resource for zakat institutions because it contributes to improving performance, especially when it is managed strategically and consciously, which optimizes its outputs.

2.3 Strategic Planning:

Strategic planning is defined as “the process of selecting and implementing activities that will enhance the long-term performance of the organization by setting directions and creating continuous alignment between the resources and skills of the internal environment and the changes in the external environment in which the organization operates”(Al-Qaisi & Mahmoud, 2015; Bryson, 2018). Al-Jubouri, (2014) defined it as developing an optimal vision for the future of the organization by formulating a vision and mission statement and identifying several strategic alternatives based on the results of an environmental analysis of the organization. Then, selecting the most appropriate strategic alternative that serves the organization's goals and mission, and working to translate the adopted strategy into action.

In public and non-profit institutions, including zakat institutions, strategic planning is considered an essential tool for enhancing performance and ensuring sustainability, as it directs efforts according to priorities, contributes to increasing operational efficiency, and reinforces the principles of governance and accountability (Bryson & George, 2020).

A study by Jatheer & Nassif, (2015) confirmed a high correlation between the application of strategic planning and improved performance. Recent studies (Al-Kahtani et al., 2024; Alnawafleh et al., 2023; Bin-Nashwan, 2022; Hani Reda & Fawaz Masoud, 2024) have confirmed that strategic planning plays a pivotal mediating role in transforming compliance behaviors—such as the obligation to pay zakat—into measurable institutional outcomes. Based on this, this study proposes to test the following hypotheses:

H3: Strategic planning has a direct and significant effect on institutional performance in the General Authority of Zakat in Yemen.

H4: Strategic planning partially mediates the effect of zakat compliance on institutional performance.

2.4 Research gap:

Previous studies have shown that there is a proven positive relationship between zakat compliance and improved institutional performance in multiple contexts, as confirmed by recent studies (Al-Kahtani et al., 2024; Alnawafleh et al., 2023; Gao, 2015; Hani Reda & Fawaz Masoud, 2024). Strategic planning is a pivotal organizational process that links commitment-based behaviors to institutional outcomes. In zakat institutions, zakat compliance is not only a religious duty but also an administrative and behavioral determinant of financial sustainability and institutional trust (Bin-Nashwan et al., 2021; Kasri & Putri, 2018).

When supported by effective strategic planning mechanisms, this commitment translates into tangible improvements in institutional performance, especially in fragile economies (Judijanto et al., 2025). However, the mechanisms explaining the mediating role of strategic planning in this relationship have not been studied in the Yemeni context. Hence, the importance of this study in providing an analytical framework that clarifies this mediating role, adding cognitive and practical value to zakat institutions, especially those operating in fragile environments such as Yemen.

Based on this theoretical foundation, this research proposes a model in which zakat compliance is defined as an independent variable, strategic planning as a mediating variable, and institutional performance as a dependent variable. The hypothesized relationships will be tested using partial least squares structural equation modeling (PLS-SEM) to verify direct and indirect effects according to mediation analysis criteria (Hair et al., 2019).

2.5 Theoretical Framework:

This study is based on a theoretical integration of resource theory (Barney, 1991) and institutional theory (DiMaggio & Powell, 1983). From the perspective of resource theory, the obligation to pay zakat is considered a unique strategic resource. As a financial act of worship, it represents religious and social capital with high strategic value, even in the absence of competition between institutions. Its strategic value lies in the fact that it is “valuable” because it is an essential and fundamental source of funding for achieving the mission of the General Authority for Zakat. It is considered “difficult to imitate” because it is linked to a well-established Islamic doctrine, which serves as the basis for the General Authority for Zakat's sustainable competitive advantage in performing its developmental and social roles. It can perform this role and transform its resources into outstanding performance through effective strategic planning.

Institutional theory complements this perspective by explaining how institutional pressures in the Yemeni environment, such as societal expectations of transparency and accountability, as well as legal requirements, prompt the General Authority for Zakat to adopt strategic planning as a mechanism for achieving institutional legitimacy, thereby enhancing the trust and credibility of taxpayers and society.

Through this theoretical integration, this research provides a comprehensive framework that explains how zakat compliance (as a unique resource) is transformed through strategic planning (as a driver of legitimacy and efficiency) into improved institutional performance.

2.6 Conceptual Model of the Study:

The variables of the study, as shown in Figure 1, are as follows:

1. **The independent variable:** Zakat compliance.
2. **The dependent variable:** Institutional performance.
3. **The mediating variable:** Strategic planning.

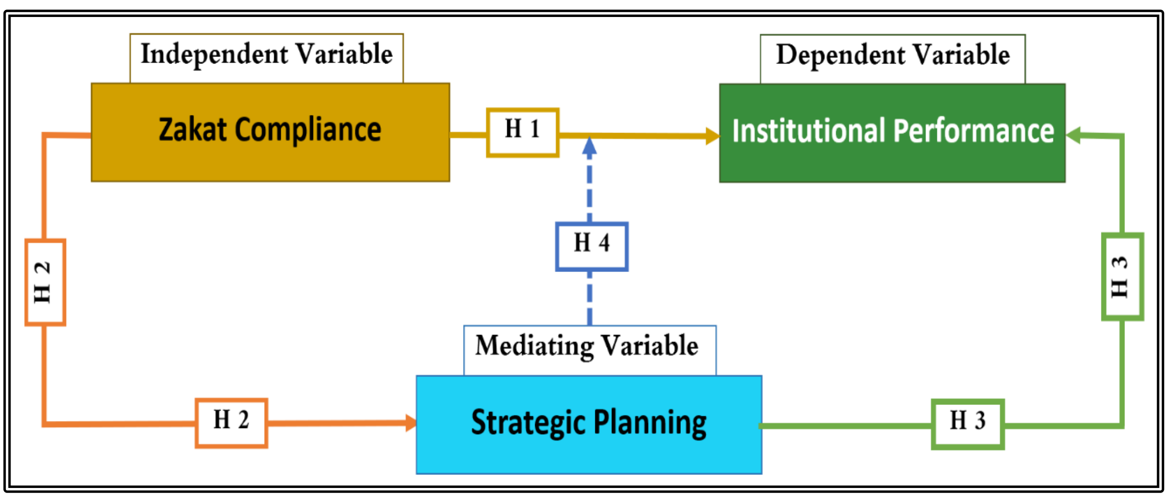

Figure 1: The Conceptual Model of the study

Source: Prepared by the researcher based on previous studies.

3. Research Methodology:

3.1 Study Design:

To achieve the study's objectives, the data were analyzed using a quantitative, descriptive, and analytical approach to examine the relationship between zakat compliance and institutional performance, with a focus on the mediating role of strategic planning. To test the hypotheses, the partial least squares structural equation modeling (PLS-SEM) program was used because it is flexible in handling complex research models, according to Hair et al., (2017). The SPSS statistical program (version 24) was also used to perform descriptive analysis and validity and reliability tests.

3.2 Study Population and Sample:

The study employed a comprehensive survey of all administrative and functional leaders working at the headquarters of the General Authority for Zakat and its branch in Sana'a, the capital, to minimize bias. The sample size was 515 employees. This sample was targeted because it has direct executive experience in all financial, administrative, and operational aspects related to institutional performance. In addition, it is responsible for formulating policies and implementing strategies within the Authority. The questionnaire was distributed to all members of the community. A total of 417 questionnaires were returned. However,398 were completed and suitable for analysis, meeting the criteria for structural equation modeling using the least squares method, as the sample exceeded the minimum recommended according to the standard (Hair et al., 2017; Henseler et al., 2016).

3.3 Study Instrument:

The study tool was prepared and designed by reviewing previous studies and their tools, represented by the study of both the research tool (Al-Kahtani et al., 2024; Ali et al., 2023; Alnawafleh et al., 2023), with the necessary modifications to suit the Yemeni environment. The tool included eight statements to measure the independent variable (zakat commitment), eight statements to measure the dependent variable (institutional performance), and seven statements to measure the mediating variable (strategic planning). It includes specific measures for the three variables using a five-point Likert scale (1 = strongly disagree, 5 = strongly agree). It is worth noting that prior to the study, a preliminary test was conducted on a sample of 30 participants, and the observations were used to enhance the clarity of the statements and refine the tool's construction. The apparent validity was also verified by presenting the questionnaire to three academic experts in the fields of financial management, Islamic management, and public policy. Cronbach's alpha and Composite Reliability (CR) were used to assess stability, with all values exceeding the minimum acceptable threshold of 0.70. Concurrent and discriminant validity were examined using the Average Variance Extracted (AVE) and the HTMT ratios.

3.4 The analysis method:

The analysis steps included the following:

1. The descriptive analysis (means and standard deviations).
2. Reliability testing using Cronbach's alpha and Composite Reliability (CR).
3. Concurrent and discriminant validity testing using AVE, Fornell–Larcker criteria, and HTMT ratio.
4. Structural model testing to measure direct and indirect relationships.
5. Verification of the mediating role of strategic planning using bootstrapping with 5,000 samples.

4. Results:

4.1 Results of the descriptive analysis of the demographic variables of the sample:

Table 1 below presents the basic demographic characteristics of the study sample, as this data serves as the reference framework through which responses can be analyzed and interpreted in light of the diverse backgrounds of the participants. This analysis also contributes to assessing the extent to which the sample is representative of the original community and identifying any potential bias in the distribution.

Table 1: Demographic characteristics of the study sample.

Variable	Category	Frequencies	Percentage
	Less than 30 years	110	28%

Age	30-40 years	184	46%
	40-50 years	66	17%
	More than 50 years	38	10%
	Total	**398**	**100%**
Educational Level	General Secondary	122	31%
	Diploma after General Secondary	71	18%
	Bachelor's	183	46%
	Master's	16	4%
	Doctorate	6	2%
	Total	**398**	**100%**
Job Level	Authority Leadership	16	4%
	General Managers	18	5%
	Department Managers	81	20%
	Section Heads	283	71%
	Total	**398**	**100%**
Years of Service	Less than 5 years	105	26%
	5-10 years	130	33%
	10-15 years	82	21%
	More than 15 years	81	20%
	Total	**398**	**100%**
Entity	The General Zakat Authority	256	64%
	Capital Secretariat Branch	142	36%
	Total	**398**	**100%**

Source: Prepared by the researcher based on the output of SPSS v24.

Age group: The age distribution showed that 46% of employees were between the ages of 30 and 40, while 28% were under the age of 30, and 17% were between the ages of 40 and 50. The age group of 50 years and older accounted for 10%. This distribution shows a high concentration of employees in the middle of their careers, which is associated with higher levels of stability and organizational commitment (Allen & Meyer, 1996). The distribution also highlights the existence of a promising workforce base.

Years of service: The distribution of years of experience showed that 33% of employees had between 5 and 10 years of experience, while 26% had less than 5 years of experience, 21% had between 10 and 15 years of experience, and 20% had more than 15 years of experience. This diversity represents a strategic advantage that combines new ideas with established institutional knowledge, supporting the adoption of innovative approaches to zakat management (Dess & Shaw, 2001).

Institutional affiliation: The distribution indicates that 64% of respondents work at the Authority's headquarters, while the capital secretariat branch represents 36% of the sample. This distribution ensures coverage of both central operations at the Authority's general office and its branches, providing a comprehensive view of the institutional performance environment.

Educational level: The results showed that 46% of participants had a bachelor's degree, while 31% had a high school diploma and 18% had a post-secondary certificate. This indicates that employees possess good higher education qualifications; however, the percentage of those with advanced qualifications (master's and doctoral degrees) is limited, at a combined total of 6%. This means that the rate of highly qualified employees is restricted, which calls for attention to strengthening capacity-building programs in the strategic field (Ng & Feldman, 2009).

Job level: Department heads constituted the largest group at 71%, while department managers accounted for 20%, and general managers and senior leaders together accounted for 9% of the total. This distribution reflects an organizational structure focused on operational levels, which may affect the organization's ability to implement strategic plans efficiently and effectively (Mintzberg, 1994).

4.2 Results of the statistical analysis of the sample:

Table 2 shows the standard deviations, arithmetic means, relative importance, and difference coefficients for the main variables of the study.

Table 2: Descriptive statistics for the respondents' data.

The variable	Arithmetic mean	Standard deviation	coefficient of difference	Relative importance
Zakat compliance	4.45	1.215	27.29%	The first
Strategic planning	4.24	1.144	26.97%	The second
Institutional	3.89	0.978	25.15%	The third

Source: Prepared by the researcher based on the output of SPSS v24.

Based on the data in Table 2, it is clear that the variable of zakat commitment ranked first, with a mean value of 4.45, a standard deviation of 1.215, and a coefficient of variation of 27.29. The strategic planning variable ranked second, with a mean of 4.24, a standard deviation of 1.144, and a coefficient of variation of 26.97. Institutional performance ranked third, with a mean value of 3.89, a standard deviation of 0.978, and a coefficient of variation of 25.15. This is according to the responses of the sample. In terms of consistency, it is clear that all variables have similar mean values, indicating general agreement among respondents. In terms of data distribution, the coefficient of variation ranges between 25% and 27%, indicating moderate diversity of opinions. In terms of relative importance, the variables were ranked in descending order based on their arithmetic means. When ranking variables according to their relative importance based on arithmetic means, there was some variation in the degree of interest among participants, but the general trend showed broad agreement among the sample on the importance of the three variables (zakat commitment, strategic planning, and institutional performance), reflecting a growing institutional awareness of the importance of integrating religious, organizational, and administrative roles to achieve effective performance. In addition, some deviations from the standard value (1) are due to the diversity of researchers' views on certain items of zakat compliance and strategic planning, rather than to data errors, as all values remain within the statistically acceptable range (0.5–1.5) (Hair et al., 2019), and do not affect the validity of the measurement or the reliability of the model.

4.3 Evaluation of the Measurement Model:

To ensure the accuracy of the results, the psychometric properties of the measurement model (based on Figure 2 and Table 3) were verified. The analysis indicated that the model had a high degree of reliability, as all factor loadings were sufficiently high (above 0.70). The indicators did not stop there; internal consistency tests (Cronbach's alpha and composite reliability) yielded values that exceeded the required standard (0.70), reinforcing our confidence in the stability of the scale (Cohen, 2013; Thorndike, 1995). To further support these results, the average variance extracted (AVE) values, which were higher than 0.50, confirmed the model's convergent validity (Cohen, 2013; Hair et al., 2019).

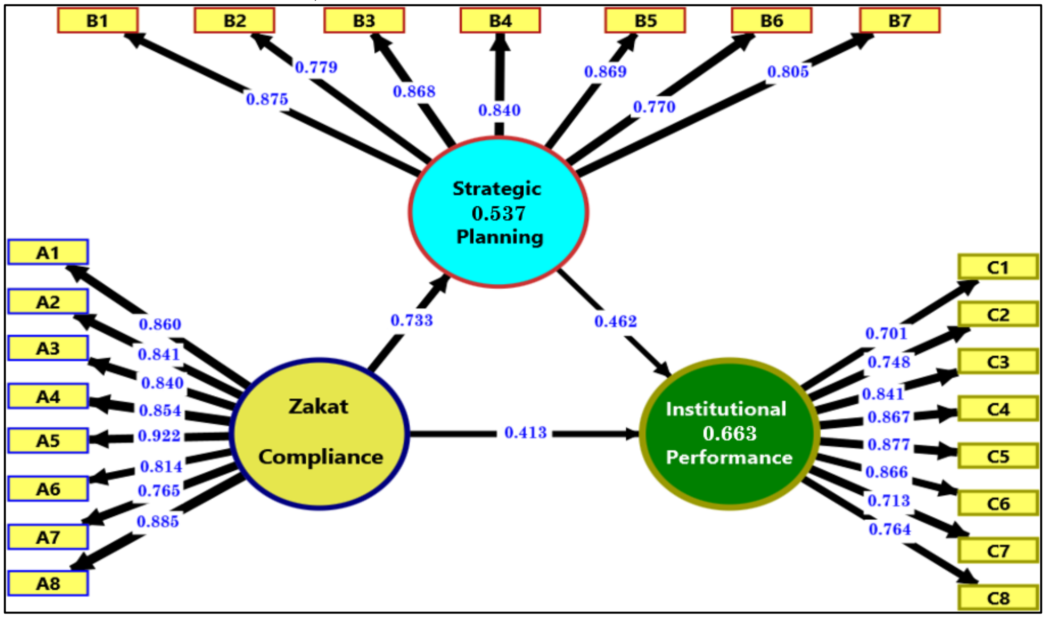

Figure 2: The Measurement Model

Source: Prepared by the researcher based on the statistical analysis using PLS-SEM4.

Table 3: The values of internal consistency, composite reliability, and convergent validity.

Latent variable	**Question**	**Factor loading**	**Cronbach's Alpha (α)**	**CR**	**AVE**
Zakat __Compliance	A1	0.701	**0.944**	**0.945**	**0.720**
	A2	0.841			
	A3	0.840			
	A4	0.854			
	A5	0.922			
	A6	0.814			
	A7	0.765			
	A8	0.885			
Strategic __Planning	B1	0.875	**0.913**	**0.917**	**0.661**
	B2	0.799			
	B3	0.868			
	B4	0.840			
	B5	0.869			
	B6	0.770			
	B7	0.805			
Institutional __Performance	C1	0.701	**0.944**	**0.945**	**0.720**
	C2	0.748			
	C3	0.841			
	C4	0.867			
	C5	0.877			

Latent variable	Question	Factor loading	Cronbach's Alpha (α)	CR	AVE
	C6	0.866			
	C7	0.713			
	C8	0.764			

Source: Prepared by the researcher based on the results of statistical analysis (PLS-SEM4).

Discriminant validity was also verified using the Fornell-Larcker criterion and the HTMT ratio. The results showed that the square roots of the AVE values placed on the diagonal in the matrix specified in Figure 4 were greater than the correlation coefficients between the variables, confirming the distinctiveness of each variable from the others according to the criterion (Fornell & Larcker, 1981).

Table 4: Discriminant Validity - Fornell-Larcker Matrix

Variable (Structure) - Fornell-Larcker	IP	SP	ZC
Institutional __Performance	**0.796**		
Strategic __Planning	0.763	**0.833**	
Zakat __Compliance	0.744	0.733	**0.849**

Source: Prepared by the researcher based on the results of statistical analysis (PLS-SEM4).

In addition, HTMT values were recorded below 0.85, according to Table 5, which proves the discriminant validity of the variables based on the criterion (Henseler et al., 2015).

Table 5: Discriminant Validity – HTMT

Variable (Structure) - HTMT	IP	SP	ZC
Institutional __Performance			
Strategic __Planning	0.818		
Zakat __Compliance	0.794	0.769	

Source: Prepared by the researcher based on the results of statistical analysis (PLS-SEM4).

4.4 Structural Model Evaluation:

The results shown in Figure 3 and Table 6 indicate that the predictive and explanatory significance of the structural model was significant, with a coefficient of determination (R^2) for institutional performance of 0.663. This confirms that zakat compliance, together with strategic planning, explained 66.3% of the variance in institutional performance. This illustrates the fundamental role of strategic planning in enhancing the impact of zakat compliance on institutional performance. The coefficient of determination (R^2) for strategic planning was 0.537, indicating medium to high explanatory power, according to the standard (Hair et al., 2019). In addition, the predictive significance (Q^2) value reached (578 and 472), which is considered high, indicating the model's strong predictive power according to the standard (Chin, 1998; Cohen, 2013). The effect size is also considered large according to the f^2 values shown in the table above and according to the standard (Cohen, 2013). When assessing the suitability of the statistical model, the SRMR index is used to measure the level of agreement between the theoretical correlation matrix and its observed counterpart. The model under study recorded a value of 0.077 for this index, which shows that it exceeds the acceptance criterion set at 0.08 according to research (Hu & Bentler, 1999).

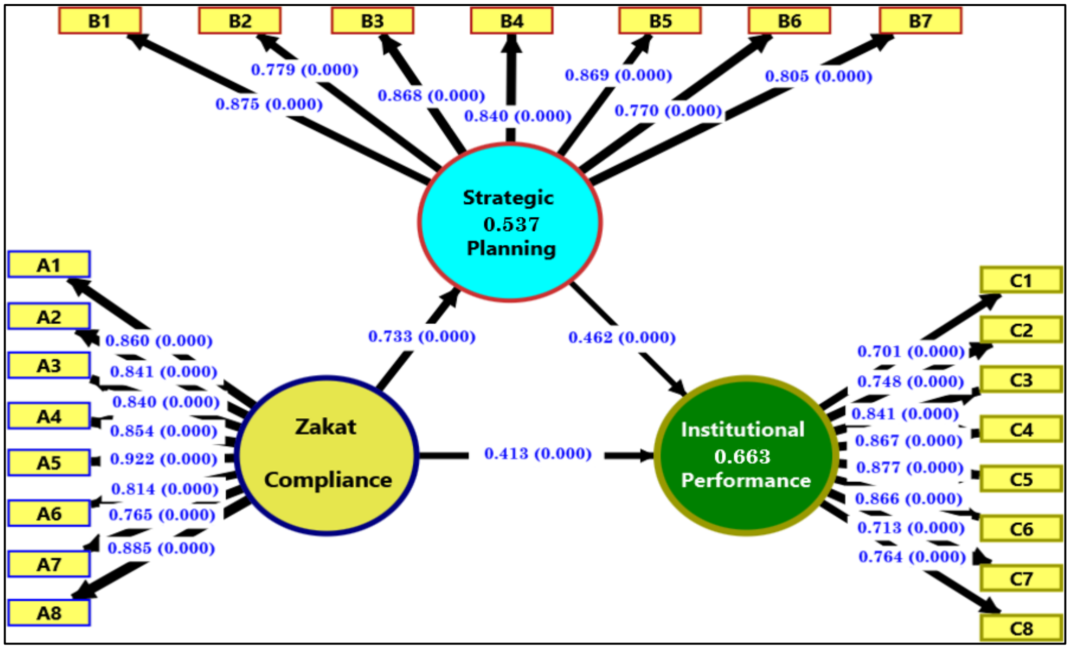

Figure 3: The Structural Model

Source: Prepared by the researcher based on the results of statistical analysis (PLS-SEM4).

Table 6: Structural model quality measures

The Dependent Variable	R^2	Adjusted R^2	Q^2	f^2	Effect Size
Institutional Performance	0.663	0.656	0.578	1.16	Large effect
Strategic Planning	0.537	0.532	0.472	0.264	Medium effect

Source: Prepared by the researcher based on the results of statistical analysis (PLS-SEM4).

4.5 Hypothesis testing results

4.5.1 Hypothesis testing results from H1 to H3

Hypotheses H1 to H3 were tested using Figure 3 and Table 7, as follows.

Table 7: Path coefficients for direct hypotheses

Hypothesis	Path	β	Standard deviation	T-value	P-value	Result
H1	ZC -> IP	0.413	0.118	3.516	0	Accepted
H2	ZC -> SP	0.733	0.005	14.619	0	Accepted
H3	SP -> IP	0.462	0.122	3.778	0	Accepted

Source: Prepared by the researcher based on the results of statistical analysis (PLS-SEM4).

After verifying the quality of the structural model, the direct hypotheses were tested using the Bootstrapping technique with 5000 samples. Figure 3 and Table 7 show the results as follows:

1. ZC→IP (H1):

The results showed that zakat compliance has a positive and significant effect on institutional performance, as evidenced by the statistical values of the beta coefficient (β = 0.413, T = 3.516, $p < 0.01$, $f^2 = 0.235$, and $R^2 = 0.656$). This result suggests that zakat compliance largely explains the observed variation in institutional performance, indicating a significant effect. This interpretation is supported by the R^2 value of 0.663, indicating that the zakat compliance variable can explain approximately 3.66% of the variance in institutional performance. The amount of variance explained at this level is statistically significant, indicating a moderate to high explanatory power of zakat compliance in improving institutional performance in the authority, as it is close to the upper limit (0.67) according to the standard (Cohen, 2013). Furthermore, the f^2 test value of 0.235 indicates a moderate size of this correlation according to the standard (Cohen, 2013). These statistical indicators support the importance of zakat compliance in enhancing institutional performance within the General Authority for Zakat, thereby confirming the first hypothesis (H1).

2. ZC→SP (H2):

The results showed a strong and significant positive relationship between zakat compliance and strategic planning, as evidenced by the beta coefficient ($\beta = 0.733$, $T = 14.619$, $p < 0.01$, $f^2 = 1.160$, and $R^2 = 0.532$). This result suggests that zakat compliance largely explains the apparent variation in the practice of strategic planning, as a one-unit increase in the beta value of zakat compliance is expected to increase the practice of strategic planning by approximately 73.3%. This indicates a significant positive effect. This interpretation is supported by the R2 value of 0.537, which indicates that zakat compliance explains 53.7% of the variance in strategic planning. The amount of variance explained at this level is statistically significant, indicating a moderate explanatory power of zakat compliance on strategic planning practices in the organization, according to Chin (1998). This is confirmed by the significant impact shown by the statistical indicators of this correlation. The f2 test value of 1.160 indicates a very significant impact and a strong correlation between zakat compliance and strategic planning practices in the General Authority for Zakat, which supports the second hypothesis (H2).

SP→IP (H3):

Statistical evidence confirms the positive relationship between strategic planning and institutional performance. This is shown by the beta coefficient ($\beta = 0.462$, $T = 3.778$, $p < 0.01$, and $f^2 = 0.293$). This result indicates that strategic planning significantly explains the apparent variation in institutional performance, as a one-unit increase in the beta value will increase the variation in institutional performance improvement by 46.2%. This indicates a significant positive relationship between strategic planning and institutional performance, which is supported by the moderate effect size shown by the f^2 value of 0.293. This indicates a moderate effect and correlation between strategic planning practices and institutional performance improvement in the General Authority for Zakat. Therefore, a well-executed strategic planning process is necessary to enhance and develop institutional performance, supporting the third hypothesis (H3).

4.5.2 Results of the mediation analysis of hypothesis H4:

The mediation analysis of hypothesis H4 was tested using Table 8 and Figure 4, as follows:

Table 8: Shows the results of the mediation analysis of hypothesis H4

N	Path (Mediation)	Direct Effect (c′)	Indirect Effect (a×b)	Total Effect (c)	VAF	Mediation Type
H4	ZC -> SP -> IP	0.413	0.388	0.752	45%	Partial mediation

Source: Prepared by the researcher based on the results of statistical analysis (PLS-SEM4).

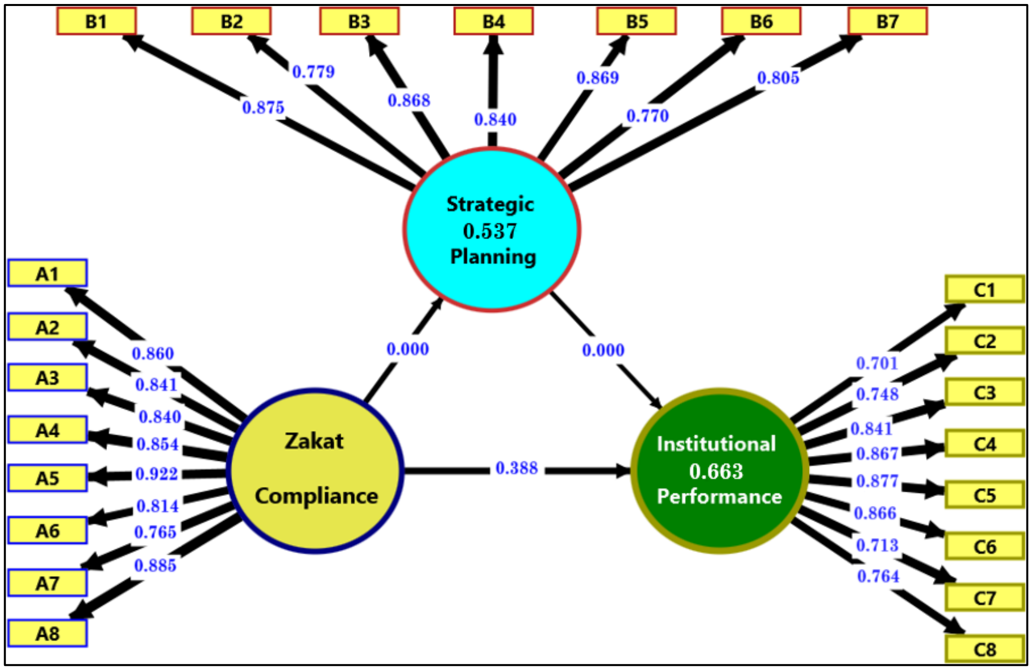

Figure 4: The results of the mediation analysis.

Source: Prepared by the researcher based on the results of statistical analysis (PLS-SEM4).

ZC→SP→IP (H4):

Based on the data in Table 8 and Figure 4. The mediating role of strategic planning in the relationship between zakat compliance and institutional performance was tested using the Bootstrapping method with 5000 samples. The results shown in Table 8 and Figure 4 show that the beta value of the indirect effect was $\beta = 0.388$ and $p < 0.001$.

This result indicates a statistically significant effect of zakat compliance on improving institutional performance after the introduction of strategic planning mediation, as well as a direct effect of zakat compliance on institutional performance ($\beta = 0.413$, $p < 0.001$), suggesting partial mediation. The value of the Variance Explained (VAF), which was 45%, falls within the recommended range (20–80%), confirming partial mediation according to the criterion (Hair et al., 2019; Zhao et al., 2010). The results shown in the table above indicate that strategic planning plays a partial mediating role between zakat compliance and institutional performance in the General Authority for Zakat.

5. Discussion of results:

The results of the analysis showed that commitment to zakat is one of the important factors contributing to improved institutional performance, but its impact is stronger when strategic planning intervenes as a mediating factor. This is consistent with the Resource-Based View (RBV) theory, which states that resources available within an organization, such as zakat compliance, can only achieve a sustainable competitive advantage if they are managed effectively and strategically (Barney, 1991).

The results also showed that there is a close relationship between zakat commitment and strategic planning, as commitment based on religious motivation can be a driving force for the sustainability of institutions. Strong Zakat commitment provides stable financial flows that help Zakat institutions develop and implement plans and strategies in line with Sharia objectives and development requirements. This finding is consistent with previous studies such as Bin-Nashwan et al., (2021); Kasri & Putri, (2018); Sawmar & Mohammed, (2021), which emphasized the importance of zakat in improving performance through sound planning practices.

The results also show that strategic planning has a direct impact on institutional performance, highlighting the importance of a clear planning approach in zakat institutions. This result is not surprising in light of the field's intellectual heritage, which has long linked—through a series of studies (Christensen, 1999; Bryson, 2018; Johanson, 2021)—quality planning with increased efficiency and institutional flexibility. However, the impact of this reality is magnified on the ground in Yemen, where non-profit organizations are caught between the hammer of regulatory constraints and the anvil of difficult economic conditions, making careful planning the lifeline that ensures their survival and impact. As for the last hypothesis, the results showed an indirect effect between zakat compliance and institutional performance through strategic planning, with an explained variance (VAF) of about 45%, indicating partial mediation according to the criteria (Hair et al., 2019; Zhao et al., 2010). This result is consistent with multiple studies (Ali et al., 2023; Alnawafleh et al., 2023; Hani Reda & Fawaz Masoud, 2024).

By analyzing the results, the researcher found that strategic planning not only acts as an intermediary between resources and performance, but goes beyond that to become an effective tool for transforming religious values into concrete administrative practices within the institution. The funds collected from zakat—as the researcher noted while reviewing the data—do not remain mere numbers in the records, but are directed through well-thought-out plans toward development projects that benefit society and have a clear economic impact. This aspect illustrates how planning contributes to the investment of legitimate resources in an organized manner that promotes social justice and serves the goals of sustainable development.

Good planning also assists, as the researcher noted in the context of the study, to build flexible administrative structures and develop more effective oversight and accountability systems, which increases overall performance efficiency and enhances the confidence of taxpayers and society in the General Authority for Zakat. This is largely consistent with the concept referred to by DiMaggio & Powell (1983) regarding institutional legitimacy, which links organizational practices to social acceptance of the institution.

The findings reveal a crucial truth: Yemen's complex environment—characterized by weak governance, a shortage of skilled personnel, and inadequate digital infrastructure—not only increases the difficulty of institutional work, but also transforms strategic planning from a mere improvement tool into an existential necessity. In this regard, the study found that a large proportion of the operational problems in Zakat institutions are primarily due to the absence of realistic planning based on transparency and efficiency. The analysis concludes that the secret to the resilience of these institutions in difficult environments lies in their remarkable ability to achieve organic integration between commitment to the Sharia values that establish their legitimacy and the adoption of modern administrative mechanisms that ensure their effectiveness.

6. Conclusions:

This study provides empirical evidence confirming the mediating role of strategic planning in strengthening the relationship between zakat compliance and institutional performance within the General Authority of Zakat in Yemen. Descriptive analysis of the respondents' demographic characteristics (N = 398) showed that 72% were male, 58% aged between 30–45 years, 65% held a bachelor's degree, and 61% occupied administrative or supervisory positions, reflecting a balanced representation of the authority's workforce.

The main findings can be summarized as follows:

1. Zakat compliance is not merely a religious duty but a strategic driver that enhances institutional performance directly and indirectly.
2. Strategic planning plays a pivotal role in transforming zakat commitment into measurable institutional outcomes and serves as a mediating mechanism between compliance and performance.

3. Institutional performance is significantly influenced by the maturity of strategic planning processes and their integration with ethical and religious values.
4. Integrating modern management practices with legal and religious compliance improves institutional efficiency and stakeholder trust.
5. The study extends the RBV to incorporate zakat compliance as a unique, intangible resource that strengthens performance, especially in fragile environments like Yemen.

6.1 Practical Recommendations:

N	The finding	The recommendation
1	Zakat compliance enhances institutional performance.	Should implement awareness programs to strengthen zakat commitment among employees and improve overall performance quality.
2	Zakat compliance supports strategic planning.	Should integrate zakat principles and values into the formulation and implementation of strategic plans to align them with institutional goals.
3	Strategic planning positively influences institutional performance.	Should establish a dedicated strategic planning unit to oversee plan execution and conduct periodic performance evaluations.
4	Strategic planning mediates the compliance–performance relationship.	Should develop a monitoring mechanism linking institutional performance indicators to zakat compliance metrics.
5	Workforce composition shows development potential.	Should invest in leadership and capacity-building programs to enhance strategic planning and managerial skills.

1. The study also recommends surveying and promoting digital transformation in Zakat Management to enhance transparency and accountability.

7. Limitations and future research:

7.1 Limitations of the study:

1. The study was limited to the General Authority for Zakat in Yemen, which reduces the possibility of generalizing the results.
2. Reliance on a questionnaire as the sole data collection tool may not reflect all dimensions of the phenomenon under study.
3. The conceptual model was limited to only three variables (zakat commitment, strategic planning, and institutional performance).

7.2 Prospects for future research:

1. Should conduct comparative studies between stable and fragile environments to measure differences in the relationship between commitment, planning, and performance.
2. Should use in-depth personal interviews with decision-makers to understand qualitative mediation mechanisms in addition to the questionnaire for data collection.
3. Should introduce additional mediating variables such as transformational leadership, organizational culture, or digital transformation.

8. Conclusion

This study shows that zakat compliance is not merely a religious duty, but a strategic resource that directly and indirectly enhances organizational performance through strategic planning. The results demonstrated that strategic planning plays a pivotal role as an intermediary variable, transforming the resources generated by zakat compliance into tangible institutional outputs. The study also emphasizes the importance of integrating Sharia values and modern management tools in increasing the effectiveness of zakat institutions, especially in fragile environments such as Yemen.

Author's Declaration:

- No conflict of interest
- The researcher prepared all tables and figures.
- The relevant ethics committee at the academy approved the study.

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