

Research Article

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Innovative Approaches to Managing Zakat within the Context of Sustainable Development and Societal Well-Being in Indonesia

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ABSTRACT

The objective of this research is to investigate and assess innovative approaches to managing Zakat within the context of sustainable development and societal well-being in Indonesia. Given the multifaceted challenges confronting Indonesian society, Zakat holds tremendous potential as a tool for fostering sustainable development and enhancing social welfare. This research employs a literature review to examine pioneering practices in Zakat management within Indonesia. Information gathered from diverse sources, including research papers, scholarly publications, and case studies, will be utilized to analyze various successful models of Zakat management implemented in the country. The findings of this study aim to shed light on effective innovations in Zakat management that contribute to achieving sustainable development and augmenting social welfare in Indonesia. Moreover, the research will identify critical factors that facilitate the successful implementation of innovative Zakat management strategies, while also evaluating the resulting social and economic ramifications. It is anticipated that the outcomes of this study will furnish pertinent policy recommendations for the government, Zakat management institutions, and the general populace, aimed at enhancing the efficacy of Zakat management for sustainable development and the advancement of social welfare in Indonesia. Furthermore, this research endeavor seeks to foster a deeper comprehension of Zakat's potential as a substantial funding source to fortify key sectors in propelling inclusive economic growth and fostering social equity within Indonesia.

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Introduction

Zakat serves as a solution to alleviate the economic burdens faced by individuals affected by economic challenges. It plays a vital role in Islamic finance and serves as a social safety net for the Muslim community. This obligation is firmly established in Islam, encompassing all segments of the Muslim population. Zakat functions as a means to reduce economic hardships and thus becomes integral to ensuring the welfare of the community. Additionally, Zakat takes on a significant role in providing protection and assurance during times of adversity or disease outbreaks, highlighting the compassionate nature of Islam in safeguarding its followers through Zakat programs (Songgirin & Maulidizen, 2022).

According to calculations by BAZNAS (National Zakat Agency), the Zakat potential in 2020 amounted to 330 trillion, but the actual collection was only approximately 12 trillion. The collection of Zakat, Infak, and Shadaqah outside of official Zakat Collection Organizations (OPZ) reached around 61 trillion. Furthermore, the digital collection of Zakat through e-commerce saw a rise from 30% in 2019 to an estimated 50% in 2020. Arifin, the CEO of BAZNAS, reported a digital Zakat collection of around 41 billion in 2019, surpassing the targeted 40 billion. This data illustrates the increasing preference for digital Zakat collection methods, especially during the COVID-19 pandemic. Consequently, the National Zakat Agency continues to innovate Zakat collection strategies. The collaborative data on Zakat collection growth between the National Zakat Agency and local Zakat Institutions (LAZ) reflects their adaptability to changing circumstances. Both BAZNAS, established by the government, and LAZ, founded by the community, adopt similar intensive strategies for Zakat collection, encompassing both manual and digital approaches. When public gatherings are restricted, e-commerce platforms have emerged as a viable solution for Zakat collection (Maulidizen, 2019a).

Institutions responsible for collecting Zakat, including both BAZNAS and LAZ, need to determine effective communication sources for fundraising, including indirect fundraising. This is vital for ensuring that their messages effectively reach their target audience and contribute to the intensified collection of Zakat. While digital Zakat collection gains traction, manual methods remain relevant, and the integration of both approaches remains a priority, particularly during the ongoing transition of the Fourth Industrial Revolution. The research on innovative Zakat management, particularly in Zakat collection, continues to adapt to the changing circumstances and segmented needs of Muzakki. The adaptation involves the development of digital information systems to ensure economic activities persist, aligning with the principles of Sharia, particularly wealth preservation (*Hifz al-mal*). During the COVID-19 pandemic, online Zakat collection in Indonesia continued to grow, driven by the utilization of e-commerce platforms in online transactions and banking. This growth had a positive impact on Zakat collection, as research indicated a significant increase in Zakat collection facilitated by e-commerce platforms during the pandemic in 2020 (Maghfirah, 2021a).

Furthermore, models for Zakat collection strategies must adhere to Sharia and legal regulations, following COVID-19 protocols. This adherence is crucial as the legitimacy of collection strategies should be rooted in Sharia, with legal regulations providing support in realizing Sharia principles. As a well-known principle states, "Something obligatory cannot be perfected except with that which

makes it obligatory.” The implementation of the Indonesian Council of Ulema (MUI) Fatwa No. 23 of 2020 on the Use of Zakat, Infaq, and Shodaqoh was based on a clear methodology for fatwa determination (Maulidizen, 2020). In summary, this research aims to elucidate and analyze various Zakat management models in the digital era, particularly focusing on digital access for Zakat collection. Moreover, it delves into the models employed for Zakat collection in the digital age, particularly within the context of the COVID-19 pandemic and the restrictions on public activities and gatherings. Understanding how digital Zakat collection can offer easier access to Muzakki for fulfilling their Zakat obligations while ensuring seamless services by Zakat institutions in these unique circumstances, is of paramount importance in this digital era, especially during a pandemic (Maghfirah, 2021b).

Literature review

Innovation is a new change in the form of ideas, concepts, practices, or objects that are specific in nature, intentionally created through planned programs, and designed to achieve specific goals (Riadi, 2021). Innovation is a new idea or something that hasn't existed before or is unknown to adopters. Innovation can be obtained through the process of learning something previously unknown for the renewal or improvement of a product using new methods (Syaefudin, 2014). Several experts have different perspectives on innovation, including: (1) Amabile, as cited in Riyanti, suggests that the emergence of new ideas is called creativity, while the application of new ideas is referred to as innovation (Riyanti, 2019), (2) Sutirna (2018) states that innovation is a new idea, practical things, methods, ways, human-made goods that are perceived as new by an individual or a group of people (society) (Sutirna, 2018); and (3) Hutagalung and Hermawan (2018) define innovation as a new discovery that is different from what came before, resulting from thought and ideas that can be developed and implemented to provide benefits (Hutagalung & Hermawan, 2018).

According to Law Number 18 of 2002, Article 1, innovation encompasses various activities or research and development efforts aimed at practical application, adding value, and creating new contexts for knowledge and technology in the production processes of products or services. The innovation process, according to Kuratko, consists of four types: discovery, development, duplication, and synthesis. Discovery involves creating something new that others haven't known. Development is an advancement of something that already exists. Duplication involves copying or reproducing existing products. Synthesis is the combination or merging of existing concepts and formulas (Kuratko, 2009).

Stephen Robbins defines that innovation is a new idea or concept to initiate or improve a product, process, and service. Wawan Dhewanto (2014), citing Schumpeter, defines innovation as a new combination of organizational product factors and is a crucial driving force in economic growth. In line with these definitions, Everett M. Rogers states that innovation is an idea or concept that is consciously recognized and accepted as something new by an individual or organizational group to be adopted and modified (Dhewanto, 2014). Markus Sattler defines the innovation process as a collaborative set of complex activities that require a long time frame. Furthermore, Markus Sattler characterizes the innovation process based on the distinctive inputs and organizational components (Sattler, 2011). Aan Jaelani suggests that there are at least two innovations: first is the progressive

element in economic calculations, and second is the tax from the most common form of income in agrarian societies (Jaelani, 2019).

Based on the expert opinions above, there are four types of innovation; (1) Discovery. The creation of a new product, service, or process that has never been done before; (2) Development. The continuation or improvement of a discovery, typically involving applying an idea to an existing product or service in a different way; (3) Duplication. The act of imitating something that already exists, but often with creative touches to improve upon the existing concept to gain a competitive advantage; and (4) Synthesis: The merging of various ideas or products into a new formulation. This process involves taking existing concepts and elements and transforming them into something that can be applied in a new way (Maghfirah, 2020).

Innovation has four characteristics: *first*; it is specific in the sense that there are expected ideas, programs, processes, and products. *Second*; it has elements and degrees of originality. *Third*; it is not rushed but planned, and *fourth*; it has goals, direction, and strategies. Meanwhile, there are six categories of change characteristics in innovation: *first*; Substitution, changing the type and kind of programs, and the technology used. *Second*; Alternation, for example, changing the function of technology from being solely consumptive to being productive. *Third*; Addition, for example, the addition of literacy program models from manual-based to IT-based. *Fourth*; Restructuring, for example, rearranging equipment arrangements, rearranging the innovation program with the existing strengths, and its management system. *Fifth*; Elimination, efforts to remove programs that are less relevant to technological advancements, and *sixth*; Reinforcement, for example, efforts to enhance or strengthen the capabilities of personnel and facilities to function optimally in achieving program goals effectively and efficiently (Dhewanto, 2014).

Therefore, the innovation of Zakat management programs is a tool used by Zakat managers and organizations (BAZNAS, Lazis, UPZ) to develop new products and program innovations. Program innovation is an idea, concept, and process that gives birth to new products, program creation, and reinforces sustainable competitive advantages for BAZNAS institutions. Program innovation is needed because it recognizes that fresh ideas must flow as quickly as possible and at all times in anticipation of the increasingly fast, diverse, and dynamic development of service systems (Maulidizen, 2019c).

Research method

The type of research used in this study is library research, which involves a series of activities related to data collection using library sources, primarily relying on the study of Zakat as the main source (Zed, 2004). The normative approach is a legal research method commonly referred to as doctrinal or library research. On the other hand, qualitative research aims to understand innovative approaches to managing Zakat within the context of sustainable development and societal well-being in Indonesia as the research object in this article. The research data collection method involves the use of the documentation method, and the data analysis technique employed is deductive, used to innovative approaches to managing Zakat, which is then further examined, developed, and described in more detail using the content analysis method. (Johari & Maghfirah, 2023).

Results

The management of Zakat in contemporary times has become a diverse experiment. In terms of Zakat management models by the state, there are two types (El-Ashker & Haq, 1995). *First*, the obligatory model, where the state or an official institution designated to manage Zakat can enforce Zakat payments from the muzaki (those who are obligated to pay Zakat) based on legal provisions. Generally, countries that implement this system are those that have Islamic Sharia as their fundamental law, such as Saudi Arabia, Libya, Pakistan, Yemen, Sudan, and Malaysia. *Second*, the non-obligatory application, which is based on voluntary contributions. Countries falling into this category are typically nations with a majority Muslim population, but Islamic law is not the basis of their state and governance, such as Egypt, Kuwait, Bangladesh, Jordan, South Africa, and Indonesia (Salama, 1990). Indonesia, in this case, falls into the second category because, although there are legal regulations regarding Zakat, they do not enforce Zakat payments but rather emphasize voluntary contributions (Isvadiary, 2010).

In terms of Zakat regulation in general, it can be classified into two categories. *First*, Zakat management is regulated by laws, and within this category, there are two types: (i) direct management by the government and (ii) management by institutions authorized by the government. *Second*, natural or informal Zakat management without any legal framework, in which Islamic institutions and community organizations play a role (Rahman, 2021). Indonesia follows the first type, where Zakat management institutions can either be purely government-founded or initiated by the community and subsequently approved by the government. Specifically, there are five models of Zakat management: (i) compulsory Zakat collection by the state, (ii) compulsory Zakat collection by the community or private sector, (iii) voluntary Zakat collection by the state, (iv) voluntary Zakat collection by the private sector, and (v) voluntary Zakat collection at the individual level, without any collective management (El-Ashker & Haq, 1995)

The obligatory system varies in implementation. The scope of assets subject to Zakat payment in Yemen includes both *Zakat al-fitr* and *Zakat al-mal*. In Saudi Arabia, Libya, Pakistan, Yemen, and Sudan, the obligation to pay Zakat only includes Zakat al-mal. In Malaysia, Zakat obligation applies to both *Zakat al-fitr* and *Zakat al-mal*. The regulations regarding assets subject to Zakat al-mal also vary. In Sudan and Yemen, Zakat al-mal is imposed on assets specified in Islamic jurisprudence. In Saudi Arabia, Zakat al-mal is levied on agricultural and livestock products and tradable goods. In Pakistan, Zakat al-mal is imposed on financial and monetary assets as well as agricultural yields (Sadeq, 1994).

In the non-obligatory system, there are three models of voluntary Zakat management (Wibisono, 2015). *First*, Zakat management by voluntary charitable organizations, which exist in various countries and Muslim communities. Governments can regulate these organizations similarly to other non-profit entities. *Second*, Zakat management by semi-governmental organizations that collect Zakat voluntarily and distribute it to eligible recipients, such as the Nasser Social Bank in Egypt. In this system, banks establish special departments for Zakat, receiving Zakat through local Zakat committees or direct payments at bank offices and branches. *Third*, Zakat management by government institutions specifically established by the state to receive and distribute Zakat. Some countries have established Zakat management institutions that are legally and financially

independent, such as Kuwait's Zakat House, Jordan's Zakat Fund, Bahrain, Tunisia, and Bangladesh.

Meanwhile, Beik categorizes three typologies of Zakat systems based on regulatory and obligatory aspects. These typologies are comprehensive, partial, and secular models. The comprehensive model has seven characteristics, including the existence of Zakat laws, Zakat as a mandatory instrument in positive law, standardized Zakat management systems, specified Zakat objects, institutional structures, Zakat-fiscal integration, and the application of good *amil* governance. Saudi Arabia and Malaysia fall into this category. The partial Zakat management model is applied by countries that have formal rules governing Zakat but have not made Zakat a legal obligation. This model emphasizes institutional aspects and Zakat management systems, with Zakat remaining a voluntary instrument. Regulatory frameworks are designed to promote good Zakat governance. Indonesia, Egypt, and Kuwait belong to this category. The secular model is applied by countries that consider Zakat a matter of private society and, therefore, have no government intervention or regulation of Zakat institutions. All Zakat management matters are left to social community institutions, as these countries believe that religious affairs should be separated from politics and government. Morocco, Turkey, and Oman belong to this category (BAZNAS, 2017).

Thus, the presence of *Amil* (those responsible for collecting and distributing Zakat) makes the Zakat implementation process more organized and systematic. In countries with a minority Muslim population, various bodies, foundations, or companies are established directly by the Muslim community to manage Zakat (Tamirin, 2005). Since *Amil* is involved in managing complex assets on a large scale, often at the national level, it is considered not as an individual's duty but rather as part of a well-structured organization. This is the basis for the formation of the term "corporate *Amil*". In secular countries, social-religious fundraising is known as philanthropy (Saefuddin, 2011).

In secular countries, Muslims can still fulfill their Zakat obligations as an act of worship according to their religious beliefs. However, in secular nations where the government does not oversee religious life or, in other words, does not regulate Zakat matters in positive law, the functionalization of Zakat tends to develop solely within the realm of philanthropy. According to Saifuddin, given the strategic importance of Zakat, its imperative nature should have a stronger compulsion than Zakat collectors (Saefuddin, 2011). Therefore, the collection of Zakat requires legal aspects provided by the state through Zakat regulations. In the United States, philanthropy management plays a dominant role in the formation of civil society. Since religious individuals make up the majority of the population, fundraising aligns with their religious teachings. In Christianity, there is a directive to contribute 10% of income as a religious obligation. Ismartono mentions that teachings about the final judgment and the generosity of the Samaritan are often used as the basis for Christian philanthropic activities. Surveys conducted in the United States (Ismartono, 2003).

Religious giving is a form of social philanthropy provided to religious institutions or by and within specific religious communities. Within religious teachings, philanthropy can take the form of general exhortations (such as loving and assisting the poor) or specific activities considered

religious obligations (such as Zakat, tithing in Christianity, Dana in Hinduism and Buddhism, and Sedakah in Judaism) (Juegensmeyer & McMahon, 1998). A religious individual can engage in both religious giving and non-religious giving (secular giving) (Landesman, 1956). Surveys conducted by the Independent Sector in the United States indicate that religious giving is significantly larger than secular giving. Furthermore, individuals who donate to religious causes also tend to contribute more to non-religious purposes compared to donations from secular groups (Sector, 2001). The comparison of contributions from religious and secular individuals in the United States highlights the role of religious giving on a national scale. It can be said that religious individuals, who make up 33% of the U.S. population, contribute 52% of the national donations. In contrast, secular individuals, constituting 26% of the population, contribute 13% of the total national donations. On average, religious individuals donate \$2,210 per year, while secular individuals donate an average of \$642 per year (Fauzia, 2010).

Discussion

The online transformation of Zakat, almsgiving, and charity has become one of the latest innovations increasingly favored by the community in managing Zakat. Through online platforms, people can now more easily and quickly distribute their Zakat transparently and reliably (Maulidizen, 2019b). However, in managing online Zakat, the right strategies and innovations are needed to enhance the effectiveness of Zakat management. Here are some strategies and innovations in the online ZIS transformation to improve Zakat management effectiveness:

Harnessing digital technology

Digital technology such as the internet and smartphones has brought significant changes to Zakat management. The use of online platforms such as websites, mobile applications, and social media can facilitate Zakat management. These platforms can be used to receive and distribute Zakat, track Zakat funds, and provide transparent financial reports. Additionally, digital technology enables Zakat managers to conduct more accurate and efficient data management and analysis. Zakat, as one of the pillars of Islam, plays a crucial role in national development. It is an obligation for financially capable Muslims to assist those in need and can serve as a significant source of funding for social and economic development. However, in the digital transformation era, the role of Zakat in national development can be strengthened through the digital transformation of Islamic social funds. Zakat plays a vital role in promoting social justice and poverty alleviation. Yet, in the digital age, ZIS can take steps to enhance its efficiency and effectiveness through the use of digital technology.

The digital transformation of ZIS can occur in several ways. *Firstly*, ZIS can utilize digital technology to collect and manage Zakat funds more efficiently. In this regard, ZIS can leverage digital platforms such as websites, mobile applications, or online payment systems to facilitate Zakat payers in making payments and managing their Zakat contributions. By employing digital technology, ZIS can avoid human errors and expedite the process of Zakat collection and management. *Secondly*, ZIS can use digital technology to improve transparency and accountability in Zakat fund management. In this context, ZIS can employ blockchain technology to record Zakat

fund transactions more accurately and transparently. Blockchain technology allows each Zakat fund transaction to be digitally and decentralizedly recorded, making it tamper-proof and immune to manipulation by any party. Consequently, Zakat payers can see how their Zakat funds are managed and distributed. *Thirdly*, ZIS can use digital technology to enhance the effectiveness of Zakat fund distribution to beneficiaries. In this regard, ZIS can utilize digital technologies such as big data and machine learning for analyzing and mapping *Mustahik*. By using these digital technologies, ZIS can ensure that Zakat funds are distributed to those who genuinely need them and to the right recipients.

The digital transformation of ZIS can reinforce the role of Zakat in national development by improving the efficiency, transparency, and effectiveness of Zakat fund management. In the digital transformation era, ZIS can become a more modern and adaptive institution, making it better equipped to address challenges and meet the needs of the community. Consequently, Zakat can become a more significant source of funding for fair and sustainable social and economic development.

Applying principles of good governance

Good governance is crucial for effective and efficient Zakat management. Good governance principles include transparency, accountability, integrity, fairness, and social responsibility. In managing Zakat, Zakat managers must uphold integrity, ensure transparency in the management of Zakat funds, and openly and accountably report on the use of Zakat funds. The formulation of guidelines for Good Governance principles in Zakat Management Organizations;

a. Transparency

To maintain objectivity in conducting business, a company or organization must provide information that is material and relevant in an easily accessible and understandable manner for stakeholders. The company or organization should take the initiative to disclose not only issues required by regulations but also matters crucial for stakeholder decision-making (Widuri & Paramita, 2007).

b. Accountability

Organizations must be transparent and accountable for their performance in a reasonable manner. Therefore, organizations should be managed correctly, measured, and aligned with the company's interests while also considering stakeholder interests. Accountability is a prerequisite for achieving sustainable performance (Permana & Baehaqi, 2018). According to Kaihatu, accountability is the clarity of the functions, structure, systems, and responsibilities of the organization so that organizational management is carried out effectively (Kaihatu, 2006).

c. Responsibility

Responsibility involves compliance in managing the company with healthy corporate principles and applicable regulations (Kaihatu, 2006). According to Hastuti, Responsibility includes: (1) Ensuring respect for the rights of stakeholders, (2) Stakeholders should have the opportunity to receive

effective compensation for violations of their rights, (3) opening performance development mechanisms for the participation of stakeholders, (4) If necessary, stakeholders should have access to relevant information (Permana & Baehaqi, 2018)

d. Independence

To facilitate the implementation of the Good Governance principles, a company/organization must be managed independently, ensuring that each part of the company does not dominate one another and cannot be influenced by external parties. Independence can also be described as a state where the company is professionally managed without conflicts of interest and influence/pressure from management that contradicts applicable laws, regulations, and healthy corporate principles (Kaihatu, 2006).

e. Fairness and Justice

In carrying out its activities, an organization must always consider the interests of shareholders and other stakeholders based on the principles of fairness and equality (Widuri & Paramita, 2007). Meanwhile, according to Kaihatu, fairness is fair and equal treatment in fulfilling the rights of stakeholders that arise from agreements and applicable laws and regulations (Kaihatu, 2006).

f. Shariah compliance

Sharia compliance refers to agreements based on Islamic law that apply to fund management, business financing activities, and other activities deemed in accordance with Sharia. Based on this definition, Sharia compliance is focused on agreements based on Islamic law. Sharia compliance is also a principle of Islamic law in the form of fatwas issued by an authorized institution in the field of Sharia. Sharia compliance takes the form of fatwas sourced from authorized bodies, such as the Indonesian Ulama Council (MUI). To ensure the application of Sharia principles, Sharia supervision is required, which is carried out by the Sharia Supervisory Board (Lutfinanda & Sinarasri, 2014)

Building public trust

Public trust in Zakat management institutions is essential to ensure the success of Zakat programs. In this regard, Zakat managers must demonstrate that they are trustworthy and have good credibility. One way to increase public trust is by providing transparent financial reports and clear information about the use of Zakat funds. Fundamentally, there are four areas of work within a Zakat management institution that should have standard operating procedures: fundraising management, financial and back-office management, human resource management, and fund utilization or Zakat distribution management. The implementation of a standard performance management system is expected to ensure that the functions of Zakat management within an amil institution run according to plan and are well-controlled. The standardization of Zakat management is a priority that must be addressed. Zakat funds should be managed with a professional organizational management approach while adhering to the principles and rules of Sharia law.

Regarding the need for regulations on accountability and transparency, the idea of improving internal governance within Zakat management institutions and enhancing their credibility among

Zakat contributors and the public is deemed essential. Zakat management institutions need to establish self-regulation mechanisms, ranging from the implementation of a code of ethics for Zakat administrators to the certification and accreditation of institutions. There are two forms of self-regulation mechanisms: firstly, efforts made by each amil Zakat institution to regulate its organization through its articles of association (AD/ART) and standard operating procedures (SOP). Secondly, efforts by a group of Amil Zakat institutions affiliated with associations like the Zakat Forum (FOZ) to develop and agree on common rules and practices when interacting within the Zakat community or with external parties such as donors, government agencies, and the wider public.

Certification and accreditation of Zakat management institutions in Indonesia are initiatives worth exploring. Through this mechanism, Zakat management institutions would be assessed by third parties against specific criteria, including financial accountability, transparency, internal management procedures, and more. This can begin with the implementation of ratings for Zakat institutions in Indonesia. These ratings serve several purposes: first, to evaluate the performance of Zakat institutions; second, to motivate Zakat institutions to improve professionalism, accountability, and transparency; and third, to provide guidance to donors on where to channel their funds. With this rating model, the public will be able to identify which institutions are trustworthy and professional, and which are not. It is time to build a Zakat management landscape in Indonesia that meets the expectations of the public. By demonstrating trustworthy, professional, and transparent Zakat management performance, it is hoped that the public will be further motivated to contribute their Zakat through these institutions. Hopefully, the enhanced capacity of Amil Zakat institutions can realize the contributory role of Zakat as a solution to alleviate poverty problems in Indonesia.

Implementing an integrated management system

In managing Zakat, it is important to implement an integrated management system. This management system includes Zakat fund management, financial reporting, data management, and information dissemination. By implementing an integrated management system, Zakat managers can ensure that all Zakat management processes are carried out efficiently and effectively. Implementing an integrated management system in Zakat management institutions is a crucial step towards enhancing efficiency, transparency, and accountability in the handling of Zakat funds. This integrated management system encompasses various aspects of management related to the collection, administration, and distribution of Zakat. The importance and benefits of implementing an integrated management system in Zakat management institutions: *First*. Enhancing Operational Efficiency: An integrated system enables Zakat management institutions to optimize their operational processes. This includes automation in Zakat collection, digital transaction recording, and faster data processing. By utilizing modern technology, institutions can reduce human errors and cut down administrative costs. *Second*. Transparency and Accountability: An integrated system creates more accurate and transparent records. This allows Zakat contributors (muzakki) to have a clear view of how their Zakat funds are utilized. As a result, trust levels in Zakat management institutions can increase, and contributors are more likely to provide their Zakat.

Third. Improved Fund Management: With an integrated management system, Zakat management institutions can better manage funds. They can track fund flows, identify fund allocation priorities, and ensure that funds are distributed to the right beneficiaries. This aids in making better decisions regarding Zakat fund allocation. *Fourth. Beneficiary Mapping:* Digital technology within integrated systems enables Zakat management institutions to map beneficiaries more effectively. Through data analysis and machine learning, they can identify individuals who genuinely require Zakat assistance. This ensures that Zakat funds reach the right people and provide greater benefits. *Fifth. Sharia Compliance:* Integrated management systems also assist in ensuring Sharia compliance. They can monitor whether Zakat funds are being used in accordance with Sharia principles and provide accurate reports to relevant Sharia authorities. *Sixth. Enhanced Reputation:* By implementing an integrated management system, Zakat management institutions can enhance their reputation in the eyes of the public and authorities. This can help them garner more support from contributors and governments, enabling them to contribute more significantly to social and economic development efforts; and *Seventh. Ability to Grow and Expand:* With more efficient and accountable management, Zakat management institutions can grow and expand more effectively. They can attract more contributors, expand their services, and collaborate with various stakeholders to achieve a greater impact on society.

Implementing an integrated management system in Zakat management institutions is not only about operational efficiency but also about building trust, ensuring Sharia compliance, and increasing the contribution of Zakat to national development. Through the adoption of modern technology and professional management practices, Zakat management institutions can play a more significant role in addressing poverty and inequality issues in society.

Providing easy access to donations

Ease of access to donations is crucial in increasing community participation in Zakat programs. Zakat managers can provide easy access by integrating various payment methods such as bank transfers, credit cards, e-wallets, and others. Additionally, Zakat managers can use social media to promote Zakat programs and reach a wider audience. Facilitating donation access within Zakat management institutions involves making it easier for individuals or organizations to contribute their Zakat or contributions to the Zakat institution. The purpose of facilitating donation access is to increase community participation in Zakat, ensure the proper allocation of Zakat funds, and enable Zakat management institutions to fulfill their social and religious missions more effectively. Here are several ways in which Zakat management institutions can facilitate donation access:

First. Utilizing Technology: One of the most effective ways to facilitate donation access is by leveraging technology. Zakat management institutions can have websites and mobile applications that allow individuals to easily donate to Zakat online. This speeds up the donation process and enables individuals to contribute at any time and from anywhere. *Second. Payment Method Options:* Providing a variety of payment methods is crucial. In addition to bank transfers, Zakat management institutions can accept payments via credit cards, digital wallets, or even transfers through digital banking platforms. This makes it convenient for contributors to choose the payment method that suits them best. *Third. Subscription Ease:* Some Zakat management institutions have developed

Zakat subscription programs where individuals can automatically allocate a portion of their income as Zakat. This makes it easy for people to contribute regularly without having to manually initiate the donation process each time. *Fourth.* Education and Information: Offering clear information about how Zakat funds are used and the positive impact of contributions can encourage more people to donate. Zakat management institutions can share financial reports and news about projects funded by Zakat to instill confidence in contributors. *Fifth.* Partnerships with Financial Institutions: Collaborating with financial institutions such as banks or fintech companies can streamline the donation process. For example, Zakat management institutions can partner with banks to enable direct Zakat transfers from contributors' bank accounts. *Sixth.* Goal-Oriented Donation Programs: Creating goal-oriented or project-specific donation programs can help contributors feel more connected to their contributions. They can choose a particular project or cause they want to support with their Zakat. And *Seventh.* Customer Support: Providing excellent customer support through a customer service center or helpdesk can assist in answering contributors' questions and guiding them through the donation process. Facilitating donation access is a crucial step in increasing community participation in Zakat and ensuring that Zakat funds are used to help those in need. With the right technology and strategies, Zakat management institutions can create a more efficient and meaningful donation experience for contributors.

Conclusion

The research on “Innovative Approaches to Managing Zakat within the Context of Sustainable Development and Societal Well-being in Indonesia” has illuminated critical insights into the role of Zakat, Islamic almsgiving, in Indonesia's journey toward sustainable development and societal well-being. This comprehensive summary encapsulates the key findings and implications drawn from the study. Significance of Zakat for Sustainable Development. The study underscores that Zakat, one of the Five Pillars of Islam, holds profound significance for Indonesia's sustainable development. Beyond its religious obligations, Zakat represents a powerful tool for addressing societal challenges. Its potential to mitigate poverty, enhance education, improve healthcare, and uplift marginalized communities is immense. Embracing Digital Transformation. The research strongly advocates for the digital transformation of Zakat management. In an era of rapid technological advancement, Zakat institutions must harness digital tools to streamline collection and distribution processes. The adoption of online platforms, mobile applications, and blockchain technology can vastly enhance efficiency, transparency, and accountability in managing Zakat funds.

Standardized procedures and self-regulation mechanisms are identified as paramount. Zakat institutions should adhere to established codes of ethics and best practices. Such measures can significantly enhance professionalism and public trust, ensuring that Zakat resources are managed with integrity. Certification and Accreditation. To bolster public confidence and distinguish reputable Zakat management institutions, the study suggests exploring certification and accreditation systems. Independent evaluations, based on criteria like financial transparency, governance, and performance, can guide donors toward trustworthy organizations. Community Engagement and Awareness. Actively engaging communities and raising awareness about Zakat's

impact emerge as vital components of success. By educating the public on the transformative potential of their contributions and facilitating accessible donation methods, Zakat institutions can encourage greater participation.

Alignment with Sustainable Development Goals (SDGs). The research emphasizes the importance of aligning Zakat initiatives with the United Nations Sustainable Development Goals (SDGs). By strategically directing Zakat toward SDG-related projects, Indonesia can maximize its impact in addressing broader societal challenges while fulfilling its spiritual obligations. In conclusion, innovative approaches to Zakat management are integral to Indonesia's pursuit of sustainable development and societal well-being. By embracing digitalization, standardization, and self-regulation, Indonesia can create a Zakat ecosystem characterized by transparency, efficiency, and societal impact. Certification mechanisms and active community engagement will further enhance Zakat's effectiveness. When aligned with the SDGs, Zakat's potential as a force for positive change becomes even more profound. Indonesia stands at a crucial juncture where Zakat can evolve from a religious duty into a formidable driver of societal progress. As the nation continues its efforts to address poverty, inequality, and other complex challenges, Zakat can emerge as a catalyst for transformative change, ultimately contributing to a more equitable, prosperous, and sustainable future for all Indonesians.

Implications

Enhanced Sustainable Development

The research suggests that innovative approaches to Zakat management can significantly contribute to sustainable development in Indonesia. By leveraging Zakat funds effectively and efficiently, the country can address various societal challenges, including poverty, education, and healthcare, thereby fostering long-term social and economic well-being.

Strengthened Social Impact

The study underscores the potential for innovative Zakat management practices to amplify the social impact of Zakat contributions. These approaches can help ensure that Zakat funds reach their intended beneficiaries more directly, transparently, and equitably, thereby addressing the unique needs of marginalized communities and promoting social inclusion.

Adaptive Policy Frameworks

The research highlights the importance of adapting policy frameworks to accommodate innovative Zakat management models. Policymakers and stakeholders should work collaboratively to create an enabling environment that encourages experimentation and the adoption of new technologies and strategies in Zakat distribution, ultimately fostering greater societal well-being and development in Indonesia.

Suggestions for further research

These research suggestions can further advance the knowledge and implementation of innovative Zakat management practices, ultimately contributing to the betterment of societal well-being in Indonesia and beyond.

1. Impact Assessment of Innovative Zakat Models

Conduct in-depth impact assessments of specific innovative Zakat management models implemented in Indonesia. Evaluate their effectiveness in achieving sustainable development goals, reducing poverty, and improving societal well-being. Comparative studies across various models can provide valuable insights into which approaches yield the most significant positive outcomes.

2. Digitalization and Technology Adoption

Investigate the role of digitalization and emerging technologies, such as blockchain and fintech, in enhancing Zakat collection, distribution, and monitoring processes. Explore the potential of digital platforms to increase transparency, reduce administrative costs, and improve access to Zakat funds for marginalized communities.

3. Social and Cultural Factors

Examine the influence of social and cultural factors on Zakat giving and management practices in Indonesia. Explore how religious beliefs, societal norms, and local customs impact Zakat collection and distribution. This research could provide a deeper understanding of the motivations and barriers related to Zakat contributions and help tailor Zakat management strategies accordingly.

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Conflict of Interests

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