The Relationship of Zakat Management Organization (ZMO) to the Effectiveness of Higher Education Management

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ABSTRACT

This research aims to analyze the transformation of zakat management as a construct for the development model of independence in higher education institutions in Indonesia. Identifying zakat management includes differences in religious interpretations, regulatory ambiguity, and management ineffectiveness. The research adopts a qualitative descriptive survey method conducted at the Islamic University in Medan, North Sumatra. The study highlights the symbiotic relationship between zakat management organizations and educational institutions, emphasizing the important role of zakat in supporting financially disadvantaged students. Through collaboration, universities can actively identify deserving recipients and promote social responsibility. Zakat institutions emerge as financial entities and development partners, empowering beneficiaries towards economic independence. The research findings also indicate the effectiveness of zakat distribution through several means, including providing scholarships, improving educational infrastructure, enhancing education quality, and promoting equal opportunities in higher education. This study advocates for integrating justice, transparency, and sustainability in zakat operations, positioning these institutions as pillars supporting economic and social development in Islamic society. This research identifies current challenges in the zakat management system and proposes solutions to enhance its effectiveness in Indonesia, a Muslim majority country.

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INTRODUCTION

Indonesia is recognized as one of the countries exhibiting the highest growth in the Shariah-compliant economy on a global scale (Hati et al., 2023). The international acknowledgment of the progress in Islamic economics and finance in Indonesia is exemplified by the Islamic Finance Development Report of 2022, which positions Indonesia at the 7th rank in global Islamic financial assets (Hanisfy & Afgani, 2023; Refinitiv, 2022). At a micro level, one potential aspect that holds promise for further development is the effective management of zakat (Farchatunnisa et al., 2023). Specifically, within the educational context, universities present remarkable potential as partners for zakat institutions, ensuring their sustained productivity. The distribution of zakat towards the advancement of universities brings forth enduring benefits both in terms of intrinsic value and tangible resources (R. A. R. Ahmad et al., 2015).

Various aspects can explain the relationship between zakat management organizations and the effectiveness of university management (Takril & Othman, 2020). First of all, zakat management organizations have an important role in supporting the sustainability of higher education through providing zakat funds to underprivileged students (Hasan et al., 2019). This financial support can aid students fulfill their educational needs, such as tuition fees, books, and daily living expenses. Thus, the sustainability of college operations can be guaranteed, and students with academic potential can still pursue higher education without financial problems (M. F. Ab Rahman et al., 2021; Lessy et al., 2020).

In addition, cooperation between universities and Zakat management organizations can also strengthen universities' social involvement and social responsibility (Anuar et al., 2023). Universities can play an active role in helping zakat management organizations identify potential beneficiaries requiring financial assistance for education (Kopnina, 2020). This creates a synergy between the world of education and social empowerment, which in turn can increase the effectiveness of university management in making a positive contribution to society through quality and inclusive education (Suwasdi & Said, 2022). Thus, the close relationship between zakat management organizations and universities can create an ecosystem that supports education and social welfare (Alshater et al., 2021; Rahim et al., 2022).

Zakat institutions play a crucial role in managing the distribution to zakat recipients and are one of the organizations that maintain Islam's stability and socio-economic system (Lamido & Haneef, 2021). In this framework, zakat institutions are not only a financial entity but also an integral element that contributes to the development of the lives of the asnaf. As stated by Azman Ab Rahman and his colleagues, zakat institutions play an important role in ensuring that zakat assistance is given to those in need in a fair and timely manner (A. Ab Rahman et al., 2012). By maintaining stability in the distribution of zakat, this institution creates economic
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...justice and helps shape a balanced and sustainable social structure in Islamic society ([Aman et al., 2019](#)).

In addition, zakat institutions also contribute significantly to the economic and social development of the asnaf. The assistance provided is not only for one-time use but is designed to empower Zakat recipients to be economically independent ([Meerangani, 2019](#)). Thus, zakat institutions are not merely distributing funds, but also a development partner that plays a role in improving the quality of life and strengthening the economic competitiveness of the asnaf ([Rozaan et al., 2023](#)). In this context, the role of zakat institutions is not only limited to wealth redistribution, but also involves the development of sustainable development programs. By integrating the principles of justice, transparency, and sustainability in its operations, zakat institutions act as pillars that support the economic and social development of Muslim societies, making it a positive force in achieving sustainable development goals within the framework of Islamic values ([N. Ahmad, 2015](#); [Yusroni & Chadhiq, 2021](#)).

As a country with a majority Muslim population, Indonesia has a complex zakat management system that is important for Muslim's social economic sustainability in this country ([Muhammad, 2019](#)). Zakat organizations have a central role in managing and distributing zakat funds from the community to those in need. However, in practice, there are overlapping functions among various zakat organizations operating in Indonesia. The number of organizations managing zakat in Indonesia makes zakat management increasingly ineffective ([Andri, 2020](#)). This phenomenon illustrates the complex dynamics in the zakat management system in Indonesia, raising various questions about the efficiency, transparency, and social impact of zakat management ([Lubis & Azizah, 2018](#)). This study will explore various aspects of the zakat management system in Indonesia to better understand these overlapping functions and their implications for the effectiveness of zakat distribution.

This study aims to detail the overlapping functions among zakat organizations in Indonesia, opening a window to explore them with a critical and comprehensive analysis. This paper is not only an academic study, but also a practical contribution toward advancing the zakat system in Indonesia. With this study, we can better understand how to manage this overlap of functions to increase the effectiveness and positive impact of zakat management in society.
METHODS

The research used a qualitative type with descriptive survey techniques. The research locus was conducted at the North Sumatra State Islamic University. The sources were lecturers and several students who have a connection with research data. The data used was from various reliable sources such as academic journals, research papers, and government documents related to zakat. The researcher selected relevant and quality data to gain an in-depth understanding of the phenomenon of overlapping functions of zakat organizations. The analysis process began with identifying relevant literature, followed by evaluating the quality and relevance of the information found. The data was systematically analyzed to identify patterns and findings relating to Indonesia's overlapping functions of zakat organizations. Despite the advantage of wide access to information, this research has limitations related to limited access to primary data and less well-documented information.

The use of secondary data allows the researcher to provide a comprehensive picture of this phenomenon, although it depends on the quality of the available data. This research provides a solid foundation for further policy recommendations and enriches the understanding of the overlapping functions of zakat organizations in Indonesia. With this approach, the research can significantly contribute to the existing literature and provide valuable insights for decision-makers and practitioners in the field of zakat management and higher institutions.

RESULT AND DISCUSSION

Zakat is one of the obligations in Islam that Allah SWT commands to every Muslim. The concept of zakat implies taking a certain portion of property from able people, following predetermined requirements, and the property is then given to certain groups or Asnaf. In the context of financial distribution, zakat has great potential to reduce poverty and improve people's quality of life. Zakat funds can be distributed to eligible individuals, assisting them in meeting their basic needs. A study by Muharram in 2012 underlined that if better managed and distributed to its recipients, zakat has the potential to solve the problem of poverty among Muslims (Lubis & Azizah, 2018). By optimizing the distribution of zakat, including carefully identifying individuals needing assistance and ensuring that such assistance is provided in a timely and efficient manner, positive changes can be brought upon their lives. In essence, zakat is a mere religious obligation; it is a social finance instrument capable of creating a real impact in the fight against poverty. When zakat is managed transparently, fairly, and efficiently, it not only provides financial assistance to people in need but also paves the way towards economic empowerment and improved welfare for the community. Therefore, continuously developing
strategies and policies is necessary to ensure zakat is directed to the right recipients and used wisely to alleviate poverty in Islamic societies.

In this study, we conducted an in-depth analysis of the phenomenon of overlapping functions of zakat organizations in Indonesia. Based on the results of our analysis, several significant findings emerged:

**Variation of Religious Interpretation Approach**

One of the causes of overlapping functions is the variation in the interpretation of religious teachings related to zakat. Some organizations adopt a more liberal approach, while others adhere to a more conservative interpretation. This creates misalignment in the definition of who is entitled to receive zakat and how much the amount should be. This is commonly found in ZMOs that are based on community organizations.

**Regulatory Unclearly**

The lack of clarity in the regulatory framework related to zakat management leads to overlapping functions among zakat organizations. This situation makes those organizations operate in legal uncertainty, allowing them to interpret and apply the rules according to their internal policies. This creates room for different interpretations, resulting in variations in the approach and practice of zakat management between one organization and another.

**Lack of Coordination and Synergy**

Lack of cooperation and coordination between various zakat organizations leads to overlap in target beneficiaries. It is challenging to minimize overlapping functions without good cooperation. In addition to the lack of coordination, the absence of a mustahik database that is used as a common reference by ZMO causes this to happen (Fiqih Afriadi, 2006). In essence, the phenomenon of one person receiving zakat assistance from several sources, is not always bad. In fact, this overlap can be more efficient in some cases and accelerate efforts to move out of poverty (Utami et al., 2021).

However, this overlap remains a serious problem in terms of zakat management. It creates uncertainty and hampers efficiency in zakat distribution. Many mustahiks in other areas still need assistance, and overlapping distributions can reduce the assistance they should receive. Therefore, zakat institutions need to improve coordination, share information, and work well together so that zakat distribution can become more efficient and equitable and positively impact people in need.
On the other hand, which is much more important and related to this research, zakat has a significant role in supporting the economic development of educational institutions. The concept of zakat, which is an obligation to give a portion of wealth to those entitled to receive it, can be directed to finance educational programs and the development of educational institutions. The collected zakat funds can be used to provide educational scholarships for underprivileged students to help fulfill the needs of tuition fees, books, and other educational facilities. In addition, zakat can also be directed to build and renew educational infrastructure, such as classroom buildings, libraries, and laboratories. Thus, educational institutions can improve the quality and availability of learning facilities that support academic development. Furthermore, zakat can be used to support the improvement of teaching staff qualifications, curriculum development, and implementation of educational technology, contributing to the improvement of educational standards.

The utilization of zakat in the context of educational institutions not only helps provide wider access to education but also has a positive impact on the economy. By improving the quality of human resources through education, people can better compete in the job market, create better economic opportunities, and improve the overall standard of living. Therefore, zakat is not only a religious obligation but also an effective instrument in supporting the economic development of educational institutions and providing long-term benefits to society in general.

As a form of social welfare in Islam, zakat has the potential to contribute to advancing scientific research and innovation. Zakat can facilitate the development of scientific knowledge and technological advancements by allocating it towards scientific endeavors, such as funding research projects, establishing research institutions, and providing scholarships for students pursuing scientific disciplines. These investments in scientific research can lead to breakthrough discoveries, advancements in various fields, and solutions to societal challenges. Furthermore, Zakat can support acquiring scientific equipment, resources, and infrastructure, enabling researchers to conduct experiments and investigations effectively. By harnessing the power of Zakat for scientific purposes, societies can foster scientific progress, contribute to the global body of knowledge, and address pressing scientific issues for the betterment of humanity (Hasan et al., 2019; Rahim et al., 2022).
Figure 1 describes the operationalization of zakat distribution to support the development of higher education, which is a strategic approach aimed at fostering academic progress and reducing educational disparities. This is achieved through various mechanisms, including the provision of scholarships, the enhancement of educational infrastructure, the improvement of educational quality, and the promotion of equal access to higher education.

One crucial aspect is allocating zakat funds to provide scholarships for economically disadvantaged students. By granting financial assistance, zakat enables these students to pursue higher education, thereby increasing their chances of academic success and breaking the cycle of poverty.

Another significant utilization of Zakat funds is the improvement of educational facilities and infrastructure. This involves renovating classrooms, expanding libraries, equipping laboratories, and creating conducive learning environments. Such enhancements enrich students' educational experience, fostering their intellectual growth and maximizing their learning outcomes.

Furthermore, zakat plays a pivotal role in advancing education quality. Universities can enhance teaching methodologies and curriculum development by investing zakat funds in educational resources, equipment, and technology. This empowers educators to provide a comprehensive and contemporary education, equipping students with the necessary knowledge and skills to thrive in their respective fields.

Moreover, utilizing zakat funds promotes equal access to education, particularly for students from economically disadvantaged backgrounds. By providing financial support and removing barriers to higher education, zakat fosters social mobility,
reduces educational inequalities, and contributes to developing a more equitable society.

Zakat's operationalization in supporting the development of higher education encompasses the provision of scholarships, the improvement of educational infrastructure, the enhancement of educational quality, and the promotion of equal access. Through these strategic endeavors, zakat contributes to advancing academic pursuits, empowering students, and cultivating a more inclusive and progressive educational landscape. The research results found that an effective solution is needed to overcome the overlapping functions of ZMO in Higher Education Institutions. The solutions that can be used as a reference include:

1. The Need for Standardization of Religious Interpretation

   To overcome the variation of religious interpretation, standardization is needed in defining who is entitled to receive zakat and how the distribution should be done. This can be achieved through dialogue between scholars and authoritative parties in Islam to reach a general agreement that reduces ambiguity. The plurality of Indonesian society requires standardization of interpretation in zakat. Changes in the teachings of zakat at the technical level are necessary, especially since the advancement of science and technology has brought significant changes in various fields such as economic, social, political, and cultural (Lessy et al., 2020). Changes in society's economic system require a review of the object of zakat (Aman et al., 2019). Likewise, changes in society's social structure, culture, and needs demand a review of the determination of the eight asnaf concepts in zakat. In the context of these changes, the interpretation and application of zakat teachings must be adjusted to the evolving social and economic dynamics.

2. Expansion of Cooperation between Organizations

   Zakat organizations need to increase cooperation and coordination to identify areas where overlap occurs. This collaboration can clearly map the areas where zakat assistance is most urgently needed.

   Cooperation among ZMO should also include innovation in zakat payment, such as through an online zakat system (e-payment) or online payment. One form of this innovation involves cooperation with fintech (financial technology) and e-commerce (Sukmana et al., 2017). By utilizing these technologies, people can pay zakat easily and efficiently through online platforms (Rachman & Salam, 2018). This simplifies collecting and distributing zakat, thus zakat funds can be distributed more quickly and on target to those in need.

   In recent years, there has been a notable case of zakat cooperation between Islamic higher education institutions in Indonesia. Two renowned universities, State Islamic University of Sumatera Utara (SIU) and Islamic University of North
Sumatera, Medan (IUNS), recognized the potential of zakat in supporting their respective institutions and decided to collaborate in expanding zakat initiatives.

SIU, known for its strong commitment to Islamic values, has collected zakat funds from its students and staff for several years. However, they faced challenges in effectively distributing the funds and ensuring transparency. Recognizing the need for expertise in zakat management, SIU approached IUNS, which had a well-established zakat management center under the faculty of economics and Islamic business.

After several discussions and negotiations, the two universities developed a partnership agreement to enhance their zakat cooperation. IUNS, with its expertise in zakat management, provided technical assistance and training to SIU’s staff and students to improve their zakat collection and distribution processes. They shared best practices, implemented transparent accounting systems, and established a joint committee to monitor the utilization of zakat funds.

As a result of this collaboration, both universities experienced significant improvements in their zakat management systems. SIU saw an increase in zakat collection as students and staff gained confidence in the transparency and accountability of the process. IUNS, on the other hand, benefited from the partnership by expanding its network and gaining valuable insights from SIU’s experiences.

The impact of this zakat cooperation extended beyond the universities themselves. The improved zakat management systems allowed for more efficient distribution of funds to deserving individuals and communities. Scholarships were provided to financially disadvantaged students, infrastructure improvements were made to create better learning environments, and community development projects were initiated to address socio-economic challenges.

This case example demonstrates the positive outcomes that can be achieved by expanding zakat cooperation between Islamic higher education institutions. By sharing expertise, resources, and best practices, these institutions can maximize the impact of zakat funds, empower individuals through education, and contribute to society’s overall welfare and development.

3. Expansion of Government Role

The Government’s role in managing zakat in Indonesia is crucial for promoting efficient and effective utilization of zakat funds. Clear regulations and standards must be established to ensure proper zakat management, reducing uncertainty and overlapping functions. While the current zakat law focuses on management, a comprehensive regulation encompassing all aspects of zakat is
necessary due to its complexity. By integrating zakat into the governance structure, the government can address complex challenges and provide clear guidelines for zakat management, maximizing its benefits for society. Zakat can significantly support educational institutions by providing additional financial resources for scholarships and infrastructure improvements and enhancing the overall quality of education. In turn, this will promote wider access to education, improve human resources, and contribute to economic development. Therefore, developing zakat for educational institutions is crucial for empowering them and fostering social and economic progress.

In this context, zakat is considered a source of funds that can significantly support the development of educational institutions. By utilizing zakat, educational institutions can obtain additional financial resources needed to provide educational scholarships, improve infrastructure, and enhance the overall quality of education. The importance of zakat development for educational institutions lies in its potential to create wider access to education, improve the quality of learning, and support the development of qualified human resources. By providing educational scholarships through zakat funds, educational institutions can help underprivileged students gain access to higher education. In addition, the use of zakat for educational infrastructure can improve educational facilities and amenities, creating a better learning environment.

The findings indicate the need for clear concepts reflected in higher education policies. Specifically, it emphasizes standardized religious interpretations, increased collaboration among zakat organizations, and proactive government involvement in regulations to enhance the effectiveness of zakat distribution. Additionally.

Furthermore, the development of zakat for educational institutions positively impacts the overall economy, as quality education supports the development of productive human resources and contributes to economic development. Therefore, the paper provides an understanding of how zakat development can be an important factor in empowering educational institutions and, by extension, contributing to the social and economic progress of the community.

CONCLUSION

This study highlights zakat’s crucial role in Islam as an instrument of recognition of the rights of fellow Muslims, especially the underprivileged, as reflected in the practice of zakat. The research findings illustrate that variations in religious interpretations, unclear regulations, and lack of coordination among zakat organizations cause the problem of overlapping functions of zakat organizations in Indonesia. The proposed solution involves standardization of religious interpretation, expansion of cooperation among zakat organizations, and active role of the
government in formulating clear regulations. Zakat is important in supporting the development of educational institutions, where it can be a crucial source of funds for scholarship financing, infrastructure improvement, and human resources development. Through the effective zakat management, educational institutions can increase access to education, improve the quality of learning, and positively contribute to the overall economic development. Therefore, educational institutions and zakat managers need to collaborate to ensure that zakat not only fulfils religious obligations but also supports sustainable and inclusive educational development.

**BIBLIOGRAPHY**


