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STRATEGIC MANAGEMENT AND THE MAQĀṢID AL-SYARĪ'AH FRAMEWORK IN ZAKAT ADMINISTRATION: A CASE STUDY OF LEMBAGA ZAKAT NEGERI KEDAH (LZNK)

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Abstract

This study investigates the strategic management practices adopted by Lembaga Zakat Negeri Kedah (LZNK) and evaluates their alignment with the objectives of maqāṣid al-syarī'ah to enhance Zakat collection and distribution effectiveness, particularly in the domain of business Zakat. Using a qualitative case study approach, data were collected through comprehensive document analysis, including LZNK's strategic reports, annual publications, and related secondary literature from 2015 to 2021. Thematic content analysis was guided by established strategic management theories and the maqāṣid al-syarī'ah framework. The findings reveal that LZNK has implemented several impactful strategic initiatives, such as governance reforms, digital transformation, and stakeholder engagement, which have significantly contributed to the sustained growth of business Zakat collection. These initiatives reflect a clear alignment with the five core objectives of maqāṣid al-syarī'ah: preservation of religion, life, intellect, lineage, and wealth. This research contributes to the growing discourse on Islamic public sector governance by providing empirical evidence that integrating modern strategic management with Islamic ethical foundations can improve institutional performance, public trust, and socio-economic outcomes. The study also highlights a gap in existing literature by presenting a successful model that contrasts with the challenges typically reported in Zakat administration. While limitations exist due to the single-institution focus and reliance on secondary data, the study offers practical insights for policymakers, Islamic financial institutions, and Zakat administrators seeking to enhance operational effectiveness through faith-aligned strategic planning.

Keywords: Zakat Institutions, Strategic Management and Maqāṣid al-Syarī'ah.

1. Introduction

Zakat, one of the five pillars of Islam, represents more than a financial obligation; it is a spiritual and socio-economic instrument central to Islamic governance and community welfare (Ishak et al., 2023). The word "Zakat" itself carries rich linguistic meanings nama'

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(growth), taharah (purity), barakah (blessing), tazkiyyah (self-purification), and tathir (cleansing) as outlined by Yusuf al-Qaradawi (2007). These multifaceted interpretations underscore Zakat's dual role as both an act of worship and a mechanism for socio-economic redistribution, aimed at purifying wealth and promoting societal equity.

This dual function is grounded in the Qur'anic injunction in Surah At-Taubah (9:103), where Allah commands the Prophet to "Take from their wealth a charity by which you purify them and cause them increase," highlighting the spiritual and social dimensions of Zakat. Accordingly, Zakat not only fulfills a religious duty but also fosters communal solidarity, mitigates inequality, and supports vulnerable groups through wealth circulation.

In Malaysia, Zakat institutionalization is administered by state Islamic councils, with Lembaga Zakat Negeri Kedah (LZNK) exemplifying this framework. Operating under its regulatory authority, LZNK collects Zakat from permissible surplus income and allocates it to qualified beneficiaries (asnaf) following the guidelines of Shariah law. Beyond its ritualistic role, Zakat is increasingly recognized as a strategic instrument for socio-economic development and poverty alleviation.

This study investigates how LZNK integrates strategic management with Islamic objectives, specifically maqāṣid al-syarī'ah, to optimize Zakat collection and distribution. Through analyzing this integration, the study deepens insight into how Islamic institutions balance modern governance frameworks with their core theological and ethical responsibilities.

2. Literature Review

This literature review examines the role of Zakat institutions, the implementation of strategic management practices, and the application of maqāṣid al-syarī'ah in improving Zakat administration effectiveness. By analyzing prior research and theoretical frameworks, this section highlights how governance reforms, innovation, and strategic planning collectively enhance the collection and distribution processes of Zakat. Particular emphasis is placed on the case of Lembaga Zakat Negeri Kedah (LZNK) as a model of efficient Zakat management that aligns operational practices with core Islamic principles.

2.1. The Role of LZNK in Zakat Collection and Distribution

Zakat, as a fundamental pillar of Islam, transcends ritualistic practice to serve as a vital socio-economic mechanism aimed at fostering equity, justice, and the comprehensive well-being of the Muslim ummah (Sutrisno & Haron, 2022). In the Malaysian state of Kedah, the administration of Zakat is officially vested in the Lembaga Zakat Negeri Kedah (LZNK), which is responsible for ensuring the collection and distribution of Zakat conform to Shariah-compliant frameworks.

LZNK plays a pivotal role in the institutionalization and modernization of Zakat practices, marking a strategic transition from informal charitable giving to a regulated, transparent, and systematic social redistribution mechanism. Guided by the Qur'an and Sunnah, LZNK

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ensures Zakat is collected efficiently, managed with financial and ethical integrity, and distributed equitably to the rightful beneficiaries as prescribed by Islamic jurisprudence (fiqh al-zakah).

The institution is mandated to allocate Zakat funds to the eight legally defined categories of recipients (asnaf): the poor (al-fuqara'), the needy (al-masakin), Zakat administrators (al-'amilin), those whose hearts are to be reconciled (mu'allaf), captives (riqab), the indebted (gharimin), those striving in the path of Allah (fi sabilillah), and travelers in need (ibn al-sabil) (Hudayati & Tohirin, 2019).

By establishing a strong and transparent governance framework, LZNK not only upholds its religious duties but also enhances its administrative functions, thereby elevating Zakat as a catalyst for socio-economic progress and community upliftment. Its strategic efforts demonstrate how faith-based entities can align religious imperatives with modern governance principles to optimize societal benefits.

2.2. Legal and Institutional Reforms: The 2015 Zakat Enactment

The enactment of the Kedah Darul Aman Zakat Board Enactment 2015 (ELZKDA 2015) marks a pivotal milestone in the advancement of Zakat governance in Kedah. This legislative reform catalyzed institutional transformation by granting the Lembaga Zakat Negeri Kedah (LZNK) enhanced autonomy, operational efficiency, and accountability in managing Zakat resources (Hasan et al., 2022).

A significant structural development introduced by ELZKDA 2015 was the elevation of the Zakat Committee to a Board of Directors, thereby substantially strengthening its decision-making authority and strategic oversight capacity. This restructuring empowered LZNK with enhanced autonomy in shaping policies, designing initiatives, and mobilizing resources, effectively integrating contemporary governance approaches with the foundational tenets of Islamic jurisprudence.

These reforms have enhanced LZNK's ability to respond to emerging socio-economic dynamics such as digital transformation, inflationary pressures, and shifting donor expectations, all while remaining aligned with the objectives of the maqāṣid al-syarīʿah. Additionally, the enactment advanced the professionalization of Zakat administration by defining structured roles, establishing performance indicators, and reinforcing accountability systems that bridge religious mandates with public governance standards. This transformation highlights the pivotal function of a solid legal foundation in promoting the ethical and effective management of Zakat institutions in Malaysia.

2.3. Innovation and Inclusivity in Zakat Collection

Under the revised governance framework, Lembaga Zakat Negeri Kedah (LZNK) has intensified efforts to expand Zakat collection channels, with a particular focus on business Zakat a significant and growing source of Zakat revenue. Acknowledging the vital role of businesses in the contemporary economy, LZNK has introduced multiple initiatives to raise

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awareness, simplify payment processes, and encourage compliance among entrepreneurs and corporations (Ishak et al., 2023). These initiatives include the development of digital platforms, mobile applications, and online calculators designed to facilitate accurate and convenient Zakat liability calculations. By leveraging such technological innovations, LZNK has reduced barriers to Zakat compliance, particularly among younger, tech-savvy demographics.

As a result of these proactive initiatives, there has been a marked rise in the involvement of corporate contributors, which has subsequently augmented the Zakat fund and facilitated broader, more impactful outreach initiatives for the benefit of the asnaf community.

2.4. Strategic Allocation and Empowerment-Based Distribution

Beyond Zakat collection, one of LZNK's most notable achievements lies in the strategic distribution of Zakat funds. Moving beyond the traditional model of short-term financial aid, LZNK has adopted a developmental approach emphasizing the long-term empowerment of the asnaf. This shift reflects a profound commitment to the higher objectives of maqāṣid al-sharī'ah, particularly the preservation of 'ird (dignity), māl (protection of wealth), and 'adl (promotion of socio-economic justice) (Kurnia et al., 2020).

LZNK has introduced various transformative initiatives to improve education, healthcare, vocational training, and entrepreneurial assistance for Zakat beneficiaries. Educational support includes scholarships, tuition subsidies, and provision of school supplies for children from asnaf families, while healthcare programs ensure access to critical medical services and treatments. On the economic front, small business grants and microfinance schemes equip individuals with the skills and financial resources needed to attain self-reliance and overcome poverty.

2.5. Societal Impact of Effective Zakat Management

The combined impact of LZNK's strategically implemented programs is clearly reflected in the consistent improvement of living standards among the asnaf (Furqani et al., 2018). By addressing both immediate needs and the underlying structural barriers that perpetuate poverty, LZNK's holistic approach has fostered greater social mobility and enabled marginalized communities to integrate more fully into the wider economy. Crucially, this model has revived a sense of hope and dignity among beneficiaries, who increasingly perceive zakat not merely as charity but as a rightful share of the collective wealth within the Muslim ummah.

Building on this foundation, LZNK's unwavering commitment to transparency and strong governance has significantly strengthened public trust in the zakat system. Through regular financial audits, transparent reporting, and inclusive planning processes, the institution has established a reputation for integrity and efficiency. This enhanced confidence among donors has led to increased zakat compliance, generating a virtuous cycle of generosity, accountability, and tangible socio-economic benefits.

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2.6. Strategic Management in Zakat Institutions

According to Gumiri and Alghifari (2020), strategic management is a holistic process that encompasses the formulation of strategy, environmental analysis, implementation, monitoring, and evaluation. These interconnected phases form a robust foundation for zakat institutions to achieve operational excellence and long-term sustainability. A critical component of this process is environmental analysis, which demands a deep understanding of both internal capabilities and external conditions. Internally, LZNK conducts thorough assessments of its human capital, financial systems, and technological infrastructure. Externally, it remains responsive to socio-economic trends, regulatory developments, and the evolving needs of the community. This ongoing environmental scanning ensures that LZNK remains strategically relevant and adaptable in a dynamic landscape.

The next phase, strategy implementation, translates well-crafted plans into tangible actions. This involves allocating resources, setting clear performance indicators, delegating responsibilities, and monitoring progress consistently (Budiman et al., 2021). LZNK's successful integration of digital platforms and its focused outreach to the community exemplify its strong implementation capacity anchored by a committed workforce and well-structured institutional mechanisms (Ismail et al., 2023).

The final phase, control and evaluation, plays a vital role in cultivating organizational learning and ongoing development. By conducting routine audits, engaging stakeholders meaningfully, and performing thorough impact assessments, LZNK evaluates the success of its initiatives. The outcomes from these evaluations are systematically incorporated into future strategic planning, driving innovation, strengthening accountability, and enhancing overall institutional effectiveness (Tafti et al., 2012).

2.7. Business Zakat: Trends and Outcomes

A key indicator of LZNK's strategic efficacy is the consistent increase in business Zakat collections following the implementation of the 2015 Enactment. Data from the Kedah Zakat Financial Performance Statements (2015–2021) reveal the following collection figures 1 and 2:

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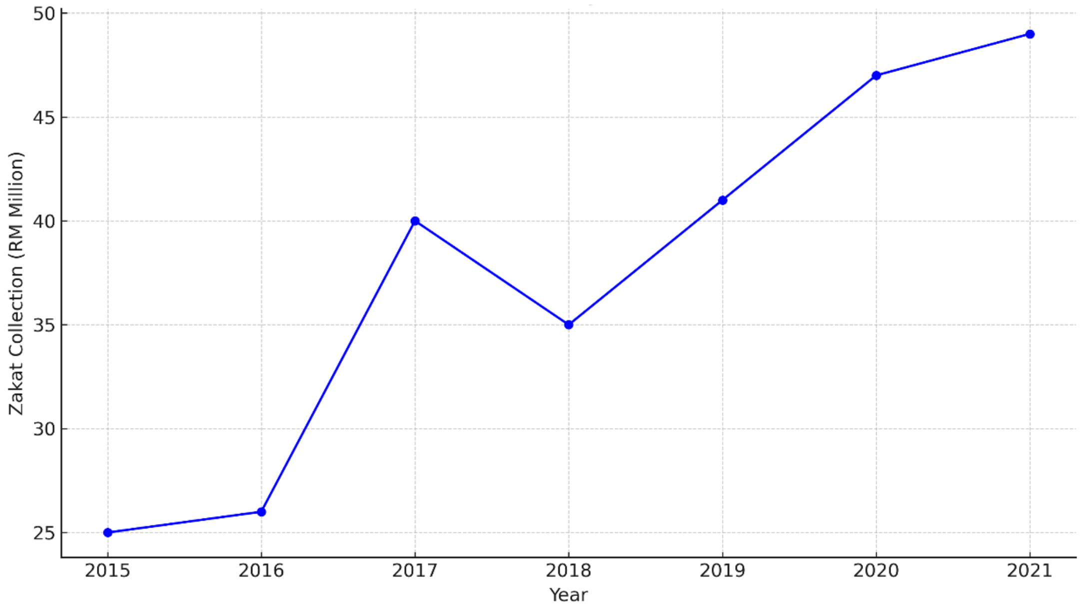

Figure 1. Zakat Collection by LZNK (2015 – 2021)

The data illustrates a strong upward trajectory, with business Zakat collections nearly doubling over six years. Despite a temporary dip in 2018, the overall trend indicates increasing trust and participation among business owners. This growth reflects not only LZNK's enhanced operational capacity but also its effectiveness in educating, engaging, and mobilizing the corporate sector.

Notably, this positive trend challenges academic claims that Zakat institutions in Malaysia face inefficiencies and low public confidence (Kurnia et al., 2020). Conversely, the Kedah experience demonstrates that with appropriate strategic focus, robust governance structures, and active stakeholder engagement, Zakat institutions can flourish and serve as regional exemplars (Ismail et al., 2023). LZNK's experience testifies to the transformative power of strategic management, institutional reform, and Islamic ethics in revitalizing Zakat as a dynamic vehicle for social change.

Through the implementation of the Kedah Zakat Enactment 2015, adoption of modern technology, and application of strategic management principles, LZNK has redefined Zakat collection, management, and distribution. Its sustained growth in business Zakat collection, alongside a commitment to long-term empowerment programs, exemplifies a holistic approach to poverty alleviation aligned with maqāṣid al-syarīʻah (Hasan, 2020). In an era of economic uncertainty and rising inequalities, LZNK's model provides a valuable blueprint for Zakat institutions seeking to enhance their societal impact. By prioritizing transparency, innovation, and the welfare of the asnaf, LZNK continues to fulfill its sacred mandate not merely as an administrative body but as a guardian of social justice and communal harmony in Kedah and beyond.

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2.8. Maqāṣid al-Syarīʻah and Its Strategic Relevance in LZNK's Zakat Administration

The term maqāṣid al-syarīʻah refers to the ultimate goals or higher objectives of Islamic law, designed to promote the maṣlaḥah (welfare) of humanity (Mutalib et al., 2023). Grounded in the Qur'an and Sunnah, these objectives serve as the ethical and legal compass for all Islamic rulings and institutional frameworks, including those managing socio-economic responsibilities like Zakat. According to scholars like al-Raysuni (1995) and Ibn ʻAshur (1998), maqāṣid al-syarīʻah encapsulates both the spirit and purpose of Syariah, offering a holistic framework for justice, compassion, balance, and wisdom in governance.

Within Islamic administration, maqāṣid al-syarīʻah functions as a dynamic operational framework guiding decision-making, policy formulation, and the implementation of socio-religious obligations (Lubis et al., 2019). Zakat institutions like LZNK serve as crucial intermediaries that translate divine mandates into practical societal outcomes. As such, aligning administrative functions with Syariah objectives is imperative to meet both religious imperatives and public expectations effectively.

Levels of Importance in Maqāṣid Al-Syarīʻah

The theory of maqāṣid al-syarīʻah is commonly categorized into three hierarchical levels of importance aligned with human needs: al-ḍarūriyyāt (necessities), al-ḥājiyyāt (complementary needs), and al-taḥsīniyyāt (embellishments) (Abdullah, 2017). Each tier serves a vital function in directing decision-making and the distribution of resources within institutions that adhere to Syariah principles.

Al-Ḍarūriyyāt (The Necessities)

Al-Ḍarūriyyāt refers to the essential elements that must be preserved for human survival and the continuity of civilization. These include dīn (religion), nafs (life), ʻaql (intellect), nasl (lineage), and māl (wealth) (Purwanto et al., 2022). Compromise of any of these elements endangers human society. Al-Ghazali (1993) underscores that failure to uphold these necessities leads to chaos, injustice, and suffering conditions explicitly prohibited in Islam. In the context of LZNK, the emphasis on al-ḍarūriyyāt is reflected in its prioritization of essential aid to asnāf (eligible Zakat recipients), including food, healthcare, education, and emergency relief. Through strategic programs, LZNK ensures Zakat distribution addresses these fundamental human needs, embodying the principles of Islamic governance.

Al-Ḥājiyyāt (The Complementary Needs)

Al-ḥājiyyāt, includes provisions that alleviate hardship and provide comfort without being critical to survival. Al-Shatibi (1997) explains that al-ḥājiyyāt supports the development of social systems by removing obstacles that hinder progress. In practical terms, initiatives supported by Zakat within this category may encompass business startup funding, microcredit schemes, vocational training programs, and healthcare subsidies. At LZNK, this principle is exemplified through entrepreneurial Zakat programs such as the "Skim Bantuan Jayadiri," which provide financial aid and business coaching to Muslim entrepreneurs. These efforts

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help beneficiaries achieve self-sufficiency, increase their income, and eventually qualify as Zakat payers themselves, thereby reducing dependency and promoting upward social mobility.

Al-Taḥsīniyyāt (The Embellishments)

Al-taḥsīniyyāt refers to practices that enhance moral character and improve the quality of life, though they are not essential for survival or immediate relief (Shofiyanti, 2021). These include aspects such as public ethics, aesthetics, etiquette, and social harmony. Yusuf Hamid al-ʻAlim (1994) emphasizes that this level of maqāṣid shapes a morally elevated society and nurtures human dignity. While LZNK primarily addresses urgent needs, it also incorporates al-taḥsīniyyāt by promoting Islamic values through its communication strategies, staff training, and community outreach programs. For example, campaigns encouraging ethical giving and volunteerism reflect an organizational culture deeply rooted in Islamic manners (adab) and moral character (akhlaq).

2.9. Maqāṣid al-Syarīʻah and the Preservation of the Five Principles of Human Interest (al-Ḍarūriyyāt al-Khams)

The ḍarūriyyāt consist of five essential elements: religion, life, intellect, lineage, and property. These principles represent fundamental interests that must be protected by governments or administrators to ensure that Muslims can withstand various challenges. Specifically, these include ḥifz ad-dīn (protection of religion), ḥifz an-nafs (protection of life), ḥifz al-ʻaql (protection of intellect), ḥifz an-nasl (protection of lineage), and ḥifz al-māl (protection of property) (Ibn Ashur, 1998).

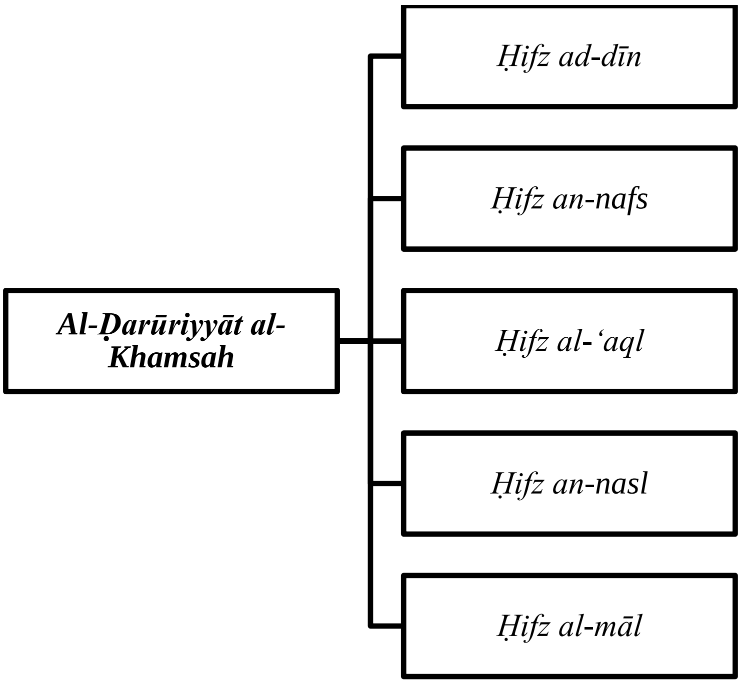

Figure 2. The Five Principles of al-Ḍarūriyyāt al-Khams
(Source: Al-Shatibi, 1997)

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Islam protects the al-ḍarūriyyāt (essential necessities) through two core dimensions: by ensuring their establishment and by preventing their destruction. The first involves affirmative measures that support their existence, while the second encompasses preventive measures that guard against their eradication or disruption.

Ḥifz ad-Dīn (Preservation of Religion)

To uphold and preserve the religion, Allah has prescribed the observance of the five pillars of Islam. Furthermore, Islam mandates jihad as a means to defend the faith and enforces penalties for apostasy (Kamal-ud-Din, 2009). This ensures that both the religion and the Muslim community remain protected from corruption. Islam commands believers to adhere to the true faith to lead orderly and purposeful lives. Those who distort religion through heresy or apostasy are condemned by Allah. By efficiently managing Zakat collection and distribution, institutions like LZNK promote religious awareness among both donors and recipients through public lectures, educational campaigns on Zakat, and support services for converts.

Ḥifz an-nafs (Preservation of Life)

To protect life, Allah obliges sustenance provision, clothing, and enforces punishments such as qiṣās and kaffarah for murder (Mohd Anuar Ramli et al., 2016 Safeguarding human life and physical well-being is intrinsic to human nature, as every individual is created with the divine purpose of worshiping Allah. Welfare programs by LZNK, such as food aid, shelter, and emergency funds, fulfill this imperative. For example, during the COVID-19 pandemic, LZNK provided millions in emergency assistance to ensure food security and healthcare access for affected asnāf.

Ḥifz al-'Aql (Preservation of Intellect)

Islam nurtures a sound mind by permitting activities that ensure mental safety and prohibits substances that impair intellect such as intoxicants and drugs, with severe penalties for violators (Mohd Anuar Ramli et al., 2016).

Ḥifz an-Nasl (Preservation of Lineage)

To protect lineage, Islam mandates marriage and prohibits adultery and false accusations (qazaf), with corresponding penalties (Islam, 2020). To safeguard lineage, Islam requires the institution of marriage and forbids adultery and false accusations (qazaf), prescribing specific penalties for these offenses (Islam, 2020). The preservation of lineage supports the development of a healthy and thriving Islamic community.

Ḥifz al-Māl (Preservation of Wealth)

Islam mandates earning through lawful means and endorses legitimate transactions like buying, selling, renting, and forming partnerships (Ayub, 2012). It strictly prohibits acts such as theft, fraud, and usury, implementing specific punishments to safeguard the protection and integrity of wealth. Importantly, the concept of wealth in Islam focuses on fulfilling basic

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human necessities rather than accumulating excessive riches (Hibrizie et al., 2023). Thus, Islam emphasizes earning a livelihood through honest work while protecting these resources by enforcing stringent penalties against financial crimes like theft and fraud.

2.10. The Concept of Maqāṣid al-Syarī'ah and Administration of Zakat Worship

Although zakat is fundamentally an individual religious obligation, it also forms an integral part of state administration. As a social system, it requires structured management that extends beyond personal responsibility. Effective governance mechanisms enhance the quality of service delivery and accountability, guided by regulatory frameworks and ethical principles. Islamic administrative traditions place strong emphasis on systematic governance and the clear delegation of authority (Muhammad, 2023).

The five principles of maqāṣid al-sharī'ah serve as the foundation for establishing administrative systems, ensuring management aligns with Shariah objectives and safeguards all stakeholders' interests (Mutalib et al., 2023). Management guided by maqāṣid principles functions as a standard for ensuring that organizational governance remains compliant with Shariah and ethically responsible.

In Malaysia, compliance with the Malaysian Syariah Index addresses uneven Zakat collection, distribution complaints, and public trust issues. The index advocates Islamic values as the foundation of management systems, particularly for Zakat institutions (Sapingi, 2020). For instance, the transparent and effective management of Zakat funds helps ensure the well-being of the community and protects against involvement in socially prohibited or harmful activities.

The Malaysian Syariah Index is a Shariah-based governance model that ensures alignment with Syariah objectives across various sectors including law, politics, economics, education, health, culture, infrastructure, environment, and social aspects (Anas et al., 2022). Serving as both a theoretical and practical framework, this model promotes a clear understanding of maqāṣid al-syarī'ah principles in governance and provides detailed standards for ensuring government adherence in Malaysia.

3. Methodology

This study employs a qualitative research design utilizing a case study approach to examine the strategic management practices of Lembaga Zakat Negeri Kedah (LZNK) within the framework of maqāṣid al-syarī'ah. The methodology incorporates document analysis, secondary data review, and conceptual analysis to offer a comprehensive understanding of how LZNK's governance and operational strategies align with Islamic principles and enhance the effectiveness of Zakat management.

3.1. Data Collection

Primary data for this study were collected through extensive document analysis, including:

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- LZNK's annual financial performance reports (2015 - 2021)
- The Kedah Darul Aman Zakat Board Enactment (ELZKDA 2015)
- Strategic plans, operational manuals (e.g., the Zakat Collection Operation Guide Module 2018),
- Relevant institutional reports and official publications.

Secondary data were obtained from scholarly articles, books, and conference proceedings discussing strategic management, Zakat administration, and maqāṣid al-syarīʻah.

3.2. Analytical Framework

The analysis employed a thematic approach, with key themes derived from the objectives of maqāṣid al-syarīʻah, particularly the preservation of al-ḍarūriyyāt al-khams (the five essential necessities). Strategic management theories, focusing on environmental scanning, strategy formulation, implementation, control, and evaluation, provided the operational framework for assessing LZNK's practices.

3.3. Data Analysis

Content analysis techniques were applied to interpret the collected documents and financial data. Trends in Zakat collection were systematically examined to identify patterns of growth and indicators of institutional effectiveness. The analysis further explored how LZNK's initiatives, governance reforms, and digital innovations aligned with and contributed to achieving the objectives of maqāṣid al-syarīʻah.

3.4. Scope and Limitations

This study focuses exclusively on LZNK's strategic management practices from 2015 to 2021. It does not incorporate primary field interviews or surveys, relying instead on publicly available documents and secondary data. Consequently, while the findings provide valuable insights into Zakat institutional management, the generalizability of the results to other states or organizations may be limited.

4. Result and Discussion

1. Positive Impact of Strategic Management on Zakat Institutions

A comprehensive review of the literature reveals that the application of strategic management in Islamic institutions, including Zakat organizations, has generally produced positive and encouraging outcomes (Gumiri & Alghifari, 2020). These findings indicate that when implemented effectively, strategic management enhances institutional performance and contributes significantly to the achievement of maqāṣid al-syarīʻah, the higher objectives of Islamic law, particularly in the context of Zakat administration.

Although existing literature often emphasizes the limitations and inefficiencies of Zakat institutions, this study provides an alternative perspective by showcasing the tangible benefits of strategic management within an Islamic framework. The notable rise in Zakat

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contributions, especially from the business sector, at LZNK reflects the effectiveness of well-structured, Shariah-compliant strategies in driving institutional success.

2. Key Drivers of Zakat Institution Effectiveness

Several researchers have emphasized that the effectiveness of Zakat institutions is not solely determined by the legal or ritualistic fulfillment of Zakat obligations, but also by the quality of governance mechanisms, leadership strategies, and organizational planning that support their operations (Sawmar & Mohammed, 2021). In this context, strategic management serves as a critical enabler, aligning an institution's mission with broader societal objectives and enhancing the socio-economic impact of Zakat (Utami et al., 2020).

These findings reinforce the importance of adopting a strategic approach to the management of Zakat institutions, particularly in addressing contemporary challenges and meeting the expectations of diverse stakeholders (Gumiri & Alghifari, 2020). However, a recurring theme in the literature is that many challenges faced by Zakat institutions are rooted in the absence of well-defined and effectively implemented strategic management frameworks.

Common issues include inefficiencies in Zakat collection, delays in fund distribution, lack of transparency and accountability, weak stakeholder engagement, and limited innovation in outreach initiatives (Razali et al., 2022). Consequently, these shortcomings may erode public trust in Zakat institutions, reduce compliance among eligible contributors, and perpetuate the use of outdated and less effective distribution methods.

3. Common Challenges Due to Lack of Strategic Management

Several studies have reported that, in the absence of structured strategic planning, Zakat institutions frequently encounter challenges related to data management, monitoring and evaluation, and long-term financial sustainability (Lubis et al., 2019). These operational deficiencies undermine the institutions' ability to fulfill the higher objectives of Zakat, such as poverty alleviation, economic empowerment, and the promotion of social justice (Kurnia et al., 2020).

A misalignment between institutional operations and the principles of maqāṣid al-sharī‘ah often results in fragmented, short-term initiatives that fail to deliver comprehensive and sustainable development outcomes (Adnan et al., 2024). However, contrasting with the challenges documented in various contexts, empirical data from Lembaga Zakat Negeri Kedah (LZNK) presents a more optimistic narrative, suggesting that a well-integrated strategic approach may mitigate many of these issues.

4. LZNK as a Positive Case Study

Over the years, Lembaga Zakat Negeri Kedah (LZNK) has demonstrated significant success in increasing Zakat collection, particularly in the domain of business Zakat. This positive trend is reflected in consistent year-on-year growth in total Zakat collected,

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indicating improved efficiency in collection strategies as well as growing confidence among Zakat payers in the institution's governance and integrity (Razali et al., 2022).

The sustained increase in zakat collection indicates that LZNK has successfully embedded strategic management principles within its operational framework. This integration is evident through practices such as comprehensive planning, proactive stakeholder engagement, digital transformation, systematic performance evaluation, and focused outreach initiatives targeting the business community. Moreover, LZNK's ability to respond effectively to regulatory, economic, and societal shifts reflects a level of organizational agility that is characteristic of well-established strategic management practices (Meres, 2019).

5. Research Gap and Objectives

Given this context, the present study aims to address a gap in the existing literature concerning the relationship between strategic management and the operational effectiveness of Zakat institutions. Although prior research has thoroughly explored the difficulties and shortcomings experienced by Zakat institutions in different areas, there remains a lack of studies focusing on successful frameworks or case examples of institutions that have managed to surmount these obstacles and deliver notable results (Lubis et al., 2019).

This research focuses specifically on the strategic management practices employed by Lembaga Zakat Negeri Kedah (LZNK) to understand how these practices contribute to the institution's growing success in Zakat collection, particularly business Zakat. By analyzing internal strategies, leadership dynamics, organizational culture, stakeholder engagement, and technological integration at LZNK, the study seeks to identify key success factors that may inform best practices for other Zakat institutions in Malaysia and beyond.

Moreover, the study explores the alignment of LZNK's strategic practices with the maqāṣid al-sharīʻah, thereby affirming that effective organizational management is not only compatible with Islamic principles but is essential for their realization. In this framework, the maqāṣid al-sharīʻah provide both a theological foundation and a practical benchmark for assessing institutional success. A Zakat institution that excels in increasing collection, optimizing distribution, and empowering asnaf (eligible recipients) demonstrates its commitment to preserving the five foundational objectives of Islamic law: religion, life, intellect, lineage, and wealth.

6. Contribution and Relevance of the Study

The importance of this study is twofold. Firstly, it enriches the academic discourse on Islamic public finance and governance by providing empirical evidence from a successful case study. Secondly, it delivers practical insights for policymakers, zakat administrators, and Islamic financial institutions aiming to improve operational efficiency and foster public trust. As the demand for accountable, transparent, and impactful zakat institutions grows especially amid rising economic disparities and increasing public scrutiny the lessons drawn from LZNK's strategic model become ever more pertinent (Ismail et al., 2023). While much of the

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existing literature tends to focus on the deficiencies and challenges faced by zakat institutions, this study offers a counter-narrative by showcasing the positive outcomes of applying strategic management within an Islamic institutional framework. The notable increase in zakat collection, particularly from the business sector at LZNK, exemplifies the effectiveness of strategically designed, Shariah-compliant approaches in enhancing institutional performance. By addressing a significant research gap, this study contributes to a more balanced understanding of the operational realities of zakat institutions and charts a path for future improvements grounded in both managerial excellence and Islamic ethical principles.

5. Conclusion

The importance of this study is twofold. First, it contributes to the academic discourse on Islamic public finance and governance by providing empirical evidence from a successful case study. Second, it offers practical insights for policymakers, Zakat administrators, and Islamic financial institutions aiming to enhance operational efficiency and public trust.

As demand for accountable, transparent, and impactful Zakat institutions grows, particularly in an era characterized by economic disparity and heightened public scrutiny, the strategic model employed by Lembaga Zakat Negeri Kedah (LZNK) becomes increasingly relevant (Ismail et al., 2023). Although existing literature often highlights the limitations and issues confronting Zakat institutions, this study shifts the perspective by showcasing the constructive impact of strategic management practices within an Islamic organizational framework.

The growth in Zakat collection, especially in the business sector, observed at LZNK, attests to the effectiveness of well-planned, value-driven strategies. By addressing an important research gap, this study contributes to a more balanced understanding of Zakat institutions' operational realities and offers a roadmap for future improvements grounded in both managerial excellence and Islamic ethical principles.

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