



# Zakat as a Poverty Alleviation Instrument: A Case Study in Indonesia and Malaysia

Tezi Asmadia,1\* Ahmad Suryadi,2 Asrida,1 Sari Utami3

<sup>1</sup>Universitas Islam Negeri Mahmud Yunus Batusangkar, Indonesia

<sup>2</sup>International Islamic University Malaysia

<sup>3</sup>Institiut Agama Islam Negeri Bone, Indonesia

\*Correspondence: <u>teziasmadia@uinmybatusangkar.ac.id</u>

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#### Abstract

This study aims to explore the role of zakat as an economic empowerment instrument in addressing social and economic inequalities in Indonesia and Malaysia. These two countries have different zakat management systems, influenced by their social, cultural, and regulatory characteristics. Specifically, this research examines three main aspects: the readiness of zakat institutions' infrastructure in supporting the economic empowerment of the poor, the impact of social and economic disparities on zakat distribution effectiveness, and the influence of cultural and social values on the acceptance and utilization of zakat. The findings show that in Indonesia, despite the legal framework supporting zakat management through BAZNAS (National Zakat Agency) and Zakat Management Organizations (LAZ), zakat collection remains limited, with inadequate infrastructure and imbalanced distribution. Public distrust and operational challenges such as high administrative costs and a lack of transparency hinder the effectiveness of zakat as an empowerment tool. In contrast, Malaysia, with a more centralized zakat system through the State Islamic Religious Councils, shows higher compliance levels and more efficient zakat management, although challenges in equitable distribution still exist. Additionally, cultural and social values play a crucial role in enhancing or inhibiting zakat acceptance. In Indonesia, high levels of religiosity and strong social norms encourage zakat compliance, but poor management practices and lack of transparency reduce public participation. In Malaysia, the integration of zakat with the taxation system provides fiscal incentives, raising awareness and improving compliance. This study recommends the need for reforms in zakat management, alongside improved transparency and communication to enhance public trust, allowing zakat to be more effective in empowering the economy and reducing social inequality.

Keywords: Zakat Management, Economic Empowerment, Social Inequality, Indonesia, Malaysia.

#### Introduction

The rapid development of technology and economy in recent decades has not always aligned with the larger goal of uplifting humanity, particularly in developing countries (Adeh Ratna Komala, 2023). In Indonesia and Malaysia,



despite both countries having established zakat systems, the management of zakat as an instrument to alleviate poverty often faces challenges. Many factors affect the effectiveness of zakat, one of which is the inequality in distribution and the public's understanding of how to optimize the utilization of zakat (Kinanti et al., 2021). For example, although zakat is an obligation clearly stated in Islam, its management on the ground still faces various challenges related to social and cultural disparities within society (Syauqi et al., 2022). The existence of zakat, which is not always accompanied by adequate knowledge about how to manage and utilize it, along with the lack of technological literacy in zakat operations, results in the inability of society to adopt zakat as an empowerment instrument effectively. This leads to zakat often being viewed merely as a ritual obligation, without realizing that the potential of zakat can be used to improve the social and economic conditions of the poor in a more sustainable way (Riani et al., 2024).

Previous studies often view zakat only from the religious and individual obligation perspective without considering the varying social and economic conditions of society. Several past studies focused more on the technical aspects of zakat, such as how zakat is distributed and its impact on zakat recipients (Syauqi et al., 2022). However, there has been a scarcity of studies that delve deeper into the relationship between social characteristics of communities and the effectiveness of zakat in economic empowerment. Most studies tend to focus on practical analyses, seeing zakat as a social instrument applied in communities without considering the socio-cultural factors influencing its acceptance. For example, studies have emphasized zakat literacy and the analysis of zakat distribution in marginalized communities (Noviarita et al., 2024). Yet, without understanding how communities perceive zakat in their social and cultural contexts, we cannot fully comprehend the potential and challenges in managing zakat as an economic empowerment tool. A more holistic study that incorporates cultural, religious, and socio-economic factors in zakat management is essential for maximizing zakat's potential in addressing poverty.

The main question this research aims to answer is how the social and cultural characteristics of society affect zakat management in Indonesia and Malaysia. Specifically, this study will answer several key questions: first, how ready are zakat institutions' infrastructures to support the economic empowerment of the poor in Indonesia and Malaysia; second, how do social and economic inequalities in society affect the effectiveness of zakat distribution; and third, how do cultural and social values influence the acceptance and use of zakat

for empowerment purposes? By addressing these questions, this research aims to provide a comprehensive understanding of zakat as an instrument for economic empowerment, as well as offer recommendations for designing more effective zakat management policies. Therefore, this research is expected to contribute to optimizing zakat utilization in countries with large Muslim populations, such as Indonesia and Malaysia.

The main argument in this study is that the incompatibility between the social characteristics of society and the current zakat management system may reduce zakat's effectiveness as a social empowerment tool. In many cases, communities in Indonesia and Malaysia have life orientations that emphasize values such as collectivism, mutual cooperation (gotong royong), and social solidarity (Riani et al., 2024). However, zakat systems, which tend to focus on efficiency and individualism, may contradict these values. Therefore, zakat management should involve a more integrated approach with local culture, as well as address the social inequalities within society. Thus, the success of zakat as a poverty alleviation instrument is not only determined by an effective distribution mechanism but also by the community's readiness to accept and implement zakat values in their social lives. Social engineering that strengthens the collective awareness of the importance of zakat as an economic empowerment and poverty reduction tool will be key to making zakat an effective instrument for achieving these goals.

This research is conducted using a qualitative method through a literature review, which involves analyzing scientific documents, articles, books, and publications related to zakat, Islamic philanthropy, and the culture of giving within Muslim communities in Indonesia and Malaysia. This method was chosen because it is suitable for exploring complex and in-depth concepts, particularly those related to social, cultural, and religious aspects underlying zakat management practices. The literature review allows the researcher to analyze various perspectives from academic sources to gain a comprehensive understanding of the theory, concepts, and practices of zakat (Frost et al., 2016; Khan, 2014). The research begins by gathering relevant literature from academic databases such as Google Scholar, Scopus, and Web of Science, using criteria such as topic relevance, author credibility, and the contribution of the literature to understanding the relationship between zakat and economic empowerment. Various studies on zakat, Islamic philanthropy distribution, and socio-cultural factors in Muslim communities are examined in-depth. Data analysis is

performed using a thematic approach, where key patterns identified in the literature such as social solidarity, fair zakat distribution, and the role of religious values in strengthening economic empowerment are critically analyzed (Byrne, 2001; Furlong & Lester, 2023). With this approach, the research is expected to make a significant theoretical contribution to understanding zakat as an instrument for poverty alleviation and offer new insights on how zakat management can be strengthened through a deeper understanding of social, cultural, and religious factors in Muslim communities in Indonesia and Malaysia.

# Overview of the Zakat Potential in Indonesia and Malaysia

The potential of zakat in Indonesia and Malaysia plays a strategic role in poverty alleviation and improving social welfare, considering the large Muslim populations in both countries. Zakat is an obligatory act in Islam that serves as a tool for redistributing wealth from the affluent to the less fortunate. In Indonesia, the zakat potential is estimated to reach approximately IDR 217 trillion annually, but the actual collection remains alarmingly low, at only about 1.2% of this potential (Abdullah et al., 2021). The discrepancy between potential and actual collection highlights the significant challenges in optimizing zakat management. Key factors contributing to low collection rates include lack of public awareness, low trust in zakat institutions, and uncertainty about the effectiveness of zakat distribution (Syauqi et al., 2022). In this context, it is crucial for Indonesia to improve the efficiency of zakat collection and distribution, which can be achieved through enhancing the credibility of existing zakat institutions. According to Wasalmi (2024), transparency and accountability in zakat institutions play a key role in encouraging greater public participation in zakat programs.

In contrast, Malaysia has shown significant progress in zakat management through stricter regulations and a more centralized system. The zakat system in Malaysia is managed by state-level zakat authorities, which are fully responsible for zakat collection and distribution. This centralized approach allows for tighter monitoring of zakat funds, resulting in higher compliance rates among the Muslim population. Research by Andam & Osman (2019) indicates that stronger legal enforcement and clearer regulations have positively impacted zakat payment behavior in Malaysia. This is reflected in the higher and more regular participation of the public in zakat fulfillment. Moreover, this organized system also facilitates more targeted zakat allocation, with social programs designed to empower the poor and disadvantaged. For instance, a study by

Cokrohadisumarto et al. (2019) found that the combination of strict legal frameworks and intensive educational campaigns was highly effective in increasing zakat compliance in Malaysia.

The COVID-19 pandemic has had a significant impact on the zakat sector in both Indonesia and Malaysia, highlighting zakat's role in supporting communities affected by the crisis. In Indonesia, zakat institutions demonstrated exceptional adaptability in responding to the growing needs during the pandemic. Uula et al. (2023) note that zakat institutions in Indonesia increased their productivity by providing social assistance to those directly impacted, such as food and health aid. Additionally, the pandemic triggered a surge in donations, reflecting greater public awareness of zakat's role in providing relief to those in need. A similar trend was observed in Malaysia, where zakat institutions played an active role in collecting and distributing social assistance to communities affected by the global health crisis (Ayuniyyah et al., 2020). The adaptive performance of zakat institutions during this crisis emphasizes zakat's potential to contribute to social and economic stability, particularly during difficult times like a pandemic. This reinforces that zakat is not only a religious obligation but also a vital instrument in maintaining social welfare.

Digitalization is becoming an increasingly important factor in improving the efficiency of zakat collection and distribution in the modern era. Integrating technology into zakat management systems can accelerate administrative processes, enhance transparency, and facilitate easier access for donors. Research by Anurahman et al. (2023) shows that the implementation of digital payment systems for zakat collection in Indonesia has had a positive impact, especially among younger generations who are more familiar with technology. Digital payment systems not only make it easier for people to contribute but also enable zakat institutions to monitor and report the use of funds more transparently, thus increasing accountability and public trust. Adeh Ratna Komala (2023) adds that zakat digitalization not only helps increase participation but also accelerates the distribution of funds to those in need. Additionally, digital platforms also allow donors to more easily track and ensure their contributions reach the intended recipients. Research by Utami et al. (2020) reveals that tech-savvy youth tend to be more interested in participating in zakat programs when using digital platforms, which could potentially increase the volume of zakat collected. Thus, digitalization holds the potential to become a crucial step in maximizing zakat's

potential in both Indonesia and Malaysia, and accelerating the fulfillment of social needs in both countries.

# **Analysis of Zakat Management Infrastructure**

The zakat management infrastructure in Indonesia and Malaysia reflects the unique socio-economic contexts and governance structures of each country. Both nations have established frameworks for zakat collection and distribution; however, they exhibit different characteristics in operational methodologies, regulatory environments, and institutional capacities. In Indonesia, zakat management is regulated by Law No. 23 of 2011, which governs the role of the National Zakat Agency (BAZNAS) and various private zakat institutions (LAZ) (Aini, 2023). This legal framework aims to improve the efficiency and transparency of zakat management. However, the decentralized nature of zakat institutions in Indonesia often leads to inconsistencies in the implementation of zakat policies across regions (Siswantoro et al., 2021). Operational challenges faced by these institutions include high administrative costs, low public trust, and the need to enhance human resource management practices (Riani et al., 2024). A study indicates that although the efficiency of zakat institutions in Indonesia is comparable to Malaysia, the potential for zakat collection remains underutilized (Riani, 2024). This points to the need for reforms in Indonesia's zakat management system to enhance effectiveness and transparency.

In contrast, Malaysia's zakat management system is characterized by a more centralized approach, with State Islamic Religious Councils overseeing zakat collection and distribution (Meerangani, 2019). Each state has its own zakat institution operating under the local Islamic Religious Council (Muhammad, 2019). This centralized structure facilitates uniformity in zakat management practices and enhances accountability. Malaysia's zakat system benefits from a robust regulatory framework that mandates compliance and imposes sanctions for non-payment, thus improving overall zakat collection rates (Najiyah & Febriandika, 2019). Moreover, the integration of zakat with the tax policy in Malaysia allows for tax reductions on zakat payments, further encouraging public contributions (Al-Mamun & Haque, 2015). This approach has proven more effective in managing zakat, as the organized and centralized system allows for better oversight, leading to more targeted and efficient distribution of zakat funds to those in need.

The efficiency of zakat institutions in both countries can be evaluated using various performance metrics. In Indonesia, research shows that zakat institutions often face operational inefficiencies, primarily due to inadequate governance and lack of strategic planning (Bahri et al., 2023; Bahri & Khumaini, 2020). The use of digital technologies, such as blockchain, has been proposed as a solution to enhance transparency and accountability in zakat management (Mokodenseho, 2023; NAZERI, 2023). Conversely, zakat institutions in Malaysia have demonstrated higher operational efficiency due to centralized governance and effective use of technology in managing zakat transactions (Meerangani et al., 2022). The use of digital platforms in Malaysia has facilitated zakat collection and distribution, enabling real-time tracking of funds and increasing stakeholder engagement. Smart contracts and blockchain technology have also been proposed to further streamline zakat transactions and ensure better accountability (Ismail, 2024; Nazeri, 2023). The adoption of these technologies can help reduce inefficiencies and ensure that zakat funds are used transparently and appropriately.

Public perception plays a crucial role in the effectiveness of zakat management. In Indonesia, the low level of trust in zakat institutions often hinders the willingness of the public to contribute (Muhammad & Nor, 2021). Efforts to improve transparency and accountability are essential to enhance public trust in zakat management (Bahri et al., 2023). On the other hand, in Malaysia, the close relationship between zakat institutions and the community has fostered a more positive perception, leading to higher compliance rates among zakat payers (Siswantoro, 2023). The credibility of zakat institutions in Malaysia is supported by their established reputation and effective communication strategies that engage the community (Siswantoro et al., 2022). Community involvement in the zakat process is a key factor in increasing compliance and supporting the effectiveness of zakat management. Therefore, transparency, effective communication, and building public trust should be the top priorities in zakat management in both Indonesia and Malaysia to ensure more efficient and targeted zakat collection and distribution.

## Social and Economic Inequality in Zakat Distribution

Ketimpangan sosial dan ekonomi tetap menjadi isu besar di Indonesia dan Malaysia, khususnya dalam konteks distribusi zakat. Zakat, sebagai kewajiban agama bagi umat Muslim, dimaksudkan untuk mengurangi kemiskinan dan

ketimpangan ekonomi. Namun, meskipun zakat memiliki potensi yang besar untuk memperbaiki kondisi sosial-ekonomi, efektivitasnya dalam mencapai tujuan tersebut sering kali terhambat oleh berbagai tantangan sistemik yang ada di kedua negara. Di Indonesia, pengelolaan zakat menghadapi kendala besar akibat sistem desentralisasi yang diterapkan. Meskipun Undang-Undang No. 23 Tahun 2011 telah mengatur peran Badan Amil Zakat Nasional (BAZNAS) dan lembaga zakat lainnya dalam pengumpulan dan distribusi zakat, kenyataannya pengumpulan zakat jauh dari potensi yang ada. (Uula et al., 2023) memperkirakan bahwa hanya sebagian kecil dari potensi zakat yang berhasil dihimpun setiap tahunnya. Hal ini berdampak pada terbatasnya sumber daya yang dapat digunakan untuk mengurangi kemiskinan dan kesenjangan sosial, karena dana zakat yang terkumpul tidak mencukupi untuk memenuhi kebutuhan kelompok masyarakat yang paling rentan. Situasi ini diperburuk dengan adanya ketidakseimbangan dalam distribusi zakat, yang cenderung tidak transparan dan akuntabel, sehingga menurunkan kepercayaan masyarakat terhadap lembaga zakat (Wahyuni-TD et al., 2021).

Selain masalah ketidakefisienan pengumpulan dan distribusi zakat, Indonesia juga menghadapi tantangan dalam hal pengelolaan dana zakat yang efektif. Lembaga zakat di Indonesia sering kali terhambat oleh biaya operasional yang tinggi, serta kurangnya tata kelola yang baik. Uula (2023) mengungkapkan bahwa faktor-faktor ini menyebabkan dana zakat yang terkumpul tidak sampai kepada mereka yang benar-benar membutuhkan. Dalam situasi darurat, seperti pada pandemi COVID-19, lembaga zakat di Indonesia banyak yang kesulitan menyesuaikan diri dengan lonjakan permintaan bantuan sosial. Hal ini menambah kesulitan dalam memperbaiki ketimpangan sosial dan ekonomi, karena lembaga zakat yang ada tidak dapat dengan cepat dan tepat mengalokasikan sumber daya untuk mengatasi krisis sosial. Peran penting zakat dalam upaya pengentasan kemiskinan harusnya lebih maksimal, namun adanya kelemahan dalam pengelolaan dana zakat ini menurunkan kemampuannya dalam mencapai tujuan sosial-ekonominya. Di sisi lain, meskipun ada perbaikan dari waktu ke waktu, reformasi dalam hal transparansi dan efisiensi operasional lembaga zakat di Indonesia masih sangat dibutuhkan agar zakat dapat benarbenar bermanfaat bagi masyarakat yang membutuhkan.

Di Malaysia, sistem manajemen zakat yang lebih terpusat memberikan keuntungan dalam hal pengawasan dan kepatuhan. Dewan Agama Islam di masing-masing negara bagian berperan besar dalam pengumpulan dan distribusi zakat, sehingga ada lebih banyak keseragaman dalam proses-proses tersebut. Penelitian yang dilakukan oleh (Febriandika et al., 2023) menunjukkan bahwa adanya sistem yang lebih terpusat ini berkontribusi pada tingkat kepatuhan yang lebih tinggi di kalangan pembayar zakat, karena adanya sanksi bagi yang tidak membayar. Meskipun demikian, tantangan terkait distribusi zakat yang adil tetap ada. Beberapa penelitian, seperti yang dilakukan oleh (Santoso et al., 2022), menunjukkan bahwa alokasi dana zakat di Malaysia cenderung menguntungkan kelompok-kelompok tertentu yang sudah relatif lebih baik secara ekonomi, sementara kelompok yang paling terpinggirkan sering kali tidak mendapatkan bantuan yang memadai. Hal ini menjadi perhatian serius, karena zakat seharusnya lebih difokuskan pada pemberdayaan kelompok miskin dan terpinggirkan. Jika distribusi zakat tidak merata dan tidak menyentuh kelompok yang paling membutuhkan, maka ketimpangan sosial yang ada justru dapat diperburuk, bukannya dikurangi.

Masalah persepsi publik terhadap lembaga zakat juga menjadi faktor penting dalam efektivitas pengelolaan zakat, baik di Indonesia maupun di Malaysia. Di Indonesia, ketidakpercayaan terhadap lembaga zakat sering kali menghambat keinginan masyarakat untuk berpartisipasi dalam membayar zakat (Muhammad & Nor, 2021). Transparansi dalam pengelolaan zakat menjadi isu utama yang perlu diperbaiki agar masyarakat merasa lebih yakin bahwa dana yang mereka sumbangkan benar-benar digunakan untuk tujuan yang sesuai. Sebaliknya, di Malaysia, meskipun ada kesadaran yang lebih besar tentang peran zakat dalam pengentasan kemiskinan, persepsi publik masih dipengaruhi oleh ketidakpastian tentang transparansi dan akuntabilitas lembaga (Siswantoro et al., 2022) dan (Ibrahim et al., 2020). Kepercayaan publik yang rendah terhadap lembaga zakat dapat menyebabkan rendahnya tingkat partisipasi dalam pembayaran zakat, sehingga berpengaruh pada jumlah dana yang tersedia untuk distribusi. Untuk itu, baik di Indonesia maupun Malaysia, penting untuk meningkatkan upaya dalam memastikan bahwa distribusi zakat dilakukan dengan adil, transparan, dan tepat sasaran. Pembenahan dalam pengelolaan zakat serta peningkatan komunikasi dan keterlibatan masyarakat akan meningkatkan efektivitas zakat dalam mengurangi ketimpangan sosial dan ekonomi di kedua negara ini.

# The Influence of Culture and Social Values on Zakat Acceptance

The influence of culture on zakat compliance in Indonesia is significant, particularly in the context of religiosity and the social norms that have developed within the community. Research shows that an individual's level of religiosity has a significant correlation with their willingness to pay zakat. Zubaidah & Munawar (2021) found that the higher an individual's religiosity, the more likely they are to fulfill their zakat obligations. This indicates that the religious aspect of Indonesian culture influences individual decisions to participate in religious activities, including zakat. However, aside from religiosity, other cultural factors also play a role in zakat compliance. In Indonesia, despite zakat being a religious obligation according to Islamic teachings, there are still differences in the level of understanding and awareness of this obligation among the public. Public perceptions of the importance of zakat as a religious duty are strongly influenced by local cultural factors, including traditions and customs. This highlights the need for the establishment of a stronger zakat culture through education and outreach to improve public awareness (Syauqi et al., 2022).

Furthermore, the effectiveness of zakat institutions in Indonesia is heavily influenced by cultural perceptions and the community's acceptance of zakat laws. Chotib et al. (2023) emphasize the importance of creating a healthy zakat culture with good governance and empowerment initiatives to ensure that zakat's socio-economic impact is achieved optimally. Therefore, increasing transparency and accountability within zakat institutions is crucial to building public trust. Sidik (2023) notes that transparency in zakat management plays a significant role in building public trust, which, in turn, encourages more individuals to fulfill their zakat obligations. On the other hand, if zakat institutions fail to demonstrate a commitment to transparent and responsible management, it may decrease zakat participation, which would, in turn, affect the expected socio-economic impact.

In contrast to Indonesia, Malaysia implements a zakat system that is more integrated into the national taxation framework. One concrete example is the use of zakat as a tax deduction, which has proven to increase the level of public compliance in paying zakat. Wijayanti et al. (2022) reveal that the integration of zakat with the taxation system provides fiscal incentives to individuals who pay zakat, making them feel that fulfilling this religious obligation also brings economic benefits. This model demonstrates that regulatory approaches supporting religious obligations can enhance social compliance. Unlike in

Indonesia, in Malaysia, the public finds it easier to comply with zakat obligations due to fiscal incentives and clearer regulations under national laws.

Riani et al. (2024) in their research compare the effectiveness of zakat institutions in Indonesia and Malaysia. Although both countries have zakat institutions that work to collect and distribute zakat, Malaysia shows a higher level of compliance. This is largely due to the successful integration of zakat into the taxation system, leading to easier payment methods and more stringent supervision. In Indonesia, although zakat institutions like BAZNAS strive to improve the efficiency of zakat collection and distribution, cultural barriers and legal uncertainties often hinder public participation. Riani (2024) emphasizes that the cultural acceptance of zakat regulations in Malaysia has helped raise awareness about this obligation and encouraged individuals to be more active in paying zakat.

In addition to religiosity and state regulations, the influence of social culture and community also plays an important role in motivating individuals to pay zakat, both in Indonesia and Malaysia. Cahyani et al. (2022) study how social influence from the community can motivate individuals to fulfill their zakat obligations. In the Indonesian context, where collectivism and the *gotong-royong* (mutual cooperation) values are highly esteemed, participation in social activities like zakat is often viewed as part of a collective responsibility. If an individual's social environment supports and encourages zakat payment, they are more likely to feel motivated to follow suit. This shows that supportive communities have a significant impact on zakat behavior.

This phenomenon can also be observed in Malaysia, where the public is often involved in various zakat-based social programs managed by local zakat institutions. Cahyani et al. (2022) note that, in Malaysian society, involvement in zakat is not only seen as an individual obligation but also as a contribution to the overall welfare of the community. Therefore, cultural values that emphasize social care and solidarity directly affect the level of public compliance with zakat payment. This proves that, beyond personal motivations based on faith, social and cultural values within communities can strengthen zakat compliance and expand the reach of zakat acceptance itself.

As technology continues to evolve, the digitalization of zakat payments has emerged as a contemporary factor influencing zakat acceptance in both Indonesia and Malaysia. Technology has made access and convenience in zakat payments easier, especially for the younger generation. Purwadani & Ridlwan (2022) reveal that the availability of digital platforms for zakat payments makes it easier for millennials, who are tech-savvy, to pay their zakat online. Additionally, Utami et al. (2020) found that digitalization helps bridge geographical gaps and enhances transparency in zakat fund management. The presence of apps and digital platforms allows the public to monitor the use of zakat funds in real-time, which can strengthen their trust in zakat institutions.

This social change also reflects how zakat institutions in Indonesia and Malaysia must adapt to evolving cultural norms. Digitalization is not just about convenience but also about changing the way society views zakat obligations as part of everyday life. The public is now more open to various innovative solutions to fulfill their religious duties, which, over time, can increase participation in zakat payments. Therefore, zakat institutions need to continue innovating by utilizing technology to reach more *muzakki* (zakat payers) and ensure that collected zakat is distributed appropriately. This shift shows that digitalization is not just a trend, but a part of a social transformation that can strengthen the socio-economic impact of zakat in both countries.

### Conclusion

This study reveals that zakat has significant potential as an economic empowerment instrument in reducing social and economic inequalities; however, its effectiveness is heavily influenced by various factors related to infrastructure, management, and culture in Indonesia and Malaysia. Generally, there are significant differences in zakat management between the two countries, reflected in variations in efficiency levels and public compliance. In Indonesia, the decentralized zakat management system presents major challenges regarding consistency in zakat collection and distribution. Although there is a legal framework in place, imbalances in management and a lack of transparency are major barriers that reduce zakat's impact on empowering the poor. Public participation is also hindered by a lack of trust in zakat institutions. Therefore, reforms in zakat management are necessary, including improving transparency, operational efficiency, and better communication to build public trust. In contrast, Malaysia demonstrates more structured and efficient zakat management due to its centralized system and the integration of zakat with tax policies. This policy has driven an increase in public compliance and contributions, though challenges in equitable distribution still persist. In Malaysia, zakat acceptance is heavily influenced by regulatory factors, fiscal incentives, and social values that support community empowerment. Overall, this research emphasizes that, in addition to regulatory and infrastructure factors, cultural and social factors greatly influence the acceptance and distribution of zakat. Therefore, to enhance zakat's effectiveness as an economic empowerment tool, reforms in management, improvements in transparency, and the strengthening of zakat social and cultural awareness in society are needed. These recommendations are expected to help design more effective policies and

strengthen zakat's role in reducing social and economic inequalities in Indonesia and Malaysia.

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