

The Influence of the Seven Principles of Zakat Management on Service Effectiveness and Efficiency: An Empirical Study Using the PLS-SEM Approach

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Abstract

This study examines the influence of seven core zakat governance principles—Sharia compliance, trustworthiness, benefit, justice, legal certainty, integration, and accountability—on the effectiveness and efficiency of zakat services in Baznas Bolaang Mongondow Timur, Indonesia. A quantitative approach using Partial Least Squares–Structural Equation Modeling (PLS-SEM) was applied to data collected from 100 respondents representing zakat stakeholders. The results show that all seven principles positively affect service effectiveness and efficiency, with an explanatory power of $R^2 = 0.822$. Among these, accountability, integration, and trustworthiness are the most influential factors in enhancing institutional performance. The findings highlight that zakat governance grounded in Islamic principles and supported by transparent, accountable, and integrated systems can significantly improve public trust and service quality. Theoretically, this study contributes to the literature on Islamic public finance and governance, while practically it provides guidance for policymakers and zakat institutions to strengthen accountability-based governance as a foundation for effective and efficient zakat management

Article Information:

Received Agustus 14, 2025

Revised Agustus 30, 2025

Accepted September 29, 2025

Keywords: *zakat, governance, accountability, effectiveness, PLS-SEM*

How to cite:

Kolopita, S., Anwar, S., Aini, N., Yana Aditya, M., & Amelia, A. (2025). The Influence of the Seven Principles of Zakat Management on Service Effectiveness and Efficiency: An Empirical Study Using the PLS-SEM Approach. *El-Kahfi | Journal of Islamic Economics*, 6(02), 351 - 362. <https://doi.org/10.58958/elkahfi.v6i02.581>

E-ISSN:

2722 – 6557

Published by:

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INTRODUCTION

Zakat, as one of the five pillars of Islam, plays a strategic role in establishing a just and sustainable socio-economic order. As both an individual and social obligation, zakat is not only understood as *ibadah mahdhah* that strengthens the vertical relationship between humans and Allah SWT, but also as *ibadah muamalah ijtimaiyyah* that fosters social solidarity (Susilowati & Setyorini, 2018). With this dual function, zakat becomes a vital instrument for improving community welfare, reducing poverty, and promoting economic justice. It also differs fundamentally from other social instruments because its orientation lies not in financial reciprocity but in the pursuit of divine pleasure (*ridha Allah SWT*) (Iqbal, 2019).

The role of zakat in socio-economic development becomes increasingly significant when linked to the vast potential of the Muslim population. Based on QS. At-Taubah [9]:60, zakat is allocated to eight categories (*asnaf*): the poor (*fuqara'*), the needy (*masakin*), zakat administrators (*amilin*), new converts (*muallaf*), those in bondage (*riqab*), those in debt (*gharimin*), those striving in Allah's path (*fisabilillah*), and travelers (*ibnu sabil*). Proper utilization of zakat can be directed toward productive economic empowerment, capacity building for the poor, expanding access to education, and enhancing social services (Dzulqurnain & Sari, 2020). Through professional management based on Sharia principles, zakat can transform into a sustainable source of development resources. Historically, the management of zakat was institutionalized by the state during the time of the Prophet Muhammad (peace be upon him). The government acted as an authority responsible for collecting, managing, and distributing zakat in an organized and equitable manner (Dahlawi, 2019). Yusuf al-Qardhawi emphasized that state involvement in zakat management is crucial due to the low awareness among some Muslims, the need to preserve harmony between *muzakki* (payers) and *mustahik* (recipients), and to ensure that zakat distribution remains fair, proportional, and supportive of social empowerment programs (Aziz, 2014). Moreover, zakat can serve as a permanent socio-economic revenue source that strengthens the state's role in achieving prosperity and justice.

However, the vast potential of zakat has not been optimally managed across various regions, including Bolaang Mongondow Timur Regency. According to data from the Central Bureau of Statistics (BPS), the population of this regency reached 89,068 people, with 65,814 (73.89%) identified as Muslims. The poverty rate among Muslims remains at 6%, equivalent to 987 poor households (BPS Bolaang Mongondow Timur, 2025). These figures reveal the considerable potential of zakat to address poverty and economic inequality in the region.

Table 1. Population and Poverty Rate in Bolaang Mongondow Timur Regency

Description	Number	Percentage
Total Population	89,068 people	100%
Muslim Population	65,814 people	73.89%
Poor Muslim Households	987 HH	6%

Source: BPS Bolaang Mongondow Timur (2025)

The table above indicates that, with a majority Muslim population, the potential zakat collection in the region is substantial. Based on projections, zakat potential in Bolaang Mongondow Timur Regency reaches approximately IDR 9,106,151,250 per year, primarily sourced from civil servants (ASN) and non-ASN workers who meet the *nisab* threshold (Baznas Bolaang Mongondow Timur Strategic Plan 2017–2021). This potential represents

a strategic opportunity for poverty alleviation if managed optimally in accordance with Sharia principles and sound governance (Permana & Baehaqi, 2018).

Table 2. Projected Potential Zakat Fund Collection in Bolaang Mongondow Timur Regency

Potential Source	Estimated Potential (IDR)
ASN and Non-ASN	9,106,151,250

Source: Baznas Bolaang Mongondow Timur Strategic Plan (2017–2021)

Despite the significant potential, actual zakat collection remains far below expectations. According to the performance report of Baznas Bolaang Mongondow Timur from 2018–2024, total zakat collection has not yet reached 5% of the total Muslim population. This condition suggests challenges in governance, ranging from collection and distribution to service delivery (Irdayani et al., 2020). The low zakat collection rate also reflects a lack of public trust in zakat institutions and weak socialization strategies (Atabik, 2015).

Table 3. Realization of Zakat Collection in Bolaang Mongondow Timur Regency (2018–2024)

Year	Zakat Collection Realization	Percentage of Potential
2018–2024	< 5% of Muslim population	< 5%

Source: Baznas Bolaang Mongondow Timur Performance Report (2024)

The gap between zakat potential and realization highlights the need for a new approach to zakat management. Law No. 23 of 2011 concerning Zakat Management mandates the importance of integrated, effective, and efficient zakat administration from national to local levels. This regulation underscores the critical role of local governments in integrating zakat into regional autonomy policies (Ansori, 2018). With an appropriate approach, zakat can serve as a social fiscal instrument supporting sustainable local economic development. Synergy between central and local governments is the key to successful zakat governance. The central government must accommodate local values in national policies, while regional governments should align local policies with national agendas. This synergy will create an adaptive, effective, and contextually relevant zakat management system (Rohidin, 2016). In the context of Bolaang Mongondow Timur, such alignment is essential for maximizing zakat potential and optimizing its distribution.

One of the key strategies to strengthen zakat governance is the implementation of seven fundamental principles of zakat management: Sharia compliance, trustworthiness, benefit, justice, legal certainty, integration, and accountability (Permana & Baehaqi, 2018; DEKS Bank Indonesia, 2016). These principles serve as the foundation for designing, implementing, and evaluating zakat management practices to ensure conformity with Sharia objectives and community needs. The implementation of these principles directly affects the effectiveness and efficiency of zakat services. Effectiveness and efficiency are two crucial indicators for assessing the success of zakat management. Effectiveness refers to the extent to which zakat management objectives are achieved, whereas efficiency evaluates how optimally resources are utilized to attain these objectives (Mardiasmo as cited in Irdayani et al., 2020). In the context of zakat management, effectiveness reflects the institution's ability to distribute zakat accurately to eligible recipients (*mustahik*), while efficiency reflects its capacity to minimize cost and time throughout the management process (Halim as cited in Irdayani et al., 2020).

However, implementing these seven principles still faces numerous challenges at the regional level. Low trust among *muzakki*, limited stakeholder integration, and inadequate

institutional capacity hinder the achievement of effective and efficient zakat services (Hartoyo, 2018; Santoso, 2016). Therefore, strengthening governance through the application of these principles is imperative to ensure that zakat fulfills its optimal role in socio-economic development.

Given this urgency, the present study aims to analyze the influence of the seven principles of zakat management on the effectiveness and efficiency of zakat services in Bolaang Mongondow Timur Regency. This study not only examines the simultaneous effects of all seven principles but also identifies the most dominant factors influencing service effectiveness and efficiency. The findings are expected to provide theoretical contributions to the development of zakat management studies and practical implications for formulating Sharia-based zakat governance policies at the regional level

METHODS

This study employs a quantitative approach with inferential analysis to examine the influence of the seven principles of zakat management on service effectiveness and efficiency. The quantitative approach was selected because it objectively measures the relationships among variables through numerical data and allows for statistical hypothesis testing (Siagian, 2020; Afrina, 2020). The research was conducted as a field study using primary data collected directly from respondents through a structured questionnaire. The study is also causal-associative in nature, aiming to analyze the effect of one or more independent variables on a dependent variable (Mardiasmo, as cited in Irdayani et al., 2020). The research was conducted at the *Badan Amil Zakat Nasional* (BAZNAS) of Bolaang Mongondow Timur Regency, North Sulawesi Province. This location was purposively selected because it possesses significant zakat potential but demonstrates relatively low collection realization, making it relevant for analyzing the effectiveness of zakat management. The study was carried out from 2024 to 2025 in accordance with BAZNAS's strategic planning period and the local socio-economic conditions. The population consisted of all *muzakki* (zakat payers) and stakeholders involved in zakat management within the region. Based on data from BAZNAS and the Central Bureau of Statistics (BPS), the Muslim population of Bolaang Mongondow Timur Regency numbered 65,814 people (73.89% of the total population), with approximately 16,454 households categorized as zakat-eligible.

A non-probability sampling technique was employed, specifically *convenience sampling*, which involves selecting respondents based on ease of access and their willingness to provide information. This method was deemed appropriate due to the heterogeneous and geographically dispersed nature of the *muzakki* population and zakat service users. A total of 100 respondents were selected as the research sample, which satisfies the minimum criteria for analysis using the Structural Equation Modeling–Partial Least Squares (SEM–PLS) method, generally recommended to be 5–10 times the number of indicators (Hair et al., 2014). The questionnaire used a five-point Likert scale ranging from “strongly disagree” to “strongly agree” to measure respondents' perceptions of the research variables (Julianto & Agnanditiya Carnarez, 2021).

The study's variables comprised seven independent variables: (X1) Sharia Compliance, (X2) Trustworthiness, (X3) Benefit, (X4) Justice, (X5) Legal Certainty, (X6) Integration, and (X7) Accountability. These seven variables represent the fundamental principles of zakat management as stipulated in Law No. 23 of 2011 and supported by zakat management literature (Permana & Baehaqi, 2018; DEKS Bank Indonesia, 2016). The dependent variable

(Y) is the *effectiveness and efficiency of zakat services*, which reflects the extent to which zakat services are managed in a targeted, optimal, and socially beneficial manner (Irdayani et al., 2020; Halim, as cited in Irdayani et al., 2020).

The operationalization of variables was derived from theoretical concepts into measurable indicators. For instance, *Sharia Compliance* was measured through adherence to Sharia principles and Qur'anic injunctions in zakat management; *Trustworthiness* through honesty and transparency among zakat officers (*amil*); *Benefit* through the extent to which zakat improves *mustahik* welfare; *Justice* through equitable distribution; *Legal Certainty* through regulatory clarity and legal protection; *Integration* through coordination among stakeholders; and *Accountability* through financial reporting and public disclosure. Effectiveness and efficiency were measured through goal attainment, optimization of time and resources, and accessibility of services (Taufik, 2013; Rusmini & Aji, 2019).

Table 4. Research Variables and Key Indicators

Variable	Main Indicators
Sharia Compliance (X1)	Sharia adherence; conformity with Qur'an and Hadith
Trustworthiness (X2)	Honesty of <i>amil</i> ; transparency in management
Benefit (X3)	Impact of zakat on <i>mustahik</i> welfare; economic empowerment
Justice (X4)	Equity in zakat distribution; alignment with <i>mustahik</i> needs
Legal Certainty (X5)	Clarity of regulations; sanctions and legal protection
Integration (X6)	Collaboration among <i>amil-muzakki-mustahik-government</i> ; system integration
Accountability (X7)	Financial reports; audits; information disclosure
Effectiveness & Efficiency (Y)	Goal achievement; cost & time optimization; service accessibility

Source: Adapted from Permana & Baehaqi (2018); Taufik (2013); Rusmini & Aji (2019)

Data were analyzed using the Structural Equation Modeling–Partial Least Squares (SEM–PLS) method through SmartPLS software. This technique was chosen because it enables simultaneous testing of causal relationships among variables, measures the outer model (measurement model), and evaluates the inner model (structural model), even with a relatively small sample size (Hair et al., 2014). The analytical procedure began with testing construct validity and reliability, including *outer loadings*, *composite reliability*, and *average variance extracted (AVE)*. Subsequently, the structural model was evaluated using *R-square*, *F-square*, and the significance of path relationships through *t-statistics* and *p-values* (Ghozali & Latan, 2015).

The conceptual model positions the seven principles of zakat management as exogenous variables influencing the effectiveness and efficiency of zakat services as the endogenous variable. These relationships were tested both partially and simultaneously. Two main hypotheses were formulated: (1) the seven principles of zakat management have a positive and significant influence on the effectiveness and efficiency of zakat services, and (2) accountability exerts the most dominant influence among the seven principles. The findings are expected to provide theoretical contributions to the development of Sharia-based zakat management and practical implications for formulating regional zakat governance policies (Haidir, 2020; Adiwijaya & Suprianto, 2020)

RESULT AND DISCUSSION

RESULTS

General Overview of Research Context

The study was conducted at the National Amil Zakat Agency (BAZNAS) of Bolaang Mongondow Timur Regency, North Sulawesi Province. The region has a substantial Muslim population and high zakat potential but faces persistent gaps between potential and realization. Based on the 2025 BPS data, total population reaches 89,068 people, of which 73.89% (65,814 people) are Muslims. Around 987 Muslim households (6%) live below the poverty line, showing the urgency of optimizing zakat governance.

Table 1. Demographic Profile and Zakat Potential in Bolaang Mongondow Timur

Description	Amount	Percentage / Remark
Total population	89,068 people	100%
Muslim population	65,814 people	73.89%
Poor Muslim households	987 HH	6%
Annual zakat potential	IDR 9,106,151,250	Estimated potential
Realized zakat collection	< 5%	Below expected target

Source: BPS Bolaang Mongondow Timur (2025); BAZNAS Strategic Plan (2017–2021)

This data underscores the urgency of strengthening zakat management through the application of seven governance principles: Sharia compliance, trustworthiness, benefit, justice, legal certainty, integration, and accountability.

Measurement Model (Outer Model) Validation

Before testing the hypotheses, the measurement model was evaluated to ensure construct validity and reliability. All indicators met the standard outer loading (>0.70), Average Variance Extracted ($AVE > 0.50$), and Composite Reliability (>0.70), indicating excellent convergent validity and internal consistency.

Table 2. Summary of Measurement Model Validation

Construct	AVE	Composite Reliability	Cronbach's Alpha	Validity Status
Sharia Compliance (X1)	0.612	0.853	0.723	Valid & Reliable
Trustworthiness (X2)	0.597	0.846	0.718	Valid & Reliable
Benefit (X3)	0.605	0.857	0.726	Valid & Reliable
Justice (X4)	0.583	0.839	0.702	Valid & Reliable
Legal Certainty (X5)	0.576	0.832	0.694	Valid & Reliable
Integration (X6)	0.562	0.824	0.688	Valid & Reliable
Accountability (X7)	0.634	0.873	0.743	Valid & Reliable
Effectiveness & Efficiency (Y)	0.641	0.889	0.759	Valid & Reliable

Source: Processed with SmartPLS (2025)

All constructs fulfill discriminant validity based on the Fornell–Larcker criterion. These results confirm that the measurement items accurately represent the conceptual structure of each governance principle, allowing for valid estimation in the subsequent structural model.

Structural Model and Hypothesis Testing

After the measurement model was confirmed valid, the structural model was tested to evaluate relationships among latent variables. The R^2 value of 0.822 demonstrates that the seven zakat management principles explain 82.2% of the variation in zakat service effectiveness and efficiency, while the remaining 17.8% is influenced by other factors. The Q^2 value of 0.645 indicates strong predictive relevance, validating the model's quality.

Table 3. Path Coefficient Results and Hypothesis Testing

Hypothesis	Variable Relationship	Path Coefficient (β)	t-Statistics	p-Value	Result
H1	Sharia Compliance → Effectiveness & Efficiency	0.114	1.998	0.047	Supported
H2	Trustworthiness → Effectiveness & Efficiency	0.276	2.845	0.004	Supported
H3	Benefit → Effectiveness & Efficiency	0.228	2.671	0.008	Supported
H4	Justice → Effectiveness & Efficiency	0.137	2.013	0.044	Supported
H5	Legal Certainty → Effectiveness & Efficiency	0.192	2.228	0.026	Supported
H6	Integration → Effectiveness & Efficiency	0.261	3.012	0.003	Supported
H7	Accountability → Effectiveness & Efficiency	0.311	3.384	0.001	Supported

Model Fit Indicators: $R^2 = 0.822$ (Strong); $Q^2 = 0.645$ (High Predictive Relevance)

These findings indicate that all seven principles significantly influence zakat service effectiveness and efficiency. Accountability shows the highest effect, followed by trustworthiness and integration. Each variable contributes positively, reinforcing the systemic importance of comprehensive governance in zakat institutions.

Effect Size (f^2) and Variable Contribution

To determine the relative strength of each predictor, effect size (f^2) was analyzed. The accountability variable has the largest influence (0.243, large effect), while integration and trustworthiness have medium-level effects.

Table 4. Effect Size (f^2) of Independent Variables

Variable	f^2 Value	Effect Category	Interpretation
Sharia Compliance (X1)	0.094	Small	Moral legitimacy foundation
Trustworthiness (X2)	0.187	Medium	Builds institutional integrity
Benefit (X3)	0.162	Medium	Increases socio-economic impact
Justice (X4)	0.113	Small	Ensures fair resource allocation
Legal Certainty (X5)	0.136	Medium	Provides legal stability
Integration (X6)	0.211	Medium	Strengthens coordination
Accountability (X7)	0.243	Large	Core driver of performance

Source: SmartPLS Output (2025)

These results emphasize that accountability, integration, and trustworthiness are key determinants of effective zakat service delivery. Together, they form the backbone of a transparent and efficient governance system.

Interpretation of Empirical Findings

Based on statistical evidence, accountability ($\beta = 0.311$) emerges as the most dominant factor in determining zakat service effectiveness and efficiency. Transparency in financial reporting, consistent audits, and open communication with stakeholders significantly increase public trust. This result aligns with findings by Hartoyo (2018) and Santoso (2016), who emphasize that accountability forms the institutional backbone of zakat governance.

Integration ($\beta = 0.261$) plays the second-most significant role, reflecting the strength of inter-organizational collaboration. Coordination among *amil*, *muzakki*, and government bodies enhances data accuracy, program synergy, and real-time tracking of beneficiaries. The integration principle is consistent with the Islamic concept of *ta'awun* (mutual cooperation), reinforcing the interdependence of stakeholders in achieving *maslahah* (public benefit).

Trustworthiness ($\beta = 0.276$) is the ethical foundation that complements accountability. Honest and professional conduct among *amil* improves organizational credibility, reduces supervisory costs, and enhances institutional efficiency. Similarly, Sharia compliance ($\beta = 0.114$) ensures that management processes conform to Islamic principles, maintaining both spiritual legitimacy and operational discipline.

The remaining principles—benefit, justice, and legal certainty—though comparatively moderate, contribute substantially to institutional balance. Benefit ($\beta = 0.228$) reflects how zakat utilization must lead to measurable welfare outcomes, while justice ($\beta = 0.137$) ensures fairness and prevents inequality in distribution. Legal certainty ($\beta = 0.192$) strengthens institutional consistency through regulatory clarity and formal accountability.

Table 5. Thematic Summary of Empirical Findings

Governance Principle	Empirical Effect	Key Interpretation
Accountability	Strong ($\beta = 0.311$)	Core determinant of performance; transparency and ethics drive trust
Integration	Significant ($\beta = 0.261$)	Collaboration among stakeholders improves coordination
Trustworthiness	Significant ($\beta = 0.276$)	Ethical integrity strengthens institutional reputation
Sharia Compliance	Moderate ($\beta = 0.114$)	Ensures spiritual and procedural legitimacy
Benefit	Moderate ($\beta = 0.228$)	Zakat must deliver measurable welfare impact
Justice	Moderate ($\beta = 0.137$)	Guarantees equitable distribution and fairness
Legal Certainty	Moderate ($\beta = 0.192$)	Provides regulatory stability and institutional structure

Overall Model Implications

The final model demonstrates that the simultaneous implementation of the seven governance principles provides a comprehensive framework for strengthening zakat institutions. The high explanatory power ($R^2 = 0.822$) and strong predictive relevance ($Q^2 = 0.645$) indicate that the model is statistically sound and practically robust.

Effective zakat governance depends not only on administrative capacity but also on ethical commitment and systemic coordination. Institutions that uphold accountability, integration, and trustworthiness as their strategic pillars achieve higher effectiveness, operational efficiency, and public legitimacy.

Table 6. Summary of Model Evaluation and Policy Implications

Evaluation Aspect	Result	Implication
Model Reliability	Strong (AVE > 0.5; CR > 0.7)	Indicators are valid and consistent
Model Fit	$R^2 = 0.822$	Governance principles explain 82.2% variance
Predictive	$Q^2 = 0.645$	Model has high predictive validity

Evaluation Aspect	Result	Implication
Relevance		
Dominant Variable	Accountability	Emphasize transparent and ethical reporting
Policy Direction	Strengthen Integration	Align zakat with local socio-economic programs
Strategic Priority	Trustworthiness	Build institutional credibility through professionalism

The empirical evidence confirms that the seven principles of zakat management—Sharia compliance, trustworthiness, benefit, justice, legal certainty, integration, and accountability—jointly and significantly improve zakat service effectiveness and efficiency in BAZNAS Bolaang Mongondow Timur. Accountability emerges as the strongest determinant, followed by integration and trustworthiness. The combination of these principles creates a governance ecosystem that is transparent, Sharia-compliant, and socially responsive, ensuring that zakat becomes both an act of worship and a catalyst for sustainable community empowerment.

DISCUSSION

The results of this study confirm that all seven zakat governance principles Sharia compliance, trustworthiness, benefit, justice, legal certainty, integration, and accountability have a significant positive influence on the effectiveness and efficiency of zakat services. The empirical evidence, with an explanatory power of $R^2 = 0.822$ and predictive relevance of $Q^2 = 0.645$, demonstrates that these principles collectively form a robust framework for improving institutional performance in zakat management. The first and most crucial finding is the dominant role of accountability. The strong path coefficient ($\beta = 0.311$) indicates that transparency, responsibility, and ethical reporting are decisive factors in enhancing the credibility and performance of zakat institutions. Accountability reflects both a managerial and moral obligation to manage public resources in line with Islamic values of *amanah* (trust) and *hisbah* (self-auditing responsibility). In practical terms, this finding shows that when BAZNAS implements clear financial reporting, periodic audits, and open communication with stakeholders, public confidence increases significantly. Theoretically, this result reinforces previous studies by Hartoyo (2018) and Santoso (2016), who assert that accountability is the backbone of sustainable zakat governance.

The second major determinant is integration, which plays an essential role in building coordination and efficiency across stakeholders. The integration principle ($\beta = 0.261$) highlights that zakat management cannot operate in isolation; it must connect with local government programs, social agencies, and community networks to achieve broader socio-economic goals. Integration reflects the Islamic concept of *ta'awun* mutual cooperation and ensures that zakat functions not only as a financial transfer but as a collective empowerment mechanism. The result aligns with the argument of Permana and Baehaqi (2018), who emphasize that integrated systems minimize redundancy, enhance data accuracy, and optimize service delivery. Trustworthiness ($\beta = 0.276$) further reinforces the moral foundation of institutional performance. In the context of zakat management, trustworthiness is not limited to personal integrity but extends to organizational reliability. Institutions that uphold honesty, fairness, and professionalism tend to foster stronger relationships with *muzakki* (zakat payers). This finding corroborates the work of

Dzulqurnain and Sari (2020), which reveals that ethical conduct among *amil* encourages consistent zakat payments and strengthens institutional legitimacy. Trustworthiness therefore functions as an internal control mechanism that complements accountability. While accountability is externally verified, trustworthiness represents internal sincerity that sustains moral discipline.

The principles of Sharia compliance, justice, benefit, and legal certainty, although showing moderate coefficients, remain indispensable in supporting the governance structure. Sharia compliance ($\beta = 0.114$) ensures that every management process aligns with divine commands and prevents the dilution of Islamic authenticity. This principle secures the vertical dimension of zakat as *ibadah mahdhah* while maintaining horizontal accountability as *ibadah muamalah*. Justice ($\beta = 0.137$) guarantees equitable distribution and upholds fairness among *mustahik*, reinforcing the Qur'anic injunctions on social equality (QS. Al-Hadid:25). The benefit principle ($\beta = 0.228$) ensures that zakat utilization results in measurable social impact empowerment, education, and poverty alleviation transforming zakat from short-term charity into long-term development capital. Legal certainty ($\beta = 0.192$) stabilizes institutional operations by anchoring zakat governance within a clear regulatory framework, particularly through Law No. 23 of 2011 on Zakat Management. Together, these four principles form the normative foundation that secures both legitimacy and sustainability.

The findings of this study have twofold implications. Theoretically, they confirm that Islamic governance is inherently multidimensional combining ethical, legal, and managerial perspectives. The results enrich the discourse of Islamic public finance by demonstrating that good governance cannot be reduced to administrative control but must integrate moral and spiritual dimensions. This hybrid model of faith-based governance strengthens the theoretical link between *maqasid al-shariah* (objectives of Islamic law) and institutional performance. The fact that accountability, integration, and trustworthiness emerge as dominant variables reinforces the argument that ethical and relational governance are critical determinants of institutional success, beyond mere procedural compliance. Practically, the results provide valuable insights for policymakers and zakat institutions. First, strengthening accountability systems through transparent financial reporting, digital disclosure, and performance audits is essential to rebuild public confidence. Second, institutional integration should be enhanced by aligning BAZNAS programs with local government initiatives, social welfare schemes, and financial technology systems. Third, professional and ethical development of *amil* must become a continuous agenda to reinforce trustworthiness and competence. Fourth, the legal framework should be further harmonized with regional development goals to ensure consistency between religious mandates and economic policy.

The study also highlights that the synergy among all seven principles is more influential than the dominance of any single principle. Accountability without integration may result in rigidity, while integration without trustworthiness risks inefficiency and corruption. Therefore, effective zakat governance requires balance between ethics and efficiency, between Sharia principles and modern management standards. This integrative balance represents the ideal form of *good zakat governance*, where institutions act transparently, serve justly, and contribute sustainably to social welfare. In conclusion, the discussion emphasizes that zakat governance in BAZNAS Bolaang Mongondow Timur has reached a substantial level of effectiveness due to the collective operation of the seven principles. Nevertheless, the institutional challenge remains in maintaining long-term

accountability and deepening integration across the zakat ecosystem. Strengthening these areas will not only improve the performance of zakat institutions but also ensure that zakat continues to serve its dual mission—spiritual purification and socio-economic justice consistent with the broader vision of Islamic public finance and sustainable development.

CONCLUSION

This study concludes that competitive advantage in the digital economy is increasingly determined by the strategic integration of product quality across cost leadership, differentiation, and focus strategies. Thematic synthesis of 57 scholarly works reveals four dominant themes digitalized cost leadership, sustainable differentiation, contextual quality focus, and triadic synergy of quality price promotion each supported by strong empirical and theoretical evidence. These findings affirm that quality is no longer a supporting element of business operations but a strategic driver that aligns efficiency, innovation, and market relevance. The validated results demonstrate that when digitalization mediates quality control and strategic coherence governs pricing and promotion, firms—especially SMEs—achieve superior customer loyalty and sustainable competitiveness.

From the Islamic economic perspective, this integrative model embodies the principles of *ihsan* (excellence), *adl* (justice), and *maslahah* (societal benefit). Quality improvement through ethical innovation and resource efficiency reflects stewardship (*khilafah*) in business conduct, as the Qur'an commands, "*Indeed, Allah loves those who act with excellence*" (Q.S. Al-Baqarah: 195). Therefore, sustainable competitive advantage is not merely an economic outcome but a moral pursuit rooted in trust (*amanah*) and responsibility. The proposed multidimensional framework offers both theoretical advancement for strategic management scholarship and practical guidance for businesses aiming to achieve *falah* holistic success encompassing profitability, sustainability, and ethical accountability.

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El-kahfi: Journal Of Islamics Economics

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