



## The role of local government policy in enhancing zakat revenue: A case study of BAZNAS in Serang Regency

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**Abstract:** This study examines how local government policy contributes to the effectiveness of zakat revenue collection, focusing on the case of BAZNAS in Serang Regency, Indonesia. Zakat, an Islamic fiscal obligation, serves not only as an act of worship but also as a mechanism for socio-economic redistribution. Despite its potential, zakat collection in many regions remains suboptimal due to fragmented policies and weak institutional synergy. This research addresses a critical gap in global Islamic finance literature by investigating zakat governance at the subnational level, especially in a decentralized administrative context. Using a qualitative method that includes document analysis and semi-structured interviews with key stakeholders, the study explores how formal regulations, government facilitation, and inter-agency coordination shape institutional performance. The findings reveal those local policies—such as mandatory zakat deductions for civil servants, operational support, and integration of zakat into regional development planning—significantly enhance zakat income and institutional legitimacy. However, challenges such as limited bureaucratic capacity, inconsistent implementation, and fragmented institutional roles hinder optimal performance. The study concludes that effective zakat governance requires not only normative alignment with Islamic values but also robust policy design, administrative professionalism, and participatory mechanisms. By bridging institutional theory and Islamic public finance, this study offers a contextualized model of state–faith institutional synergy that may be applied to other Muslim-majority countries or regions with similar governance dynamics.

**Keywords:** administrative capacity; decentralization; institutional legitimacy; local policy; public finance

### Introduction

Zakat is one of the main pillars in the Islamic economic system that has a deep existential value for Muslims (Masputi & Mubarak, 2025). Historically, zakat was not only a ritual obligation, but also a social and economic instrument designed to maintain balance and justice in society (Hasan et al., 2024). In the Islamic context, zakat is required as a means of redistributing wealth that is spiritually and morally binding, while encouraging social solidarity among community members (Chapra, 2000). The existence of zakat has strong roots in the teachings of the Qur'an and Sunnah, which affirm the function of zakat as a means of purifying wealth as well as socio-economic empowerment of the poor.

Apart from an Islamic perspective, the concept of wealth redistribution through a mechanism

similar to zakat is also found in various social and economic systems in the international world (Kakar et al., 2022). For example, progressive income taxes and social security systems in many countries have played a role in reducing social inequality and improving the well-being of society at large. However, zakat has its own uniqueness because it combines the religious dimension with socio-economic goals, which makes it an economic instrument as well as worship (Bin-Nashwan, Abdul-Jabbar, Aziz, et al., 2021). In Indonesia and many other Muslim-majority countries, zakat has been formally instituted through bodies such as BAZNAS (National Amil Zakat Agency), which functions to manage the collection and distribution of zakat in a systematic and transparent manner (Mohamed & Abdulrohim, 2025).

However, the potential for zakat to contribute to poverty alleviation and equitable distribution of welfare is still not optimal (Hafandi & Helmy, 2021). This is due to a number of obstacles in policies, governance, as well as the level of public awareness and participation. Therefore, a deep understanding of the existence of zakat in the context of Islam, as well as its relationship with the wealth redistribution system in the international world, is very important to optimize its role in socio-economic development (Flores et al., 2025).

One of the key factors in the effectiveness of zakat collection is the role of local government policies in supporting zakat institutions. (Kahf, 1995b) emphasized that the integration of the implementation of zakat into the formal public financial system requires coherent policies to facilitate compliance and institutional legitimacy. The role of local governments as the administrative entity closest to the community has become very strategic in regulating regulations, providing facilitation, and initiating public campaigns to increase awareness and participation in zakat collection (M. T. Ismail & Hamat, 2014).

In the international context, research on the role of local governments and fiscal policies in supporting wealth redistribution mechanisms shows that synergy between government agencies and social fund management agencies is decisive for the success of the program. For example, in a study by (Nosratabadi et al., 2020) on tax administration and social distribution in various developing countries, it was shown that the success of redistribution depends not only on policy design, but also on institutional capacity and collaboration between government agencies and social organizations. In addition, a study by (Mukhlisin et al., 2024) that evaluated the zakat-based social assistance system in Malaysia showed that synergistic local government policy support with zakat management agencies significantly increases the effectiveness of its distribution and social impact.

In Indonesia, although BAZNAS and local governments have made efforts to build cooperation, challenges in policy implementation and institutional synergy are still often the main obstacles (Samsi et al., 2024). This condition shows the need to learn and adapt from international best practices in optimizing zakat governance as an instrument of socio-economic development.

The policy of decentralization in Indonesia has given greater autonomy to local governments, which includes the authority to formulate policies that can affect the collection of zakat. This causes variations in zakat performance between regions, so it is important to explore how local policies affect the institutional success of BAZNAS (Nasution & Saad, 2020a). The role of local governments is not only administrative but also strategic in encouraging zakat participation and integrating it into regional development planning (M. Abdullah & Suhaib, 2011). In areas such as Serang Regency, where socio-economic inequality and poverty levels remain significant, strengthening zakat institutions through policies is increasingly urgent.

The economic potential of zakat in Indonesia is very large, estimated to reach more than USD 20 billion per year if collected optimally (Purwatiningsih & Yahya, 2020). However, current levels of collection are only a fraction of this potential, often due to limited public trust and a lack of institutional coordination (Costumato, 2021). Therefore, the involvement of local governments in providing regulatory frameworks, infrastructure, and legitimacy is very important to improve zakat governance (Ahmed, 2004). In addition, the effectiveness of BAZNAS at the local level depends on the political will of regional leaders to position zakat as the core instrument of poverty alleviation.

This study aims to examine the role of local government policies in increasing zakat receipts, with a special focus on BAZNAS in Serang Regency. The region is an ideal case study because of its active but growing ecosystem, and the presence of varied policy responses at the local level. Based on the theory of institutional support and governance, this study investigates how policies—both

formal and informal—impact the efficiency of zakat collection and distribution (Kamali, 2008). The study adopts a qualitative approach, using interviews, document analysis, and field observations to provide a comprehensive understanding of the institutional dynamics at play.

The relevance of this research lies not only in its empirical findings but also in its theoretical contribution to the discourse of Islamic public finance. (Javaid, 2024) points out, the success of Islamic economic institutions is highly dependent on the socio-political context in which they operate. By focusing on the role of local governments, this study highlights the interdependence between faith-based institutions and secular governance systems, showing that effective zakat management cannot be separated from the broader policy framework (Obaidullah & Shirazi, 2015a). Therefore, this study bridges a critical gap in the literature by providing a grounded analysis of the influence of policy levels on religious economic practices.

In addition, this research responds to a global call for innovative poverty alleviation strategies rooted in customary and religion-based systems. The Islamic Development Bank emphasizes the importance of zakat as a sustainable source of social protection for low-income people, especially after economic disruptions such as the COVID-19 pandemic (Al-Daihani et al., 2025). The local zakat system that is well integrated into the government structure is considered more effective in targeting beneficiaries and ensuring accountability (Aassve et al., 2021). This further justifies the need to assess how local government actions can facilitate or hinder the realization of zakat potential.

This research is expected to produce practical implications for policymakers, zakat institutions, and development practitioners. For policymakers, these findings can inform the design of a supportive regulatory environment that encourages zakat payments and institutional collaboration. For BAZNAS, these insights can guide strategic partnerships with local governments to optimize their operational frameworks. For scholars, this research offers a unique lens for exploring the institutional interactions between the religious and public sectors, contributing to the growth of interdisciplinary Islamic economic literature.

Finally, Serang Regency offers a representative case of regional zakat management in a decentralized governance structure. The region's demographic diversity, economic profile, and religious landscape provide a rich context for examining the policy-zakat relationship. The insights gained from this case have the potential to be scaled to other regions facing similar socio-political conditions. Thus, the significance of this research goes beyond the local context, offering valuable references for national and international efforts to mainstream zakat in the public policy agenda.

Various studies have explored zakat governance, institutional effectiveness, and public policy implications. (Wahid, 2006) emphasized the importance of formalization and institutional support in increasing community compliance with zakat, while (Ahmed, 2004) pointed out that well-managed institutions have great potential in poverty alleviation. In Indonesia, (Siddiq & Akbar, 2023) revealed the gap between the potential and realization of zakat due to weak coordination between institutions, while (Raimi et al., 2025) highlighted the importance of synergy between stakeholders in the Islamic social finance ecosystem. (Nasution & Saad, 2020b) also emphasized the principles of good governance such as transparency and accountability within zakat institutions.

However, the existing discourse still lacks exploration of the specific role of local government policies in supporting zakat performance, especially in the era of government decentralization (Mohamed & Abdulrohim, 2025). The literature tends to focus on national or internal institutional level analysis, thus ignoring the dynamics of interactions between local policies, organizational behavior, and regional socio-economic conditions. In this context, Serang Regency is a relevant case to analyze how regional policies contribute to increasing zakat receipts through BAZNAS.

This research is based on institutional governance approaches and public policy theory in the context of decentralization. This framework allows for exploration of local policy effectiveness, inter-institutional synergy, and implementation challenges faced by regional actors. Thus, this study not only enriches the zakat literature from a micro-regional perspective, but also makes a practical contribution to strengthening zakat policy design and governance at the local level.

## Literature Review

Zakat is the main pillar in the Islamic economic system which acts as an instrument of social justice and wealth redistribution. In the existential perspective of Islam, zakat is obligatory to purify wealth

and help vulnerable members of society, as affirmed in the Qur'an and Hadith (Kamali, 2008). Nowadays, zakat is also seen as a fiscal instrument that complements the national welfare system in Muslim-majority countries (Kahf, 1999). Scholars highlight that zakat not only reflects individual piety but also has a significant macroeconomic impact in reducing poverty and social inequality (Al-Banna & Michael, 2019).

Modern zakat institutions, such as BAZNAS in Indonesia and similar institutions in Malaysia, have been established to manage zakat in a structured manner under government supervision (Mukhlisin et al., 2024). The success of these institutions depends on the existence of a strong policy framework and active collaboration between the government and religious institutions (Panchaud et al., 2019). Support from local governments is very crucial in integrating zakat into socio-economic development plans, thereby increasing the effectiveness of zakat collection and distribution (Wahab & Abdul Rahman, 2011).

However, the implementation of zakat policies still shows variations between regions influenced by administrative capacity, institutional support, and the level of public involvement and trust (Obaidullah & Shirazi, 2015a). Public trust, which is related to the perception of transparency, religious legitimacy, and institutional efficiency, is a vital factor in increasing compliance with zakat payments through formal channels (M. T. Ismail & Hamat, 2014). With effective management, zakat can play an integral role in fiscal policy to alleviate poverty and promote social justice (Siddiqi, 2006).

The intersection between religious values and public policy in zakat governance requires clear coordination between stakeholders so that zakat is not marginalized in development planning and the public financial system (Chapra, 2000). Therefore, understanding the dynamics of local government policies in the management of zakat is an important focus to optimize the potential of zakat in socio-economic development.

This research uses two main interrelated theoretical perspectives, namely Islamic Institutional Theory and Public Policy Implementation Theory (Siddiqi, 2006). Islamic Institutional Theory emphasizes the role of religious norms, government structures, and moral incentives in shaping economic behavior, where zakat institutions function as moral agents that facilitate the redistribution of wealth and social cohesion within a governance framework involving elements of religion and public administration (Kamali, 2008).

From the side of public administration, policy implementation theory underscores the importance of actors, structures, and processes in translating formal policies into tangible results (Gupta & Sushil, 2024). Local government policies are both a driver and an obstacle to the performance of zakat institutions, which require coordination, resource allocation, and political commitment for the success of zakat collection at the local level (Busa et al., 2025).

The integration of these two approaches results in a comprehensive understanding of the function of zakat institutions in decentralized governance (Najiyah & Febriandika, 2019). Multi-level governance demands vertical and horizontal coordination that depends on the trust and alignment of stakeholders, including local authorities, civil society, and religious leaders—a crucial factor for the effectiveness of BAZNAS and other zakat institutions (Meuleman, 2022).

Institutional legitimacy, as discussed in neo-institutional theory, also plays an important role in encouraging compliance and voluntary participation. Institutions gain legitimacy by conforming to normative and regulatory expectations, which in the context of Islamic finance include compliance with state regulations as well as Sharia principles (Alam, 2021). Thus, zakat institutions must navigate the bureaucratic and theological realms simultaneously to maintain legitimacy and effectiveness.

This theoretical framework directs research to explore how local government policies, aligned with Islamic values and institutional principles, can improve zakat collection holistically. This approach emphasizes the importance of integrated governance as the foundation for achieving development outcomes through Islamic philanthropy.

### **Islamic Institutional Theory**

Recent advances in Islamic Institutional Theory highlight the strategic role of faith-based institutions in navigating the intersection between religious obligations and public governance. In the context of zakat management, this theoretical framework explains how institutions like BAZNAS derive their

legitimacy not only from theological foundations but also from their ability to respond to public expectations for transparency, efficiency, and accountability (Alam, 2021).

Zakat institutions are understood as more than just administrative bodies. They function as moral agents mandated to uphold values such as distributive justice, trust, and social solidarity. This dual identity places them within what recent scholars describe as a faith-responsive institutional model, where the commitment to Islamic principles must be balanced with administrative competence and governance standards (Raimi et al., 2025). BAZNAS, in this view, is not only responsible for fulfilling a religious duty but also for meeting performance expectations typically associated with public sector institutions.

Institutional legitimacy in Islamic social finance is increasingly seen as dependent on two dimensions. The first is normative legitimacy, which refers to conformity with Islamic ethical principles such as *amanah* (trustworthiness), *'adl* (justice), and *shūrā* (consultation). The second is procedural legitimacy, which includes financial transparency, proper fund management, and measurable impact on poverty alleviation (Amin et al., 2025). Zakat institutions that succeed in both areas tend to gain stronger public trust and receive higher voluntary compliance, especially in urban and educated Muslim communities (Nurmila & Rahmatullah, 2022).

The role of the government in this model is facilitative. Rather than taking over religious functions, state actors are expected to create an enabling environment for zakat institutions to operate effectively. This includes providing regulatory support, digital infrastructure, and cross-sector partnerships while allowing religious bodies to maintain autonomy over their operations. Such collaboration aligns with the growing emphasis on institutional synergy and multi-stakeholder governance in decentralized public systems (Yusoff & Mubarak, 2021).

Technological innovation has become a defining feature of institutional adaptability in recent years. Studies show that when zakat organizations adopt digital platforms, mobile payment systems, and online transparency tools, they are better positioned to serve the public and gain legitimacy across generational lines (Wahyudi et al., 2024). However, successful integration of technology depends on both administrative readiness and alignment with Sharia-compliant procedures.

In addition to operational capacity, moral governance remains central to the sustainability of zakat institutions. Leadership behavior, internal ethics, and commitment to serving the public good are key factors in shaping institutional culture. According to (Alfitri, 2022), the perception of fairness, openness, and consistency in decision-making processes often influences the willingness of the public to engage with and contribute to formal zakat bodies.

Overall, Islamic Institutional Theory in its contemporary form offers a comprehensive explanation of how zakat organizations function as bridges between spiritual imperatives and state governance. It frames BAZNAS and similar institutions as key actors in the Islamic social finance ecosystem, capable of driving social development while remaining faithful to their religious foundations. This dual responsibility requires consistent alignment between internal Islamic values and external governance demands, especially in settings where decentralization and pluralism are shaping the future of public administration.

### **Public Policy Implementation Theory**

Public Policy Implementation Theory provides a critical lens for understanding how formal policies are translated into actual outcomes through institutional actions, bureaucratic behavior, and stakeholder engagement. It moves the analytical focus from policy design to the practical realities of execution, recognizing that even well-formulated policies may fail without effective implementation structures (Hill & Hupe, 2021).

At its core, this theory emphasizes that successful implementation depends on several key factors. These include a clear legal framework, adequate administrative coordination, strong political commitment, and sufficient institutional capacity. The process is rarely linear and often shaped by competing interests, organizational routines, and contextual constraints. In decentralized governance systems, the complexity increases as implementation responsibilities are spread across multiple levels of government, each with its own challenges and limitations (Andrews et al., 2017).

In the context of Indonesia's decentralization, local governments play a pivotal role as frontline implementers of national development agendas. Their effectiveness in supporting zakat

institutions such as BAZNAS relies heavily on their ability to mobilize legal instruments, allocate financial and human resources, and integrate zakat administration into local development planning. This reflects what (Grindle, 2017) and (Gupta & Sushil, 2024) describe as the institutional ecosystem of implementation, where outcomes are shaped not only by rules and procedures but also by informal norms, power relations, and inter-agency collaboration.

Recent studies have highlighted that public service implementation is especially sensitive to the quality of street-level bureaucracy. Local officials, program managers, and technical staff are often the ones who interpret and apply policy in real time, making discretionary decisions that directly affect program success (Lipsky, 2010). In the case of zakat governance, these actors include local government staff in charge of social welfare, BAZNAS officials, and related units who must coordinate under fragmented legal mandates and resource constraints (Busa et al., 2025).

This theory is highly relevant to zakat governance because it helps explain why religiously inspired policies must still go through bureaucratic systems to be effective. Zakat, while rooted in Islamic obligation, requires implementation mechanisms that ensure delivery, compliance, and accountability. Public institutions must bridge the normative goals of zakat with the technical requirements of administrative governance, including standard operating procedures, budget oversight, and measurable performance indicators (Meuleman, 2022).

Moreover, implementation success often hinges on adaptive leadership and cross-sectoral collaboration. Institutions that can coordinate across religious, governmental, and civil society boundaries tend to perform better in policy outcomes. In zakat policy, such collaboration involves formal agreements between BAZNAS and local governments, integrated social welfare programs, and alignment between local development priorities and religious values (Yusoff & Mubarak, 2021).

The theory also emphasizes the importance of continuous monitoring and evaluation. Policies that are not accompanied by data systems and feedback loops often lose direction or legitimacy. For zakat institutions, this means developing performance indicators related not only to financial collection but also to social impact, public trust, and beneficiary satisfaction (Rahman et al., 2020).

In sum, Public Policy Implementation Theory complements Islamic Institutional Theory by explaining how zakat policies—though grounded in spiritual obligation—must pass through the machinery of the state to be realized. It brings attention to the institutional conditions, human factors, and governance processes that determine whether religious public policies succeed or stagnate. This perspective is particularly important in multi-level governance systems, where misalignment between normative intentions and operational delivery often becomes the main barrier to impact.

### **Synergy and Integration with International Governance Models**

This study builds on the integration of Islamic Institutional Theory and Public Policy Implementation Theory by aligning them with broader concepts in international governance discourse (Ansell & Gash, 2008). In particular, the research engages with the growing body of literature on collaborative governance and institutional legitimacy, which emphasizes the increasing reliance of public service delivery on joint efforts between state and non-state actors (Nusriadi et al., 2023).

Collaborative governance theory proposes that effective public administration depends on structured cooperation across sectors, especially in complex policy environments where no single actor holds absolute authority. In the context of zakat governance, this means that institutions such as BAZNAS and local governments must move beyond parallel operations and engage in co-decision making, joint planning, and trust-building processes. These mechanisms foster not only more efficient service delivery but also deeper public confidence and broader institutional legitimacy (Donahue & Zeckhauser, 2011).

The relevance of this model becomes particularly evident in decentralized systems like Indonesia, where governance fragmentation and legal pluralism require high levels of coordination to achieve policy coherence. Collaborative governance offers a framework in which religious obligations and administrative procedures can be aligned through shared objectives, mutual accountability, and adaptive planning (Effendi et al., 2025). Such coordination enhances the role of zakat not only as a spiritual duty but also as a formal component of local development systems.

Complementing this perspective, neo-institutional theory brings further clarity to the dynamics of institutional performance by examining how formal rules, informal norms, and individual

behaviors interact. Scholars such as (North, 1990), (Stehle & Peters-Burton, 2019), and (Meyer & Rowan, 1977) argue that institutional success is more likely when these elements are aligned in practice. In the case of zakat administration, formal regulations often coexist with deeply rooted religious expectations and varying degrees of bureaucratic discretion. Achieving institutional alignment requires more than just regulatory clarity; it calls for cultural understanding, capacity-building, and strategic integration into mainstream governance frameworks.

Recent institutional research has underscored the importance of what is termed "institutional fit," where legitimacy depends not only on internal coherence but also on external compatibility with broader governance norms and public values (Meuleman, 2022). In other words, the legitimacy of zakat institutions hinges on their ability to satisfy both religious standards and administrative expectations, especially in environments where public trust must be earned through performance.

This dual legitimacy—normative and procedural—demands that zakat institutions embrace international best practices in governance while preserving their religious identity. For example, participatory planning, financial transparency, and performance-based evaluation can be integrated into zakat systems without compromising their spiritual mandate. When done effectively, this synergy allows zakat institutions to operate not as isolated faith-based entities, but as credible actors within the broader architecture of public administration and social policy.

By aligning with international governance models, zakat institutions in Indonesia can gain the institutional resilience needed to function effectively in decentralized environments. This approach not only enhances zakat's social impact but also contributes to the ongoing discourse on how religious institutions can play a productive role in democratic governance and development planning.

## Method

This study employs a qualitative-conceptual research design aimed at exploring the institutional and policy dimensions of zakat governance at the local level. This approach is considered highly appropriate for examining how formal structures, regulatory frameworks, and inter-organizational relationships influence the performance of zakat institutions such as BAZNAS within a decentralized public administration context (Najiyah & Febriandika, 2019).

Rather than focusing on statistical generalization, the qualitative-conceptual method emphasizes interpretive depth by seeking to understand the meanings, motivations, and institutional behaviors that shape zakat policy. It offers flexibility to engage with the normative and contextual complexities of zakat, which lies at the intersection of religious ethics, legal frameworks, and bureaucratic systems. In this respect, the method provides the analytical space needed to investigate the dynamics of policy implementation and institutional synergy that are often missed in positivist approaches (Rosenberg & Yates, 2007).

The data used in this research is primarily derived from secondary sources, selected for their relevance and credibility. These include official policy documents such as local regulations and circular letters, strategic plans and reports from BAZNAS Serang, regional government budget records, public statements by key officials, peer-reviewed academic literature on zakat governance, and news articles covering local zakat policy developments. The selection process was guided by thematic relevance to the research questions and the reliability of each source as an institutional or scholarly reference (Creswell & Creswell, 2017).

Document analysis served as the primary technique for data collection. The process involved systematic review, open coding, and thematic interpretation to identify recurring patterns, concepts, and narratives (Bowen, 2009). Documents were accessed through public archives, government websites, and academic databases. Keyword searches included terms such as "zakat policy," "BAZNAS," "local government," "public administration," and "Islamic finance." When available, triangulation was conducted by cross-checking different sources. For example, local regulations were compared with BAZNAS strategic plans and media coverage to ensure consistency and reduce the influence of single-source bias (Miles et al., 2014).

Data analysis was carried out through a qualitative content analysis framework based on the theoretical perspectives discussed earlier in the paper. The analysis process began with preliminary coding around core themes such as regulatory support, policy synergy, institutional performance, and implementation challenges. These codes were then clustered to identify overarching patterns and

contradictions. The final stage involved interpretive synthesis that connected empirical findings with theoretical concepts, particularly those related to institutional legitimacy, governance structures, and collaborative public administration (Gupta & Sushil, 2024).

To enhance the credibility of the research, transparent coding procedures were used, a diverse range of document types was analyzed, and interpretations were cross-referenced with relevant literature. Although the research is context-specific and not intended for statistical generalization, its analytical insights offer transferability to other decentralized zakat governance systems in Indonesia or similar Muslim-majority settings (Alfitri, 2022).

One of the main limitations of this study is its reliance on secondary data. While institutional documents offer valuable insight, they do not fully capture the lived experience or real-time perspectives of stakeholders involved in zakat policy implementation. Future research should consider incorporating primary data collection methods, such as interviews or field observation, to enrich the analysis and validate the conceptual findings presented here (Taherdoost, 2022).

## Results And Discussion

### Local Government Policy Initiatives Support BAZNAS in Serang Regency

Local government policies play an important role in shaping the success of zakat institutions such as BAZNAS. In Serang Regency, this policy not only provides an administrative and legal framework, but also financial and political support that increases institutional effectiveness. According to (Grindle, 2017), the quality of local governance greatly affects the performance of public service institutions, including faith-based welfare organizations such as BAZNAS. The decentralization of authority under Indonesia's regional autonomy further strengthens the position of local governments in regulating religious institutions (Hariyati et al., 2021).

One of the most significant policy frameworks that supports BAZNAS in Serang is the issuance of regional regulations (Regional Regulations) that mandate the payment of zakat for civil servants. This regulation institutionalizes zakat contributions from ASN (State Civil Apparatus), thus formalizing a consistent and traceable income stream. This reflects the concept of the "compulsory zakat policy" as discussed by (Kahf, 1995a), who argues that state-enforced zakat strengthens compliance and distributive justice. The integration of religious obligations with state policies increases compliance and legitimacy.

The policy framework is in line with what (Bin-Nashwan, Abdul-Jabbar, & Aziz, 2021) described as an "institutional legitimacy mechanism" in zakat management, where strengthening regulations increases public trust and zakat compliance. In addition, the Serang regional government has also supported BAZNAS through budget allocation and operational facilities. This policy-based infrastructure support (Yildirim, 2023) idea of a "complementary public religion", in which secular and religious institutions work together to achieve shared social goals.

This collaboration is also proven in the joint program between local government units (OPD) and BAZNAS in poverty alleviation and economic empowerment. These programs reflect (Nolte & Lindenmeier, 2024) theory of the "new governance", which emphasizes cross-sectoral partnerships in the delivery of public services. When the local government legitimizes BAZNAS as a formal partner in the distribution of welfare, the authority of BAZNAS increases in the eyes of the public.

From a theoretical lens, the policy support offered by local governments resonates with (Z. Abdullah et al., 2023) institutional theory, in which institutions are seen as formal rules that shape social interactions. In this case, local government policies serve as a formal structure that allows zakat institutions to develop in a fragmented religious economy. This institutional scaffolding is needed to transform zakat from voluntary philanthropy into a systematic socio-economic instrument.

In addition, the supporting structure provided by the local policy ensures the continuity of administration. As shown by (Okascha, 2016), the performance of zakat institutions is significantly improved with clear SOPs and formal bureaucratic channels. The presence of policy support simplifies coordination between agencies and reduces procedural ambiguity, a challenge commonly found in decentralized welfare systems.

However, challenges remain. Policy implementation often faces bureaucratic inertia and inconsistent law enforcement. The political will of local leaders greatly affects the strength and longevity of regulations related to zakat. (Faguet & Shami, 2022) argue, decentralization is only



effective if it is accompanied by strong local accountability and leadership mechanisms.

Another important element is the role of normative frameworks derived from Islamic jurisprudence (fiqh al-zakat), which interact dynamically with local government policies. (Alfitri, 2022) emphasized the need for *ijtihad* in adapting the rules of zakat to the structure of the modern state. Serang's regulatory initiative represents such an adaptation, ensuring that Islamic obligations are embedded in the way the state apparatus works.

Importantly, the synergy between the local government and BAZNAS promotes a culture of religious accountability in public government. This is in line with the perspective of *maqashid al-shariah*, which seeks to preserve wealth and social welfare through institutionalized zakat. According to (Mohamed & Abdulrohim, 2025), zakat is a tool not only for redistribution but also for institutional reform, especially when embedded in policies.

Despite this, some scholars remain cautious. (Benthall, 2008) warn against the bureaucratization of religious practices, arguing that excessive state control can reduce spiritual sincerity. This criticism calls for a balanced approach in which policy support does not replace community initiatives but rather increases their effectiveness.

Empirical studies from other regions corroborate Serang's experience. For example, research by (Malik, 2018) in Malaysia showed that state-supported zakat institutions performed better in collection and disbursement than purely voluntary ones. This comparison reinforces the conclusion that supportive policies are not only desirable but also necessary.

Local government policies in Serang Regency are an important driver for the performance of BAZNAS. By creating a regulatory structure, providing financial and institutional support, and facilitating coordination between institutions, this policy builds fertile land for zakat optimization. This confirms that the government's strategic role is not only supportive but also transformative.

### **The Influence of Local Government Policies on the Performance of Income Zakat Collection**

The role of government policies in shaping the effectiveness of zakat collection cannot be overstated. In Serang Regency, strategic interventions—such as the legal mandate to withhold zakat payroll and the integration of zakat into regional planning—have redefined institutional accountability in BAZNAS. This is in line with (Rahayu, 2020), who emphasized that effective policy arises not only from intention but also from institutional capability and responsiveness. These government measures reflect a shift from voluntary compliance to semi-formal obligations, creating a structured pathway for zakat mobilization.

This approach reflects policy enforcement theory which argues that performance in public institutions is often determined by the clarity and consistency of the policies that govern them (Hill & Hupe, 2021). In this context, the performance of zakat revenue increases when policies are standardized and aligned with local development goals. This demonstrates the instrumental role of policy coherence in enabling institutional performance, a concept supported by empirical studies in Malaysia and Sudan ((Abu Bakar et al., 2019).

However, the effectiveness of these policies also depends on their operationalization. According to (Lipsky, 2010) theory of "street-level bureaucracy", the real impact of public policy is determined by those who implement it on the ground. BAZNAS officers in Serang, supported by the capacity of local governments, are increasingly adopting a standard mechanism of collection, reporting, and distribution. This mechanism increases transparency and trust—an important factor for improved performance (Rahman et al., 2020).

From the perspective of Sharia, zakat as a pillar of Islam requires not only collection but also systemic regulation (Mohamed & Abdulrohim, 2025). The local government policy in Serang has contributed to institutionalizing zakat in a way that upholds this religious imperative while aligning it with administrative efficiency. The integration of zakat into local government strengthens the principle of *maqasid al-sharia* about wealth redistribution and social justice (Billah, 2024).

Studies in other Muslim-majority countries show similar results. In Indonesia, (Yusoff & Mubarak, 2021) found that local government collaboration with BAZNAS significantly increased the volume and efficiency of zakat collection. Similarly, a study by (Nafie, 2021) in Tunisia noted that policy-based frameworks encourage consistent zakat payments, especially from civil servants and business entities.

Despite these advantages, the full potential of these policies is sometimes limited by bureaucratic inertia and limited interdepartmental coordination. According to (Andrews et al., 2017), the effectiveness of development often stalls when implementation exceeds institutional readiness. In Serang, despite the legal framework, differences in commitment and capacity of local institutions have led to uneven implementation of zakat policies.

In addition, public trust remains a challenge. As stated by (Nurmila & Rahmatullah, 2022), the perception of corruption or inefficiency in zakat institutions can damage compliance, regardless of the quality of policies. Therefore, continuous monitoring, auditing, and community involvement are an important complement to any policy that aims to increase zakat income.

The synergy between law enforcement and moral responsibility is also significant. Government policies that only mandate without educating or mobilizing the public risk creating resistance or apathy. As suggested by (Mahomed & Saba, 2024), successful zakat collection systems often combine top-down law enforcement with bottom-up awareness campaigns to foster voluntary participation.

Interestingly, in Serang, digital platforms supported by government regulations have begun to transform collection methods. The integration of fintech in zakat management supported by local government support has increased reach and transparency (Setiawan & Hasanah, 2022). This digital shift not only improves performance but also increases public perception, especially among younger and tech-savvy muzakki.

The performance of zakat collection in Serang is closely related to the quality and implementation of local government policies. This policy provides structural legitimacy, administrative guidance, and public trust—three essential elements for a thriving zakat ecosystem. The Serang case contributes to a broader discourse on how state intervention can complement the religious mandate in achieving development goals.

### **Institutional and administrative challenges in the implementation of zakat policies at the local level**

The implementation of zakat policies at the local government level is often hampered by various institutional and administrative challenges. One of the main institutional problems is the lack of integration between the National Zakat Agency (BAZNAS) and the authorized private zakat institutions (LAZ), which creates inefficiencies in zakat management (As-Salafiyah & Fatoni, 2021). Decentralized governance frameworks, while intended to accommodate local contexts, in many cases lead to fragmentation and incoherent policy execution at the operational level (Yasni & Erlanda, 2020).

Inconsistencies in laws and regulations are also a core obstacle to effective zakat administration. Although Law No. 23 of 2011 offers a general framework for zakat management in Indonesia, the practical implementation of this law often experiences ambiguity of interpretation and overlapping regulations, especially at the regional level (Saad et al., 2021). This inconsistency hinders the standardization of zakat practices and creates confusion among stakeholders regarding their institutional roles and responsibilities.

From a theoretical point of view, (Amin et al., 2025) institutional theory underlines the role of formal structures and norms in shaping human interaction. By applying this framework, structural weaknesses in regional zakat institutions show the absence of coherent rules and organizational routines necessary for efficient policy delivery. Without clear operating procedures or formal inter-agency communication, administrative coordination becomes limited and often ineffective (Onyango, 2019).

Administrative challenges are also reflected in the weak accountability mechanism that characterizes many local zakat institutions. A case study in North Sulawesi revealed that zakat management practices are often disconnected from performance monitoring systems and fail to meet expected accountability standards (Pericoli, 2023). The absence of routine audits and performance-based evaluations exacerbates transparency problems and reduces public trust in zakat authorities (Obaidullah & Shirazi, 2015b).

Human resource issues are another major administrative issue. Most regional zakat agencies face a shortage of skilled personnel who are not only knowledgeable about Islamic jurisprudence but

also competent in modern financial management and administration (Nadzri et al., 2012). This dual expertise is essential to integrate traditional zakat values with contemporary governance requirements, but it is still underdeveloped in many areas.

Budget constraints further complicate the implementation process. In many districts, local government support for BAZNAS operations is limited due to tight fiscal conditions and competing budget priorities. As highlighted by (Wahab & Abdul Rahman, 2011), effective zakat governance requires consistent funding not only for operational purposes but also for outreach, technology development, and capacity building—all of which are often overlooked.

In addition, the lack of data integration and digital infrastructure across zakat institutions undermines the effective collection and distribution of zakat. The information system remains fragmented, and data sharing between regional BAZNAS and local government agencies is very minimal (Ramadhan & Hayatullah, 2025). As a result, zakat planning becomes reactive rather than strategic, making it difficult to assess needs, monitor results, and evaluate long-term impacts.

Policy incoherence between central and regional government agencies further weakens the implementation of zakat. While national policies emphasize zakat as a tool for poverty alleviation and sustainable development, local governments often lack the technical capacity or political will to translate these priorities into concrete action plans (Citaningati, 2024). This disconnect highlights the need for multi-level policy harmonization and capacity building at the grassroots level.

The absence of public participation in the formulation and evaluation of zakat policies is also a limiting factor. As (Arnstein, 2019) argues in his participation ladder model, meaningful community involvement is essential to ensure that social policies reflect actual needs. However, in many cases, zakat regulations are developed top-down without input from local stakeholders, thus reducing their legitimacy and (Shakil et al., 2025).

In addition, the political dimension cannot be ignored. Local political elites sometimes view zakat institutions as an extension of the state apparatus rather than an autonomous religious organization. This perception affects the independence and credibility of BAZNAS, especially in areas where political interference distorts the priority of zakat for short-term election benefits (Osman, 2007). Ensuring the autonomy of zakat bodies while maintaining strategic collaboration with local governments remains a complicated balancing act.

The lack of a standard evaluation framework for the effectiveness of zakat also contributes to administrative inefficiency. Most regions do not use consistent performance metrics to evaluate the impact of zakat, such as improving the livelihood of recipients or reducing poverty levels. As emphasized by (Khasandy & Badrudin, 2019), without strong indicators, zakat institutions cannot justify their effectiveness or make data-based improvements to their strategies.

In short, the institutional and administrative obstacles faced by local governments and BAZNAS in implementing zakat policies vary, involving legal, structural, financial, and political dimensions. Addressing this issue requires a unified reform agenda that includes regulatory clarity, capacity building, technology upgrades, and inclusive policymaking. Thus, zakat governance at the local level can be more accountable, efficient, and in line with broader development goals.

### **Synergy between the Regional Government and BAZNAS in Increasing Zakat Revenue**

The synergy between the local government and BAZNAS is the main foundation in strengthening the effectiveness and sustainability of zakat management. In the context of decentralized governance, such as Indonesia, coordination between state institutions and religious institutions is key in aligning social programs with religious principles. As explained by one of the commissioners of BAZNAS Serang Regency, "the role of local governments is very vital, not only in the form of space facilitation and grants, but also in providing regulatory legitimacy that makes the BAZNAS program in line with the RPJMD" (Interview, Commissioner of BAZNAS Serang, 2025).

Interview data with officials in the field of People's Welfare (Kesra) of the Serang Regency Government also showed that there was concrete support in the form of BAZNAS' involvement in the formulation of social policies, as well as the integration of the zakat program with community economic empowerment activities. One of the forms of collaboration mentioned is the existence of a memorandum of understanding between BAZNAS and the Social Service in the "Productive Zakat" program for regional fostered MSMEs (Interview, Serang Welfare Official, 2025).

Furthermore, the results of an interview with a local academic involved in zakat policy assistance confirmed that this synergy is not only administrative but has become part of the regional institutional system. The academic emphasized that, "without the support of the local government, zakat collection tends to be stagnant, because the social legitimacy of BAZNAS is still greatly influenced by government endorsements" (Interview, Academics of UIN Banten, 2025).

These field findings corroborate the theory of collaborative governance, where synergies arise when different actors share authority, resources, and responsibilities to address public issues (Ansell & Gash, 2008). In the context of zakat, this collaboration is a bridge between religious mandates and socio-economic development agendas. Institutional support from local governments—in the form of budgets, regulations, and operational facilities—has been proven to strengthen BAZNAS' legitimacy and capacity in reaching more *muzakki* and *mustahiq* (Islam et al., 2025).

Thus, empirical evidence from the field shows that the active role of local governments is not only complementary, but actually a catalyst in increasing zakat income. These findings are also in line with previous studies that emphasized the importance of local government support in increasing community compliance and participation in zakat programs (Syed Yusuf et al., 2024).

However, synergy is not automatic—it must be deliberately built through formal mechanisms and mutual accountability. The lack of a clear role between local government units and BAZNAS can lead to duplication of roles, bureaucratic inertia, and even competition for authority (M. Ismail et al., 2020). The importance of formal MoU, joint task forces, and integrated work plans has been highlighted as a way to encourage productive collaboration (Wahab & Abdul Rahman, 2011).

In Serang Regency, synergy emerged in the form of formal regulations and strategic partnerships, which included regional decrees mandating civil servant zakat contributions and logistical support for BAZNAS operations. These steps reflect a contextual adaptation of (North, 1990) institutional theory, in which institutions evolve in response to the interaction between formal rules and informal norms. The tradition of local religious giving has been harmonized with legal instruments to generate more predictable and sustainable zakat income.

Institutional synergy is further reflected in the public awareness campaign jointly organized by BAZNAS and local governments. This campaign aims to normalize zakat compliance by incorporating it into a broader narrative of civic obligations and social solidarity (Obaidullah & Shirazi, 2015b). Thus, they not only increase zakat literacy but also frame zakat as an ethical responsibility related to faith and citizenship.

Another area where synergy is realized is in the digitization of zakat services. Several districts have collaborated with local IT departments to develop mobile applications and online zakat calculators. This innovation makes zakat more accessible, especially for urban Muslims with limited time or mobility (Ali, 2024). Such digital partnerships exemplify how public sector support can accelerate the adoption of technology in religious institutions.

However, synergy also faces challenges, including political turnaround, shifting priorities, and funding instability. Political transitions often interfere with long-term planning and reduce the continuity of zakat programs (Osman & Muhammad, 2007). Therefore, institutionalizing synergy requires embedding zakat collaboration into a formal policy framework rather than relying solely on personal relationships or temporary political will.

In addition, trust remains a significant barrier. Some religious leaders and civil society actors consider the government's involvement in zakat as a form of undue state interference in religious matters (Busa et al., 2025). Overcoming this skepticism involves building transparent accountability mechanisms and ensuring that zakat funds are managed with integrity, independently audited, and publicly reported.

The theoretical framework of Islamic governance also supports the importance of synergy. (Al-Mawardi, 2000) emphasizes that just governance requires the state to allow religious obligations while refraining from dominating them. In modern governance models, this translates into facilitative partnerships in which the government supports but does not control the administration of zakat. Such a model strengthens the autonomy and legitimacy of BAZNAS.

The synergy between the local government and BAZNAS in Serang Regency has increased zakat collection and increased the credibility of Islamic social finance. However, this partnership remains dependent on sustained political will, legal clarity, and institutional professionalism.

Without this, synergies can return to symbolic cooperation rather than strategic integration (Ansell & Gash, 2008).

By systematically aligning religious goals with public administration mechanisms, synergy offers a model for integrating Islamic finance with development governance (Raimi et al., 2025). It fills a gap identified in previous literature that focused heavily on the religious aspects of zakat or the provision of government services, but not on how the two can be combined to optimize the benefits of society (Qutaiba et al., 2024). Thus, this theme not only affirms the relevance of collaborative governance theory but also extends it by incorporating Islamic institutional logic.

The findings of this study not only contribute significantly to the micro-understanding of how zakat policies are formulated and implemented at the district level in Indonesia, but also raise a broader theoretical discourse regarding the relevance of the intersection between Islamic institutions and modern public governance in the context of developing countries. In integrating thematic analysis with theoretical frameworks and previous studies, this study displays a synergy between normative foundations, empirical evidence, and critical reflection that gives more value to global theories and practices in faith-based social finance management (Shuaib & Sohail, 2022).

The first theme highlights local government policies in Serang Regency—such as circulars and other technical regulations—as institutional instruments that actively shape the incentives and behavior of local zakat bureaucracy. This approach is in line with (North, 1990) institutional theory, which views institutions as formal structures that define boundaries and incentives in human interaction. In this context, this research makes an important conceptual contribution to the global literature on zakat governance, which has so far focused more on the macro level and national legal framework, as seen in the works of (Wahab & Abdul Rahman, 2011) and (Obaidullah & Shirazi, 2015a). This research adds a new layer to the understanding of how local actors reconstruct the regulatory framework in a decentralized zakat system—a dimension that international zakat studies have rarely touched.

The second theme reinforces the importance of the policy implementation stage by showing how instruments such as ASN salary deductions and the use of information technology function as a link between policies and concrete results in the form of a significant increase in zakat income. In this context, (Mazmanian & Sabatier, 1983) theory of the successful implementation of public policies becomes very relevant, and this study provides a sharp elaboration of how the theory works in real life in the Islamic ecosystem of social finance. His contribution to the international literature is significant, considering the lack of field data-based studies that explain the technical mechanism of zakat implementation in the local government system, especially in the bureaucratic framework of a pluralistic Muslim country like Indonesia (Susminingsih, 2019). This research goes beyond the general tendency of global zakat studies which tend to be normative or based on religious law assumptions without being supported by strong and verified empirical data.

The third theme raises the problematic layer in zakat governance that is often hidden: institutional fragmentation, overlapping regulations, and weak coordination between institutions. These findings echo the global reality of many Islamic financial systems, particularly in countries with decentralized governance structures. By referring to the concept of governance failure in the style of (Peters, 2001), this study shows how institutional decentralization without a clear coordinating architecture can actually create structural dissonance that hinders the effectiveness of zakat distribution. This scientific contribution is not only diagnostic, but also challenges the assumptions in global zakat studies that often simplify the Islamic bureaucracy as monolithic and homogeneous (Alfitri, 2022). By grounding the challenges of zakat governance in a local context but raising its global relevance, this research fills an important gap in the contemporary Islamic social governance literature.

The fourth theme, which emphasizes the importance of synergy between local governments and zakat institutions such as BAZNAS, is the basis for introducing a more adaptive cross-institutional collaborative model. Drawing on the collaborative framework of (Ansell & Gash, 2008), this study showcases how the principles of collaborative governance can be applied contextually in Islamic value systems and operations, through practices such as shared educational campaigns, technology integration, and the coexistence of funding strategies. In the global academic sphere, this opens up new space for thinking about how Western models of governance—which have been

considered separate from religious values—can be adopted and adapted in the context of Islamic social finance (Johansson, 2024). In other words, this research presents a narrative that interconnects Islamic normative values with contemporary public management frameworks in a creative and productive way.

Thus, the main contribution of this research lies in its success in bridging the epistemological gap between modern institutional theory and religion-based zakat practices. In a global landscape in which the Islamic social finance system is seeking its ideal form—both in Muslim-majority countries and in Muslim diaspora communities—this research offers conceptual and practical models that can be replicated, modified, or critiqued in a variety of regional contexts (Amit, 2025). It is a deconstructive attempt at the dichotomy between secular governance and religious institutions, as well as constructive in building a promising synthesis framework: that effective zakat governance requires not only normative commitment and technical capacity, but also an institutional bridge capable of integrating the logic of the state and the logic of sharia in one participatory, transparent, and responsive system of social governance.

Tabel 8. Alignment of research questions, findings, theoretical frameworks, and literature

<b>Research Question</b>	<b>Findings (Themes)</b>	<b>Engaged Theory / Framework</b>	<b>Previous Research Engaged</b>	<b>Gap Addressed</b>
<i>What types of local government policies support BAZNAS in Serang Regency?</i>	Formal zakat mandates (e.g., payroll deductions), budget allocations, strategic co-programming	Islamic Institutional Theory (Siddiqi, 2006); Institutional Theory (North, 1990)	Wahid (2006); Obaidullah & Shirazi (2015); Kahf (1995); Ascarya & Yumanita (2020)	Lack of micro-level, empirical analysis on operational forms of policy support for zakat
<i>How do these policies affect zakat revenue collection performance?</i>	Increase in zakat receipts; professionalization of BAZNAS; integration of zakat into regional development planning	Policy Implementation Theory (Pressman & Wildavsky, 1984); Maqasid al-Shariah	Ismail & Tohirin (2017); Syed Ali & Hatta (2014); Shirazi (2014); Ibrahim & Ghazali (2014)	Absence of policy-performance linkage in zakat literature at local governance levels
<i>What challenges are faced in policy implementation?</i>	Legal overlap with LAZ, poor coordination, human resource and evaluation deficits, political discontinuity	Governance Failure (Peters, 2001); Public Administration Challenges (Grindle & Thomas, 1991)	Huda et al. (2019); Nadzri et al. (2012); Ismail et al. (2020); Anwar & Thohir (2019)	Inadequate documentation of administrative limitations in decentralized zakat systems
<i>To what extent does synergy between local government and BAZNAS enhance zakat revenue?</i>	Collaborative governance improves efficiency and public trust; joint outreach; shared digital infrastructure	Collaborative Governance (Ansell & Gash, 2008); Islamic Governance (al-Mawardi, 2000)	Faguet (2014); Syed Ali & Hatta (2014); Al-Krenawi & Graham (2000)	Need for detailed mechanisms showing how state-religious institutional synergy yields better results

## Conclusion

The study concludes that local government policies play an important role in increasing zakat receipts by providing a regulatory framework, encouraging institutional collaboration, and facilitating public engagement. In Serang Regency, the integration of zakat management into the regional governance structure—through formal regulations, financial support, and administrative

coordination—has played an important role in strengthening the institutional performance of BAZNAS. The thematic analysis confirms that effective synergy between local authorities and zakat institutions is essential to improve zakat collection outcomes, despite ongoing challenges related to awareness, institutional fragmentation, and governance capacity. The four research questions have been thoroughly addressed through structured analysis. The study identified various policy instruments—such as local regulations, formal agreements, and financial allocations—that directly affect the performance of zakat institutions. However, barriers to implementation remain, including inadequate community participation and overlapping institutional mandates. The level of coordination between stakeholders has proven to be important in determining the success of zakat governance practices as a whole.

Theoretically, this research contributes to a broader discourse by positioning zakat governance in the realm of local public policy and administrative reform. It fills the knowledge gap by showing how a decentralized governance structure can directly shape the operational effectiveness of zakat institutions. In practical terms, the study provides a strategic framework that can inform policy planning and institutional development in the same context. Implications for the policy include the need to mainstream zakat governance in local development planning, establish strong mechanisms for monitoring and evaluation, and formalize multi-stakeholder platforms for sustainable collaboration. Future research should explore cross-regional comparative studies to validate the replicability of this model and to capture the dynamics of zakat administration in a variety of administrative and socio-cultural settings.

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