

## Architecture Of Fundraising Transformation For Zakat Institutions: A Path To Unlock The Potential Of Zakat Collection

Radifan Hilfi Assyuhada<sup>1</sup>, Febrina Putri Salma<sup>2</sup>, Nur Sayyidah Salsabila<sup>3</sup>  
Rumah Zakat<sup>1,2,3</sup>

Paper was presented at the 8th International Conference of Zakat (ICONZ)  
17 – 19 December 2024, Bandung, Indonesia

### ABSTRACT

*Indonesia has significant zakat potential, yet its realization remains low despite the growth of zakat collection institutions. Contributing factors include low zakat literacy and inclusion, economic challenges among zakat payers, and institutional fundraising limitations. This study aims to guide philanthropic institutions in transforming fundraising practices to enhance zakat collection. Using qualitative methods, data were analyzed through the 5 Whys framework and PPT framework principles. The findings highlight the need for transformation across three areas: human resources, infrastructure, and processes, each aligned with institutional roadmaps and values. This research provides a practical framework for improving fundraising effectiveness and zakat collection performance in Indonesia.*

**Keywords:** *Fundraising, Transformation architecture, Zakat institution*

### INTRODUCTION

Zakat, infaq, and sadaqah are Islamic social finance instruments that play an important role in redistributing income and wealth. These instruments have the potential to increase economic inclusivity and reduce social inequality. In 2022, zakat fund distributions successfully assisted 33.9 million mustahik, with 463,154 of them moving above the poverty line (BAZNAS, 2024). This achievement highlights the role of zakat management organizations (OPZ), such as BAZNAS and LAZ in Indonesia, in fulfilling their social missions.

The potential for zakat collection in Indonesia is substantial, considering Indonesia is home to the second-largest Muslim population globally, with approximately 246 million people or 87.08% of the total population (Kementerian Dalam Negeri, 2024). Various estimates place the potential zakat fund collection in Indonesia between

IDR20 trillion and IDR327 trillion per year. PIRAC estimates the potential at IDR20 trillion, the Asian Development Bank at IDR100 trillion, and Firdaus et al. (2012) at IDR217 trillion. In 2020, BAZNAS provided the highest estimate, suggesting a potential of IDR327 trillion per year from sources such as agricultural zakat, livestock, savings, deposits, state civil apparatus (ASN), non-ASN individuals, and corporate entities. However, current zakat fund collection falls significantly short of this potential, with only about 10.09% of the estimated amount realized. Despite this, the average growth in collection over the past five years reached 32.94%, indicating a significant opportunity to develop more effective and sustainable zakat collection strategies for OPZ in the future.

Over the past five years, the national zakat collection has shown encouraging growth, with a marked increase in 2022 driven primarily by off-balance sheet mechanisms, which accounted for 68.94% of the total national zakat fund collection (BAZNAS, 2024). Nonetheless, while the trend in zakat collection continues to rise, the operational resilience of zakat management organizations (OPZ) in consistently collecting and distributing zakat, infaq, and sadaqah (ZIS) funds warrants further attention. This issue is reflected in the fact that 43.2% of amil zakat institutions (LAZ) reported a decline in collection growth in 2022, with the most substantial decrease reaching -86.8% compared to the previous year (BAZNAS, 2022). These conditions highlight the necessity to improve collection strategies and bolster the operational resilience of OPZ to better capture the full potential of zakat collection.

Several challenges remain in optimizing zakat fund collection, stemming from both internal and external issues. Internal challenges, which dominate within Zakat Management Organizations (OPZ), Zakat Collection Units (UPZ), and Zakat Management Partners (MPZ), include various aspects. These challenges involve an excessive number of Amil Zakat Institutions (LAZ), high promotion costs, ineffective zakat utilization programs, weak synergy among zakat stakeholders, and limitations in human resources within amil zakat (Huda et al., 2014). Additional issues are the low quality of human resources, suboptimal management of zakat funds (Noor et al., 2015; Triyuwono, 2000), OPZ employees who are not fully dedicated full-time, weak internal IT control, and limited access to zakat payment methods such as internet banking (Nikmatuniayah, 2014).

Furthermore, low effectiveness, transparency, professionalism, and accountability in zakat institutions, along with limited convenience in zakat payment

and services, reduce public trust. Other significant challenges include the absence of amil certification, lack of attractive zakat incentives for payers, zakat distribution focused primarily on consumption, perceptions of the amil profession as less reputable, and an inaccurate database of muzaki and mustahik. Overall, these internal challenges span strategic, human resources, management, governance, and accountability areas (BAZNAS, 2018; Bakar and Rashid, 2010; Mukhlis and Beik, 2013; Huda and Sawarjuwono, 2013).

To optimize the potential of zakat collection in Indonesia, it is essential to review the factors that could serve as multipliers in boosting zakat collection. Addressing existing challenges, particularly within the internal scope, will require transforming fund collection practices to fully realize this potential. This research aims to examine and identify internal challenges and propose an action plan for transforming zakat fund collection within zakat management organizations.

## LITERATURE REVIEW

### *Zakat & Zakat Institutions*

The fourth pillar of Islam is Zakat. According to Boutheraqua (2012), Sarif & Kamari (2009), and Alim (2015), Zakat originally meant purity, growth, blessing, and increase. Muslims who are eligible are required to pay zakat (Saad et al., 2014). Every eligible Muslim is required to set aside a minimum of 2.5% of their income for zakat (Qardhawi, 2002; Syakir et al., 2021). This happens because, in Islam, not all the money that eligible Muslim receive from their work belongs to them. However, around 2.5% belongs to other people (Syakir et al., 2021). As explained in the Quran (surah At-Taubah:60), there are 8 asnaf who are entitled to receive zakat, namely the needy and the poor, amil of zakat, the group of converts, freeing slaves, people who are in debt (gharim),

people who fight God's way (sabilillah), and Ibn Sabil.

Based on Law Number 23 year 2011, Zakat Institution (LAZ) is formed by the community to assist in the collection, distribution, and utilization of zakat. Zakat Institution (LAZ) was formed to assist BAZNAS in implementing, collecting, distributing, and utilizing zakat. According to Government Regulation Number 14, 2014, there are three types of Zakat Institutions (LAZ): national-scale institutional zakat (LAZNAS), provincial-scale institutional zakat (LAZ Provinsi), and Regency/city-scale institutional zakat (LAZ Kabupaten/Kota).

### ***Organizational Performance In Zakat Institutions***

Measuring institutional zakat performance is unlike companies in general since the sources of income received are different. Zakat institutions rely on donations from donors (muzakki) to generate revenue (Glaeser & Shleifer, 2001; Syakir et al., 2021). When the amount of *zakat*, *infaq*, *sadaqah*, *waqf*, and other funds received by zakat institutions is large, then the more income the zakat institutions have. Zakat institution's performance is measured by the number of funds collected from donors (muzakki), also known as zakat revenue and the amount it distributes to beneficiaries (mustahiq), also known as zakat disbursement (Syakir et al., 2021). Therefore, it concludes that the zakat institution needs funding in order to remain viable and continue the business in a sustainable manner.

### ***Fundraising In Zakat Institutions***

An organization's efforts to collect funds are known as fundraising (Fauzia et al., 2021). Fundraising is an activity to collect funds for individuals, organizations, and legal entities. This process includes the activities of informing, improving, encouraging,

persuading, and seducing (Nopiardo, 2018; Makhrus et al., 2024). Fundraising activities are often recorded with religious activities (Sargeant & Jay, 2004). An institution's fundraising activities must encourage, educate, and develop sociability in addition to transferring knowledge to raise awareness and generate a need for potential donors (Warwick, 1991; Fauzia et al., 2021).

In the context of zakat, fundraising is an activity to collect or raise *zakat*, *infaq*, *sadaqah*, and religious funds from the community (individuals, groups, organizations, and companies) which will be distributed and utilized to beneficiaries (Sani, 2010; Makhrus et al., 2024). To improve community zakat collection in institutional, fundraising zakat is required (Makhrus et al., 2024). Many non-profit organizations have used fundraising to boost profitability and diversify to improve funding management (Sargeant & Jay, 2004).

### ***Organizational Transformation***

In the context of fundraising transformation, the approach used is organizational transformation. Transformation refers to fundamental changes in an organization, which have a big impact on organizational strategy and structure (Matt et al., 2015; Putri et al., 2021) and the power of distribution (Wischnevsky & Damanpour, 2006; Putri et al., 2021). Based on previous studies related to organizational change research, where the author uses concepts such as creating intellectual pain, diffusing dissatisfaction, or the threat of organizational failure to describe similar ways of assuring awareness within an organization of the need for the change ahead (Fredberg & Pregmark, 2021). Organizational transformation is a process of gradual and systematic change in corporate culture and organizational structure in companies (Arranz et al., 2024).

There are three pillars of transformation values, critical thinking skills, and innovation (Schalock et al., 2017). Values are an important pillar in organizational transformation since they form a basis of mental models that are the deeply ingrained assumptions, generalizations, and images organization personnel have for understanding and action (Schalock et al., 2017). At the professional and organizational level, best practice values can be seen as focusing on fairness such as treating everyone the same, generosity such as doing good, and autonomy such as respecting each person's authority to control actions that primarily affect him or herself (Schalock & Luckasson, 2014; Schalock et al., 2017). In organizational transformation, there are five critical concepts that are highly relevant, as they provide a basis for organizational transformation. These five critical concepts are analysis, alignment, holism, systems, and synthesis (Schalock et al., 2017). In carrying out organizational transformation, everyone in an organization must think differently and become more innovative in developing and implementing transformation strategies. Such as innovative thinking which involves developing creativity and showing flexibility (Schalock R. L., et al, 2017).

#### *People Process Technology (PPT) Framework*

People, Process, and Technology (PPT) are known as the three key elements for process improvement. This PPT approach can be applied to enhance the organization as a whole (Prodan et al., 2015). The human factor in the Process Improvement Model is critical to achieving success. By ensuring that people have a clear understanding of their tasks, the right skills and knowledge, and high motivation and engagement, organizations can drive continuous performance improvement. Support for development and involvement in improvement projects

encourages individuals to continue to contribute to improving processes consistently (Prodan et al., 2015). According to the Cambridge Dictionary (2024), process is “a series of actions that are taken in order to achieve a result”. According to the American Society for Quality Quality (2024), process is a group of related work activities distinguished by a sequence of inputs and the value added by certain tasks that create procedures for a particular set of outputs. Technology refers to the methods and instruments used to facilitate communication and increase productivity (Prodan et al., 2015). Information management systems, architecture, hardware, and software are all included in the technology industry (Prodan et al., 2015).

## **METHODOLOGY**

### ***Research Approach***

A qualitative research design was used to generate in-depth and rich descriptions of the complex and diverse meanings associated with the phenomenon of fundraising transformation. In particular, an abductive research logic was chosen to create synergy and simultaneous development between theoretical and empirical material. A reflective process underpins this research, where the researcher engages intensely in data collection, analysis and interpretation, with full awareness of the assumptions and presuppositions brought into the research.

### ***Data Collection***

This research conducted 8 semi-structured interviews and one focus group discussions involving senior fundraising managers and other related departments in 2024. A purposeful sampling approach was applied to identify and select individuals with rich information and cover different forms of National Amil Zakat Institutions (LAZNAS). This approach enabled the

identification of commonalities in the fundraising transformation process, while gaining diverse perspectives on the phenomenon (Creswell & Creswell, 2018).

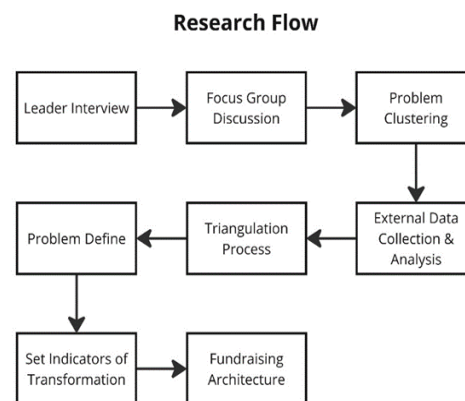
Most of the participants in this study hold senior manager positions in national LAZs, such as Rumah Zakat, Lembaga Manajemen Infaq (LMI), and DT Peduli, and are therefore considered key informants who are equally knowledgeable about field conditions and top management, with a holistic and strategic view of the fundraising transformation process. At the same time, these amils provided important insights into the implications and consequences of fundraising transformation for fundraising executives and their team members (Ivanova-Gongne & Törnroos, 2017).

The interviewees shared their experiences through a semi-structured interview protocol, which included a series of open-ended and probing questions. After a brief introduction to their professional profile and experience, interviewees were introduced to the topic of fundraising transformation and asked about the meaning and nature of this phenomenon in their organizations. The interviews were then followed by a retrospective exercise asking participants to reflect on the key changes that have affected their fundraising departments and functions over the past five years. As a result, a series of themes and drivers of fundraising transformation were identified and further discussed with probing questions to uncover the challenges, opportunities and coping mechanisms that characterize fundraising transformation in their organizations. Particular focus was given to discussing the relevance and interaction between the human and technological aspects of fundraising transformation, as well as the policies introduced by organizations to keep up with the changing fundraising environment and evolving business. During focus group discussions and in-depth interviews, interviewees shared several narratives

about specific events, which are considered critical points for accessing knowledge related to the structure of social action over time, with the opportunity to link processes to spatial and temporal settings (Halinen et al., 2013), as well as providing a deeper understanding of changes over time and the consequences of the events discussed (Beeler et al., 2017a, b).

### Research Flow

This research flow describes the systematic stages in developing a fundraising transformation model for national amil zakat institutions in Indonesia. The research started by conducting interviews with the leaders of the institution, which aimed to gain in-depth insights into the problems faced, the needs of the institution, and the vision of the institution's transformation. Through



these interviews, the researcher tried to understand the main challenges in the fundraising process faced by amil zakat institutions.

After the interview, a Focus Group Discussion (FGD) was conducted with participants representing various stakeholders in the institution. This group discussion was an opportunity to explore diverse perspectives and deepen the understanding of specific issues in the fundraising process. The results of the FGDs were then used to conduct a

problem clustering exercise, where emerging issues were grouped into categories. This process facilitated further analysis, by identifying key themes that would become the focus of the research.

In the next stage, external data is collected from various sources, such as literature, surveys, or other secondary data. The analysis of this external data provides a broader context and helps enrich the understanding of the general conditions and challenges faced in the field of fundraising of amil zakat institutions. These data are then validated through a triangulation process, where information from interviews, FGDs, and external data are compared to ensure accuracy and consistency. This triangulation process is important so that the problem definition formulated is more precise and based on reliable data.

Based on the triangulation results, the main problem in the fundraising process of amil zakat institutions is more clearly defined. With a precise definition of the problem, the research then moves to the next stage, which is to determine the transformation indicators. These indicators are used to measure the success of the transformation model to be developed, so that amil zakat institutions have a concrete benchmark in evaluating changes.

The final stage in this research flow is the development of fundraising architecture, which is a framework for the transformation model designed based on the problems that have been defined and the indicators set. This architecture serves as a strategic guide for amil zakat institutions in applying transformation to their fundraising process, with the hope of improving the effectiveness and efficiency of fundraising in the future.

Overall, this research flow shows a comprehensive and layered approach, starting from problem identification, careful data analysis, to the design of a model that is applicable and can be measured for success.

### ***Data Analysis***

In analyzing the data that has been collected, this research uses several techniques such as data tabulation, clustering, and data validation using the triangulation technique, which is a technique to validate the statement data submitted by the sources by looking at supporting quantitative data that is linear with the topic presented. In tabulating the data, this research refers to the PPT framework. The People, Process, Technology (PPT) framework is an approach that is often used in organizational analysis and business transformation to identify key elements that affect the success of a change.

In the context of this research, which focuses on developing a fundraising transformation model for national amil zakat institutions, the PPT framework can help analyze the factors that influence the fundraising process in these institutions, although in this research a slight adjustment is made by changing the technology variable to infrastructure because it includes abstract supporting things. By using the PPT framework in data tabulation, this research can evaluate each of these aspects and see how People, Process, and Technology interact with each other in the context of LAZ fundraising. The results of this analysis will provide a comprehensive picture that supports the development of a transformation model, so that the model designed can be more responsive to the needs of the institution, efficient in operations, and relevant to technological advances.

## **DISCUSSION**

### ***Interview Result***

From in-depth interviews conducted with several LAZNAS representatives, various views were obtained regarding the challenges faced in the fundraising section, such as

“employees still experience difficulties in mapping the right donor segmentation for each program offered” “the majority of funding employees require assistance when presenting to partners” “funding employees do not yet fully have the characteristics and enthusiasm that suit their role. The rewards and training provided have not had a significant impact” “some funding employees have not met their performance targets and require improvement” “no platform provides product knowledge information accessible to the fundraising team collaboratively” “provision for new fundraising employees, including back-office employees who have been transferred to fundraising roles, is still inadequate” and “the majority of employees are under 40 years old, and their competencies need to be improved”.

Apart from that, various views were also obtained regarding the challenges faced in developing institutional networking, such as “non-optimal the use of data, both new and existing data”, “the process of opening and setting up offices abroad requires human resources (HR) foreigners with appropriate status” and “Human resources that meet the qualifications as globally talented are still limited”.

In addition, various perspectives were gathered on the challenges in managing data related to fundraising activities, such as “data is not yet standardized and integrated, especially in transaction data, which still has discrepancies” and “there is still an inability to confirm the composition of funds received from donors by any division” “issues related to validating data accuracy” “digital platforms are relatively new and still under development” “potential donor data in the database has not been fully utilized” “the speed of reporting” and “upgrading the ERP system hinders fundraising management”.

Various views were obtained regarding challenges with the tools used

for fundraising activities, such as “the accuracy level of prospect reports is still low compared to other reports measured using certain tools”, “there is no algorithm that automatically recommends campaigns on online donation platforms” and “there has been no development of new features” and “still relying on traditional methods, such as using charity boxes”.

Various views were gathered regarding workflow challenges, particularly in fundraising activities, such as “the lack of collaboration between teams, which hampers the acceleration” and “the campaign process from start to end needs to be quick (to catch the moment), but the program details have not yet been finalized”.

In addition, perspectives were gathered regarding the biggest challenges in maintaining transparency and accuracy in fundraising activities, such as “lack of monitoring and updating of campaign program performance”. Views were also obtained regarding how to maintain transparency, such as “objective measurement/correlation of training success”.

### ***Data Triangulation***

Based on the interview results, the data obtained was combined with various existing sources using data triangulation, as shown in the following table:

Table 1. Data Triangulation

Aspect	Issues	Data Fact	
		Supporting Data	In line with RENSTRA BAZNAS 2020 - 2025
Extensive Networking	Non-optimal the use of data, both new and existing data	1. The status of funding offers in the "Not Yet Response" category dominates, reaching 90.02% of the total. 2. The "Closing" status only reached around 6.58%. 3. The remainder consists of other categories, namely "Not Donating" (1.28%), "Considering Donation" (1.03%), "Not Connected" (1.02%), and "Potential Donors" (0, 08%).	Increasing and expanding the scope of muzakki.
	The process of opening and setting up offices abroad requires human resources (HR) foreigners with appropriate status	No supporting data has been found.	Development of the Amil Special Competency Dictionary.
	Human resources that meet the qualifications as globally talented are still limited	Percentage of employees with English proficiency levels: a. Beginner level: 58% of employees. b. Intermediate level: 42% of employees.	Development of the Amil Special Competency Dictionary.
Mindset & Capability	Employees still experience difficulties in mapping the right donor segmentation for each program offered	Based on employee competency data regarding the ability to map donor segmentation.	Development of the Amil Special Competency Dictionary.
	The majority of funding employees require assistance when presenting to partners	Percentage of funding employees' knowledge of the offered products: a. Does not meet the product knowledge assessment criteria: 55% b. Meets the product knowledge assessment criteria: 30% c. Exceeds the product knowledge assessment criteria: 15%	Development of the Amil Special Competency Dictionary.

Aspect	Issues	Data Fact	
		Supporting Data	In line with RENSTRA BAZNAS 2020 - 2025
	Funding employees do not yet fully have the characteristics and enthusiasm that suit their role. The rewards and training provided have not had a significant impact	<p>1. HR Funding Achievements: Target Achievement</p> <p>a. Employees with “low” performance: 31%</p> <p>b. Employees with “fairly low” performance: 40%</p> <p>c. Employees with “good” performance: 17%</p> <p>d. Employees with “excellent” performance: 12%</p> <p>Growth Achievement</p> <p>a. Employees with negative growth achievements: 42%</p> <p>b. Employees with stagnant achievements: 2%</p> <p>c. Employees with positive growth achievements: 56%</p> <p>2. Evaluation/Assessment Data Before and After Training:</p> <p>a. Before training: 0% of employees experienced growth in funding achievements.</p> <p>b. After training: 73% of employees experienced growth in funding achievements, while 27% did not experience growth.</p>	Development of the Amil Special Competency Dictionary.
	Some funding employees have not met their performance targets and require improvement	11% of funding employees consistently demonstrate low performance.	Development of the Amil Special Competency Dictionary.
	No platform provides product knowledge information accessible to the fundraising team collaboratively	No supporting data has been found.	No supporting statement has been found.

Aspect	Issues	Data Fact	
		Supporting Data	In line with RENSTRA BAZNAS 2020 - 2025
	Provision for new fundraising employees, including back-office employees who have been transferred to fundraising roles, is still inadequate	<p>1. Performance of New Employees and Back Office:</p> <p>a. Approximately 92% of new employees exhibit low achievement.</p> <p>b. Around 54% of funding employees who switched to the back office have low performance.</p> <p>c. Around 31% of funding employees who switched to the back office experienced a decline in performance.</p> <p>2. HR funding character (competency) data:</p> <p>a. Foundational sales knowledge,</p> <p>b. Product knowledge,</p> <p>c. Negotiating skills,</p> <p>d. Data analysis,</p> <p>e. Written communication,</p> <p>f. Relationship building,</p> <p>g. Objection handling,</p> <p>h. Service &amp; relationship management,</p> <p>i. Time management,</p> <p>j. Strategic prospecting skills,</p> <p>k. Active listening,</p> <p>l. Data visualization.</p>	Development of the Amil Special Competency Dictionary.
	The majority of employees are under 40 years old, and their competencies need to be improved	The percentage of employees < 40 years old is around 70%.	Development of the Amil Special Competency Dictionary.
Data Management	Data is not yet standardized and integrated, especially in transaction data, which still has discrepancies	<p>Invalid data:</p> <p>a. The number of invalid donor emails accounts for 5% of all contacts.</p> <p>b. The number of invalid cellphone numbers accounts for 46% of all contacts.</p> <p>c. The number of invalid CRM and Affiliate ID data strings.</p>	No supporting statement has been found.
	There is still an inability to confirm the composition of funds received from	No supporting data has been found.	No supporting statement has been found.

Aspect	Issues	Data Fact	
		Supporting Data	In line with RENSTRA BAZNAS 2020 - 2025
	donors by any division		
	Issues related to validating data accuracy	1. There is double donor data, both email and cellphone number. 2. There is existing non-donor data (no transactions) entered into the database. 3. There is unidentified data. 4. There is incomplete data, such as: email, WhatsApp number, address and gender that are not filled in..	No supporting statement has been found.
	Digital platforms are relatively new and still under development	No supporting data has been found.	Digitalization of Zakat donation outreach and services.
	Potential donor data in the database has not been fully utilized	No supporting data has been found.	No supporting statement has been found.
	The speed of reporting	No supporting data has been found.	No supporting statement has been found.
	Upgrading the ERP system hinders fundraising management	No supporting data has been found.	Digitalization of Zakat donation outreach and services.
Fundraising Tools	The accuracy level of prospect reports is still low compared to other reports measured using certain tools	There is a discrepancy between the incident data and the funding report.	No supporting statement has been found.
	There is no algorithm that automatically recommends campaigns on online donation platforms	Historical data on the number of campaign programs and campaign program groups for each donor.	Digitalization of Zakat donation outreach and services.
	There has been no development of new features	App user activity trends tend to fluctuate but have generally increased since the apps were launched. The upward trend is particularly noticeable during Ramadan and at the end of the year.	Digitalization of Zakat donation outreach and services.
	Still relying on traditional methods, such as using charity	No supporting data has been found.	Digitalization of Zakat donation outreach and services.

Aspect	Issues	Data Fact	
		Supporting Data	In line with RENSTRA BAZNAS 2020 - 2025
	boxes		
Efficient & Effective Workflow	The lack of collaboration between teams, which hampers the acceleration	Estimated occurrence of miss-collaboration in a certain period.	Development of the Amil Special Competency Dictionary.
	The campaign process from start to end needs to be quick (to catch the moment), but the program details have not yet been finalized	The estimated number of such incidents.	No supporting statement has been found.
	The campaign process from start to end needs to be quick (to catch the moment), but the program details have not yet been finalized	No supporting data has been found.	Prototyping zakat program.
Transparent & Accurate Work	Lack of monitoring and updating of campaign program performance	No supporting data has been found.	No supporting statement has been found.
	Objective measurement/correlation of training success	No supporting data has been found.	Development of the Amil Special Competency Dictionary.

Source: Data processed (2024)

### ***Fundraising Transformation Architecture***

#### ***Problem Clustering***

In clustering the problem, this research uses the People, process, technology framework, the selection of this framework is based on the theoretical framework in the transformation of an organization, organizational management will not be separated from these three major components, even so in the case of this research there is an adjustment of components, namely the technology variable into infrastructure because in the data collection process, researchers see that there are aspects that are intangible in

nature that cannot be accommodated by technology variables.

#### ***People***

##### ***Extensive Networking***

Networking, both domestically and abroad, is very important in increasing the effectiveness of fundraising activities. One of the problems identified is the lack of cross collaboration that has a direct or indirect impact on the institution, especially on the domestic and regional outreach. The wider the reach that can be achieved by amil zakat institutions, the greater the potential for collection,

although stakeholders also recognize the condition of limited resources, so multi-stakeholder collaboration becomes very crucial for institutions, with collaboration institutions can take advantage of opportunities better and optimize fundraising activities.

### *Mindset and Capability*

Competence and mindset of human resources are important factors in determining the success of fundraising. Based on the findings from the interviews, there are still many amil (zakat management officers) who have not been able to map donor segments to adjust the programs offered, negotiation skills, and read the potential and desires of the market. The lack of fundraising-oriented spirit and mentality is also an obstacle in achieving the target. In addition, the training and incentives provided so far have not succeeded in significantly improving performance. Digital mindset that is adaptive to modern fundraising technology is also still a challenge, where many amil are still not accustomed to using digital tools or online platforms in fundraising. The ability to adapt to these changes is important to increase the reach and success of fundraising programs in the digital era. A qualified mindset and capability will help zakat institutions to increase professionalism and innovation in fundraising, while building a more solid relationship with donors.

## ***Infrastructure***

### *Data Management*

Challenges in data management are an important aspect that needs to be addressed in amil zakat institutions. One of the main problems is the lack of optimization of data usage, both new and existing data. This has an impact on the inability of institutions to accurately map donation profiles and patterns, which should be the basis for fundraising

strategies. In addition, data integration between units or departments has also not been running optimally. Problems that often arise are transaction data mismatches, lack of data completeness, and duplicate data. Without a normal and integrated data system, it is difficult for institutions to conduct proper analysis of donation sources, campaign effectiveness, and donor preferences. The difficulty in ascertaining the source of donations, whether from funding, CRM, or brand management activities, further demonstrates the importance of improvements in a comprehensive data management system. With more valid and verified data, organizations can improve the effectiveness of decision-making, marketing strategies, and relationships with donors.

### *Fundraising Tools*

Tools and platforms used in fundraising activities play an important role in supporting team productivity and facilitating access to information for stakeholders. However, there are still limitations related to tools that support fundraising as a whole. One of them is the lack of a platform that can contain product information or product knowledge, which should be accessible to the entire fundraising team to strengthen their understanding of the products or services offered. In addition, online donation platforms do not have algorithms that can recommend campaigns to users based on certain segmentations or campaign performance, such as campaigns with the highest or lowest achievements. On the other hand, the organization's apps do not have features that are continuously updated to increase installation rates and user engagement. This lack of performance-enhancing features limits the organization's capacity to reach more donors efficiently.

## ***Process***

### *Efficient and Effective Work*

Efficient and effective workflow is an important aspect that supports the achievement of fundraising targets. However, the interview results show that monitoring the achievements of the fundraising program is still not done optimally. The lack of updates on program performance makes performance evaluation less accurate and slow in identifying areas that require improvement. In addition, measuring the correlation between the training provided and the results of HR performance is still not done objectively. An efficient workflow requires a more systematic monitoring system and measurable measurements to ensure that every program implemented has the desired impact and improves the fundraising team's ability to achieve targets in a sustainable manner.

### *Transparency & Accurate Work*

Transparency and accuracy in work are crucial elements that affect the trust and performance of fundraising teams. In many cases, the accuracy of prospect funding reports is still lower than other reports that use standardized measurement tools. Data accuracy is essential to provide a clear picture of the effectiveness of each fundraising campaign and individual performance. In addition, transparency in the presentation of performance data can help teams make improvements objectively and enable data-driven decision-making. With transparency and accuracy, fundraising teams will be better able to increase the credibility of the organization in the eyes of donors and build a better reputation.

### *Fundraising Architecture*

Based on this data, the researcher created an architectural framework for amil zakat institutions to carry out fundraising transformations. The

architectural framework of fundraising transformation is built based on the analysis conducted by the researcher based on the observation data found in the sample selection, namely leaders at the middle and top management levels in the field of fundraising from national amil zakat institutions.

The first basis in determining the direction of fundraising transformation is to determine and find the foundation of the institution. This study found that the organizational values adopted are the boundaries and direction for an institution to carry out fundraising transformation. In addition to the values of the institution, the national amil zakat institution also needs to make a long-term plan to be achieved within a certain period of time (roadmap). These two foundations will make fundraising transformation efforts run more efficiently and effectively because stakeholders can already predict every step that will be taken to achieve the goals to be achieved.

Based on this data, the researcher created an architectural framework for amil zakat institutions to carry out fundraising transformation. The architectural framework of fundraising transformation is built based on the analysis conducted by the researcher based on the observation data found in the sample selection, namely leaders at the middle and top management levels in the field of fundraising from national amil zakat institutions.

The first basis in determining the direction of fundraising transformation is to determine and find the foundation of the institution. This study found that the organizational values adopted are the boundaries and direction for an institution to carry out fundraising transformation. In addition to the values of the institution, the national amil zakat institution also needs to make a long-term plan to be achieved within a certain period of time (roadmap). These two foundations will make fundraising transformation efforts run

more efficiently and effectively because stakeholders can already predict every step that will be taken to achieve the goals to be achieved.

The three aspects are then derived into core competencies and indicators that must be achieved in transforming fundraising. For the human resources aspect, two competencies that need to be focused on by amil zakat institutions are extensive networking and growth mindset and capabilities of each role in the institution's fundraising activities. For the infrastructure aspect, the institution needs to strengthen two core competencies, namely related to data management and tools to support fundraising activities, the institution can be stronger to explore data for a better organizational fundraising strategy. As for the process aspect, the competencies that need to be focused on are designing effective and efficient business processes as well as accuracy and transparency in fundraising activities.

#### *Set Indicators of Transformation Architecture*

The next stage, after identifying the problems faced by LAZ (*Lembaga Amil Zakat*) and aligning the priority of these problems with the BAZNAS Strategic Plan (*RENSTRA*), is to establish success indicators for addressing these issues. The purpose of defining these indicators is to provide an objective and structured measurement tool, enabling a systematic evaluation of the goals or targets within the fundraising strategy.

These success indicators function as benchmarks and monitoring tools to assess the extent to which the transformation of fundraising strategies implemented by LAZ has been achieved. The aspects considered in the development of these indicators are based on the classification of previously identified issues, which encompass three main aspects: people, infrastructure, and processes.

### **People**

In the people aspect, the focus is on two main objectives: expanding extensive networking and developing mindset and capabilities. The success of these objectives is measured using indicators adopted from various relevant literature sources that align with the study context.

The first objective, extensive networking, includes the fundraising team's offer conversion rate of 38% for conventional channels and 9% for digital channels, as well as the mastery of a global mindset in network expansion. Research by Bradford et al. (2016) in the business-to-business (B2B) sector showed that, out of a total of 70,623 offers made, the conversion rate reached 38% within 18 weeks. This result serves as a benchmark for measuring conversion success through conventional channels. Meanwhile, the 9% figure for digital channels is derived from several e-commerce case studies, including Ayanso & Yoogalingam (2009) research, which reported a 3% conversion rate, a case study of Amazon.com showing 4%, and Staples.com achieving 8.9% of total potential customers who visited their sales site.

The second objective, developing global mindset competencies, refers to Fogel's (2013) research, which divides the global mindset into two primary dimensions. The first dimension is intellectual intelligence, encompassing the ability to differentiate and integrate, manage uncertainty, and adapt to diverse contexts.

In the Mindset & Capability aspect, the focus is directed toward developing understanding, strategies, skills, and mastery of the fundraising team's work processes, all oriented toward enhancing the effectiveness of fundraising efforts. The success indicators in this aspect consist of five key points.

First, the fundraising team must possess a high level of understanding of product and brand knowledge,

encompassing both internal products and competitors' offerings (Sangtani & Murshed, 2017). This knowledge forms the foundation for delivering added value and building trust with donors or clients.

Second, the implementation of value-based selling strategies is essential (Alamaki & Korpela, 2021). In this context, the team is expected to understand concepts such as selling models, customer prioritization, and market segmentation (Terho et al., 2015). This understanding is crucial to ensuring a focused approach tailored to the needs of potential donors.

Third, the fundraising team must have experience and training in core skills such as active listening, adaptive selling, handling objections, negotiating, closing, and prospecting skills (Johlke, 2006). These skills are critical for supporting the effectiveness of fundraising processes across diverse contexts and audiences.

Fourth, the ability to master and implement prospect management processes is a key indicator. This includes marketing stages such as prospect capture, prospect nurturing, and lead qualification, as well as sales stages like lead management, opportunity conversion, and opportunity funnel management (Bradford et al., 2016).

Fifth, the fundraising team is expected to enhance their competence in effective online communication. Success indicators include achieving an optimal frequency of communication, engaging in high-quality two-way communication, sharing knowledge effectively, and applying influence tactics (Biemans, 2023). These efforts aim to strengthen relationships with donors, build trust, and improve communication effectiveness.

### ***Infrastructure***

In the infrastructure aspect, the focus is directed toward two main elements: data management and the development of fundraising tools. These elements are designed to ensure the efficiency and effectiveness of the

organization's infrastructure, particularly in supporting operational and strategic activities.

The first element, data management, aims to enhance the use of organizational data through four key dimensions: leadership support, adequate technology, performance data utilization, and employee capacity building. Leadership support ensures that data management is integrated into strategic decision-making processes. The use of technology allows the organization to efficiently manage data, from collection to analysis. Performance data serves as the foundation for evidence-based decision-making, thus driving improvements in operational efficiency. Additionally, employee capacity building is facilitated through training and the provision of user-friendly systems to ensure that all personnel can optimally utilize data.

The second element, development of fundraising tools, emphasizes the innovation of systems to support effective donation collection. This system includes the diversification of donation channels, effective communication, and strengthening relationships with donors and supporters (Nageswarakurukkal et al., 2019). The diversification of donation channels, both through traditional and digital methods, provides flexibility for donors to choose the channel that best suits their preferences. Effective communication strengthens long-term relationships with donors, while planned relationship management helps increase donor loyalty and participation in donation programs.

The integration of Artificial Intelligence (AI) algorithms also represents a strategic step to enhance the efficiency of marketing campaigns (Kapuge & Ginige, 2024). This technology enables better personalization in reaching potential donors, ultimately contributing to the increased effectiveness of fundraising efforts. By combining data management and the development of fundraising tools,

organizations can build a robust infrastructure to face the challenges of an increasingly dynamic environment.

### **Process**

In the process aspect, the focus is directed toward two main objectives: the implementation of efficient and effective workflows and the execution of transparent and accurate work. These objectives aim to ensure that the organization can achieve optimal results through structured and accountable processes.

The implementation of efficient and effective workflows is achieved by eliminating negative values such as

personal interests and the abuse of power in task execution. This process is strengthened by a content studio-based campaign model that includes a structured work cycle, ranging from ideation and conceptualization to reporting and periodic optimization. This approach ensures that each stage is carried out as planned, enhancing productivity.

Meanwhile, transparent and accurate work is realized through formative evaluations during the implementation of the strategy and summative evaluations after the strategy is completed (Neumann et al., 2017). These evaluations allow the organization to monitor performance in real time and assess the overall success of the strategy.

Table 2. Fundraising Transformation Success Indicators

<b>Key Result</b>		<b>Indicators</b>
People	Extensive Networking	<ol style="list-style-type: none"> <li>1. Achieved an average conversion rate of 38% from optimizing fundraising potential through existing data and networks.</li> <li>2. Fundraising demonstrates a global mindset with competencies measured through 2 main dimensions:               <ol style="list-style-type: none"> <li>a. <b>Intellectual intelligence</b>: includes the ability of differentiation &amp; integration, managing uncertainty, pattern recognition, and thinking globally.</li> <li>b. <b>Cultural intelligence</b>: includes openness to learning, flexibility and sensitivity, and cross-cultural understanding.</li> </ol> </li> </ol>
	Mindset & Capability	<ol style="list-style-type: none"> <li>1. Fundraising has a high level of understanding of internal product and brand knowledge as well as competitor products and brands.</li> <li>2. Fundraising able to apply value-based selling strategies and understand the concepts of selling models, customer prioritization, and market segmentation.</li> <li>3. Fundraising has experience and training in key skills, including active listening, adaptive selling, handling objections, closing, negotiation, and sales prospecting.</li> <li>4. Fundraising is able to master and implement lead management processes from the marketing stage (prospect capture, nurture, lead qualification) to the sales stage (lead management, opportunity conversion, funnel management).</li> <li>5. Fundraising shows an increase in online communication competencies with indicators: frequency of communication, quality of two-way communication, knowledge sharing, and use of influence tactics.</li> </ol>

Key Result		Indicators
Infrastructure	Data Management	1. Data management is improved through measurement: leadership support, adequate technology (capability technology), utilization of performance data (data capital), and development of employee capacity in using data (human capital).
	Fundraising Tools	1. Availability of a developed system to support donation collection, with indicators: <ol style="list-style-type: none"> <li>Diverse and well-managed individual donation channels.</li> <li>More effective communication and shared information management.</li> <li>Strong relationships with donors, including increased dissemination of program impact.</li> <li>Strong relationships with supporters through fundraising skills development.</li> <li>Supportive IT management, including development of fundraising platforms and online payment methods.</li> </ol> 2. The integration of AI algorithms improves the efficiency and personalization of marketing campaigns.
Process	Efficient & Effective Workflow	1. Employees demonstrated the elimination of negative values such as self-interest, control, and power in carrying out their duties. 2. Implementation of the content studio complex campaign model with work cycles: ideation & concept, scope & brief, draft, approval, launch & asset management, and periodic reporting & optimization.
	Transparent & Accurate Work	1. Periodic formative (during strategy implementation) and summative (after program completion) evaluations are conducted to assess the success of the strategy.

Source: Data processed (2024)

## CONCLUSION

The findings of this study show that there are a number of internal challenges hindering the optimization of zakat fundraising in Indonesia. These challenges stem from three main aspects: people, infrastructure, and process. The people aspect includes issues related to the limited network of institutions and the need to develop the mindset and capabilities of fundraising employees in Lembaga Amil Zakat (LAZ). The infrastructure aspect concerns data management and fundraising tools that need to be improved to ensure the efficiency and effectiveness of the institution. The process aspect identifies

the ineffectiveness of workflows, along with a lack of transparency and accuracy in the implementation of work.

To overcome these challenges, it is recommended that LAZ transform their fundraising process to optimize the potential of zakat collection, which currently reaches only 10.09% of the total potential calculated by BAZNAS. Additionally, 43.2% of LAZ experienced negative zakat fund collection growth in 2022, highlighting the need to improve resilience. This fundraising transformation can be achieved through the creation of a transformation architecture that includes: (1) determining the institutional basis, such as the roadmap, strategy, and organizational values; (2) identifying

aspects and core competencies; (3) defining the scope of transformation; and (4) setting the goals to be achieved. From this architecture, indicators can be derived that will serve as benchmarks for regular evaluation and monitoring of implementation progress, as well as the extent to which the implementation addresses the gaps identified.

## REFERENCES

- Alamaki, A., & Korpela, P. (2021). Digital transformation and value-based selling activities: seller and buyer perspectives. *Baltic Journal of Management*, 16(2), 298–317. <https://doi.org/10.1108/BJM-08-2020-0304>
- Arranz, C. F. A., Arroyabe, M. F., & Arroyabe, J. C. F. De. (2024). Organisational transformation toward circular economy in SMEs . The effect of internal barriers. *Journal of Cleaner Production*, 456(April), 142307. <https://doi.org/10.1016/j.jclepro.2024.142307>
- Ayanso, A., & Yoogalingam, R. (2009). Profiling Retail Web Site Functionalities and Conversion Rates: A Cluster Analysis. *International Journal of Electronic Commerce*, 14(1), 79–114. <https://doi.org/10.2753/JEC1086-4415140103>
- Bakar, Nur Barizah Abu dan Rashid, Hafiz Majdi Abdul. 2010. “Motivations of Paying Zakat on Income: Evidence from Malaysia”. *International Journal of Economics and Finance*, Vol. 02(3), pp. 76-84.
- Biemans, W. (2023). The impact of digital tools on sales-marketing interactions and perceptions. *Industrial Marketing Management*, 115, 395–407. <https://doi.org/10.1016/j.indmarna.2023.10.015>
- Bradford, W. R., Johnston, W. J., & Bellenger, D. N. (2016). The Impact of Sales Effort on Lead Conversion Cycle Time in a Business-to-Business Opportunity Pipeline. *Dictionary*, C. (2024). Cambridge Dictionary. <https://dictionary.cambridge.org/dictionary/english/process>
- Direktorat Kajian dan Pengembangan Badan Amil Nasional. 2024. Outlook Zakat Indonesia 2024. Jakarta: Badan Amil Nasional.
- Direktorat Kajian dan Pengembangan Badan Amil Nasional. 2022. Statistik Zakat Nasional 2022. Jakarta: Badan Amil Nasional.
- Fauzia, A. S., Mulatsih, S., & Alexandi, F. (2021). Mapping the Potential of Zakat Collection Digitally in Indonesia. 6(3), 1–22.
- Firdaus, Muhammad, et al. 2012. Economic Estimation and Determinations of Zakat Potential in Indonesia. Working Paper Series 1433-140. Jeddah: IRTI IDB.
- Fogel, G. K. (2013). Global Skills and Competency Training for Developing Global Talent: Implications for International Human Resource Management. *Journal of the North American Management Society*, 7(1).
- Fredberg, T., & Pregmark, J. E. (2021). Organizational transformation : Handling the double-edged sword of urgency. *Long Range Planning*, 102091. <https://doi.org/10.1016/j.lrp.2021.102091>
- Huda, Nurul. Desti Anggraini, Khalifah Muhamad Ali, Nova Rini, dan Yosi Mardoni. 2014. Solutions to Indonesian Zakah Problems Analytic Hierarchy Process Approach. *Journal of Islamic Economics, Banking and Finance*, Vol.10(3), pp. 123-139.
- Huda, Nurul dan Sawarjuwono, Tjiptohadi. 2013. Akuntabilitas Pengelolaan Zakat Melalui

- Pendekatan Modifikasi Action Research. *Jurnal Akuntansi Multiparadigma (JAMAL)* Vol.04(03), Hal. 330-507.
- Johlke, M. C. (2006). Sales presentation skills and salesperson job performance. *Journal of Business & Industrial Marketing*, 21(5), 311–319.  
<https://doi.org/10.1108/08858620610681614>
- Kapuge, S. M., & Ginige, T. N. D. S. (2024). Optimizing AI Recommendation Algorithms for Efficient Matching of the most Needed Beneficiaries with Donors in Sri Lankan Charity Sector.
- Makhrus, Hasan, I., & Mukarromah, S. (2024). Manajemen Fundraising dalam Meningkatkan Kesadaran Berzakat Masyarakat Melalui. *Jurnal Literasi Pengabdian Dan Pemberdayaan Masyarakat*, 3(1), 1–14.
- Mukhlis, Ahmad dan Beik, Irfan Syauqi. 2013. “Analysis of Factors Affecting Compliance Level of Paying Zakat: A Case Study in Bogor Regency”. *Jurnal al-Muzara’ah*, Vol. 01(01), Hal. 83-106.
- Neumann, J., Robson, A., & Sloan, D. (2017). Monitoring and evaluation of strategic change programme implementation—Lessons from a case analysis. *Evaluation and Program Planning*.  
<https://doi.org/10.1016/j.evalprogplan.2017.09.012>
- Nikmatuniayah. 2014. Komparasi Sistem Pengendalian Internal Pengelolaan Lembaga Amil Zakat. *Jurnal Akuntansi Multiparadigma*, Vol.05(030), Hal. 498-510.
- Noor, Abd.Halim.Mohd., Rasool, Mohamed Saladin Abdul., Yusof, Rozman .Md., Ali, Siti Mariam dan Rahman, Rashidah Abdul. 2015. Efficiency of Islamic Institution : Empirical Evidence of zakat Organizations Performance in Malaysia. *Journal of Economics, Bussiness and Management*, Vol.03(02), Hal. 282-286.
- Prodan, M., Prodan, A., & Purcarea, A. A. (2015). Three New Dimensions to People , Process , Technology Improvement Model. *New Contributions in Information Systems and Technologies*, 481–490.  
<https://doi.org/10.1007/978-3-319-16486-1>
- Putri, N. I., Herdiana, Y., Suharya, Y., & Munawar, Z. (2021). Kajian Empiris Pada Transformasi Bisnis Digital. *Journal Administrasi Bisnis*, 7(1), 1–15.
- Quality, A. S. for. (2024). American Society for Quality. <https://asq.org/>
- Saad, R. A. J. J., Aziz, N. M. A., & Sawandi, N. (2014). Islamic accountability framework in the zakat funds management. *Procedia - Social and Behavioral Sciences*, 164, 508–515.  
<https://doi.org/10.1016/j.sbspro.2014.11.139>
- Sangtani, V., & Murshed, F. (2017). Product knowledge and salesperson performance: rethinking the role of optimism. *Marketing Intelligence & Planning*.  
<https://doi.org/10.1108/MIP-11-2016-0199>
- Sargeant, A., & Jay, E. (2004). Fundraising management: Analysis, Planning, and Practice.
- Schalock, R. L., Verdugo, M. A., & Van, J. (2017). Understanding Organization Transformation in Evaluation and Program Planning. *Evaluation and Program Planning*.  
<https://doi.org/10.1016/j.evalprogplan.2017.11.003>
- Syakir, M. F., Risfandy, T., & Trinugroho, I. (2021). CEO’s social capital and performance of zakat institutions : Cross-country evidence. *Journal of Behavioral and Experimental*

- Finance, 31, 100521.  
<https://doi.org/10.1016/j.jbef.2021.100521>
- Terho, H., Eggert, A., Haas, A., & Ulaga, W. (2015). How sales strategy translates into performance: The role of salesperson customer orientation and value-based selling. *Industrial Marketing Management*.  
<https://doi.org/10.1016/j.indmarman.2015.02.017>