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Donor Management for Zakat Institutions: Experience From Indonesia

Ashadi Cahyadi
Da'wah Management, UIN Fatmawati Sukarno Bengkulu, Indonesia
Sesilia Tri Andevi
Da'wah Management, UIN Fatmawati Sukarno Bengkulu, Indonesia
Evina Nurmayani
Da'wah Management, UIN Fatmawati Sukarno Bengkulu, Indonesia
Farizal Hammi Farij
Da'wah Management, UIN Salatiga, Indonesia

ABSTRACT

Purpose – This paper compares donor management in Indonesian zakat institutions. Then see how far the donation results are obtained.

Design/methodology/approach – From the beginning, we followed qualitative rules with a case study approach in two national zakat institutions: the Inisiatif Zakat Indonesia (IZI) and the Lembaga Amil Zakat Nasional Dewan Dakwah (Laznas DD) Bengkulu Province Branch.

Findings – Donor management determines the amount of donations received by zakat institutions. IZI emphasizes understanding donor characteristics through direct communication and social media. At the same time, Laznas DD focuses more on personal interaction through dawn activities and offers various donation methods. Laznas DD utilizes a Customer Relationship Management (CRM) system to maintain communication and increase donor satisfaction and loyalty. With various marketing strategies, both institutions have succeeded in expanding the reach of donors and optimizing zakat collection, increasing the effectiveness of fund management.

Research implications – Our findings emphasize the importance of paying attention to the process and approach to donors. The ability to manage donors has a positive impact on the amount of zakat funds collected. Thus, practitioners need to adopt our findings or innovate to find appropriate strategies to maintain donors.

Originality/value – Studies on philanthropic institution donors have been repeatedly reviewed. Unfortunately, donor management in the context of zakat institutions is forgotten. Our study fills this gap by comparing two zakat institutions in Indonesia.

Keywords Donor management, Zakat Institutions, Fundraising, Indonesia.
Paper type Research paper

1. Introduction

The prevalence of economic and social challenges in Indonesia is not attributable exclusively to state institutions; non-state actors must also be held accountable. One of the non-state institutions that plays a role in overcoming social inequality, poverty, and economic inequality is the Zakat institution (I. Ali & Hatta, 2014; Arsela et al., 2024; Herianingrum et al., 2024). This institution is responsible for the management and distribution of zakat funds from individuals and companies to assist those in need. Zakat institutions such as the Badan Amil Zakat Nasional (BAZNAS) and the Lembaga Amil Zakat (LAZ) actively collect and distribute Zakat to reduce social inequality. In 2022, the total amount of Zakat collected reached IDR 22.475 trillion, indicating an increase in public awareness of Zakat. In fact, in March 2023, the poverty rate in Indonesia fell to 9.36%. The effectiveness of Zakat management is gauged by the National Zakat Index, which stood at 0.60 in 2024, signifying satisfactory performance, though there remains potential for enhancement (Baznas, 2024).

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The strategy for collecting Zakat funds is implemented through various methods, including the establishment of *Unit Pengumpul Zakat* (UPZ), payments through partner UPZs, and digital fundraising strategies. Crowdfunding platforms have facilitated the mobilization of substantial sums, amounting to billions of rupiah, without the necessity of physical interaction. Moreover, conventional methodologies, such as the collection of coins through coin cans, persist in their application. After the collection of said funds, they are allocated to impoverished community organizations per the tenets of justice and optimal utilization. In Indonesia, the administration of zakat is guided by Islamic Sharia principles, which uphold values such as trust, justice, transparency, and accountability. Zakat institutions collaborate with mosques, organizations, and communities to extend the reach of zakat collection (S. N. M. Ali et al., 2023; Syamsuri & Adillah, 2024). Furthermore, they facilitate the process of acquiring assistance, including business capital, by clearly delineating the stipulations under which such assistance is rendered.

In the digital era, zakat management strategies are undergoing significant development in tandem with technological advancement (Riyaldi et al., 2020; Wahab et al., 2017). In the contemporary context, Zakat institutions have adopted digital means of communication: websites, mobile applications, and social media platforms, to facilitate the process of donating to their cause. Transparency in financial reporting is a critical component of maintaining donor loyalty. In addition, Zakat institutions employ digital marketing strategies and collaborate with influencers and e-commerce platforms to expand their donor base (Jahar, 2015; Utami & Basrowi, 2021). A notable instance of effective donor management can be observed in the Bengkulu branch of Zakat Institutions. This institution garners public attention through a personalized approach strategy and the utilization of digital media. Donor data is systematically managed to increase their involvement.

Collected funds are allocated by institutions such as the Inisiatif Zakat Indonesia (IZI) Bengkulu branch to various beneficiary groups, including the economically disadvantaged, disaster victims, and vulnerable communities. The programs encompass education, health, and economic empowerment. Donors are granted flexibility in the manner and frequency of their donations, which are tailored to their respective capabilities (Ramdhani et al., 2024). The extant research related to donor management in zakat institutions is, as of yet, limited in scope and dispersed across several aspects, including donor loyalty and donation management information systems. Therefore, the objective of this study is to provide a more comprehensive explanation of the processes by which zakat institutions obtain, manage, and retain donors. This study was conducted at the IZI Bengkulu branch and the Dawah Council's Amil Zakat Nasional of Dewan Dakwah (Laznas DD) Bengkulu. The objective of the study was to provide a more in-depth analysis of fundraising strategies and donor management in zakat institutions.

2. Method

This study's qualitative method was used to understand the donor management system in zakat institutions deeply: IZI and Laznas DD, Bengkulu Province branch. Then, various initiatives implemented by zakat institutions in donor management were compared to find the effectiveness and efficiency of each method. The data collection techniques were in-depth interviews, observations, and document analysis, resulting in descriptive and contextual data. In addition, the comparative approach allows researchers to identify differences in donor management between the two zakat institutions.

The research location includes two zakat institutions located in Bengkulu City. IZI Bengkulu Branch is located at Jl. Rafflesia No. 06, Nusa Indah Village, Bengkulu City. Meanwhile, Laznas DD Bengkulu branch is located at Jl. Kapuas 4 No. 3 RT was conducted from November to December 2024. We interviewed seven employees at IZI and six employees at Laznas DD. All data were transcribed, coded,

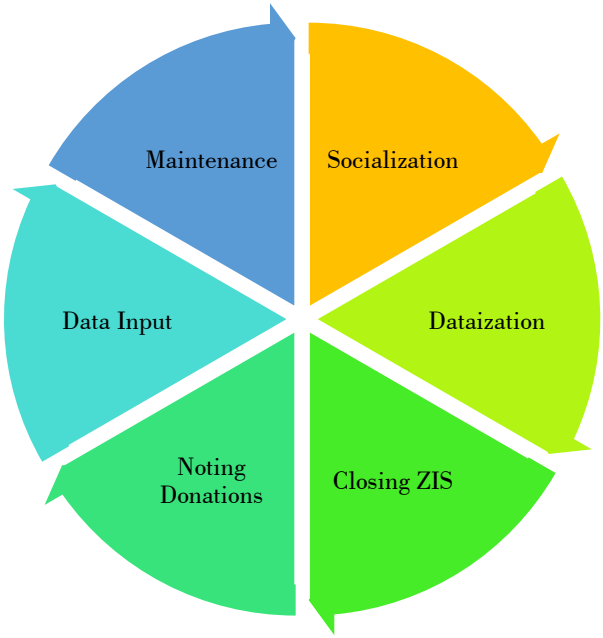
and thematized following qualitative expert guidelines (Creswell, 2007; Denzin, 2001; Miles et al., 2018). Employee explanations and field facts were tested using technical triangulation so that all data was ensured to be valid and accountable.

3. Results and Discussion

3.1 Donor Management in IZI

IZI's approach to donor management is characterized by the implementation of a systematic strategy aimed at fostering long-term relationships with donors. This includes a profound comprehension of the distinctive attributes of each donor, enabling the organization to meticulously adapt its fundraising strategy. By comprehending the preferences and motivations of donors, IZI can foster heightened trust and loyalty to the institution. IZI's fundraising strategy encompasses two primary approaches: direct and indirect. The direct approach entails personal communication with donors, either through messages or visits. Conversely, the indirect approach utilizes social media and partnerships with other organizations to reach a more extensive network of potential donors.

Figure 1. Donor Management in Initiative Zakat Indonesia (IZI)



Sources: Primary data analysis, 2024

IZI employs digital technology to streamline the donation process, including the provision of a transparent online platform for donors. The following is the pattern employed by IZI in the management of donations:

a. The following is a socialization process concerning ZIS (*Zakat, Infak,* and *Shadaqah*). IZI employs a strategy of socialization through presentations in both office and mosque settings. Subsequently, they engage in the extensive dissemination of educational materials, including brochures and videos, through social media platforms. After this, it is imperative to undertake comprehensive studies and training programs that elucidate the obligation of zakat as one of the fundamental pillars of Islam, along with its spiritual and social benefits. During these sessions, participants are instructed in the calculation of zakat based on their assets and are presented with an overview of the impact of zakat on society. The implementation of these activities by IZI has been demonstrated to have two primary outcomes. Firstly, it has been shown to increase the number of donors and improve strategies for acquiring donors. Secondly, it has been demonstrated to strengthen social bonds and foster a more caring and mutually supportive community.

b. The subsequent section will address the concept of donor profiling. IZI's

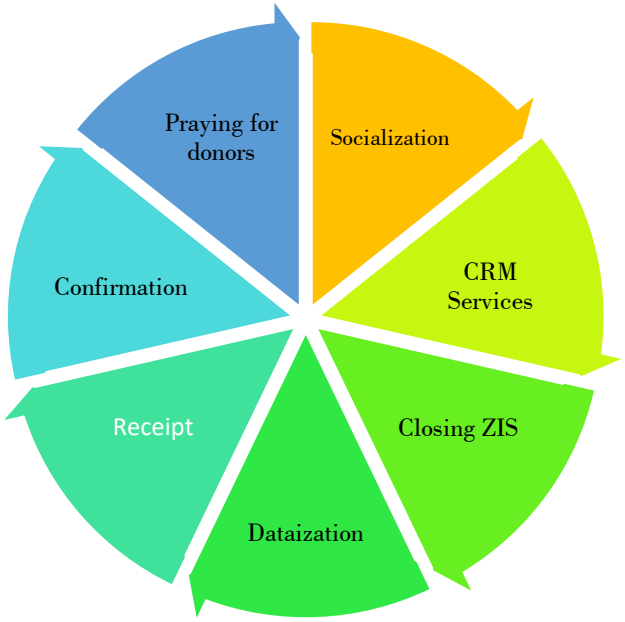
approach to the donor search process entails the preliminary collection of information regarding potential donors who could contribute through donations. The process commences with a thorough examination of pertinent donation data, encompassing historical donor information, network relationships, and outcomes from executed outreach initiatives. Moreover, this data collection fosters transparency and accountability, empowering the organization to provide periodic reports to donors on the utilization of funds and the impact of their contributions. This contributes to the establishment of trust and loyalty in the relationship between donors and the organization. This approach facilitates the acceptance of the message and enhances the probability of donations.

c. Closing ZIS is the final process in fundraising. Donors may execute their donations through two primary methods: direct pickup or bank transfer. The direct pickup method entails an agency representative visiting the donor to collect the donation in person, a process that offers convenience and ease for those who prefer this method. Conversely, the bank transfer method facilitates online donations through designated accounts, offering flexibility in terms of time and location. This closing process ensures the efficient collection of funds and provides donors with transaction receipts, which are essential for accountability and accurate zakat reporting.
d. Noting donations and praying for donors are two important steps in the donation management process at IZI. After receiving a donation, each contribution is recorded in detail to ensure transparency and accountability, including information about the amount of the donation, the name of the donor, and the date of receipt. Additionally, the organization prioritizes the spiritual aspect by praying for the donors, hoping that every act of kindness given is accepted and multiplied in reward. This prayer not only expresses gratitude to the donors but also strengthens the emotional bond between the organization and the donors, creating an environment filled with blessings and mutual support in the social mission being carried out.
e. The IZI donation system is a digital platform that facilitates the entry of data concerning donations and donors into an integrated data management system. The process commences after the completion of the donation by the donor. It is imperative to meticulously document every detail pertinent to a transaction, including the donor's name, the amount of the donation, and the date of the transaction. This meticulous documentation is essential to ensure the accuracy and ease of reporting. By systematically inputting data, IZI can monitor donation history, analyse contribution patterns, and segment donors for future campaigns. Moreover, the implementation of efficient data input systems enables the organization to provide transparent reports to donors, thereby enhancing communication effectiveness and resource management. This, in turn, leads to the achievement of greater social impact.
f. Maintaining donor transaction data constitutes a pivotal step in information management at ZIS institutions, with the objective being to ensure the accuracy, currency, and organization of all donor data. This process encompasses the updating of donor information, including changes in address, telephone number, or donation preferences, as well as the deletion of irrelevant or duplicate data. Moreover, the maintenance process entails periodic verifications of data integrity to avert potential disruptions to communication and reporting processes. Maintaining the integrity of donor data is instrumental in enhancing the donor experience, fortifying long-term relationships through the dissemination of educational messages and other reports, and fostering donor trust.

3.2 Donor Management in Laznas DD

Donor management at Laznas DD is a complex and structured process. The primary objective of the program is to cultivate robust and enduring relationships with donors. This multifaceted process entails a range of complementary strategies and approaches, with a focus not only on attracting donors but also on fostering trust and loyalty among them. In the domain of donor management, several critical aspects must be given full consideration. Chief among these is the necessity of developing a profound understanding of the characteristics and preferences of donors. By recognizing the motivations and expectations of donors, non-profit organizations can develop fundraising methods that are appropriate and relevant.

Figure 2. Donor Management in Laznas DD



Sources: Primary data analysis, 2024

The approach employed in interacting with donors is of equal importance, encompassing both direct communication and the utilization of digital technology. The following is the donor management process at Laznas DD:

a. Socialization in Islamic activities. *Kajian subuh* (dawn) study sessions represent the most prevalent time for socialization. These sessions entail lectures or recitations held at mosques. These activities function not only as a means of preaching but also as an effort on the part of the institution to attract attention and seek donors, thereby supporting various social and humanitarian initiatives.
b. Customer Relationship Management (CRM) services provide donors with the opportunity to access further information regarding ZIS and the organization's activities. The CRM team is responsible for addressing queries from donors via various communication channels, including telephone, email, and live chat. This section is dedicated to the maintenance of effective communication, the provision of support, and the management of customer complaints or inquiries. The primary objective of this service is to enhance donor satisfaction.
c. Donation pickup and transfer via Laznas DD represent two pragmatic methodologies designed to facilitate the donation process for donors. The pickup method is a process in which staff members visit the donor's location to collect donations, thereby offering convenience and facilitating a more personal interaction. Concurrently, the transfer method enables donors to contribute online via a designated bank account, thereby offering flexibility and convenience in contributing at any time and from any location.
d. Donor data collection entails the meticulous documentation and entry of the names of all contributors into a digital database, employing a laptop, to ensure the systematic and centralized management of information. This

process ensures the secure storage of donor data and facilitates the organization's tracking of donation history, donor segmentation, and analysis of contributions over time. Adequate data management enables organizations to enhance the effectiveness of fundraising efforts and cultivate more robust relationships with donors.

e. The provision of proof of transaction serves as confirmation that the donation has been received by the institution. This is an example of the Laznas DD's commitment to transparency and accountability in the management of financial resources. The possession of a receipt by donors serves to instill a sense of confidence regarding the proper recording and utilization of their donations following the stipulated purpose.
f. Confirmation can be obtained from donors regarding the allocation of financial resources and the support of specific programs. Consequently, donors receive not only confirmation regarding the allocation of their financial contributions but also detailed reports concerning the distribution of those contributions. Donors are also granted the opportunity to inquire about or offer feedback regarding the donation process.
g. The culminating act of the ceremony is the joint prayer with the donors. In this activity, prayers are offered for the donors, with the hope that their contributions will bring blessings and positive impacts to many people. This joint prayer constitutes a significant moment of spiritual significance, thereby fortifying the connection between the organization and its donors. It serves to underscore the organization's profound appreciation for each contribution, thereby reinforcing a sense of communal commitment and shared purpose. By engaging donors in this initiative, Laznas DD fosters a supportive community atmosphere and reaffirms its commitment to continue carrying out the mission and vision that have been established.

3.3 Characteristics, Intensive Communication, and Donor Facilitation

Donor management at the Indonesian Zakat Initiative (IZI) is carried out systematically to build long-term relationships with donors through understanding their characteristics and preferences. Fundraising strategies include a direct approach with personal communication and an indirect approach through social media and collaboration with other organizations. IZI also utilizes digital technology to simplify the donation process, increase transparency, and build trust. In donor management, IZI carries out socialization and education related to zakat through seminars, distribution of educational materials, and training for *mustahiq* to be more independent.

Leading programs such as health services, assistance for Palestine, and foster parent programs are also the main attractions for donors. In addition, IZI implements a donor dataization or profiling system to increase fundraising effectiveness and ensure more personal and transparent communication. The ZIS closing process is carried out through direct pickup or bank transfer, with detailed recording and provision of proof of transactions. Donor data is then input into the system to facilitate reporting and analysis, while data maintenance is carried out to update information and strengthen relationships with donors. This holistic approach allows IZI to increase donor loyalty, enhance program effectiveness, and ensure the sustainability of optimal zakat fund management.

Donor management at Laznas DD is a structured process that builds strong relationships with donors. This process includes understanding donor characteristics, effective communication, and providing various flexible donation methods. One of the methods used is the *Kajian Subuh*, which is a means of preaching and fundraising by introducing the institution's programs to the congregation. In addition, CRM services play a role in maintaining communication with donors, providing information, and handling questions or obstacles. The donation methods available include direct pickup and transfer, with confirmation made through proof of donation. Donor data is recorded systematically through a

naturalization process to increase fundraising effectiveness and ensure transparency and accountability.

After the donation, the donor receives proof of the transaction and can confirm to ensure that the funds have been received and used according to their intended purpose. As a form of appreciation and prayer for donors, the institution also holds joint prayers directly and through digital messages. All these stages reflect the efforts of Laznas DD in creating a positive donation experience and building a community that supports each other in its social mission.

4. Conclusion

Our findings show that donor management at the IZI and Laznas DD differ in building relationships with donors. IZI emphasizes routine communication, education, and direct fundraising, while LAZNAS prioritizes a monthly donation system and daily piggy bank through dawn study activities. In the donor management process, IZI implements the stages of direct visits, identity recording, receiving donations, providing proof of transactions, praying together, and inputting data into the system. Meanwhile, LAZNAS implements the stages of da'wah studies or socialization, data input, CRM services, providing proof of transactions, confirmation processes, and carrying out prayers. Both institutions have similarities in transparent recording and giving evidence of transactions, which makes it easier for donors to track their contributions. In addition, spiritual activities such as praying together create a sense of togetherness that can increase donor motivation to participate sustainably. Different approaches—either through direct interaction or technology—can expand the donor base and improve the effectiveness of zakat fund collection and management.

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Corresponding author

Ashadi Cahyadi can be contacted at: ashadicahyadi@mail.uinfasbengkulu.ac.id