Volume 4 Number 2 (2026)
July-December 2026
Page: 1129-1146

Journal of Creative Power and Ambition (JCPA)
https://edujavare.com/index.php/jcpa
E-ISSN: 3031-4054
DOI: 10.70610/jcpa.22

# Implementation of a Sharia-Based Management System at the Muhammadiyah Zakat, Infaq, and Sadaqah Institution (LAZISMU) of Pamekasan Regency

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**Article history** Submitted: 2026/06/01; Revised: 2026/07/11; Accepted: 2026/07/25

**Abstract**

This study examines the implementation of a Sharia-based management system at the Muhammadiyah Zakat, Infaq, and Sadaqah Institution (LAZISMU) of Pamekasan Regency. The research aims to analyze how Sharia principles are integrated into the institution's managerial practices and to assess their contribution to effective zakat governance. A qualitative case study approach was employed. Primary data were collected through semi-structured interviews with LAZISMU management, supported by observations and document analysis. Data were analyzed using the interactive model of data condensation, data display, and conclusion drawing, while source and method triangulation were applied to ensure the credibility of the findings. The results indicate that LAZISMU has implemented a Sharia-based management system by integrating the principles of amānah (trustworthiness), ṣidq (truthfulness), transparency, accountability, justice, and compliance with Islamic law into its organizational governance. The institution systematically classifies Zakat, Infaq, and Sadaqah (ZIS) funds according to their respective Sharia provisions, utilizes multiple collection channels—including digital payment platforms and QRIS—and applies transaction verification procedures to strengthen accountability. Financial administration is supported by the Fiscal Management Information System (SIM Fiskal), while periodic reconciliation and financial reporting are conducted in accordance with PSAK 109 on Accounting for Zakat, Infaq, and Sadaqah. These practices demonstrate the successful integration of Islamic ethical values with modern management and accounting standards, resulting in enhanced organizational transparency, operational efficiency, and public trust. This study concludes that the implementation of a Sharia-based management system has significantly contributed to strengthening institutional governance and improving the effectiveness of zakat management at LAZISMU Pamekasan Regency. The findings provide practical implications for zakat management institutions seeking to enhance accountability and public confidence while maintaining full compliance with Sharia principles.

**Keywords** Sharia-based Management; Zakat Management; LAZISMU; Islamic Philanthropy; Accountability; Transparency

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Published by Edujavare Publishing; Indonesia
Accredited SINTA 4

## INTRODUCTION

Zakat, infaq, and sadaqah (ZIS) are not merely acts of worship but also play a significant role in promoting social justice and economic equity. In the modern era, their management must be carried out professionally, transparently, and accountably. In Indonesia, the potential of zakat is enormous; however, its collection and distribution have not yet been fully optimized. This condition indicates the need for improvements in the ZIS management system. Therefore, a Sharia-based management system that integrates Islamic values with modern management principles is required to ensure more effective and targeted management. Zakat management institutions play a crucial role in administering public funds in a trustworthy and professional manner, thereby enhancing public confidence. Accordingly, strengthening the Sharia-based ZIS management system has become an important issue that deserves further investigation.

From the perspective of Islamic management, governance is viewed not merely as the implementation of rules and procedures but also as the embodiment of moral and spiritual responsibility. Transparency is reflected through honesty (ṣidq), accountability is demonstrated through trustworthiness (amānah), while participation is realized through consultation (shūrā). These three values constitute ethical foundations that complement modern management principles, making their implementation more meaningful and integrity-driven. In line with this perspective, the study conducted by Firmansyah and Devi found that Sharia-based organizations integrating Islamic ethical values into their internal control systems tend to achieve higher levels of public trust (Ulama, n.d.). Therefore, examining the implementation of a Sharia-based management system is highly relevant to evaluate the extent to which management practices in zakat institutions are aligned with the theoretical principles of Sharia management and the standards of good governance.

In Indonesia, zakat management institutions serve as the primary actors in the collection and distribution of zakat. One of the most prominent institutions is the Muhammadiyah Zakat, Infaq, and Sadaqah Institution (LAZISMU). As an Islamic philanthropic organization, LAZISMU is not only responsible for distributing zakat for consumptive purposes but also implements various empowerment programs, including business capital assistance, vocational skills training, and educational scholarships (Makassar, 2025). In practice, LAZISMU has developed a wide range of initiatives in the areas of economic empowerment, education, healthcare, and social humanitarian services. Previous studies indicate that LAZISMU manages zakat through a structured system encompassing the stages of fund collection, beneficiary verification, distribution, and systematic reporting. These findings suggest that LAZISMU has made substantial efforts to implement an integrated management system grounded in Sharia principles. Nevertheless, the effectiveness of this implementation requires further in-depth examination.

The distribution of ZIS funds by LAZISMU Pamekasan Regency has made a tangible contribution to poverty alleviation and the improvement of the welfare of mustahik (eligible beneficiaries). The effectiveness of its distribution is reflected in the institution's ability to allocate funds accurately and appropriately in accordance with Sharia principles and the actual needs of mustahik (Setiawan & Humairoh, 2026). This demonstrates that LAZISMU has had a significant impact on the well-being of the community. Nevertheless, the success of these programs cannot be separated from the management system implemented by the institution.

In managing zakat institutions, several challenges are frequently encountered, including the tendency of some Muslims to distribute zakat directly to beneficiaries without involving authorized institutions, the limited understanding among muzakki (zakat payers) regarding the importance of structured zakat governance, and the growing public demand for greater transparency and accountability. These conditions indicate that zakat institutions require a management system that is not only administratively efficient but also firmly grounded in Sharia values, such as amānah (trustworthiness), justice (ʿadl), accountability, and maṣlaḥah (public benefit). This phenomenon highlights the urgent need for a zakat management system that is both professionally administered and religiously guided. Therefore, examining the implementation of a Sharia-based management system at LAZISMU Pamekasan Regency is highly relevant to understand how Sharia principles are incorporated into the institution's managerial practices and the extent to which their implementation influences the effectiveness of zakat management (Ummah et al., 2025).

Furthermore, rapid developments in the economy and technology have created new challenges for zakat institutions in managing public charitable funds. The digitalization of zakat management systems requires institutions to adapt to technological advancements while maintaining strict compliance with Sharia principles. This situation calls for managerial innovation capable of integrating modern technology with Islamic ethical values. In this context, LAZISMU, as a modern Islamic philanthropic institution, must continuously enhance the quality of its management system to remain responsive to societal needs and organizational developments. Consequently, the study of Sharia-based management system implementation has become increasingly relevant in the digital era (Nashirudin et al., 2025).

Based on the foregoing discussion, it can be concluded that examining the implementation of a Sharia-based management system at LAZISMU Pamekasan Regency is of considerable importance, as the management system constitutes a fundamental factor determining the success of a zakat institution in managing public charitable funds in a professional, transparent, and Sharia-compliant manner. More importantly, LAZISMU functions not only as an institution responsible for collecting and distributing zakat but also as an organization entrusted with upholding Islamic values throughout its governance processes. Therefore, it is essential to investigate whether Sharia principles have been effectively implemented in the organization's planning, organizing, implementation, and supervisory functions, as well as how such implementation affects the overall effectiveness of zakat management. This study is expected to provide empirical evidence regarding the practical application of Sharia-based management in zakat institutions, identify existing challenges and opportunities for improvement, and contribute to the development of more accountable, trustworthy, and maṣlaḥah-oriented governance practices within Islamic philanthropic organizations.

## METHODS

This study employed a qualitative research approach using a case study design to examine the implementation of a Sharia-based management system at the Muhammadiyah Zakat, Infaq, and Sadaqah Institution (LAZISMU) of Pamekasan Regency (Abdussamad, 2021). A qualitative approach was selected because it enables an in-depth exploration of organizational practices, management processes, and the application of Sharia principles within the institution's governance system. The case study design was considered appropriate as it facilitates a comprehensive understanding of the phenomenon within its real-life organizational context.

The research was conducted at LAZISMU Pamekasan Regency, East Java, Indonesia. Primary data were collected through semi-structured interviews with key informants, including the chairman, management personnel, and staff members directly involved in the planning, collection, distribution, and supervision of zakat, infaq, and sadaqah (ZIS) funds. In addition, non-participant observations were carried out to obtain direct insights into managerial activities and institutional operations. Secondary data were obtained from institutional documents, annual reports, organizational regulations, financial reports, relevant legislation, and scholarly literature concerning Sharia management and zakat governance.

Informants were selected using purposive sampling based on their roles, responsibilities, and knowledge of the institution's management system. This technique ensured that the collected data reflected comprehensive information regarding the implementation of Sharia-based management practices within the organization.

Data were analyzed using the interactive model proposed by Miles, Huberman, and Saldaña, consisting of data condensation, data display, and conclusion drawing and verification (Matthew B.Miles, A.Michael Huberman, 1994). Throughout the analysis, interview findings, observational data, and documentary evidence were continuously compared through triangulation to enhance the credibility and trustworthiness of the research findings.

To ensure research rigor, this study employed source triangulation, method triangulation, and member checking. These procedures were undertaken to improve the validity, consistency, and reliability of the findings while minimizing potential researcher bias. Ethical considerations were also observed by obtaining informed consent from all participants, ensuring confidentiality, and using the collected data exclusively for academic purposes.

## FINDINGS AND DISCUSSION

### Implementation of Sharia-Based Management Principles in ZIS Fund Collection

The findings reveal that the implementation of a Sharia-based management system at the Muhammadiyah Zakat, Infaq, and Sadaqah Institution (LAZISMU) of Pamekasan Regency begins with the management of fund collection. This process is not merely regarded as an administrative activity but is understood as an institutional responsibility to uphold Islamic ethical values throughout every stage of organizational governance (Widya, Fadlu, Sari, Abelia, Fahrurrozi, 2025). The management system is designed to ensure that all activities related to the collection of Zakat, Infaq, and Sadaqah (ZIS) funds comply with both Sharia principles and modern management standards. Consequently, the institution integrates religious values with professional managerial practices in order to maintain public trust while achieving organizational effectiveness.

The interview findings indicate that the collection of ZIS funds is carried out in accordance with the principles of amānah (trustworthiness), transparency, accountability, and compliance with Islamic law. According to Mubarok, every fund received by LAZISMU is first identified according to its legal classification, namely zakat, infaq, sadaqah, or other Islamic social funds. This classification is considered fundamental because each category possesses distinct legal characteristics, distribution mechanisms, and designated beneficiaries under Islamic law. Therefore, the institution ensures that all incoming funds are managed according to their respective Sharia provisions before being allocated to beneficiaries (Mubarok, 2026).

The process of classifying funds demonstrates that Sharia compliance constitutes a primary component of organizational governance rather than a symbolic institutional value. From the perspective of Islamic management, administrative procedures should reflect the principles established by Islamic jurisprudence (fiqh al-zakah), ensuring that each category of charitable fund is distributed exclusively to its legally prescribed recipients. Such practices indicate that managerial decisions are not solely influenced by operational considerations but are also guided by religious obligations embedded within the institution's governance framework (Alam et al., 2022).

The findings further reveal that LAZISMU has adopted multiple collection channels to facilitate public participation in charitable giving. Donors may contribute through direct cash payments at the institution's office, bank transfers, digital payment services, QRIS facilities, or authorized zakat collection officers. The availability of diverse payment methods illustrates the institution's responsiveness to technological development and changing patterns of financial transactions within contemporary society. This approach reflects organizational adaptability while maintaining compliance with Islamic ethical standards governing charitable fund collection.

The adoption of digital payment systems is particularly significant in the context of Islamic philanthropic governance. Digitalization enhances accessibility, accelerates transaction processing, and provides donors with convenient payment alternatives without compromising Sharia principles. Contemporary Islamic management literature argues that technological innovation should not be viewed as contradicting Islamic values but rather as an instrument for achieving greater organizational efficiency and public benefit (maṣlaḥah). Therefore, LAZISMU's utilization of QRIS and electronic banking services demonstrates the successful integration of technological advancement with Sharia-compliant governance.

Another important finding concerns the verification procedures implemented following each financial transaction. Mubarok explained that every donation undergoes a verification process involving confirmation of the amount received, donor identification (where applicable), and the intended purpose of the contribution. Upon completion of the verification process, the institution issues an official receipt to the donor as documentary evidence of the transaction. This procedure represents an important mechanism for strengthening institutional accountability and minimizing administrative errors.

From the perspective of modern organizational management, transaction verification functions as an internal control mechanism designed to enhance financial reliability and operational accuracy. Within Islamic management, however, verification carries a broader ethical significance because it reflects the value of amānah. Trustworthiness requires institutional managers to safeguard charitable funds with honesty, diligence, and responsibility throughout every stage of financial administration. Consequently, accountability in Islamic organizations extends beyond legal compliance and financial reporting, encompassing moral accountability before Allah and social accountability to the wider community.

The issuance of official receipts further reinforces the institution's commitment to transparency. Transparency represents one of the fundamental principles of good governance because it enables stakeholders to obtain accurate information regarding organizational activities. Within Islamic governance, transparency is closely associated with the principle of ṣidq (truthfulness), requiring organizations to communicate financial information honestly and without manipulation. Therefore, documentary evidence of every financial transaction not only fulfills administrative requirements but also reflects the ethical obligation to maintain honesty in managing public trust (Rastgar et al., 2023).

The findings also suggest that the implementation of Sharia-based management contributes significantly to strengthening institutional credibility. Public confidence in zakat institutions depends largely upon the perceived integrity of organizational governance. Donors are more likely to channel their charitable contributions through formal institutions when they believe that collected funds will be managed professionally, transparently, and in accordance with Islamic principles. Accordingly, the systematic procedures implemented by LAZISMU have the potential to enhance donor confidence while increasing public participation in institutional zakat collection (Junaidi et al., 2025).

These findings are consistent with previous studies indicating that organizational trust constitutes one of the primary determinants of successful zakat management. Earlier research has demonstrated that transparency, accountability, and adherence to Islamic ethical principles positively influence donor satisfaction and institutional legitimacy. The present findings further strengthen this argument by showing that these principles are operationalized through concrete managerial procedures rather than remaining abstract organizational values. Consequently, Sharia-based management should be understood as an integrated governance framework encompassing administrative systems, ethical leadership, organizational culture, and institutional accountability.

From a theoretical perspective, the implementation of fund collection procedures at LAZISMU reflects several core management functions proposed by George R. Terry, namely planning, organizing, actuating, and controlling (Wijayanti Neri & Wicaksana Arif, 2023). Planning is evident in the establishment of standardized procedures for collecting and classifying charitable funds according to Sharia requirements. Organizing is reflected in the assignment of responsibilities to authorized collection officers and administrative personnel responsible for managing donor information and financial documentation. Actuating is demonstrated through the execution of collection activities utilizing both conventional and digital payment mechanisms. Finally, controlling is implemented through transaction verification, documentation, and continuous monitoring of financial records to ensure compliance with institutional regulations and Islamic legal principles.

Viewed through the lens of Islamic management theory, these managerial functions are reinforced by ethical values that distinguish Sharia governance from conventional organizational management. While conventional management primarily emphasizes efficiency and organizational performance, Sharia-based management simultaneously pursues material effectiveness and spiritual accountability. Every managerial activity is therefore directed not only toward achieving institutional objectives but also toward fulfilling religious obligations and realizing the broader objectives of the maqāṣid al-sharīʿah. In this regard, LAZISMU's fund collection system illustrates how contemporary management practices can be harmoniously integrated with Islamic ethical values to establish a governance model that is professional, transparent, accountable, and socially responsible.

**Financial Administration, Internal Control, and Accountability in the Implementation of a Sharia-Based Management System**

The implementation of a Sharia-based management system at LAZISMU Pamekasan Regency extends beyond the collection of Zakat, Infaq, and Sadaqah (ZIS) funds to encompass financial administration, internal control, and institutional accountability. These managerial components are indispensable for ensuring that charitable funds are administered efficiently while remaining fully compliant with Islamic legal principles. The findings indicate that LAZISMU has established a comprehensive financial management mechanism that integrates modern accounting practices with Sharia values, thereby strengthening organizational credibility and public trust.

Based on the interview with Muthmainnah, the financial administration system at LAZISMU is organized through the Fiscal Management Information System (Sistem Informasi Manajemen or SIM Fiskal). This information system serves as the central platform for recording, classifying, and monitoring every financial transaction involving zakat, infaq, sadaqah, and other Islamic social funds. The utilization of an integrated information system demonstrates the institution's commitment to adopting professional management practices while maintaining adherence to Islamic ethical standards (Mutmainnah, 2026).

One of the most significant characteristics of the financial administration system is the classification of funds according to their legal status. Each category of charitable fund is recorded separately because Islamic law prescribes different rules regarding the collection, utilization, and distribution of zakat, infaq, sadaqah, and other social funds. Such segregation prevents the inappropriate use of restricted funds and ensures that every financial transaction remains consistent with the objectives established by Sharia. Consequently, financial classification functions not merely as an accounting procedure but also as an essential mechanism for safeguarding Sharia compliance throughout the financial management process.

From the perspective of Islamic financial governance, separating charitable funds according to their legal classifications represents an important manifestation of amānah. Every contribution entrusted to the institution carries specific legal consequences that must be respected by organizational managers. Zakat, for instance, may only be distributed to the categories of beneficiaries (asnāf) prescribed in the Qur'an, whereas infaq and sadaqah generally provide greater managerial flexibility. Accordingly, failure to distinguish these categories could potentially undermine both legal compliance and public confidence in the institution (Liaqat, 2024).

The findings further reveal that each financial transaction is recorded comprehensively within the SIM Fiskal system. Administrative records include the transaction date, the amount received, the funding source, the payment method, and the corresponding revenue account. Such detailed documentation enhances data accuracy while facilitating continuous financial monitoring by institutional management. The systematic recording of financial information also enables the institution to retrieve historical transaction data efficiently whenever required for internal evaluation or external auditing.

The implementation of computerized financial administration reflects the increasing importance of digital transformation within Islamic philanthropic organizations. Recent developments in nonprofit governance indicate that information technology significantly improves organizational effectiveness by reducing administrative errors, accelerating reporting processes, and strengthening financial transparency. Within the context of Sharia management, however, digitalization should not merely be viewed as technological modernization. Rather, it functions as an instrument for preserving organizational integrity by ensuring that every financial transaction is properly documented, traceable, and accountable.

Another important finding concerns the reconciliation process implemented by LAZISMU as part of its internal control system. According to Muthmainnah, all recorded financial transactions are periodically reconciled with bank statements and institutional cash balances. This reconciliation process serves to verify the consistency between administrative records and the institution's actual financial position. Any discrepancies identified during reconciliation are investigated and corrected before the preparation of financial statements (Mutmainnah, 2026). Internal reconciliation constitutes one of the most effective mechanisms for preventing financial irregularities, administrative negligence, and potential fraud. Within the framework of modern management, reconciliation strengthens organizational internal control by ensuring the reliability of financial information. From the perspective of Islamic governance, reconciliation also represents an ethical responsibility because every manager entrusted with public funds must ensure that financial records accurately reflect the institution's actual financial condition. Therefore, reconciliation embodies both managerial professionalism and religious accountability.

The implementation of internal control at LAZISMU demonstrates that accountability is understood as a continuous organizational process rather than a final reporting obligation. Every financial activity is monitored through interconnected administrative procedures designed to minimize operational risks while maintaining institutional transparency. This approach reflects the concept of continuous supervision (muraqabah), which occupies an important position within Islamic management theory. Organizational members are encouraged to exercise self-discipline and ethical responsibility because they recognize that accountability ultimately extends beyond institutional stakeholders to Allah as the Supreme Observer (Lina & Akhmad, 2025).

The findings also indicate that financial reports prepared by LAZISMU are based on the provisions of PSAK 109 concerning Accounting for Zakat, Infaq, and Sadaqah. Compliance with PSAK 109 demonstrates that the institution has adopted nationally recognized accounting standards specifically developed for Islamic philanthropic organizations (Saragih et al., 2024). These standards regulate the recognition, measurement, presentation, and disclosure of charitable funds, thereby promoting consistency and comparability in financial reporting among zakat institutions. The adoption of PSAK 109 provides several organizational advantages. First, standardized financial reporting enhances the credibility of institutional financial statements because stakeholders can evaluate financial performance using uniform accounting principles. Second, compliance with accounting standards strengthens transparency by requiring comprehensive disclosure regarding the sources and utilization of charitable funds. Third, standardized reporting facilitates external auditing and regulatory supervision, thereby reinforcing institutional accountability before donors, government authorities, and the wider community (Nur et al., 2024).

From an Islamic perspective, compliance with accounting standards should not be interpreted merely as adherence to technical regulations. Rather, it reflects the ethical principle of Sidq (truthfulness), requiring organizations to present financial information honestly, accurately, and without concealment. Financial reporting therefore becomes an expression of moral integrity that supports justice and public confidence. In this respect, accounting functions not only as an administrative instrument but also as a practical manifestation of Islamic ethical values. The findings further suggest that transparency in financial reporting contributes significantly to strengthening relationships between LAZISMU and its stakeholders. Donors increasingly expect charitable institutions to provide clear evidence regarding the management and distribution of donated funds. Transparent financial reports reduce information asymmetry between institutional management and stakeholders while enhancing donor confidence in organizational performance. This condition is particularly important because trust constitutes one of the principal determinants influencing individuals' willingness to channel zakat through formal institutions (Setiawati, 2025).

These findings correspond with previous studies emphasizing that financial transparency and accountability significantly influence public trust in Islamic philanthropic organizations. Research on zakat governance consistently demonstrates that institutions implementing structured accounting systems, transparent reporting mechanisms, and effective internal control tend to experience higher levels of donor confidence and organizational sustainability. The present study reinforces these conclusions by demonstrating that LAZISMU operationalizes these governance principles through an integrated management system supported by digital technology and standardized accounting procedures.

Furthermore, the implementation of SIM Fiskal and PSAK 109 illustrates the compatibility between contemporary management practices and Islamic governance principles. Conventional management frequently evaluates organizational performance primarily in terms of efficiency, productivity, and financial sustainability. In contrast, Sharia-based management incorporates additional ethical dimensions by emphasizing honesty, justice, trustworthiness, and social responsibility. Consequently, organizational success is measured not only by the amount of funds collected but also by the institution's ability to preserve public trust and fulfill its religious obligations in managing charitable resources.

The findings may also be interpreted through the framework of good governance, which emphasizes transparency, accountability, responsibility, independence, and fairness. Transparency is reflected in systematic financial recording and periodic reporting. Accountability is demonstrated through standardized accounting practices and reconciliation procedures. Responsibility is evident in compliance with PSAK 109 and Sharia regulations governing charitable funds. Fairness is maintained by ensuring that every category of fund is administered according to its respective legal provisions without misuse or misallocation. Collectively, these governance principles establish a comprehensive management framework capable of enhancing organizational legitimacy. From the perspective of maqāsid al-sharīʿah, effective financial administration contributes directly to the realization of public welfare (maslahah). Accurate accounting, reliable internal control, and transparent reporting ensure that charitable funds are preserved, managed responsibly, and distributed to eligible beneficiaries in accordance with Islamic law. Such governance protects not only institutional assets but also the rights of donors and beneficiaries, thereby supporting the broader objective of safeguarding wealth (Hifs al-māl)(Güney, 2024). Consequently, the financial administration system implemented by LAZISMU should be understood not merely as an organizational requirement but as an integral component of Islamic social finance aimed at promoting justice, trust, and sustainable community welfare.

Overall, the findings demonstrate that financial administration at LAZISMU Pamekasan Regency represents a successful integration of modern accounting systems and Sharia-based governance. The utilization of SIM Fiskal, the implementation of internal reconciliation procedures, compliance with PSAK 109, and the commitment to transparent financial reporting collectively strengthen organizational accountability while reinforcing Islamic ethical values. These practices indicate that effective zakat management requires not only managerial competence but also a governance philosophy rooted in trustworthiness, honesty, justice, and responsibility. Accordingly, the financial administration system serves as a cornerstone for achieving both organizational excellence and the broader objectives of Islamic philanthropy.

## Integrating Sharia Principles with Modern Management in LAZISMU Pamekasan Regency

The findings of this study demonstrate that the implementation of a Sharia-based management system at LAZISMU Pamekasan Regency is characterized by the integration of Islamic ethical principles with contemporary management practices. Rather than functioning solely as a charitable institution responsible for collecting and distributing Zakat, Infaq, and Sadaqah (ZIS), LAZISMU has developed an organizational governance model that incorporates religious values into every managerial function. This integration is evident in the institution's commitment to transparency, accountability, professionalism, and compliance with Islamic law throughout the processes of planning, organizing, implementing, and controlling organizational activities.

From the perspective of management theory, the governance practices implemented by LAZISMU correspond closely to the four managerial functions proposed by George R. Terry, namely planning, organizing, actuating, and controlling (POAC). Planning is reflected in the establishment of standardized operational procedures governing the collection, classification, and allocation of charitable funds according to Sharia requirements. Every incoming donation is categorized based on its legal status before being recorded and subsequently distributed to eligible beneficiaries. Such planning minimizes the risk of administrative errors while ensuring compliance with Islamic legal provisions governing zakat, infaq, and sadaqah (Indria Karnilawati & Syahrul Amsari, 2024).

The organizing function is demonstrated through the institutional division of responsibilities among management personnel. The interview findings indicate that financial administration, transaction verification, reporting, and fund distribution are managed by personnel with clearly defined duties and responsibilities. Such organizational arrangements facilitate coordination among different units while strengthening institutional accountability. Effective organizational structure is essential for ensuring that each stage of fund management is implemented efficiently without compromising Sharia compliance(Maskur et al., 2026). The implementation or actuating function is reflected in the institution's ability to execute operational activities through various collection mechanisms, including direct payments, bank transfers, QRIS, and other digital payment platforms. These innovations indicate that LAZISMU has successfully adapted its operational system to contemporary technological developments while maintaining its commitment to Islamic ethical principles. Modern technology is utilized not merely to improve operational efficiency but also to expand access for donors wishing to fulfill their religious obligations through secure and convenient payment methods.

Meanwhile, the controlling function is evident through transaction verification, reconciliation of financial records with bank statements, computerized administration through the Fiscal Management Information System (SIM Fiskal), and the preparation of financial reports based on PSAK 109. These control mechanisms enable continuous monitoring of organizational performance and reduce the potential for financial mismanagement. Effective supervision also enhances institutional transparency by ensuring that every financial transaction is accurately documented and can be verified whenever necessary (Mohammad Ridwan et al., 2024). Although the managerial practices implemented by LAZISMU are consistent with conventional management theory, the distinguishing characteristic of the institution lies in the integration of Islamic ethical values into every managerial process. In conventional organizational management, effectiveness is generally assessed based on productivity, efficiency, and organizational performance. Sharia-based management, however, broadens this perspective by emphasizing moral accountability alongside administrative performance. Consequently, organizational success is measured not only by financial achievements but also by the institution's ability to fulfill its religious and social responsibilities.

One of the most prominent values identified in this study is amānah (trustworthiness). The interview findings demonstrate that trustworthiness is operationalized through systematic fund classification, transaction verification, transparent documentation, and responsible financial reporting. Within Islamic management, amānah constitutes the ethical foundation of organizational governance because managers are entrusted with public resources that must be administered honestly and responsibly. This principle reinforces the Qur'anic command that trusts should be delivered to those entitled to receive them and managed with justice (A. Zaenurrosyid et al., 2025). In addition to amānah, the findings also reflect the implementation of sidq (truthfulness). The provision of official receipts, comprehensive financial records, periodic financial reporting, and compliance with PSAK 109 illustrate the institution's commitment to presenting accurate and transparent information to stakeholders. Truthfulness within Islamic governance extends beyond avoiding false statements; it encompasses honesty in financial disclosure, organizational communication, and institutional decision-making. Consequently, transparency becomes both an administrative requirement and an ethical obligation (Ghani et al., 2024).

The principle of ʿadl (justice) is equally evident in the manner in which charitable funds are classified and distributed according to their respective legal provisions. Every category of fund is managed independently to ensure that zakat is allocated exclusively to eligible asnāf, while infaq and sadaqah are distributed according to their designated purposes. Such practices prevent the misuse of restricted funds and uphold distributive justice, which represents one of the fundamental objectives of Islamic social finance. Furthermore, the implementation of computerized financial administration demonstrates the application of fatānah (professional competence and wisdom). Islamic management emphasizes that organizational leaders should possess not only moral integrity but also managerial capability. The adoption of SIM Fiskal illustrates that professional competence is manifested through the effective utilization of information technology to improve financial administration, facilitate monitoring, and support evidence-based decision-making. Thus, technological innovation complements rather than replaces Islamic ethical values.

Another important aspect emerging from the findings concerns institutional accountability. Accountability within LAZISMU extends beyond legal compliance and administrative reporting to encompass moral accountability before Allah and social accountability toward donors, beneficiaries, regulators, and the wider community. This dual dimension distinguishes Sharia-based governance from many conventional nonprofit management models. Organizational members recognize that every managerial decision carries not only institutional consequences but also spiritual implications. Such awareness encourages greater ethical discipline and strengthens organizational integrity. The implementation of Sharia-based management at LAZISMU may also be interpreted through the framework of Good Governance. Transparency is reflected through open financial reporting and systematic documentation of every transaction. Accountability is demonstrated by the preparation of financial statements in accordance with PSAK 109 and supported by internal reconciliation procedures. Responsibility is evident in the institution's compliance with Sharia principles and applicable financial regulations. Fairness is maintained through the appropriate classification and allocation of charitable funds. Collectively, these governance principles contribute to institutional legitimacy and public confidence.

The findings of this study are generally consistent with previous research indicating that effective governance significantly influences organizational credibility and donor trust. Earlier studies have emphasized that Islamic philanthropic institutions implementing transparent financial management, standardized accounting procedures, and strong internal control mechanisms tend to achieve higher levels of public participation in zakat collection. The present study supports these conclusions by providing empirical evidence that the practical implementation of Sharia-based management enhances not only operational efficiency but also institutional legitimacy. However, this study also reveals that the sustainability of Sharia-based governance depends upon the institution's ability to respond to emerging challenges. The rapid development of digital technology has transformed public expectations regarding organizational transparency, service quality, and financial accessibility. Donors increasingly expect real-time information regarding financial transactions, digital payment facilities, and timely reporting concerning the utilization of charitable funds. Consequently, Islamic philanthropic institutions must continuously improve their managerial capacity while ensuring that technological innovation remains consistent with Islamic ethical principles.

Another challenge concerns public awareness regarding institutional zakat management. Although formal zakat institutions have developed increasingly professional governance systems, many Muslims continue to distribute zakat directly to beneficiaries without involving authorized institutions. While direct distribution is permissible under certain circumstances, it may reduce the effectiveness of coordinated poverty alleviation programs implemented by professional zakat organizations. Therefore, institutions such as LAZISMU should strengthen public education concerning the strategic role of institutional zakat management in achieving sustainable socioeconomic development.

From the perspective of Maqāsid al-Sharīʿah, the implementation of a Sharia-based management system contributes directly to the realization of public welfare (maslahah).

Transparent governance protects the property rights of donors by ensuring that charitable funds are managed responsibly, thereby supporting the objective of Hifs al-māl (protection of wealth). Simultaneously, effective distribution programs enhance the welfare of eligible beneficiaries, promote social justice, and reduce economic inequality. Thus, Sharia-based management serves not merely as an organizational framework but as a practical instrument for realizing the higher objectives of Islamic law.

The findings also demonstrate that managerial professionalism and religious values are mutually reinforcing rather than contradictory. The integration of standardized accounting systems, digital financial administration, internal control mechanisms, and Islamic ethical principles enables LAZISMU to achieve both organizational effectiveness and Sharia compliance. This integrated governance model provides empirical evidence that Islamic philanthropic institutions can successfully adopt contemporary management practices without compromising their religious identity. Overall, this study concludes that the implementation of a Sharia-based management system at LAZISMU Pamekasan Regency represents a comprehensive governance model integrating managerial professionalism, technological innovation, Islamic ethical values, and nationally recognized accounting standards. The institution has demonstrated that effective zakat governance requires more than administrative competence; it requires the internalization of Islamic values throughout every organizational process. By harmonizing modern management principles with the ethical foundations of Islam, LAZISMU has strengthened institutional accountability, enhanced public trust, and contributed to the broader objectives of Islamic social finance. These findings provide important implications for other zakat management institutions seeking to improve governance quality while maintaining strict adherence to Sharia principles.

## CONCLUSION

This study concludes that the implementation of a Sharia-based management system at the Muhammadiyah Zakat, Infaq, and Sadaqah Institution (LAZISMU) of Pamekasan Regency has been effectively integrated into the institution's governance and operational practices. The findings demonstrate that the management of Zakat, Infaq, and Sadaqah (ZIS) funds is carried out in accordance with the principles of amānah (trustworthiness), transparency, accountability, justice, and compliance with Islamic law. These principles are reflected in the systematic classification of charitable funds, the application of standardized collection and verification procedures, the utilization of multiple payment channels, and the implementation of an integrated financial administration system through the Fiscal Management Information System (SIM Fiskal). Furthermore, periodic reconciliation of financial records and the preparation of financial statements in accordance with PSAK 109 reinforce institutional accountability and ensure that financial management remains transparent, reliable, and compliant with both Sharia principles and applicable accounting standards.

The study also demonstrates that LAZISMU has successfully integrated Islamic ethical values with contemporary management practices. The implementation of planning, organizing, actuating, and controlling (POAC) functions is complemented by the internalization of Islamic values, including ṣidq (truthfulness), amānah (trustworthiness), ʿadl (justice), and maṣlaḥah (public welfare), thereby creating a governance model that is both professionally managed and spiritually grounded. This integration enhances public trust, strengthens institutional legitimacy, and contributes to the effective management of Islamic philanthropic funds. From the perspective of Maqāṣid al-Sharīʿah, the Sharia-based management system supports the protection of wealth (ḥifẓ al-māl), promotes social justice, and advances sustainable community welfare through accountable and equitable zakat governance.

Despite these positive findings, the study recognizes that continuous improvement remains necessary to address the challenges arising from digital transformation, increasing public expectations for transparency, and the need to strengthen public awareness regarding institutional zakat management. Accordingly, LAZISMU should continue to enhance its digital governance, internal control mechanisms, and stakeholder engagement while maintaining strict adherence to Sharia principles. Future studies are encouraged to adopt comparative approaches by examining the implementation of Sharia-based management systems across different zakat institutions or by employing mixed-methods research to assess the relationship between Sharia governance, organizational performance, donor trust, and the socioeconomic impact of zakat distribution. Such research would contribute to the advancement of knowledge on Islamic philanthropic governance and support the development of more effective, accountable, and sustainable zakat management practices.

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