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TRUST AND SOCIAL CAPITAL-BUILDING PROCESSES IN ZAKAT-MANAGING ORGANIZATIONS: AN EXPLORATORY STUDY IN ZANZIBAR

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ABSTRACT

Zakat's role in alleviating poverty in Zanzibar has largely diminished because of declining stakeholder trust in zakat-managing organizations. Although trust and social capital have received growing scholarly attention, little is known about the specific process through which zakat-managing organizations build stakeholder trust as part of their social capital. This study addresses this gap by exploring how zakat-managing organizations in Zanzibar build social capital through trust and proposes a conceptual framework linking social capital-building strategies to stakeholder trust. A qualitative, exploratory approach was adopted. In-depth, semi-structured interviews were conducted with 12 executives purposively selected from five zakat-managing organizations in Zanzibar. Data were analyzed using the thematic analysis procedure described by Clarke and Braun (2013). Based on executives' perceptions, four strategies emerged as central to rebuilding stakeholder trust: adherence to principles and values, trust reinforcement regulations, professionalism, openness and transparency, and enhanced reputation and competencies. Continuous commitment to these strategies is crucial, as a lack of trust significantly impedes organizational performance. The findings offer zakat institutions, regulators, and policymakers concrete direction on transparency mechanisms, external audit, legal enforcement, leadership development, succession planning, and stakeholder engagement that can be used to design trust-building interventions. The study addresses an identified gap in the social capital-building processes of nonprofit charitable organizations. It offers theoretical value by exploring trust-building as a process, a topic rarely examined qualitatively, and is particularly novel given the absence of prior studies within this specific research context. This study is based on the perceptions of executives from five zakat-managing organizations only, and it does not capture the direct perspectives of zakat payers, beneficiaries, donors, or the wider community. Future studies should extend this exploration to other contexts and incorporate these additional stakeholder groups to validate and refine the proposed trust-building framework.

Keywords: Islam; Social capital; Trust; Zakat; Zanzibar

INTRODUCTION

Zakat, the third pillar of Islam, is regarded as a strategic component of social protection and empowerment in Muslim-majority areas, including Zanzibar (Harahap *et al.*, 2024; Miah, 2021; RGoZ, 2017). However, its effectiveness in poverty alleviation is questionable, as poverty and the income inequality gap appear to have increased or decreased only marginally (Makame & Yusoff, 2017; Makame & Mzee, 2014). Given this apparent failure of zakat organizations to deliver at the required level, it is timely to examine the social capital dimension of these organizations, since social capital is argued to be most consequential precisely when an organization is failing to meet expectations (Fitzsimons *et al.*, 2019). The underperformance of *zakat* is a social problem for which a solution can be attained (Farooqi, 2006; Syakir *et al.*, 2021). Social capital is highly valued by nonprofit organizations, yet its enhancement has not received the attention it deserves, which calls for further research to address this gap in the literature (von Schnurbein *et al.*, 2018; Xu *et al.*, 2023). The literature further suggests that, for charity organizations, enhancing social capital has a greater impact than enhancing financial capital (Schnurbein, 2014). Despite general agreement on the role of social capital in achieving development goals, there is little consensus on how it can generally be developed (Albertson, 2021; Fitzsimons *et al.*, 2019), and organizations with different backgrounds, categories, and contexts must build social capital differently (Nguyen-Trung *et al.*, 2024; Servaes & Tamayo, 2017). Ways to manage and enhance social capital have, however, largely been overlooked, leaving room for further scholarly effort, as strategic approaches to building social capital are crucial not only for *zakat* but for the entire Islamic finance industry (Adam *et al.*, 2015). Among existing strategies for stimulating social capital, trust enhancement has consistently been found to be effective.

The literature also indicates an unfavorable trend in *zakat* collection, resulting from the inefficiency of zakat-managing organizations (Adiwijaya *et al.*, 2024). Prior studies have shown the importance of exploring issues related to zakat-managing organizations further (Ali *et al.*, 2024). Therefore, in light of the decline in *zakat* collections, this exploratory study was undertaken to develop a deeper understanding of how zakat-managing organizations in Zanzibar build their social capital. As suggested by Lins *et al.* (2017), enhancing trust between organizations and their stakeholders, as part of organizational social capital, is crucial and can be particularly valuable when trust levels generally suffer. Accordingly, this study uses the enhancement of public trust as the empirical lens through which the social capital of zakat-managing organizations in Zanzibar is examined. For nonprofit organizations such as *zakat* bodies, stakeholder support is crucial, and trust is considered an important component for the survival and growth of collected funds (Samargandi *et al.*, 2018). Similarly, Ghani *et al.* (2018) note that trust is present when a trusting party is assured that the entrusted party can fulfil its obligations. *Zakat* is an obligatory payment for those who meet the minimum required threshold, or *nisab*, and the decision of whether *zakat* payers use official channels or pay their dues directly to entitled recipients (*asnaf*) rests largely with the payer (Adiwijaya *et al.*, 2024; Samargandi *et al.*, 2018). With multiple, uncoordinated zakat organizations operating in Zanzibar, enhancing stakeholder trust is critical, and understanding how these organizations build such trust is equally important. Zanzibar offers a theoretically and practically significant setting for this inquiry: unlike more centralized national zakat systems, Zanzibar's zakat sector is fragmented across several independently operating organizations within a religiously and politically distinctive semi-autonomous context, which makes trust-building both harder to achieve and more consequential for organizational survival, and which remains almost entirely unexamined in the literature. This study therefore explores the process used by zakat-managing organizations in Zanzibar to build social capital through stakeholders' trust. Specifically, it asks: *how do zakat-managing organizations in Zanzibar build stakeholder trust as part of their social capital-building process?*

LITERATURE REVIEW

Social Capital

Social capital is an influential organizational component of value creation and stakeholder well-being. Representing socially embedded resources is crucial for nonprofit organizations, as they depend on society more than profit-oriented organizations do (Albertson, 2021; Schnurbein, 2014), partly because both donors and beneficiaries are members of that society. The term was introduced in 1916 through the work of Hanifan (Ismail & Zaenal, 2016) and denotes the benefits derived from strong collaboration among people (Ben Hador, 2017). It can therefore be described as a trust-based network established among organizations or communities to support a nonprofit organization in fulfilling its objectives (Schneider, 2009). Social capital is contextual, and organizations with different backgrounds need to build it differently (Servaes & Tamayo, 2017). It is widely accepted that social capital enhances organizational effectiveness (Syakir *et al.*, 2021; von Schnurbein *et al.*, 2018), which remains a pressing issue for *zakat* organizations. Several approaches to enhancing organizational social capital have been proposed. Putnam (1993) argued that social capital accumulates slowly over time, whereas scholars such as Schneider (1997) have argued that it can be built through deliberate effort within a comparatively short period. Similarly, Warner (1999) postulates that bonding and bridging relationships emerge through naturally occurring interactions among different actors; where such interactions do not occur naturally, intentionally created interactions may still support the creation of social capital. Indeed, there is no consensus on precisely how social capital can be facilitated or enhanced (Fitzsimons *et al.*, 2019). However, among the various mechanisms proposed, trust is the one most consistently associated with an organization's social capital (Xu *et al.*, 2023). For example, Adam *et al.* (2015) use trust to represent social capital in the Islamic stock market and find that the basic exchange between two agents is, at its core, an exchange of trust. Scholars in this tradition contend that, by building strong stakeholder trust, organizations are able to acquire resources embedded within society.

Trust as a Social Capital-Building Mechanism

Because *zakat*, a religious charity, depends heavily on the prevailing level of public trust, sustainable dealings and exchanges between parties require a high level of confidence. This confidence, grounded in reliability and integrity, is what is generally understood as trust (Ashnai *et al.*, 2016)—more a matter of perception than of objective fact, and expressible as the faith and confidence that a person or institution is fair, reliable, ethical, competent, and non-threatening (Caldwell *et al.*, 2014). In this study, trust is treated not merely as one component among several, but as the primary mechanism through which zakat-managing organizations build and express their social capital with stakeholders: trust signifies the degree of confidence that stakeholders and the general public place in these organizations, and it is through the deliberate cultivation of this confidence that social capital is accumulated. Trust can enable zakat organizations to retain existing payers while attracting new payers and donors, much as it does for any other charity organization (Prendergast & Hak Wai Maggie, 2013), and it has been widely used in the literature as a proxy for social capital more broadly. Salarzahi *et al.* (2010) linked social capital to trust-building by arguing that societies that build social capital through trust develop a longer-lasting capacity to manage their collective challenges. People weigh their expectations against whether the party to be entrusted is capable of delivering the expected outcomes and possesses the required level of integrity before deciding to extend trust (Swärd, 2016). Enhancing trust matters because people's intention to pay *zakat* increases with it (Handriana, 2016), which in turn increases the collection of *zakat* funds (Ridlwan *et al.*, 2019); this follows from the broader proposition that trust is an imperative component of successful business interactions (Ashnai *et al.*, 2016). By understanding and cultivating trust-enhancing practices, the sustainable performance and development of *zakat* activities, challenges shared across Muslim-majority countries can be strengthened (Ghani *et al.*, 2018); conversely, where trust is absent, compliance behavior tends to decline (Ahmad & Ma'in, 2014). It is therefore incumbent upon zakat organizations to pursue every available means of building stakeholders' trust.

Among the various studies on *zakat* and Islamic finance that discuss trust, Ng *et al.* (2015) proposed strategic ways to build social capital for Islamic finance more broadly. Using trust as the principal indicator of social capital, they developed a four-dimensional framework comprising (1) principles and values, (2) trust-reinforcing regulations, (3) investment opportunities and infrastructure, and (4) reputational intermediaries. However, this framework was purely conceptual and could not be directly adopted by nonprofit religious charity organizations. Several subsequent studies have examined trust in zakat institutions, most focusing on the factors that increase or diminish public trust (Adiwijaya *et al.*, 2024; Harahap *et al.*, 2024). Factors such as reputation, satisfaction with *zakat* distribution, and service quality have also been identified as relevant to trust in zakat institutions (Zainal *et al.*, 2016). On disclosure specifically, Samargandi *et al.* (2018) find that disclosure practices affect stakeholder trust in Malaysia, whereas stakeholder management does not; this contrasts with Mustafa *et al.* (2013), who found that stakeholder management does affect trust levels in zakat organizations—illustrating that the effects of these components on trust are context-dependent. Syafei (2015) similarly identified board capital perception, legitimacy management, stakeholder orientation, professionalism, and sound zakat management as further factors that help build trust. Although these findings vary from one context to another, studies situated in East Africa, and in Zanzibar specifically, remain scarce; the majority of existing work is conceptual or quantitative, aimed at identifying factors that predict trust rather than explaining the process through which trust is actually built. This is precisely the gap this study addresses: rather than testing predictors of trust as prior quantitative studies have done, this study adopts an exploratory qualitative approach to uncover, from the perspective of the organizations themselves, the underlying process through which trust is constructed. Organizational trust-building has, in any case, become of growing interest to scholars and practitioners across sectors, particularly following widely publicized governance failures in large organizations (Caldwell *et al.*, 2014); and because *zakat* organizations are nonprofits for which social capital enhancement warrants further research attention (von Schnurbein *et al.*, 2018), this study contributes by qualitatively examining how zakat-managing organizations in Zanzibar build stakeholders' trust.

METHODOLOGY

The process by which zakat-managing organizations in Zanzibar build stakeholder trust is not documented in the existing literature, as no prior study has examined this specific context. This study therefore adopted an exploratory qualitative research design, appropriate for developing an in-depth understanding of a phenomenon through direct engagement with those experiencing it (Creswell, 2014).

Sampling and participants

Participants were selected using purposive sampling. The inclusion criterion required that participants hold an executive or senior management position with direct responsibility for, or involvement in, decisions related to stakeholder engagement, disclosure, or governance within their organization, as these individuals were best placed to describe the strategies their organizations used to build trust. Access to participants was obtained through formal introductory letters to the five zakat-managing organizations operating in Zanzibar: Waqf and Trust Commission, JUZASA, JUMAZA, UKUEM, and MUZDALAT; followed by referrals to relevant executives within each organization. These five organizations represent the principal formally recognized zakat-collecting bodies in Zanzibar, and their inclusion therefore captures the sector as a whole rather than a subset of it. A total of 12 executives were interviewed across the five organizations. This number was not fixed in advance; interviewing continued until successive interviews ceased to generate new themes, at which point the researchers judged that data saturation had been reached. It is important to note that, because participants were limited to executives, the findings reported below reflect executives' perceptions of stakeholder trust-building rather than the direct views of *zakat* payers, beneficiaries, donors, or community members; this is addressed further as a limitation in the concluding section.

Data Collection

Data were collected over a period of [three months; authors to confirm exact dates] through semi-structured, face-to-face, in-depth interviews lasting between 45 and 120 minutes. Interviews were guided by a pre-developed protocol comprising open-ended core questions, including: "What strategies has your organization used to build or rebuild stakeholders' trust?"; "How do you communicate with zakat payers, donors, and the public about how funds are collected and used?"; "What challenges has your organization faced in trying to build public trust?"; and "What role, if any, do regulations, leadership, or external factors play in shaping stakeholders' trust in your organization?" Probing follow-up questions were used to explore emerging issues in greater depth. All interviews were audio-recorded using dedicated digital recording equipment. Because participants were more comfortable expressing themselves in Swahili, all interviews were conducted in that language and subsequently transcribed and translated into English by a professional translator. To safeguard translation accuracy, the English transcripts were independently back-translated into Swahili by a second bilingual translator; discrepancies between the original and back-translated versions were then discussed among the research team and the translators and resolved by consensus before analysis began.

Data Analysis

Data were analyzed following the six-phase thematic analysis procedure described by Clarke and Braun (2013): familiarization with the data through repeated reading of transcripts; generation of initial codes; collation of codes into candidate themes; review and refinement of themes against both the coded extracts and the full dataset; definition and naming of final themes; and production of the analytic narrative. Two members of the research team independently coded an initial subset of transcripts, compared and discussed their codes to check for consistency, and resolved discrepancies before proceeding to code the remaining transcripts; all themes and subthemes were derived inductively from participants' accounts rather than imposed from an existing framework. This process yielded four core themes, discussed below, each of which was found to be endorsed, to varying degrees, across all five organizations.

RESULTS

The findings reported in this section reflect executives' perceptions of how their organizations build stakeholder trust, rather than direct evidence from stakeholders themselves; this framing should be kept in mind throughout. All 12 interviewees, across all five organizations, raised concerns about declining stakeholder trust and described the strategies their organizations use to strengthen it. Four such strategies were inductively derived from the interviews: (1) principles and values; (2) trust reinforcement regulations; (3) professionalism, openness, and transparency; and (4) reputation and competencies.

Principles and Values

Several interviewees indicated that trusted principles and values—staff honesty and integrity, stewardship, and the proper utilization of funds—are essential for zakat-managing organizations. For example, an executive from Organization 1 explained that honesty is among the most effective ways to build stakeholder trust, since visible honesty leads *zakat* payers to trust the organization more: "*In this commission we have to be honest, the more we become honest, more zakat payers will see how we work and their level of trust will be increased. Our management takes this very seriously, and people are now very much aware of this issue*" (Head of the Zakat Unit, Organization 1). This account illustrates how, for this organization, honesty functions less as an abstract value than as a visible, everyday practice that stakeholders can observe and use to judge the organization's trustworthiness.

An executive from Organization 4 similarly argued that building trust requires full adherence to ethical and organizational values, underpinned by leadership that enforces those values without tolerating corruption: "*To build trust we need to have good leadership without corruption and who establishes and enforces organizational ethics and values. The Commission is now in a better position than before; I can speak this anywhere*" (Executive Secretary, Organization 4). Here, leadership integrity is presented as a precondition for organizational trust rather than merely a contributing factor, suggesting that principles and values are enacted through leadership example as much as through formal policy.

Several executives also stressed that the public's understanding of proper fund utilization directly shapes trust: where funds are seen to be properly used, trust increases; where misutilization occurs, or is even merely suspected, the organization's image suffers. An executive from Organization 3 described how ensuring value for money in project implementation had strengthened trust with both government and foreign stakeholders: "*We also ensure value for money by ensuring that all projects are implemented at its required quality. We avoid misutilization of funds and here is how we build trust. The government also trusted us a lot. These days government come here and ask us to go to the society educating them on various issues like taking care of the orphans*" (Executive Secretary, Organization 3). This suggests that demonstrated stewardship does more than protect an organization's reputation defensively; it can also actively extend the organization's credibility into new roles, such as being asked to represent government messaging to the public.

Because *zakat* is implemented in accordance with Shariah rulings, several interviewees framed total commitment to Allah SW and to the community as inseparable from organizational trustworthiness. An executive from Organization 5 linked visible performance to religious commitment: "*Let us perform and people see results of what we are doing. We try our level best be committed knowing that this we are working for the sake of the society and more importantly for our religion. This is work of Allah SW. People must behave in that way*" (Deputy Secretary, Organization 5). This framing indicates that, for these organizations, trust-building is not viewed only as an organizational or reputational strategy, but as an extension of religious obligation—a distinction that may make principles and values a more deeply held driver of behavior than conventional corporate trust-building would suggest.

Trust Reinforcement Regulations

Interviewees consistently emphasized that stakeholders want to see visible consequences for misconduct within these organizations, and several described well-established trust-reinforcement regulations as crucial to the trust-building process. Some interviewees attributed earlier lapses in trust to weaknesses in the legal and regulatory framework governing the *zakat* sector. For instance, an executive from Organization 1 explained that, since the arrival of the current executive secretary, a number of rules and guidelines had been established to govern how activities are conducted, with a corresponding improvement in the organization's public image: "*He took his efforts; he insured the availability of rule and regulations. So, people do not work based on their interests or the way they just like to work but they are work as per established rules. This has help to maintain discipline and build good image to the public*" (Founder, Zakat Unit, Organization 1). This account suggests that regulations function as trust-building devices not simply because they exist, but because they visibly constrain staff discretion in ways stakeholders can recognize.

Another executive from the same organization added that clearly established guidelines, if consistently followed, help revive public confidence: "*We have to remember one thing that I have already mentioned; established guidelines. People here must work in accordance to those guidelines and I have no excuse on that*" (Executive Secretary, Organization 1). A further account from the same interviewee distinguished between the existence of regulations and their enforcement, arguing that enforcement is the more decisive factor: "*Now I think to take even legal action to anyone who will behave unethical and destroy our image. This was supposed to be the case even before. We have laws but our people breach them purposely*" (Executive Secretary, Organization 1). Taken together, these accounts indicate that trust reinforcement regulations operate on two related but distinct levels: the existence of formal rules and the credible enforcement of those rules, and that the latter appears to matter more for sustaining stakeholder trust.

This distinction was reinforced by an executive from Organization 3, who argued that government involvement in enforcement, specifically through legal action against those who misuse *zakat* funds, was necessary to restore public confidence: "*Government involvement here is very crucial. How they can be involved is through legal enforcement. Let take all people who misutilized zakat funds or other religious offices to face legal action. Once people see actions taken to those misbehaving staff, their trust level will be high*" (Executive Secretary, Organization 3). This suggests that, from the executives' perspective, trust reinforcement regulations are not purely an internal organizational matter but are seen as requiring external, state-level backing to be fully credible.

Professionalism, Openness, and Transparency

Working professionally, in a culture of openness and transparency, was described by participants from all five organizations as a powerful way to build public trust. An executive from Organization 1 described how the organization had moved away from treating its activities as private matters, toward actively publicizing how *zakat* funds are collected and used: "*We do this now by providing reports through media while at the same time post it on our website so that they know what happen. If people know how much was collected and it was distributed it increases their confidence and morality. We realized that, the habit of being silent creates number of problems*" (Head of Religious Unit, Organization 1). This account illustrates a shift in organizational strategy from silence, previously perceived as protective, to proactive disclosure, now perceived as trust-enhancing; suggesting that transparency functions as a deliberate corrective to a previously identified weakness rather than as a longstanding practice.

Beyond aggregate public reporting, several organizations also reported communicating directly with individual *zakat* payers to acknowledge their specific contributions. An executive from Organization 2 explained: "*Also, we write to our zakat payers to show our appreciation and give them word of thanks for what they have done. We tell them that we received their money and use them accordingly*" (Secretary, Organization 2). This individualized form of disclosure appears to serve a dual purpose: it reassures payers that their specific contribution was received, while also reinforcing their motivation to continue giving; suggesting that transparency operates most powerfully for trust-building when it is personalized rather than purely aggregate.

An executive from Organization 3 similarly stressed the importance of reporting on every unit of currency received, framing this as a point of differentiation from other institutions where reporting is weaker: "*Reporting is very important. There are other institutions where issuance of report is very big problem. Donors must have reports for every single shilling they gave you as they want to know how their funds were utilized*" (Executive Secretary, Organization 3). Beyond reporting on collection and use, several interviewees emphasized that showing the tangible impact and results of *zakat* funds; not merely the figures, was of particular importance to stakeholders. An executive from Organization 1 explained that when people see the societal benefit generated by *zakat*, their trust and willingness to support the organization increase: "*But also, we try to let people knows about zakat; its collection and distribution but with all these we try to show people how society get benefits from zakat fund. People look on how we work and perform our duties*" (Head of the Zakat Unit, Organization 1).

Finally, several interviewees pointed to independent professional auditing as a mechanism for resolving stakeholders' residual doubts about financial integrity. An executive from Organization 2 described the practice of engaging recognized external auditors and making the resulting reports publicly available: "*Also, we report and we always ensure professional auditing from recognised people. We put these auditing reports open to the public. This is very important for stakeholders who are up to date with financial issues of organizations*" (Secretary, Organization 2). Read together, these accounts suggest that professionalism, openness, and transparency function as a trust-building theme not because any single practice is sufficient on its own, but because aggregate disclosure, individualized acknowledgment, impact communication, and independent audit collectively address different sources of stakeholder doubt.

Reputation and Competencies

The roles of reputation and competence were also extensively raised. Participants suggested that a strong reputation, combined with the right competencies, improves the effectiveness and efficiency of *zakat* activities, which in turn increases societal admiration and trust. According to interviewees, this can be achieved through collaborative working, improved efficiency and effectiveness, enhanced staff competencies, leadership with effective succession planning, and political neutrality. An executive from Organization 1 explained that, because the organization's reputation had not historically been strong, collaboration with external partners had become the primary route to rebuilding it: "*Also by working in collaboration with others play an important role in building trust level. When people see how we involve others in our activities, their confidence level increases. You know most of our people out there have negative perceptions with us. Thus, the best way to clear their doubt is to involve them in our activities*" (Head of the Zakat Unit, Organization 1). An executive from Organization 4 offered a similar account, framing collaboration as a source of visible transparency: "*I always tell my people, let us involve others in our activities. This helps to build public confidence as they will see what exactly going on within these organizations. We practiced it here and we try to work with people from different background and sectors*" (Executive Secretary, Organization 4). Together, these accounts suggest that collaboration functions as a trust-building mechanism largely because it exposes the organization's internal workings to external scrutiny, rather than because of any resources it brings.

Leadership emerged as a related but distinct concern. Interviewees suggested that the individuals appointed to lead these organizations and the succession arrangements in place for when they eventually leave, are closely watched by external observers and directly shape organizational trust. An executive from Organization 1 described how the organization's reputation had improved markedly since a change in leadership, while also acknowledging uncertainty about what would happen after his own departure: "*Maybe or I can say there were some untruthful people in charge who were using the funds fraudulently. This was the case before I take over this office as chief in charge. Now I am here and people are satisfied but how the situation will be after I end up my period is another question. Our integrity is not questionable to that extent*" (Executive Secretary, Organization 1). This account is notable for surfacing a tension that other interviewees echoed: current leadership integrity can rebuild trust, but without an institutionalized succession plan, that trust remains personally attached to an individual leader rather than embedded in the organization itself.

This concern was made explicit by an executive from Organization 4, who argued that strong leadership must be cultivated at every level of the organization, not concentrated in a single office, precisely because dependence on one trusted individual is organizationally fragile: "*So if the top leader is good, he should train other leaders to behave in the same way as their top leader. There must be a system inside our organizations for developing leadership skills or recruited from outside but there must be a picture that all leaders are trusted. That's mean if there is only one person who is trusted, he can die and have the institution in bad shape*" (Executive Secretary, Organization 4). An executive from Organization 3 reinforced this point by directly linking the absence of succession planning to institutional failure: "*Different from other institutions, our institution builds a good succession plan and it is why they failed to have competent leaders at some point of their operations. Most of our institutions don't have a succession plan. We have a very good succession plan here and we implement it accordingly. Most of our institutions stand as one person so when he leaves the institution or die, the institution also dies*" (Executive Secretary, Organization 3). An executive from Organization 5 added that strong leadership alone is insufficient without a capable and knowledgeable supporting staff: "*We always ensure that our staff know in and out about their responsibilities and how they are supposed to perform them. Unless we have knowledgeable people, building trust will be very difficult. However still we have some people who are not serious on maintaining reputation of this organization. We always talk to them and help them understand how crucial it is to have good image from the public eyes*" (Deputy Secretary, Organization 5).

A further, more context-specific finding concerned the influence of politics. Interviewees described the influence of politics on organizational trust as very high, and several argued that, for zakat-managing organizations to be seen as reputable, their leaders and staff must be perceived as politically neutral. An executive from Organization 1 recounted being personally challenged over perceived political affiliation and described his effort to clarify his neutral, purely religious role: "*Someone asked me about political issue. He told me that I am CUF member because I spend more time with CUF members. I told him that I have no any political party as I don't have any membership card of political party in Zanzibar. I'm in the ABC as religious leader and I'm trying my level best to be religious person*" (Executive Secretary, Organization 1). A colleague from the same organization argued that political engagement, once visible, is effectively fatal to an organization's credibility: "*Let me tell you one thing sheikh, with the current political environment and culture in these islands, our people must be politically neutral if we want to win society. Once you show your political interest you are going to fail. People will no longer support you. We try our level best to avoid this*" (Head of Religious Unit, Organization 1). Exercising political neutrality was therefore found to be a distinctive and particularly consequential strategy for building stakeholder trust among zakat-managing organizations in Zanzibar.

This finding on political neutrality warrants closer attention because it is arguably the most context-specific contribution of this study. Zanzibar's recent political history has been marked by periods of intense and, at times, contested competition between political parties within a semi-autonomous governance structure that is itself often the subject of political contestation. Within this environment, religious and charitable institutions, such as *zakat* organizations, occupy a particularly delicate position: because they operate in close proximity to communities whose political loyalties may be divided, any perceived alignment (real or attributed) with a political faction risks being read by parts of the population as evidence that the organization, and by extension the *zakat* funds it manages, cannot be trusted impartially. This dynamic appears to be considerably more pronounced in Zanzibar than in the more centralized or less politically polarized zakat systems described in prior literature (e.g., Ghani *et al.*, 2018; Zainal *et al.*, 2016), which helps explain why political neutrality surfaced so strongly and consistently in the present findings, and suggests that trust-building strategies developed elsewhere may need to be adapted, rather than directly transferred, to comparably polarized contexts.

Table 1: Cross-Organization Analysis of Derived Themes

Themes	Org. 1	Org. 2	Org. 3	Org. 4	Org. 5
Principles and values	X	X	X	X	X
Trust reinforcement regulations	X		X		X
Professionalism, openness and transparency	X	X	X	X	X
Reputation and competencies	X	X	X	X	X

Note:
An "X" indicates that interviewees from that organization explicitly raised the corresponding theme during their interview and described concrete practices associated with it; the absence of an "X" indicates that the theme was not raised by interviewees from that organization, not that the practice is necessarily absent. Source: fieldwork by the authors.

Based on these findings, we propose a conceptual framework linking social capital-building strategies: principles and values, trust reinforcement regulations, professionalism/openness/transparency, and reputation and competencies, to stakeholders' trust (Figure 1). Because this study is exploratory and qualitative in nature, this framework is presented as a proposed conceptual framework rather than as a hypothesized causal model to be tested; the double-headed arrow in Figure 1 is intended to reflect that social capital-building strategies and stakeholder trust are understood here as mutually reinforcing, rather than as a one-directional causal sequence.

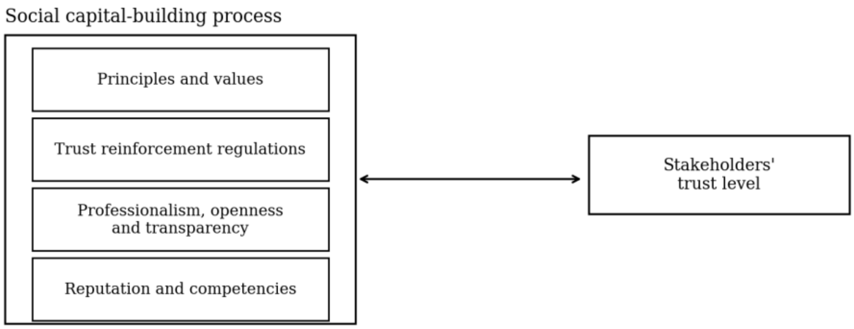

Figure 1: Proposed conceptual framework linking social capital-building strategies to stakeholders' trust

DISCUSSION

Our findings, drawn from in-depth interviews with executives of zakat-managing organizations, point to four strategic practices and organizational policies that these executives perceive as effective in strengthening stakeholders' trust. Consistent with Six and Sorge (2008), these findings span both the ability and the intention to act in a trustworthy manner: a trusted organization must be able to perform competently while also visibly intending to meet the expectations of those who trust it. The four themes, summarized in Table 1, were endorsed to varying degrees across all five organizations.

Principles and Values

For zakat-managing organizations to build strong stakeholder trust, adherence to principles and values was found to be crucial. Although *zakat* is an obligatory religious payment, sustained compliance nonetheless depends on trusted organizations: where stakeholders are assured that an organization operates in accordance with acceptable rules and principles, trust is enhanced, consistent with Swärd (2016), who argues that trustees continually assess the integrity of the party to be trusted. This is why honesty and high personal integrity matter, and why these personal characteristics have previously been shown to affect organizational trust (Abioye *et al.*, 2011). For these organizations specifically, this commitment is also religious: as an expression of Islamic teaching, staff bear a sense of stewardship and accountability not only to the community but to Allah SW—a foundation consistent with Islamic economic theory (Rahman, 2015) and the broader teachings of Islam (Qur'an 6:165). This, in turn, supports the proper utilization of collected funds, which is essential for poverty alleviation in society.

Trust Reinforcement Regulations

Strong laws and regulations are crucial for building stakeholder trust. Both the government and zakat-managing organizations can enact and enforce such laws, and clear institutional guidelines matter because they bind every individual within an organization and cannot simply be set aside (Bachmann & Inkpen, 2011). This finding is consistent with Adam *et al.* (2015), who propose strategic ways to build social capital for Islamic finance with a focus on the stock market, and with Bachmann and Inkpen (2011), who show that legal regulations reduce the risk of misplaced trust. Where existing religious obligations to pay *zakat* are reinforced by credible assurance that collected funds will not be misused, trust is enhanced, and *zakat* collection is likely to increase significantly.

Professionalism, Openness, and Transparency

Zakat involves finance that is highly sensitive to fraud, and, historically, giving from one's wealth has never been an easy undertaking; consequently, people look for existing loopholes to avoid making payments, and any such doubt must be resolved. Zakat organizations must therefore ensure transparency and sustainable disclosure, since people want to know what is happening with collected funds. This is consistent with Samargandi *et al.* (2018), who find that disclosure practices affect zakat payers' trust; our interviewees similarly believe that such practices influence the public's willingness to support *zakat* activities more broadly. The segregation of duties and the use of professional audits reinforce this, resulting in more transparent and professional management, which in turn increases trust; an approach previously shown to support professional *zakat* management (Ridlwan *et al.*, 2019). Trust is not a readymade organizational attribute; it must be actively built by meeting society's expectations (Syafei, 2015). Consistent with this, our interviewees indicated that a culture of silence, and a fear that publicizing achievements would appear as inappropriate self-promotion, is no longer productive in the current *zakat* environment; organizations have instead begun actively showing what they do, with positive results. This is consistent with Haq *et al.* (2017), who argue that *zakat* must be impact-oriented, and it aligns with the broader understanding that giving *zakat* affects not only recipients but also the wealth and lives of givers themselves.

Reputation and Competencies

With their public image previously damaged, zakat-managing organizations have recognized that rebuilding stakeholder trust requires both reputation-building and stronger internal competencies, including leadership supported by an effective succession plan. Historical precedent—most notably the effective management of *zakat* during the caliphates of Abu Bakr and 'Umar ibn 'Abd al-'Aziz, may Allah be pleased with them, illustrates how good leadership enables effective *zakat* management, consistent with Wahab *et al.* (2011), which in turn enhances stakeholder trust (Fulmer & Gelfand, 2012). Related to this, our findings indicate that zakat-managing organizations are actively working to enhance staff competencies to strengthen effectiveness and efficiency, since low staff capacity limits organizational results; this requires employing multi-skilled workers and continuously training the existing workforce. Consistent with Santoso (2017), without adequate competencies, the synergy required for effective *zakat* activities cannot be achieved, and reduced impact ultimately erodes trust. Competency-building in this sense means strengthening intellectual capacity, itself an important organizational asset (Adnan *et al.*, 2013).

Beyond competencies, political neutrality emerged as an essential, and distinctly context-specific, condition for trust. Because *zakat* is a religious obligation, interviewees did not expect and did not want political considerations to intrude upon it; yet, the enduring and, at times, polarized political culture of these islands was found to weigh heavily on stakeholder trust and support. As discussed above, this is a genuinely novel finding for the trust-building literature on *zakat*, and it is consistent with Vaidyanathan *et al.* (2011), who caution that the influence of political ideology on religious charitable organizations should not be underestimated. Finally, collaborative work with other organizations and capable individuals was found to help build trust and achieve *zakat* objectives (Ahmad Nazri, 2012), consistent with Schneider (2009), who argues that networks of relationships and trust reinforce one another. Therefore, zakat-managing organizations should actively involve others who can contribute to the development of *zakat* activities in various ways.

CONCLUSION

This study explored the processes and strategies that zakat-managing organizations in Zanzibar use to build stakeholders' trust. Four themes were derived inductively: principles and values; trust reinforcement regulations; professionalism, openness, and transparency; and reputation and competencies.

Theoretical Contribution

This study contributes to the social capital and *zakat* governance literature by treating trust not merely as a static component of social capital, but as the mechanism through which social capital is actively built within nonprofit religious organizations, and by documenting, qualitatively, the specific process through which this occurs; an approach that extends prior, largely quantitative work identifying isolated predictors of trust (e.g., Samargandi *et al.*, 2018; Mustafa *et al.*, 2013; Zainal *et al.*, 2016). It also surfaces political neutrality as a context-specific but theoretically significant trust-building condition, extending the concerns raised by Vaidyanathan *et al.* (2011) about political ideology and religious charitable organizations into a new empirical setting.

Practical Implications

For zakat institutions, regulators, and policymakers, the findings suggest several concrete directions. Organizations should institutionalize transparency mechanisms, such as regular public reporting and individualized acknowledgment of contributions as routine practice rather than as a response to crisis. Independent external audits should be embedded and their findings made publicly accessible to address stakeholders' financial concerns credibly. Regulators and government bodies should ensure that legal enforcement against misconduct is visible and consistently applied, since our findings suggest that the credibility of regulation depends more on enforcement than on the mere existence of rules. Organizations should also invest deliberately in leadership development and formal succession planning, so that trust becomes attached to the institution rather than to any single leader, and should continue to prioritize stakeholder engagement and inter-organizational collaboration as a means of making internal practices visible to the public. Finally, given the political sensitivity documented in this study, zakat-managing organizations and their regulators should consider formal codes of conduct that explicitly safeguard the political neutrality of *zakat* leadership and staff.

Limitations and Future Research

This study has several limitations that should be considered when interpreting its findings. First, the sample was limited to 12 executives across five zakat-managing organizations in Zanzibar; while data saturation was judged to have been reached within this sample, the small, single-context sample limits the generalizability of the findings. Second, and most importantly, the study relies exclusively on the perceptions of organizational executives; it does not include the direct views of *zakat* payers, beneficiaries, donors, or community members, whose experience of trust may differ from that described by the executives who manage these organizations. Third, the study is confined to a single island context, and findings on politically sensitive topics such as political neutrality may not transfer directly to *zakat* systems operating under different political conditions. Future research should extend this exploration to other contexts, particularly other Islamic finance settings where trust and social capital remain underexamined, and should directly involve *zakat* payers, beneficiaries, religious leaders, regulators, and community representatives to validate and enrich the proposed trust-building framework. Given that trust-reinforcement regulations and political neutrality have rarely been empirically tested, quantitative studies specifically designed to test the proposed conceptual framework would also be a valuable next step.

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