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# A Proposal for “Value Innovation” Framework Based on the Blue Ocean Strategy: The Case of Kedah State Zakat Board and Malaysia Hajj Pilgrims Fund Board

Rohani Hj. Ab Ghani<sup>\*a</sup>, Ahmad Shukri bin Abdul Hamid<sup>b</sup>, Sharifah Ismail<sup>c</sup>, Zuhilmi bin Paidi<sup>d</sup> & Haslinda Hasan<sup>e</sup>

*a,b,c,d,e*Universiti Utara Malaysia, Malaysia

\*Corresponding author: rag1162@uum.edu.my

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## Abstract

The Kedah State Zakat Board or *Lembaga Zakat Negeri Kedah* (LZNK) is an Islamic institution responsible for the collection and distribution of zakat in Kedah. Since majority of the population in the state of Kedah comprise of those from the middle- and small-income category, and highly dependent on agricultural sector, the role of LZNK is significant in helping them improve their standard of living. Currently, the biggest contributor to Kedah zakat payments is the Malaysia Hajj Pilgrims Fund Board or *Lembaga Tabung Haji* (LTH). This article dwells on the question of how can the zakat administration under the LZNK be maximized through the cooperation of these two institutions. A proposed cooperative framework based on the Blue Ocean Strategy (BOS) is hereby proposed which describes the method by which these two iconic institutions might benefit from each other’s organizational strengths and weaknesses. In particular, the framework is focused on the idea of “value innovation” as conceived by the BOS framework. The proposed framework was derived from a qualitative case study of the two institutions. The data collection process using structured data collection methods using interviews among policy makers and implementers as well as experts in both institutions. The results of the study discussed in this paper suggested a framework of Islamic management module based on BOS that can be a conceptual model for the improvement of the LZNK governance system.

**Keywords:** Kedah State Zakat Board, Malaysia Hajj Pilgrims Fund Board, innovation, governance and Blue Ocean Strategy.

## 1. INTRODUCTION

Kedah is a state located in the north of Peninsular Malaysia and is known as "Jelapang Padi Malaysia" or the rice bowl of Malaysia. This is due to Kedah being the main contributing state of the country's rice yield. To add, the distribution of population in the State of Kedah is concentrated in rural areas. Most of the population depends on the agricultural sector and some of them are below the poverty line or also known as the B40. Based on their socio-economic status, it turns out that the state zakat institution can play an important role in improving the economic achievements of the people of Kedah, the majority of whom are Muslims. In terms of zakat management, the LZNK has played a significant role in strengthening the role of zakat institutions as the mainstream medium to remove the Muslim community in the state from poverty and drive the development of the *ummah*. Efforts to strengthen the socio-economy through the assets of Muslims such as zakat institutions are in line with the demands of maqasid al-shariah (shariah objectives) itself because the economic field is closely related to the element of property (al-mal) which is one of the aspects of shariah that must be preserved by the ummah. In an effort to improve the socio-economic status of the population, it has collaborated with LTH through the zakat fund contributed by the institution to LZNK. At the same time, the sharing of LZNK-LTH governance experience based on the principles of Blue Ocean Strategy (BOS) or Blue Ocean Strategy can maximize the impact of socio-economic development of Muslims in the state of Kedah.

The objective of this paper is to map out the framework and path to cultivate organizational management best practices through the BOS method on the management structure of zakat and hajj institutions in the country. Meanwhile in terms of methodology, the use of qualitative methods by conducting interviews with informants whom are the management of the expert groups and those authoritative about BOS. Informants consisted of policy makers and implementers in LZNK and LTH.

## 2. PROBLEMS STUDY

The existence of LZNK is synonymous with efforts to improve the socio-economic status of Muslims in the state. In April 2018, the current collection of zakat by LZNK is RM60,080,476.83 compared to the current distribution in the same month which is RM62,718,062.35 (LZNK, 2020). Moreover, even if the collection and distribution of zakat increased from time to time, the statistics recorded that the number of low-income population and the incidence of poverty involving the Malay ethnic, the highest population in the state is still at a high level. The correlation between the Malays and direct poverty has implications for current quote for zakat and fitrah state. According to the Department of Wakaf, Zakat and Hajj (JAWHAR), in 2016, the total collection of zakat and fitrah for the state of Kedah was recorded to increase to RM140,448,128.00. This amount, however, is lower than the collection for the state of Perlis for 2014 which is RM162,327,654.00 (JAWHAR, 2020). Apart from that, the accumulated zakat funds are usually distributed directly to the eight asnaf concerned as stipulated in Islam (Quran, 9:60). This allocation causes the zakat fund to shrink because the distribution of zakat funds is implemented according to the target group. The factor of lack of funds for this socio-economic development program is one of the contributors to the limitation of the effectiveness of zakat institutions in eradicating poverty of the Muslim community in the state of Kedah.

In this context, cooperation and partnerships between LZNK with various external agencies are part of the approach taken by LZNK in developing charity institutions in the country. Thus, as a continuation of the existing policy, the cooperation between LZNK and LTH based on the blue ocean strategy (BOS) to realize LZNK's vision and mission is very imperative and timely.

In general, LTH and all subsidiaries under this hajj organization have been the catalyst for the empowerment of zakat institutions with the role played as one of the highest zakat contributing organizations in Malaysia (LTH, 2020). In addition to this status, the good relationship between LTH, the royal institution and the State Islamic Religious Council (MAIN) for a long time as well as LTH's contribution to the development of religion and socio-economy of the local community through LTH branches at the district and state levels this pilgrimage organization to be a strategic partner to LZNK. Next, partnerships and coordination between LTH and charity institutions like LZNK can be further strengthened as both a religious entity is under the coordination of the same central agency, the Department of Awqaf, Zakat and Hajj (JAWHAR) (JAWHAR, 2020).

LTH is a unique institutional model, as it carries out two opposite activities under one administration, namely Hajj and financial activity. (Tabung Haji Act, 1995) However, these two different activities are related to each other. With strong financial resources generated by the economic activities carried out, LTH can provide the best pilgrimage services to pilgrims. LTH's reputation encourages more members of the community to perform Hajj and in turn contribute to a larger deposit fund for LTH. LTH's ability to generate its own income as well as strong financial resources are among the factors of LTH's success. Large financial funds assist LTH in carrying out its functions more effectively while bringing various innovations in the service. It also helps LTH to seize and explore the opportunities available as well as formulate future plans to take this organization to a higher level. Today, LTH is a competitive model to other religious institutions in the country in its achievements as a world-class Islamic financial institution as well as fully owned and managed by Muslims in the country. As the country's iconic brand, LTH has also achieved various significant successes including reforming the hajj institution as a high-impact transformation agent that contributes to Islamic civilization in Malaysia in various fields such as religion, socio-economy and so on (Sharifah,2016). Therefore, LTH is LZNK's best partner in realizing its function in zakat management as well as effective Islamic economic administration.

Distribution of Zakat funds are seen as very effective if it is managed through a better method. One of these techniques is through the BOS management method which is management collaboration between LZNK and LTH. This collaboration is able to reduce costs, create new opportunities based on common targets and resources. In line with BOS principles, this collaboration is able to provide high impact, competitive cost, faster implementation as a result of clear communication and fair and equitable processes.

Innovative collaboration between LZNK and LTH in developing the socio-economy of the ummah through a variety of shariah-compliant economic activities will ensure that these religious entities can provide the best services and high impact results to the community, through efficient and fast implementation at cost effective spending. Therefore, cooperation under these strategies can mobilize the available resources and strengths to produce an effective impact on the general public, especially Muslims. In fact, at the same time, such cooperation can benefit the ummah because the implementation of a development plan or project can be accelerated.

This BOS strategy is also one of the strategies to address the major challenges of the globalization era and the industrial revolution 4.0 (IR 4.0) which is to remove Muslims from the trap of poverty, ensure Muslims and religious organizations are competent in various fields and technologies and strengthen the unity of the ummah.

### **3. LITERATURE REVIEW**

#### **i. Zakat**

Zakat from a linguistic point of view can be defined as blessed, growing, clean and good. Barakah is a blessing as a result of this practice, to the people who do it because zakat fulfills the pillars of Islam and then to the recipient that is the group of asnaf can live more comfortably. While growing is defined as the property that zakat is obligatory on him. When zakat can be collected, the country and its inhabitants can enjoy this growth. Zakat also cleanses the hearts and property of Muslims because they are always thinking of efforts to improve the lives of their indigent relatives. Zakat is one of the pillars of Islam and its importance is clear when it is mentioned 30 times in the Qur'an. This shows that the practice of zakat has a high place in Islam. Zakat is a religious demand that started in the second year of the Hijrah which aims to purify oneself, helping the needy Muslims consisting of eight types of recipients (asnaf) (Zulkornain bin Yusof, 1994). Therefore, feelings of greed and stinginess can be erased from their hearts (Mohamed Abdul Wahab, 1991). The principle of distribution of zakat in general has been clearly outlined in the Qur'an, namely in Surah al-Taubah verse 60 which reads:

Indeed (the division) of the zakat is for: 1. the poor, 2. the needy, 3. 'amil (who collects and divides the zakat) 4. the converts (whose hearts are tamed), 5. For those in bondage, 6. for those who are in debt, 7. for the cause of Allah, 8. for the wayfarer.

The approach on zakat described by Mohamed Abdul Wahab on zakat is quite different from the discussion raised by F.R. Faridi (1992) when he stated that the collection of zakat is a source that can be mobilized more actively so that Islamic countries can produce 'social goods' in the atmosphere of the Muslim community. This author focuses on how zakat can be an economic variable through fiscal policy without neglecting its religious role. According to Faridi, the most important aspect is the way the zakat fund is spent. In this regard, it is also recommended that zakat be invested and according to him if the zakat fund flows into the investment channel, it will reduce the negative impact and increase gross national product.

Zakat studies have been conducted by several researchers before, especially in the aspect of zakat management such as the collection aspect and also the aspect of zakat distribution to various asnaf. This shows how much zakat instruments are given attention to help asnafs improve their standard of living and subsequently become zakat payers in the future (Mohd Hafiz Hasan, 2017). According to Mahyuddin & Abdullah (2011), the distribution of zakat can be made in two situations, firstly the direct distribution in the form of lifelong support given to the disabled (due to health and disability factors) and secondly, funds are a source to carry out activities -activities that can generate income to improve the living standards of recipients. In addition, regardless of the form of zakat fund savings, the fund must support recipients, especially the poor and the needy (Azman Ab Rahman, Mohammad Haji Alias & Syed Mohd Najib Syed Omar, 2012).

In terms of innovation and suggestions to increase zakat collection, various studies have been conducted by several researchers to help zakat institutions increase zakat collection, such as the corporatization study of zakat institutions (Nor Ghani et al., 2001), public awareness on the payment of disputed property (Sanep & Hairunnizam 2004), the effectiveness of zakat management by formal institutions (Sanep, Hairunnizam & Adnan 2006), enforcement of zakat payment law (Kamil 2006), increasing awareness of paying zakat among the community including professional working groups (Mohd Ali, Hairunnizam & Nor Ghani 2004) as well as the use of income zakat payment method through staff salary deduction scheme (Hairunnizam, Sanep & Mohd Ali 2007). These innovations and proposals have yielded positive results on the performance of zakat collection in Malaysia. As a result, zakat collection throughout Malaysia has increased over time.

The philosophy and main purpose of the implementation of zakat is to reduce the poverty gap and in turn lead to harmony in society. (Weiss, 2002, Wahid, Ahmad and Nor, 2004, Hassan and Khan, 2007) However, the effectiveness of zakat institutions in reducing poverty through economic programs depends on the amount of zakat funds raised. A small amount of zakat funds will make it difficult for zakat centers to carry out various economic activities for the progress of society (Latif, 2001). In Peninsular Malaysia, among the states that have a minimum zakat payment rate is in the state of Kedah. Apart from that, statistics also show that Kedah is also among the states with the highest poverty rate in peninsular Malaysia.

The management of zakat in the 21st century is not only seen from the perspective of Islamic demands, but also from the point of view of economic and social development. (Ahmad Fahme Mohd Ali. (2015). Therefore, it is necessary for zakat institutions to find new sources and expand the sources of zakat (Ari fi n and Abdullah - 2006). An optimal zakat fund enables the distribution of zakat to be more effective. The success of the zakat institution will be the backbone of the economic strength and empowerment of the ummah (Yusof Qardawi, 1980). In addition, human resource development, efficient governance system and effective program implementation strategy are also important criterias to ensure the effectiveness and excellence of zakat institutions as a socio-economic development institution of the ummah (Hailani, 2009). This is important because there is no denying that there are some weaknesses in terms of zakat management in this country. Weaknesses found in the aspect of zakat collection and distribution will affect the payers and recipients of zakat funds (Mahmood Zuhdi Abd. Majid, 2003). This is acknowledged by Khairul Azhar (2019) namely, "The lack of proficient zakat administrators create uncertainty among zakat payers against zakat institutions and ultimately encourage them to pay zakat through informal channels".

## **ii. LZNK and LTH**

Zakat institutions in Malaysia are increasingly strengthened through collaboration with other institutions such as the Malaysian LTH Board (LTH). Hajj institutions in Malaysia under the management of LTH have played an important role as high-impact transformation agents that make a significant contribution to the development of the ummah, especially through zakat. Based on the vision of "the pillar of economic success of the ummah, the management of pilgrimage" LTH now has a high reputation as one of the strongest Islamic financial institutions and the leading pilgrim management institution in the world. Today, the Hajj institution in Malaysia has given a new paradigm shift to Malaysian society and changed the world perspective where religious institutions can be a source and catalyst for national progress as well as producing a progressive and dynamic society (Sharifah, 2016).

The application of organizational management model as well as Islamic financial management implemented by LTH can be used as one of the models to zakat institutions to further strengthen the viability of the Islamic economic institution. Therefore, strategic cooperation between zakat institutions and pilgrimage institutions in the country is an initiative that needs to be implemented for the development of the ummah. In the current context, the institution of hajj and zakat has its own advantages and strengths in various aspects. Therefore, the strategic cooperation approach that can be applied between the two Islamic economic organizations is through the blue ocean strategy (BOS) approach.

## **iii. Blue Ocean Strategy (BOS)**

The Blue Ocean Strategy (BOS) is a marketing strategy that has been put forward by two thinkers namely W. Chan Kim and Renée Mauborgne. Both of these authors have suggested creative and systematic ways in organizational management. In principle, BOS is an innovation in exploring the market, looking for new spaces that can be applied by an organization such as business organizations that compete fiercely for a wider and more competitive new market (Kim & Mauborgne, 2005).

However, the core principles of BOS can be applied in various fields. The BOS emphasizes innovation and creativity in every solution without the existence of competition through four main steps namely "reduce," "eliminate," "create" and "increase opportunity." The need to think based on BOS sees something in a broader context such as the vast expanse of blue ocean that still has many things and opportunities to explore and this is what is needed in the mind of a manager of an excellent organization (Ismail, 2013).

The Blue Ocean Strategy is a revolution in management and business strategy and global initiatives to combine creativity and innovation in business and operational planning to dominate the unlimited market. This strategy has the effect of future steps to move away from the traditional approach towards improving productivity and incentives to customers (Zariah, 2013).

This strategy could be adopted in the management of religious institutions in the country as management strategies are constantly changing and fast moving with the tide of globalization. BOS is an effective way to manage change because change is very important in achieving organizational success. The Blue Ocean analogy illustrates the huge potential of space that has not been explored and the strategy is very systematic and suitable in the management of zakat in this country. In line with the transformation of the country's administrative system, BOS has now been practiced in national governance and it is known as the National Blue Ocean Strategy (NBOS).

In conclusion, zakat is the best element in efforts to improve the economy of the Muslim ummah. Elevated levels of religion or religiosity and understanding of the responsibilities of assisting the development of the community and the increasing socio-economic status of the community have contributed to the increase in the collection of zakat in Kedah. However, the effectiveness of the development plan planned by LZNK must be accompanied by the cooperation of the institutions involved and the strategies used to implement and distribute the zakat collection.

#### 4. FINDINGS

This section discusses conceptually about mapping the framework of cultivating best practices of organizational management through the BOS method through a framework that incorporates basic principles into the zakat management structure under LZNK - LTH. Although these two organizations have different management models and specific objectives, the results of the study found that the general goals that are the core of these two organizations are enough to be the basis of comparison, especially in terms of strategy framework to achieve more specific objectives in the context of the mission and vision of both organizations. The general goal meant here is to create a management system based on Islamic principles for the purpose of strengthening the economic system of Muslims in this country.

After examining various aspects of management and governance that have been and are being implemented by both agencies, this study proposes that the zakat management structure can be strengthened if LZNK takes into account and applies some basic principles of BOS into zakat management and distribution, especially in the state Kedah. However, it should be stated in advance that the framework outlined here are generic and do not take into account the characteristics or profile of recipients in the state. In other words, the proposed framework is not only suitable to be applied in the context of the state alone, but can be implemented as a strategy for improving the system of governance of the obligatory basis.

In addition, this resulting framework uses a selective approach in applying the BOS principles as outlined by Kim and Mauborgne (2005). This is because the BOS principle is formulated based on the assumption that the organization exists to generate maximum profit and this situation occurs in a fierce and competitive market situation. In contrast to LZNK and LTH which are the focus of this study, where these two organizations do not compete with each other in a fierce market environment. Instead, they exist on the basis of making a profit on behalf of their respective organizations and stakeholders but without the element of competition like other conventional business or commercial entities. Even based on this situation, LZNK and LTH can be said to be in their own blue ocean scenario. However, there are still aspects of the blue ocean strategy that are considered suitable to be utilized by LZNK to further strengthen the governance of zakat management as shown in Table 1.

**Table 1:** LZNK and LTH collaboration framework based on BOS (Adapted from Chan Kim & Mauborgne, 2005)

COLLABORATION OF LZNK AND LTH BASED ON BOS				
High impact to the organization & the customers	Competitive cost compared to the conventional methods	Faster progress compared to the conventional method	Sustainable change & continuity	Systematic implementation based on clear communication & fair & equitable process

The framework includes a two-dimensional moulded strategic thinking that can be utilized by the LZNK in zakat management system established in the state in particular. As shown in Figure 1, these two dimensions form a whole pattern of strategic thinking consisting of components of principles sourced from BOS and approaches of action force appropriate to the needs of LZNK. The component of the principle is Value Innovation as the Key Strategy of LZNK.

##### 4.1 Value Innovation as the Main Strategy of LZNK

One of the key principles of BOS as outlined by Kim and Mauborgne (2005) is to "chase differences and low costs simultaneously." Kim and Mauborgne argue that the conventional strategy often used by companies is to choose between differences and low costs. This strategy is no longer seen as appropriate in an intensely

competitive market environment. This is because each competing entity will try to overcome each other using the same strategy until a "Red Ocean" situation occurs.

An alternative to this strategy is referred to as "value innovation," which is to find new loopholes in the market that can be exploited without having to compete with other entities. For companies that produce a product for example, value innovation will lead to the exploration of new products that do not yet exist in the market, thus creating their own market where products can be produced without having to think about cost or competition. Therefore, the value innovation model is said to be the catalyst for the existence of a "blue ocean" which refers to a market space that is relatively free from intense competition and has wide profit-generating potential.

Two important principles that generate value innovation by Kim and Mauborgne (2005) are:

- a) cost savings resulting from eliminating and reducing the factors that cause organizations to compete with each other, and
- b) increase the value enjoyed by customers by raising and creating elements that have never existed in the industry

If applied into the context of the existence of LZNK and LTH as two iconic Islamic management organizations in Malaysia, the principle of "value innovation" can be utilized to further strengthen the performance of organizations, especially LZNK. Both of these principles are not directly related to the LZNK organization as they are not business or commercial entities. This is because the main focus of BOS or in particular the concept of "value innovation" is on business or industry organizations. However, if seen in the context of organizational management, then the aspects of cost savings and value enhancement that are the essence of "value innovation" are very relevant.

Thus, the argument presented here is the principle of "value innovation" in the context of a more general can boost the status LZNK as an entity that not only revolve around the collection and distribution of zakat but more importantly it is perceived by the public as an organization that is relevant to their needs. This is because the community or more particularly zakat contributors are the stakeholders that need to be taken care of their interests by the LZNK, similar to the customer in the context of a commercial organization. The benefits in the form of savings and value enhancement enjoyed by stakeholders as a result of the application "value innovation" will certainly boost LZNK's image as an organization. In fact, this situation can reduce the pressure faced by zakat institutions throughout the country which, at times were criticized by the community as an organization that is not able to manage zakat efficiently and efficiently.

In an effort to emphasize the importance of "value innovation", an entity or organization needs to have methods or tools that encourage strategic action. Continuity of the two principles mentioned above, the BOS also proposes Four Action Framework (Four Actions Framework) as one method that can be used to help find space to realize the value of innovation. These four actions are known as Eliminate (eliminate), Raise (increase), Reduce (reduce) and Create (create).

#### **4.2 Actionable Domains of LZNK**

A comparative analysis performed on the functions and governance practiced by LZNK and LTH concludes that there are four aspects that are the main thrust for these two organizations. The existence of these four aspects can be conceptualized as action domains or actionable domains that need to be targeted for organizational improvement. The domain of action force means certain aspects that are found in the functions and management of the organization that are dynamic and need to be given constant attention by the organization if they want to implement certain changes. These identified domains not only have the potential for action (can be manipulated to generate significant change) but also represent a large part of the activities that are often carried out by the organization, especially LZNK. These four domains are:

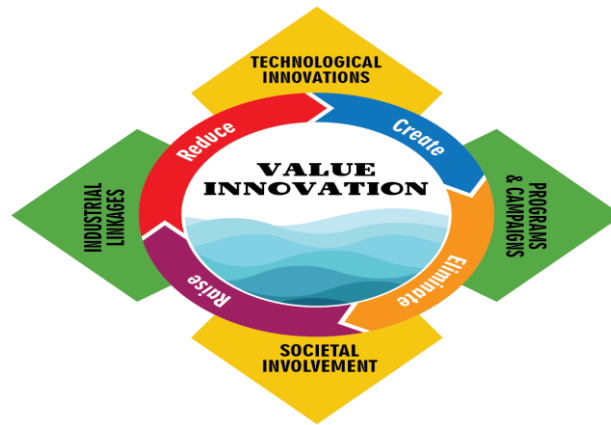
- a) Technology-based innovation. This domain refers to the organizational aspects of LZNK that are closely related to the process of application and adaptation of technology. Automation is one of the aspects of organizational adaptation with an environment that has great potential in improving organizational performance. Among the basic functions of organizations such as LZNK that can be assisted by the process of automation and technological adaptation in general is the rapid and accurate distribution of information.
- b) Programs and campaigns. As a charity-based organization, LZNK is always involved in various forms of programs and campaigns aimed at disseminating information about the functions of the organization. Therefore, this aspect is considered as one of the domains where improvements to the organization can be achieved through BOS applications.
- c) Industrial network. As an organization that serves to increase the capacity of individuals and communities, LZNK needs to pay constant attention to creating and enhancing networks with organizations and industries. This domain is also seen as having high action potential.

d) Community involvement. Society is the main stakeholder of LZNK. Therefore, a close and continuous relationship with the community is necessary to ensure the sustainability of the organization. Thus, the aspect of community involvement is seen as one of the important domains for the purpose of implementing principles and actions based on BOS principles.

The main challenge of LZNK as an entity that aims to improve the socioeconomic status of the ummah is to put an end to these four domains that is given great attention due to their massive potential in contributing to a more efficient governance and management. Thus, the strategy that can be used by LZNK to apply the principles of BOS and generate "value innovation" relevant to the needs of the organization is by applying the Four Action Framework on this identified core domain. Table 2 shows the mapping between the action force domain and the Four Action Framework.

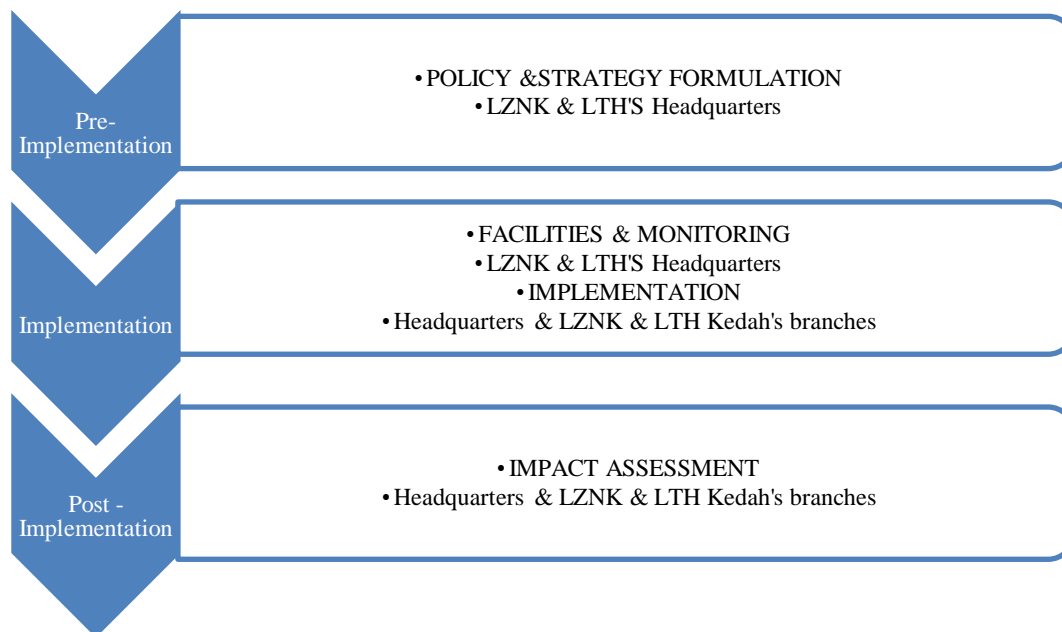
**Table 2:** Application of BOS Principles And Strategies to the LZNK-Lth Action Force Domain

PRINCIPLE & STRATEGIES		ACTIONABLE DOMAINS			
		<u>Technology-based Innovation</u>	<u>Programs and Campaigns</u>	<u>Industrial Network</u>	<u>Community Involvement</u>
<b>VALUE INNOVATION</b>	<u>Create</u> What activities and actions that need to be created to improve the performance of the organization?	Explore the latest technologies that are able to facilitate the basic operations of the organization	Explore & implement new campaign programs on a regular basis to raise public awareness	Establishing a network of strategic industry through smart partnerships	Establishing a mechanism for mobilizing community involvement in activities that can improve the organization
	<u>Eliminate</u> What activities and actions that need to be eliminated to improve the performance of the organization?	Eliminate inefficient use of technology @ lagging elements of innovation	Eliminating the campaign activities that do not bring any significant impact	Eliminating or re-examine the network that does not bring satisfactory results	Eliminate activities that involve people who are not contributing to the interests of the organization or the stakeholders
	<u>Raise</u> What activities and actions that need to be enhanced to improve the performance of the organization?	Increase investment capable of promoting technological innovation related to the basic functions of the organization	Enhance / increase campaign activities that are seen to be beneficial to organizations and stakeholders	Increasing the number and quality of networks with industries that are thought to be able to improve organizational performance	Increasing the amount or intensity of engagement with the community
	<u>Reduce</u> What activities and actions to be reduced to improve the performance of the organization?	Reducing investment in technologies that do not produce optimal results	Reducing the campaign activities that do not produce the intended results	Reduce network that does not produce the results desired by the organization	Reduce the rate of engagement with communities that do not generate satisfactory results



**Figure 1:** Diagram Cultural Framework of LZNK and Lth of Blue Ocean Strategy

To emphasize the cultural framework of LZNK and LTH of Blue Ocean Strategy, the development plan, concept and management model of LZNK & LTH Blue Ocean Strategy initiative need to be developed with a focus on approach to developing BOS strategic initiatives systematically and in detail with appropriate platform as shown in Figure 1 & Figure 2 respectively.



**Figure 2.** Bos LZNK And LTH Initiative Management Model

Management initiative BOS LZNK and LTH requires three main stages: pre-implementation, implementation and post implementation. For the pre-implementation stage, the responsibility for formulating policies and strategies is under the jurisdiction of the LZNK and LTH headquarters. Meanwhile, at the implementation stage, it covers matters related to the facilities used and the monitoring of each planned program is under the control of LZNK and LTH headquarters which is the same as the previous stage. In terms of implementation, jurisdiction is in the hands of the headquarters and branches of LZNK and LTH Kedah. While the impact assessment at the post-implementation stage is subject to the authority of the headquarters of all LZNK and LTH Kedah branches.

## 5. CONCLUSION

The findings of this conceptual paper show that the blue ocean strategy can be a catalyst for cooperation in achieving the vision and mission of LZNK and LTH in turn contributing to the socio-economic development of the Muslim ummah in Kedah. Apart from that, in line with contemporary developments and challenges, strategic cooperation across innovation-based organizations is an imperative for both religious institutions. Finally, this paper also offers an inclusive Islamic inter-organizational management framework adapted from BOS specifically for LZNK and LTH that is capable of being a new input as well as an improvement quality module to these agencies.



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