

Analysis of Governance and Efficiency on Zakat Distribution: Evidence From Indonesia

Novendi Arkham Muhtadi
Peradaban University

Dewi Susilowati
Jenderal Soedirman University

ABSTRACT

This study analyses and identifies the governance factor(s) that influence zakat disbursement efficiency for Indonesia's National Zakat Board (BAZNAS) in four districts of Central Java Province, namely Banyumas, Purbalingga, Banjarnegara, and Kebumen. This research examines how the zakat institution in Indonesia has improved in terms of disbursement activities over the past 5 years (2011-2015). This is a quantitative research study that uses two approaches of efficiency analysis, namely (i) zakat disbursement efficiency measurement (ratio analysis) and (ii) identification of governance factor(s) that influence the zakat disbursement efficiency of the zakat institutions (regression analysis). Eviews 9 was used in data calculation. In the first approach, there are three efficiency measures: disbursement efficiency, cost efficiency and time efficiency. In the second approach, governance factors (board size; professionals on board; and frequency of board meetings) identify the influence of governance factors on zakat disbursement efficiency measures. The findings show that there is a negative influence between board size and cost efficiency and no influence with disbursement and time efficiency. However, the relationship between board size and disbursement and time efficiency is rejected because of insignificant results. Professionals on boards has a positive influence on disbursement, cost and time efficiency. Lastly, the frequency of board meetings positively influences disbursement efficiency and time efficiency. Frequency of board meetings showed a negative influence with cost efficiency. This research is significant as it could contribute to future discussions on the potential ways to improve zakat governance and efficiency in Indonesia. The outcomes from the discussions will be useful as a guide for policymakers looking to improve the zakat institution's governance system.

Keywords: Efficiency, Governance, Indonesia, Zakat

INTRODUCTION

Muslim economists argue that the Islamic economic system is built on two elements, the elimination of usury and actualization of zakat (Hafidhuddin, 2009: 85). It is based on words from Allah SWT:

“And whatever you give for interest to increase within the wealth of people will not increase

with Allah. But what you give in zakah, desiring the countenance of Allah - those are the multipliers”. (QS. Ar-Rum: 39)

With respect to zakat actualization, zakat is not considered a personal matter even though it is given by personal consciousness because zakat is a right and obligation of every Muslim. The main purpose of zakat is to create a balance

between people who are over-funded and people who are under-funded (Rahayu, 2014). Zakat is expected to provide social economic justice for the community (Kahf, 1989).

Performance measurement is needed to monitor whether a company's operations are achieving its objectives (Noor et al., 2014). One indicator that must be measured is efficiency, because according to Ahmad and Ma'in (2014) efficiency represents the maximum output that can be produced based on available inputs. According to Rahman (2007), measuring efficiency is not a broad and complex process because it uses index and ratio. However, efficiency is useful for monitoring and improving organizational performance, including the Zakat Management Organization (OPZ). In OPZ, efficiency is measured by how input is transformed into output. Noor et al. (2015) state that one of the objectives of performance evaluation is to measure efficiency as a form of accountability to

zakat stakeholders and obedience to Allah SWT.

Wahab and Rahman (2011) developed a framework for measuring the efficiency and governance of zakat institutions. They emphasize that the importance of evaluating efficiency and zakat governance is to enable higher rates of productivity. Wahab (2013) posits that there is a relationship between efficiency and governance.

The latest zakat management guideline was officially launched on 26 May 2016 in Turkey and was titled Zakat Core Principles (ZCP). As such, ZCP is a guide for international zakat management, extending beyond the Indonesian context. This program was initiated by the Indonesian Bank (BI) and the Indonesian National Board of Zakat (BAZNAS). In short, ZCP contains 18 core principles that discuss the efficiency of zakat. The discussion of the 18 core principles is classified into:

Table 1. Dimensions of Zakat Core Principles

No.	Dimensions	ZCP
1.	Legal Foundations	ZCP 1 – ZCP 3
2.	Zakat Supervision	ZCP 4 – ZCP 6
3.	Zakat Governance	ZCP 7 – ZCP 8
4.	Intermediary Function (Collection and Distribution)	ZCP 9 – ZCP 10
5.	Risk Management	ZCP 11 – ZCP 14
6.	Shariah Governance	ZCP 15 – ZCP 18

Source: Beik (2015)

This research is carried out in Central Java Province, Republic of Indonesia, and use four districts as samples, namely Banyumas, Purbalingga, Banjarnegara, and Kebumen. While measuring zakat governance as the independent variable, this research also employs indicator from Wahab (2013) that are board size, professional on board, and frequency of board meetings.

There are differences regarding the management of zakat across some countries. Jaelani (2016) studied the differences of zakat management in

Indonesia and Brunei Darussalam. The result, in terms of efficiency, was that Brunei Darussalam is more efficient than Indonesia. This could be due to several reasons, such as better regulation and governance of OPZ in Brunei Darussalam. However, as zakat governance is not maximized, there is a problem in terms of efficiency of zakat distribution. Additionally, different management, the wider territory of Brunei Darussalam and the larger population of Indonesia are also factors for less optimal efficiency of zakat distribution in Indonesia.

This was taken into consideration when choosing the area and subject of research (BAZNAS in 4 districts of Banyumas, Purbalingga, Banjarnegara, and Kebumen) in this study. The reason for choosing these participants is linked to the amount of zakat funds that have been collected or distributed. However, the amount of zakat funds disbursed has not reduced the percentage of poor people in each region, which is still above the

average percentage of poor people in Central Java Province. This raises questions about the effectiveness and efficiency of zakat fund distribution by BAZNAS. Scholars and Muslim economists state that zakat can in fact reduce poverty so this issue is interesting to study. This is evidenced by data from the Central Bureau of Statistics (BPS) as follows:

Table 2. The Average of Poor Population in District of Banyumas, Purbalingga, Banjarnegara and Kebumen

Year	The Average of Poor Population in Central Java Province (%)	District			
		Banyumas (%)	Purbalingga (%)	Banjarnegara (%)	Kebumen (%)
2011	16,21	21,11	23,06	20,38	24,06
2012	14,98	19,44	21,19	18,87	22,40
2013	14,98	19,44	21,19	18,87	22,40
2014	13,58	17,45	19,75	17,77	20,50
2015	13,58	17,52	19,70	18,37	20,44

Source: Statistics Indonesia (2015)

The amount of APBD assistance provided by each regency varies according to their respective capabilities. Assistance from APBD is important for BAZNAS to support the operational costs that must be spent in collecting and distributing zakat funds. APBD funds are a major source of activity support so BAZNAS continuity depends on the amount of funds provided by the local government. In fact, all funds collected, according to the provisions of sharia, should be channeled this way. This becomes a big challenge and consideration for each BAZNAS related to the efficiency of channeling the collected zakat funds.

Based on the fact that previous research only highlighted some of the inefficient OPZs, and that there is limited research on influencing factors affecting the efficiency of zakat disbursement, we are therefore interested in analyzing the influence of zakat governance to the zakat disbursement efficiency.

LITERATURE REVIEW

Ali (2015) describes accountability in the zakat perspective into two parts, consisting of primary accountability (responsibility to Allah SWT), and secondary accountability (responsibility to society). This concept is adapted from Mustaffha (2007) as follows:

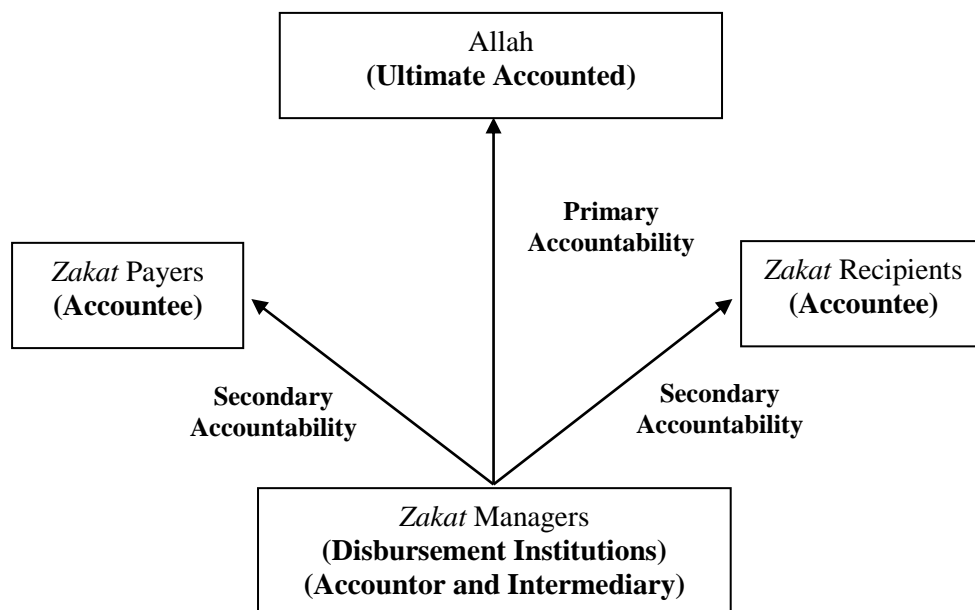


Figure 1. The Concept of Accountability That Underlying Zakat Disbursement Management by Zakat Institutions

Accountability is ensured through the presentation of accountable and transparent statements of zakat. Such reports are often a part of a strategy to increase accountability and transparency, so trust will arise from *muzakki* and stakeholders (Nikmatuniayah and Marliyati, 2015). Allah SWT says:

“Take, [O, Muhammad], from their wealth a charity by which you purify them and cause them increase, and invoke [Allah 's blessings] upon them. Indeed, your invocations are reassurance for them. And Allah is Hearing and Knowing”. (QS At-Taubah: 103)

This verse explains that zakat was taken (invited) from the people who were obliged to pay zakat (*muzakki*) to be given to those who deserve it (*mustahiq*). Imam al-Qurthubi when interpreting the verse, explains that those who take and pick up zakat (*amilin*) are officers assigned by the government to take, write down, calculate, and record the zakat from *muzakki* and redistribute to *mustahiq* (Hafidhuddin, 2007: 125). Rasulullah SAW once

employed a young man named Ibn Lutaibah, from the *Asad tribe*, to take care of the zakat of Bani Sulaim. He also sent Ali ibn Abi Thalib KW and Muadz bin Jabal to Yemen to be *amil* zakat. Afterwards, by the *khulafaur-rasyidin* they always had special officers who manage zakat, both in terms of taking and distributing. This indicates that zakat obligations are not merely charitable, but also an authoritative obligation (*ijbari*). Therefore, since the time of Rasulullah SAW until now, the management of zakat in almost every country is regulated by the government (Hafidhuddin, 2009: 169).

In measuring the efficiency and effectiveness of zakat management, BAZNAS and Bank Indonesia initiated the Zakat Core Principles (ZCP) concept which serve as global guidelines for zakat management. Indonesia has unique characteristics in the management of zakat. In ZCP, Indonesia embraces voluntary principles in the collection of zakat funds. Both government agencies and non-government agencies can perform collection, management and functions. Unlike the countries in the Middle East, Saudi Arabia, Sudan, Libya, Yemen, Kuwait, and Pakistan, which are

mandatory and fully managed by the government. This is represented in the following table:

Table 3. Characteristic of Zakat Management Scheme in Various Country

	Character of collection	
	Compulsory	Voluntary
Full Government	Saudi Arabia, Pakistan, Kuwait, Yemen, Sudan, Libya	Bangladesh, Bahrain, Indonesia, Jordan
Government linked institution (Corporation)	Malaysia	Singapore, Egypt
NGO	-	Algeria, Indonesia, South Africa

Source: Beik et al. (2014)

Rahman (2007) explains a purpose of measuring the level of efficiency of zakat institutions is to assess the proportion of zakat distribution to the number of beneficiaries. Wahab and Rahman (2011) state that the most important aspect in measuring efficiency is

understanding the input and output variables used. Mustaffha (2007) provides one example of input and output measurement through the study on the distribution of zakat in Malaysia as listed in the following table:

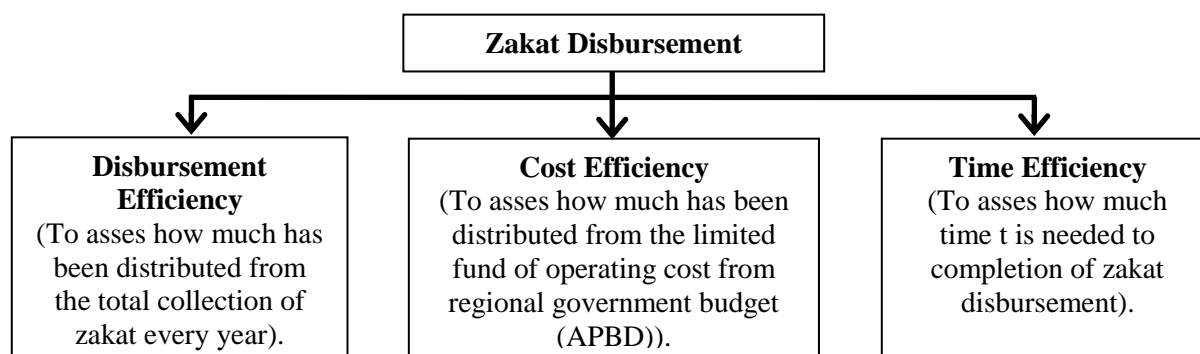
Table 4. The Input, Process, and Output Used in Zakat Disbursement Efficiency

Input	Processes	Output
Zakat Collection	Disbursement Efficiency	Zakat Disbursement
Zakat Cost	Cost Efficiency	Zakat Disbursement
Time	Time Efficiency	Zakat Recipient

Source: Mustaffha (2007)

In summation, zakat institutions should focus on how the distribution of zakat can be effective through a series of programs that have been prepared, instead of solely focusing on the origin of the spent funds (Laela, 2010). In this study,

efficiency will be measured based on the framework of Mustaffha (2007) and Beik et al. (2014), that is, disbursement efficiency, cost efficiency, and time efficiency. These three measures are illustrated in Figure 2 below:



Source: Mustaffha (2007)

Figure 2. Zakat Disbursement Efficiency (ZDE Measures)

Beik (2015) describes the definition of zakat governance as follows:

“Zakat Governance is the backbone of zakat regulations as it is detrimental to ensure zakat activities operates in accordance to Islamic virtues and domestic legal act and zakat regulatory framework”.

Zakat governance derives from the development of corporate governance. The fiqh rules used in zakat governance are *likulli maqamun maqalun wa likulli maqalun maqamun* (every place has its

word and every word has its place). This rule is also used in making sharia banking terms, sharia insurance, sharia tourism, sharia accounting, sharia stock market, sharia hedging, sharia letters of credit, sharia governance and others. Zakat governance indicators in this study will be measured based on the framework of Wahab (2013) that consider board size, professional on board, and frequency of board meetings.

Therefore, based on literature review, the concept of accountability adapted from Ali (2015) can be expanded upon, as reflected in Figure 3 below:

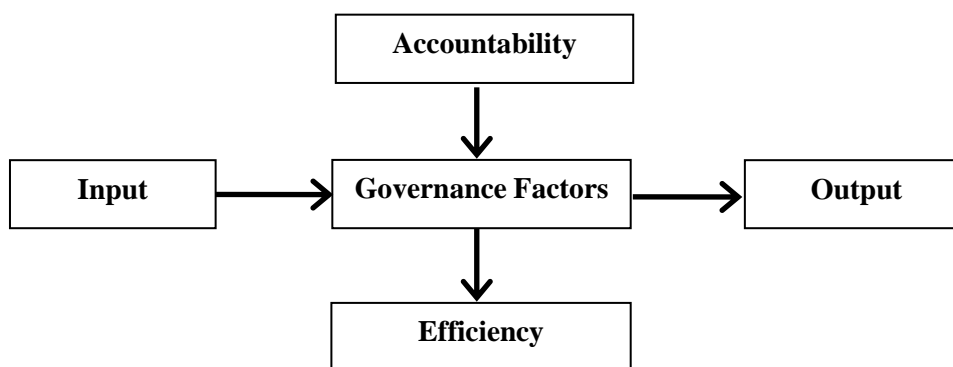


Figure 3. The Concept of Accountability in Zakat Institutions

RESEARCH METHODOLOGY

Sample

The sample is part of a carefully chosen target population (Sekaran, 2003: 266). Sample selection method derived from the population sampling technique. This method takes the entire population as a sample. This study took the population and sample of all BAZNAS in 4 districts all located in Central Java Province, that is:

1. BAZNAS District of Banyumas
2. BAZNAS District of Purbalingga
3. BAZNAS District of Banjarnegara
4. BAZNAS District of Kebumen

This research sampled financial statement data for 2011-2015. Year 2011 was chosen because it was the year that

Law no. 23 of 2011 on the management of zakat was launched, which was expected to improve overall zakat management.

Data

The data taken is annual data. The data used in this research is panel data. Panel data is data collected from multiple subjects over a period of time. This panel data is a combination of time series data and cross section data. Time series data is collected from time to time on one subject, while cross section data collected from several objects at one time (Suliyanto, 2011: 229). The total unit of analysis to be tested is 20, which is calculated by multiplying 4 cross section data by 5 time series data. In this study, the researcher has identified three dependent variables and three independent variables used in the

multiple regressions. These two tables (Tables 5 and 6) list the dependent and independent variables respectively.

Table 5. Dependent Variables for Zakat Disbursement Efficiency

Dependent Variables	Definition of The Dependent Variables	Formula
Disbursement Efficiency	Disbursement efficiency derived from ratio analysis that is ratio of the total zakat disbursement to the total zakat collection.	$\frac{\text{Total Zakat Disbursement}}{\text{Total Zakat Collection}}$
Cost Efficiency	Cost efficiency derived from the ratio of the total disbursement to the zakat disbursement related costs from regional government budget (APBD).	$\frac{\text{Total Zakat Disbursement}}{\text{Total Distribution Cost}}$
Time Efficiency	Time efficiency that is number of zakat disbursement in one year (month).	$\frac{12}{\text{Times Zakat Disbursement}}$

Source: Mustaffha (2007)

Table 6. Independent Variables for Zakat Disbursement Efficiency

Independent Variable	Measurement of the Independent Variables
Board Size	Number of Board of Directors
Professionals on Board	Number of Professionals on Board
Frequency of Board Meetings	Number of Meetings Per Year

Source: Wahab (2013)

The hypothesis test demonstrates the level of influence of one individual explanatory/independent variable in explaining the variation of the dependent variable. Software that was used in analysing hypothesis is Eviews 9.

The criterion of acceptance test of H_a is determined by comparing probability value with significance level. If the result is prob. significant at $\alpha = 1\%$ or 5% or 10% and show a direction coefficient according to each hypothesis, the alternative hypothesis accepted (Widarjono, 2016: 65).

RESULT AND DISCUSSION

Result

Descriptive analysis and inferential statistics analysis consisting of ratio and regression analyses, will inform the analysis presented. The results will be discussed in two parts. The first will take the form of Table 7 that lays out the summary of the data including mean, minimum, maximum and standard deviation. Secondly, Table 8 will outline hypothesis testing that summarises the multiple regression results together with the expected sign of the hypotheses discussed earlier. Based on the standardised beta coefficient (β) seven out of the nine hypotheses were accepted and the remaining two were rejected.

Table 7. Descriptive Statistics of Dependent and Independent Variables

	N	Minimum	Maximum	Average	Standard Deviation
<i>Disbursement Efficiency (Y1)</i>	20	0,64	0,96	0,81	0,09
<i>Cost Efficiency (Y2)</i>	20	0,01	0,12	0,05	0,02
<i>Time Efficiency (Y3)</i>	20	2	6	3,75	1,51
<i>Board Size (X1)</i>	20	4	9	6	1,45
<i>Professional on Board (X2)</i>	20	0,33	0,78	0,52	0,17
<i>Frequency of Board Meetings (X3)</i>	20	3	6	4	1,12

Source: Author's Computations(2017)

Table 8. Relationship Direction for Multiple Regression

Factor	Hyphotesis	Exp Sign	Regression Result	Hyphotesis Test
Board Size	H ₁ : <i>board size</i> has a positive influence to <i>disbursement efficiency</i>	+	0.7699	Reject
	H ₂ : <i>board size</i> has a negative influence to <i>cost efficiency</i>	-	0.0180**	Accept
	H ₃ : <i>board size</i> has a negative influence to <i>time efficiency</i>	-	0.1336	Reject
Professional on Board	H ₄ : <i>professional on board</i> has a positive influence to <i>disbursement efficiency</i>	+	0.0000***	Accept
	H ₅ : <i>professional on board</i> has a positive influence to <i>cost efficiency</i>	+	0.0547*	Accept
	H ₆ : <i>professional on board</i> has a positive influence to <i>time efficiency</i>	+	0.0004***	Accept
Frequency of Board Meetings	H ₇ : <i>frequency of board meetings</i> has a positive influence to <i>disbursement efficiency</i>	+	0.0684*	Accept
	H ₈ : <i>frequency of board meetings</i> has a negative influence to <i>cost efficiency</i>	-	0.0000***	Accept
	H ₉ : <i>frequency of board meetings</i> has a positive influence to <i>time efficiency</i>	+	0.0000***	Accept

* Significance level below 0.1

** Significance level below 0.05

*** Significance level below 0.01

Discussion

Board Size and Disbursement Efficiency (H₁)

Findings indicate that board size had no effect on disbursement efficiency. This

means that the larger board size will not have any effect on the efficiency of the distribution of zakat.

This result is also supported by Doyle (2005) who stated that the zakat management organization does require multiple boards to meet the diverse range of stakeholders. Essentially, a large

number of boards does not necessarily increase zakat distribution efficiency naturally.

In profit-based organizations, Ali et al. (2014) explained that the size of the board will only facilitate effective performance management and not affect the financial performance of the company. In addition, the possibility of conflict will increase among board members, which will disrupt the process of achieving organizational goals. Tomar and Bino (2012) similarly stated that the board size does not have any effect on efficiency.

In zakat, the results of research indicate that the organization's goal of efficiency in the distribution of zakat will not be affected by the size of the board. This is reinforced by Amara and Atia (2016). They researched zakat in Algeria and stated that the efficiency of Zakat Institutions is not determined by the size of the board but instead theorized that it is based on the board policies produced during regular meetings. Consolidation of supervision in providing and verifying accurate and integrated data and information can be realized with the size of the board.

Board Size and Cost Efficiency (H₂)

This research corroborates the proposed hypothesis that board size negatively affects the cost efficiency.

Wahab (2013) in his Malaysian study found with respect to accountability, the size of the board will require more responsibility for overseeing the organization of zakat management. They will require a bigger mandate to manage the distribution of zakat to be more efficient. As a result, the size of the board will result in large additional costs. However, please note that in Malaysia, amil took almost all the zakat fund allocation set in the shari'a, which is equal to 12.5%.

Similarly, in Indonesia because not all boards of Zakat are State Civil Apparatus (ASN), many come from public figures such as ustadz or kyai, so all welfare-related costs are not entirely absorbed by the state. This is considered the responsibility of the Regional Government to provide Regional Government Budget (APBD) assistance to BAZNAS. The larger the board size the higher the APBD funds are given, thus producing cost inefficiency.

This is in accordance with Hosen and Rahmawati (2016), who stated that human resources costs should be a top priority when determining what needs to be spent and what needs to be cut. In this study, the cost of human resources is influential because it is included in the operational costs and is taken from APBD aid, which is the main resource for managing zakat in BAZNAS. Taking zakat funds collected from *muzakki* will violate Islamic law which states that zakat funds exclusively belong to *mustahiq*.

Board Size and Time Efficiency (H₃)

The findings reject the hypothesis that board size negatively affect the time efficiency. This is in accordance with the research of Ahmad et al. (2015) who found that for *mustahiq*, the time required to wait for the zakat funds to be received has a relationship with satisfaction. An elongated process of channeling zakat funds to reach the *mustahiq* will cause deep disappointment, as the zakat funds are important for the survival of poorer communities. Sometimes, boards do not pay attention to this because they are fixated on their duty to strengthen the institution. In fact, the success of zakat distribution does not look to the size of the nominal amount of zakat funds distributed, but also the time of distribution.

Bodroastuti (2009) reinforces this by explaining that boards will indeed determine both short and long term

policies. However, this will not be affected by the size of the board size. Boards will only benefit the organization in internal conditions, not creating a network with outsiders as well as ensuring the availability of resources. This indicates that the board size has no effect on time efficiency.

Ingram (2015) states that the boards in nonprofit organizations should be accountable to all stakeholders. They are responsible for protecting organizational funds. However, the number of board members will not speed up the time of zakat distribution this range will not affect the decision on when zakat will be distributed.

Professional on Board and Disbursement Efficiency (H₄)

The results of the study received the proposed hypothesis that professional on board has a positive effect on disbursement efficiency. This corroborates results from Lestari et al. (2015) who examined the organizational factors of the Zakat Management Organization (OPZ) in Banyumas District and found that amil professionalism (in terms of education and experience) is needed for distributing zakat.

Sobana et al.'s (2016) study of Cianjur, stated BAZNAS must improve knowledge in the field of technology and management, since this may increase the degree of professionalism among zakat administrators in the management of zakat funds, as well as the actualization of information systems and transparency regarding distribution of zakat funds to the society.

This is reinforced by Bodjonegoro (2016), who explained that there are two important priorities for zakat management improvements in Indonesia. Firstly, zakat distribution is still inefficient. Second, the issue of the number and competence of

human resources that will channel the zakat funds to the eligible.

Professional on Board and Cost Efficiency (H₅)

Findings prove the proposed hypothesis that professional on board has a positive effect on cost efficiency. This is in accordance with the research of Snowdown and Rajacich (1993), which states that full accountability will only be achieved if done by professionals. This is because they possess expert knowledge in their respective fields which will improve efficiency by reducing operational costs.

Gobel (2013) reinforces this by stating that cost efficiency is needed to reduce unnecessary expenditures, in order to avoid waste. Operational costs will be more efficient if managed by an adequate number of professionals.

Professional on Board and Time Efficiency (H₆)

The results show that professionals on board has a positive effect on time efficiency, just as the hypothesis is proposed.

This result is in accordance with the research of Rahman et al. (2012) who found that in Malaysia, less fortunate students are welcome to apply for funding applications from zakat every year. Application submissions are almost always accepted, except when due to risk mitigation considerations. Applications received will be processed quickly because zakat institutions are handled by professional personnel.

Dohmann (2009) states that professional boards with appropriate governance mechanisms will be more accountable in designing policies and making decisions to fulfill management responsibilities to the community.

Furthermore, they are also accountable and quick in making decisions that will improve organizational efficiency. Hsu and Petchsakulwong (2010) reinforce this by asserting that professional boards will make the best decisions faster by leveraging their professionalism.

Frequency of Board Meetings and Disbursement Efficiency (H₇)

The results showed that the frequency of board meetings had a positive effect on the disbursement efficiency, just as the hypothesis proposed. In all the BAZNAS that were part of the sample conducted zakat distribution activities after a meeting with the board. Therefore, more frequent meetings will make the distribution of zakat more efficient.

This is supported by Khancel (2007) and Lin et al. (2009) who states that the frequency of board meetings with many discussion activities will improve the quality of governance and improve efficiency. Vafeas (1999) also states that the increasing frequency of board meetings will improve the operational performance of an organization.

Kholis et al. (2013) states that increased number of board meetings can mitigate instances of fraud and misuse of the zakat funds. There are two concepts of philanthropy according to them: (1) volunteerism that cannot be prosecuted from the giver, (2) philanthropy is the story of rights, the transition of resources from those who are entitled to receive.

Frequency of Board Meetings and Cost Efficiency (H₈)

Findings proved the proposed hypothesis that the frequency of board meetings had a negative effect on cost efficiency or operational costs.

This is in accordance with Shivdasani and Zenner (2002) who states that board meetings should not be too frequent as it will disrupt the organization's operations and is time-consuming. There should be a balance between the costs incurred and the benefits derived from the meeting. Meetings will be a waste when there is no solution to the issues discussed, while only a single meeting has a high cost. A balance must be stricken.

This is reinforced by Khancel (2007) who believes that board meetings should be held at a certain time, so as not to spend too much on operational costs. Vafeas (1999) asserts that board meetings will lead to wasteful managerial time and more expenses to be incurred such as transportation costs, consumption, and fees for board. This means that increased board meeting frequency will reflect a negative cost efficiency.

Frequency of Board Meetings and Time Efficiency (H₉)

Findings supported the proposed hypothesis that the frequency of board meetings had a positive effect on the efficiency of the time of zakat disbursement. This is in accordance with the results of Nurzaman (2010) who found that zakat funds should be distributed over a short period so that the frequency of board meetings should be held more often.

Ntim and Osei (2011) studied South Africa and confirmed this by stating that board meetings will enhance the capacity and quality of supervision, as well as improve the financial performance of the organization, in this case the faster the zakat funds are disbursed. Additionally, Oran (2009) stated that in meetings, boards should prioritize the poor and indigent in the distribution of zakat funds because the two asnaf are eager for economic assistance to meet their needs immediately.

Thus, if zakat funds have been collected, there is no reason to delay the distribution.

Wahab (2013) argues that the board will carry out its duties with full responsibility in meetings held to meet the terms, commitments, and total accountability. In addition, boards will endeavor to protect the interests of stakeholders by completing tasks within a specified time period so that time efficiency is expected to be improved. With more frequent board meetings, the distribution of zakat can be done more quickly.

CONCLUSION

Based on the formulation of problems, hypotheses that have been proposed, analysis of research results and discussion it can be concluded that Board Size does not affect the Disbursement Efficiency. Board Size has a negative effect on Cost Efficiency, and has no effect on Time Efficiency. Professionals on Board positively affect Disbursement Efficiency, Cost Efficiency, and Time Efficiency. Frequency of Board Meetings has a positive effect on Disbursement Efficiency, a negative effect on Cost Efficiency, and a positive effect on Time Efficiency.

A suggestion for further research is to conduct a more in-depth analysis to find out the reasons why the direction of zakat governance influences the efficiency of zakat disbursement. This can be done using a qualitative approach of interviewing each member of the BAZNAS management board (Dewan Pertimbangan, Komisi Pengawas, and Badan Pelaksana) instead of just Komisi Pengawas. Researchers should then look for other indicators besides Zakat Disbursement Efficiency (ZDE) in assessing efficiency. In addition, other indicators in assessing cost efficiency, not just using Regional Government Budget

(APBD) assistance, should be searched for.

BAZNAS should pay attention to the issue of zakat governance especially in considering the number of supervisory commissions, professionals, as well as the number of meetings as a means to achieve the efficiency of zakat disbursement. The number of supervisory commissions should be kept to a limit to avoid cost inefficiency; professional composition of the supervisory committee should increase as it has an effect on the efficiency of zakat distribution, cost efficiency and efficiency of zakat disbursement; and the frequency of meetings with supervisory commissions that often lead to zakat disbursement and efficiencies will also lead to cost inefficiency.

For the government, this research can be a consideration for determining the management policy of Indonesia's National Zakat Board (BAZNAS) related to the number of members and member professionalism. In addition, the government needs to apply clear punishment in cases of inefficiency of zakat distribution by BAZNAS, which will cause BAZNAS to pay more attention to zakat governance.

Ummah can contribute to zakat governance by opting to vote professionals or community leaders who are competent in the field of zakat as well as to supervise BAZNAS accountability practices by looking at the efficiency of zakat distribution. In the manner of the efficient delivery of zakat, it will help the *mustahiq* (one of the recipient of zakat distribution) in taking their rights and getting a better life. As for *muzakki*, it will ensure their zakat funds are distributed to people according to Islamic Shari'a so they have more faith in the BAZNAS. Donors will no longer distribute their zakat directly to *mustahiq* but through institutions that have been given the mandate by the government to carry out the management of zakat for the welfare of the *ummah*.

REFERENCES

- Ahmad, I. & Ma'in M., (2014). "The Efficiency of Collection and Distribution: Evidence from Two Stage Analysis", *Journal of Economic Cooperation and Development*, 35(3), pp. 133-170.
- Ahmad, R.A.R. et al, (2015). "Assessing the Satisfaction Level of Zakat Recipients Towards Zakat Management", *Procedia Economics and Finance*, 31, pp. 141-150.
- Ali, N. et al, (2014). "The Effect of Corporate Governance on Capital Structure Decisions: A Case of Saudi Arabian Banking Sector", *Acta Universitatis Danubius*, 10(2), pp. 51-60.
- Ali, N.N.H., (2015). "The Influence of Governance to Zakat Disbursement Efficiency: Empirical Evidence from Brunei Darussalam", Master Thesis, Malaysia: International Islamic University Malaysia.
- Amara, N.B. & Atia L., (2016). "Toward the Adoption of A Governance Model of Zakat Foundations: The Case of The Algerian Zakat Funds", *International Journal of Business and Management Review*, 4(2), pp. 104-118.
- Beik, I.S. et al, (2014). "Towards an Establishment of an Efficient and Sound Zakat System", Working Group of Zakat Core Principles.
- Beik, I.S., (2015). "Towards International Standard of Zakat System", *Fiqh Zakat International Conference*, Kuala Lumpur, Malaysia, 25-26 November 2015.
- Bodjonegoro, B.P.S., (2016). "Paparan Menteri Perencanaan Pembangunan Nasional/Kepala Badan Perencanaan Pembangunan Nasional. Seminar Nasional Peran Strategis Zakat dalam Cetak Biru Ekonomi Pembangunan Indonesia", Jakarta, Indonesia, 8 Agustus 2016.
- Bodroastuti, T., (2009). "Pengaruh Struktur Corporate Governance terhadap Financial Distress", *ASET Jurnal Ilmu Ekonomi*, 11(2).
- Dohmann, E.L., (2009). "Accountability in Nursing: Six Strategies to Build and Maintain A Culture of Comittment", Marblehead: HCpro, Inc.
- Doyle, L.M., (2005). "Nonprofit Board Accountability: A Literature Review and Critique", *SPNA Review*, 1(1), pp. 27-37.
- Gobel, M., (2013). "Analisis Efisiensi Biaya Operasional Melalui Pengelolaan Tunjangan Makan dan Jaminan Pemeliharaan Kesehatan pada Perusahaan Jasa Outsourcing", *Jurnal EMBA*, 1(4), pp. 1868-1878.
- Hafidhuddin, D., (2007). "Zakat dalam Perekonomian Modern", Jakarta: Gema Insani.
- _____, (2009). "Agar Harta Berkah dan Bertambah", Jakarta: Gema Insani.
- Hosen, M.N. & Rahmawati R., (2016). "Efficiency and Profitability on Indonesian Islamic Banking Industry", *AL-IQTISHAD Journal of Islamic Economics*, 8(1), pp. 33-48.
- Hsu, W.Y. & Petchsakulwong P., (2010). "The Impact of Corporate Governance on the Efficiency Performance of Thai Non-Life Insurance Industry", *The Geneva Pappers*, 25, pp. 28-49.
- Ingram, R.T., (2015). "Ten Basic Responsibilities of Nonprofit Boards", Washington: Board Source.
- Jaelani, A., (2016). "Zakat Management in Indonesia and Brunei Darussalam. Munich Personal RePec Archive", 71561, pp. 1-156.
- Kahf, M., (1989). "Zakat: Unresolved Issues in the Contemporary Fiqh", *Journal of Islamic Economics*, 2(1), pp. 1-22.

- Khanchel, I., (2007). "Corporate Governance: Measurement and Determinant Analysis", *Managerial Auditing Journal*, 22(8), pp. 774-760.
- Kholis, N. et al, (2013). "Profile of Islamic Filantrophy in Yogyakarta Special Province", *Munich Personal RePec Archive*, 58599, pp. 61-84.
- Laela, S.F., (2010). "Analisis Faktor-faktor yang Mempengaruhi Kinerja Organisasi Pengelola Zakat", *TAZKIA Islamic Finance Business Review*, 5(2), pp. 126-146.
- Lestari, P. et al, (2015). "Identifikasi Faktor Organisasional dalam Pengembangan E-Governance pada Organisasi Pengelola Zakat", *MIMBAR*, 31(1), pp. 221-228.
- Lin, C. et al, (2009). "Corporate Governance and Firm Efficiency: Evidence from Chinas's Publicly Listed Firms", *Managerial and Decision Economics*, 30(3), pp. 193-209.
- Mustaffha, N., (2007). "Zakat Disbursement Efficiency: A Comparative Study of Zakat Institutions in Malaysia", Doctor Disertassion. Malaysia: International Islamic University Malaysia.
- Nikmatuniayah & Marliyati, (2015). "Akuntabilitas Laporan Keuangan Lembaga Amil Zakat", *MIMBAR*, 31(2), pp. 485-494.
- Noor, A.H.M. et al, (2014). "What The Determine Professionalism? A Study on Zakat Institutions Integration Effort into The Mainstream Economy", *Middle-East Journal of Scientific Research*, 27(2), pp. 983-993.
- _____, (2015). "Efficiency of Islamic Institutions: Empirical Evidence Zakat Organizations Performances in Malaysia", *Journal of Economics, Business, and Management*, 3(2), pp. 282-286.
- Ntim, C.G. & Osei K.A., (2011). "The Impact of Corporate Board meetings on Coorporate Performance in South Africa", *African Review of Economics and Finance*, 2(2), pp. 83-103.
- Nurzaman, M.S., (2010). "Zakat and Human Development: An Emprical Analyis on Poverty Alleviation in Jakarta, Indonesia", Center for Islamic Economics and Finance, Qatar Faculty of Islamic Studies, Qatar Foundation.
- Oran, A.F., (2009). "Zakat Funds and Wealth Creation", *Review of Islamic Economics*, 13(1), pp. 143-154.
- Rahayu, N.W.I., (2014). "Lembaga Amil Zakat, Politik Lokal, dan Good Governance di Jember", *KARSA*, 22(2).
- Rahman, A.R.A. (2007). "Pre-Requisites for Effective Integration of Zakat into Maistream Islamic Financial System in Malaysia", *Islamic Economis Studies*, 14(2).
- Rahman, A.A. et al, (2012). "Zakat Institutions in Malaysia", *GIAT*, 2(1), pp. 35-41.
- Sekaran, U., (2003). "Research Methods for Business: A Skill Building Approach", New York: John Wiley & Sons, Inc.
- Shivdasani, A. & Zenner M., (2002). "Best Practice in Corporate Governance: What Two Decades of Research Reveals", New York: Salomon Smith Barney.
- Snowdown, A. & Rajacich, D., (1993). "The Challenge Accountabilty in Nursing", *Nursing Forum*, 28, pp. 5-11.
- Suliyanto, (2011). "Ekonometrika Terapan: Teori dan Aplikasi dengan SPSS", Yogyakarta: Andi.
- Sobana, D.S. et al, "The Variables that Affect Compliance of Muslim Merchants for Zakat Maal in the District of Cianjur", *International Journal of Zakat*, 1(1), pp. 78-87.

- Tomar, S. & Bino A., (2012). "Corporate Governance and Bank Performance: Evidence from Jordanian Banking Industry", *Jordan Journal of Business Administration*, 8(2), pp. 353-372.
- Vafeas, N., (1999). "Board Meeting Frequency and Firm Performance", *Journal of Financial Economics*, 53(1), pp.113-142.
- Wahab, N.A., (2013). "Efficiency and Governance of Zakat Institutions in Malaysia", Doctor Dissertasion, Malaysia: International Islamic University Malaysia.
- Wahab, N.A. & Rahman A.R.A., (2011). A "Framework to Analyse Efficiency and Governance of Zakat Institutions", *Journal of Islamic Accounting and Business Research*, 2(1), pp. 43-62.
- Widarjono, A., (2016). "Ekonometrika Pengantar dan Aplikasinya Disertai Panduan Eviews", Yogyakarta: UPP STIM YKPN.
- Novendi Arkham Muftadi
Peradaban University
Indonesia
novendi_arkham@yahoo.co.id
- Dewi Susilowati
Jenderal Soedirman University
Indonesia
dewsuslow@gmail.com

Analysis of Zakat Performance of Central Java Province

Isro'iyatul Mubarakah, Irfan Syauqi Beik, Tony Irawan
Bogor Agricultural University

ABSTRACT

The Indonesian province with the third largest Muslim population is Central Java. This suggests a great potential for zakat collection. However, the amount accumulated is far from significant. This study aims to determine zakat performance in Central Java Province at macro and micro levels. Data collection involved distributing questionnaires during interviews. This study employed a convenience sampling technique. The analytical tool used in this research is National Zakat Index (NZI). National Zakat Index is an indicator that illustrates the extent to which charity has been instrumental to the mustahik welfare. It also indicates the initial stages of zakat development in terms of internally and at a community level, as well as highlight the support provided by the government. Findings indicate that zakat performance of Central Java Province from a macro dimension is poor, while from a micro prospective it is decent.

Keywords: macro dimension, micro dimension, National Zakat Index (NZI), zakat performance

INTRODUCTION

Central Java is the Indonesian province with the third largest Muslim population, after West Java and East Java. The Ministry of Religious Affairs Statistics indicate that the Moslem population in Central Java reached 31,328,341 people in 2010. This suggests a very high potential of zakat in Central Java. Research conducted by Firdaus *et.al* (2010) speculates that the potential of zakat in Central Java Province is Rp 13.28 T.

However, the amount of zakat collection in Central Java is considerably substandard. During 2015 to 2016, BAZNAS Central Java Province, a provincial level zakat amil institution, only collected zakat funds amounting to Rp 8.6 M. Consequentially, performance of zakat management institutions/organizations in Central Java is suboptimal.

Zakat management institutions require a measurement support indicator

that will aid in the achievement of charity objectives. This is especially the case in Central Java province, particularly BAZNAS Central Java province. The National Zakat Index is an indicator that will illustrate the extent to which charity has been instrumental to the mustahik welfare, indicate initial stages of zakat development in terms of internally and at a community level, and highlight the support provided by the government. The purpose of the National Zakat index is to measure zakat at the national, provincial and city district level. This study aims to determine the zakat performance of Central Java province from a macro perspective, taking regulation, state budget support, database zakat agencies and institutions into account. This study will also determine the zakat performance of Central Java from a micro perspective, with respect to the institution and impact of zakat.

LITERATURE REVIEW

Measurement of Zakat Performance

Several studies have produced indicators used to measure the performance of zakat, such as Zakat Effectiveness Index and Zakat Index. Abdullah et al (2012) created the Zakat Effectiveness Index upon understanding their methodological and practical issues as associated with indices of poverty and inequality in poverty alleviation efforts. Zakat Effectiveness Index measures poverty reduction with a focus on consumer and government spending and the number of recipients. This index has three strengths: it verifies and compares how effective government spending is on poverty reduction, represented by the amount of zakat distributed to eligible recipients; it is flexible enough to incorporate the analysis of different sub-groups such as the type of job, sector or ethnic group; and unlike other indexes that use GNP and GDP as the denominator, ZEIN introduce the recipients as the denominator to increase the effectiveness of the poverty index (Abdullah et al., 2012). Zakat effectiveness index value is divided into three groups: Relatively less needy (zakat effectiveness index value <0.50), moderately needy (zakat effectiveness index value of between $0.50- 0.75$), and the very needy (zakat effectiveness index values > 0.75).

The Zakat index model measures performance of the charitable organization. This model proposes a process approach for measuring organizational performance of zakat, using four components (input, process, output, and outcome). Noor et al (2012) state that the zakat index demonstrates the ability of the charitable organization to operate at an optimum level and efficient. This index has the ability to measure the magnitude of change over time or place.

In Indonesia, Beik (2009) has also used some analytical tools to measure the

impact of zakat. The analysis tool is headcount ratio, which describes the number and percentage of poor families. The ratio of the poverty gap and the income gap ratio determines the level of depth of poverty. Both the Sen Index and the Foster, Greer and Thorbecke (FGT) indices, measure the severity of poverty. This study was later refined by Beik and Arsyianti (2015), producing the CIBEST Model. CIBEST model is a measure of poverty that measures beyond the material poverty, capturing the spiritual poverty as well. The model consists of CIBEST quadrant CIBEST and CIBEST index. CIBEST Quadrant is a quadrant that aims to map out the family in four areas, namely the welfare areas (quadrant I), material poverty areas (quadrant II), the spiritual poverty areas (quadrant III), and the absolute poverty areas (quadrant IV). The CIBEST index finds the value of the index in each quadrant CIBEST (Beik and Arsyianti 2015).

Nurzaman (2011) modified the Human Development Index. The modified HDI is a measure of prosperity to households of mustahik. The index value is calculated as the simple average of: (1) Life expectancy index, measured by life expectancy; (2) Education Index measured by the literacy rate and the average length of the school; and (3) Index of income, measured by the average adjusted real consumption or real per capita income tailored to the strengths of each family purchases. HDI value ranges from "0" to "100". This means that the lower of the HDI value of community/household means the weak/lagging development of society. This approach uses several characteristics of respondents targeted and combined with a national average of data.

National Zakat Index

National Zakat Index (NZI), prepared by the Center of Strategic Studies Team (Puskas) BAZNAS, is a composite index

that measures the development of zakat nationally. NZI is an indicator that can provide information on the role of zakat to the zakat recipients' welfare, and can also indicate development stages of zakat institutions, starting from the internal institution, community participation, until the support provided by the government.

NZI was developed using a mixed method research approach. Mixed method research methodologies integrate quantitative and qualitative method. In this study, a qualitative method was used to compile NZI components, and a quantitative method approach was taken to form the estimation model of calculations. In determining the components that construct NZI, the Puskas research team set a guideline that became a concept for the whole process of preparing the index. The SMART guideline requires that the components of the index meet the criteria

of Specific, Measurable, Applicable, Reliable, and Timely.

- a. Specific; components presented must be specific
- b. Measurable; components presented must be measurable
- c. Applicable; components presented can be applied
- d. Reliable; components presented are trustworthy
- e. Timely; calculation is conducted in a periodical manner

NZI forming components derive from existing studies, divided into macro and micro dimension. Both dimensions breakdown into a number of components that are more detailed. Furthermore, each component also has a weight contribution that was determined through the mechanism of FGD and expert judgment criteria.

Table 1. Component of National Zakat Index

Dimension	Weighted score	Indicator	Weighted score	Variable	Weighted score
		Regulation (X ₁₁)	0.30	Regulation	1.00
		Government budget (X ₁₂)	0.40	Government budget	1.00
Macro (X ₁)	0.40	Zakat Institution database (X ₁₃)	0.30	Number of official zakat (X ₁₃₁)	0.33
				Individual Muzakki Ratio (X ₁₃₂)	0.33
				Enterprise Muzakki Ratio (X ₁₃₃)	0.33
		Institutional (X ₂₁)	0.40	Collection (X ₂₁₁)	0.30
				Management (X ₂₁₂)	0.20
Micro (X ₂)	0.60	Impact of Zakat (X ₂₂)	0.60	Distribution (X ₂₁₃)	0.30
				Reporting (X ₂₁₄)	0.20
				Material and Spiritual (CIBEST) (X ₂₂₁)	0.40
				Education and Health (HDI Modified) (X ₂₂₂)	0.40
				Independency (X ₂₂₃)	0.20

Source: Center of Strategic Studies The National Zakat Board The Republic of Indonesia 2016

Categorization of the obtained components of NZI involved macro and

micro dimensions. The macro dimension reflects the role of government and the

aggregate society in developing zakat institutions. This dimension has three indicators, namely regulation, government budget (APBN), and database of zakat institutions. Except for regulation and government budget support, the indicator database of zakat institution is subdivided into three variables: the number of official zakat institutions, individual muzaki, and enterprise muzaki. The micro dimension denotes the perspective of zakat institutions and zakat recipients or mustahik. Technically, the micro dimension has two indicators, the performance of zakat institutions and the impact of zakat to mustahik. Performance indicators of zakat institutions are further divided into 4 variables that measure the performance of the institution from the aspect of collection, management, distribution, and reporting. Zakat impact indicators are a combination of five variables: economic, spiritual, education, health, and independency. Table 1 offers a comprehensive overview of the components of NZI, along with the weighted score for each component.

The estimation technique of calculating the value of NZI employs a method called Multi-Stage Weighted Index. The method combines several processes of weighting stages that are given to each index components so that the weighted score to each component must be performed gradually and procedurally. The weighting process occurs after the index for each variable is calculated. The index range is 0.00 to 1.00. This means that the lower index value, the worse the performance of national Zakat, while the larger the index value means better conditions for the national zakat. The value of 0.00 signifies that the National zakat index obtained is the lowest, which is "zero". The value of 1.00 denotes the highest index, which is "perfect".

The National Zakat Index should become a performance measurement standard of national zakat which is measured periodically (e.g. every year) so

the evaluation is sustainable. In addition to the national level, NZI is applicable at the regional level, to allow for comparison of local provinces' performance of Zakat distribution. Moreover, at each of its constituent components – such as at the institution aspect – the index in regards to the institution can be calculated separately. In other words, it is possible to apply NZI in zakat management institutions both at the national level and the region level. This enables stakeholders to measure themselves and improve their performance in zakat, and improves public understanding of zakat contribution for Indonesia.

METHODOLOGY

Types and Sources of Data

This study uses primary and secondary data. The primary data was obtained through a questionnaire distributed to respondents. The secondary data was obtained from reports from BAZNAS Central Java, Central Java BPS website, Semarang BPS website and WHO websites.

Time and Location Research

The BAZNAS Central Java province institutions case study was conducted from March to April 2017. Secondary case studies focused on mustahik, who receive zakat distribution of BAZNAS Central Java province.

Sampling

The sample included 101 respondents representing one agency, importantly the general treasurer of BAZNAS Central Java Province, and 100 mustahik who received zakat distribution from BAZNAS Central Java Province's economic program in

2016. Due to data completeness limitations, the sample reduces to only respondents that are fully recorded by BAZNAS Central Java Province and are easy to find. Therefore, the method used in sampling is the convenience sampling method. The number of mustahik samples is determined by the slovin formula as follows:

$$n = \frac{N}{1 + Ne^2} = \frac{1080}{1 + 1080 \times 0,1^2} = 97.5 \quad (i)$$

where

n : total sample
 N : total population
 e : error tolerance

The number of mustahik for the economic program in BAZNAS Central Java Province in 2016 is as many as 1,080. The fault tolerance limit used by the researchers is 10%. Based on formula calculations, slovin get a sample of 97.5 which researchers round up to 100 samples.

Analysis Methods

The analysis tool used is the National Zakat Index (NZI) (Center of Strategic Studies BAZNAS 2016). The estimation technique of calculating the value of NZI employs a Multi-Stage Weighted Index method. The method combines several processes of weighting stages that are assigned to each index component so that the weighted score of each component must be performed gradually and procedurally.

Overall index estimation procedure is as follows:

The first section uses the likert scale that ranges from 1 to 5, where one describes the worst condition, and five describes the most excellent condition. The overall constituent variable Index is scored.

The second section, calculates the index of each variable. The formula for calculating the index on each variable is as below:

$$I_i = \frac{(S_i - S_{min})}{(S_{max} - S_{min})} \quad (ii)$$

where

I_i : index variable i
 S_i : value of the actual score variable i
 S_{max} : maximum score
 S_{min} : minimum score

The index value ranges from 0.00 – 1.00. Lower values indicate poor performance of the national zakat, and greater values indicate a better zakat condition, as represented below.

0.00-0.20 : not good performance
 0.21-0.40 : poor performance
 0.41-0.60 : fairly good performance
 0.61-0.80 : good performance
 0.81-1.00 : very good performance

The third stage, multiplies the index obtained on each variable with respective weights to derive the index on the indicator. The two indicators, regulation and government budgets, are not further broken down, so they do not require further calculations at this stage. Another three indicators break down into several variables with a certain calculation. Those are:

$$X_{13} = 0.33X_{131} + 0.33X_{132} + 0.33X_{133} \quad (iii)$$

where

X_{13} : Indicator index of database of zakat institution
 X_{131} : Variable index of total number of official zakat institutions
 X_{132} : Variable index of individual muzaki ratio against the number of households

X133 : Variable index of enterprise muzaki ratio against the total number of enterprises

$$X_{21} = 0.30X_{211} + 0.20X_{212} + 0.30X_{213} + 0.20X_{214} \quad (\text{iv})$$

where

X21 : Indicator index of institution
 X211 : Variable index of collection
 X212 : Variable index of management
 X213 : Variable index of distribution
 X214 : Variable index of reporting

$$X_{22} = 0.40X_{221} + 0.40X_{222} + 0.20X_{223} \quad (\text{v})$$

where

X22 : Indicator index of zakat impact
 X221 : Variable index of material and spiritual (CIBEST)
 X222 : Variable index of education and health (Modified HDI)
 X223 : Variable index of Independence

In this study, finding the value of Material Value (MV), or household poverty and household income per month, must occur before the creation of a welfare index calculation CIBEST. Material Value (MV) measures the minimum standards of material that households must hold. MV value is obtained by multiplying the price of goods and services consumed (Pi) with the minimal amount of goods and services required (Mi). Mathematically, the MV can be formulated as follows:

$$MV = \sum_{i=1}^n PiMi \quad (\text{v.i})$$

where

MV : minimum material needs standard (in term of RP or local currency)
 Pi : Price of goods and services (in term of RP or local currency)
 Mi : minimum number of goods and services I need

Due to their intrinsic limitations and absence of a survey in this study, the

MV value used in this study is the existing poverty line material Kota Semarang, converted into a poverty line household per capita per month. The calculation of the poverty line is obtained by multiplying the poverty line per capita per month by the average amount of household size. The average household size scale derives from the ratio of the total population by the number of households in the regions studied.

The poverty line is based on Semarang in 2015 and amounts to Rp 368 477 (BPS Semarang 2015). The research area covered all districts in the city of Semarang with a total population of 1,595,187 people and 471 327 households (BPS Semarang 2015)

Average household size:

$$\frac{1.595.187}{471.327} = 3,384$$

So the household poverty line (MV) obtained are:

$$\begin{aligned} MV &= \text{Rp } 368,477 \times 3,384 \\ &= \text{Rp } 1,246,926 \text{ per household per month} \end{aligned}$$

Spiritual poverty line or spiritual Value (SV) is obtained based on the indicator of spiritual needs and the fulfillment of the five variables. The five variables are prayers, alms, fasting, household environment, and government policies. A Likert scale of 1-5 was used to assess the variable score (see appendix).

Based on the table above, the obtained value SV is equal to three. If a household has a score of less than or equal to three it can be categorized as a spiritually poor household. SV value calculation is:

$$Hi = \frac{Vp + Vf + Vz + Vh + Vg}{5} \quad (\text{v.ii})$$

where

Hi : Actual spiritual score of household member i
 Vpi : Prayer score of household member i

V_{fi} : fasting score of household member i
 V_{zi} : Score of zakat and infak of household member i
 V_{hi} : Score of household environment based on perception of household member i

V_{gi} : Score of government policy environment based on perception of household member i

After determining MV and SV of each household, each household is grouped into the CIBEST quadrant by combining their spiritual and material scores.

Table 2. Combination of MV and SV value

Result	≤ MV value	>MV value
>SV value	Materially Poor and Spiritually Rich Household (Quadrant II)	Materially and Spiritually Rich Household (Quadrant I)
≤SV value	Materially and Spiritually Poor Household (Quadrant IV)	Materially Rich and Spiritually Poor Household (Quadrant III)

The welfare index (W) determines which households fall into quadrant I. In this quadrant, households are prosperous. The Welfare index value (W) formula is:

$$W = \frac{w}{N} \quad (v.iii)$$

where

W : welfare index (0 ≤ W ≤ 1)
 w : the number of spiritually and materially rich household
 N : the total number of observed household

Education Index

The knowledge index uses two indicators, namely an average length of school and literacy rate. The knowledge index formula is:

$$\text{Education Index} = \{2/3 [(Lit-0)/(100-0)] + 1/3 [(LS-0)/(15-0)] \times 100\} \quad (v.iv)$$

where

Lit : Literacy rates
 LS : length of school experience
 0 : minimum rate for literacy and length of school
 100 : Maximum number of Lit
 15 : The minimum number for LS

Table 3. Education and Literacy Rate Conversion

No	The Highest Level of Education	Year Conversion	Literacy Rate
1	No School	0	0
2	SD (Elementary)	6	40
3	SMP (Junior High School)	9	60
4	SMA (Senior High School)	12	80
5	Diploma 1	13	86,7
6	Diploma 2	14	93,3
7	Diploma 3	15	100
8	Bachelor Degree	16	100
9	Master Degree	18	100
10	Doctorate Degree	21	100

Health Index

The health index use life expectancy. As suggested by Torre and Moreno (2010), life expectancy estimation is at the family level and will be adjusted with income and age variables through an imputation method. This study added the healthy information variable.

Model specification is as follows:

$$\hat{Y} = a_0 + b_1 (\ln \text{income } f) + b_2 (\text{gender}) + b_3 (\text{age}) + b_4 (\text{age})^2 + b_5 (\text{healthy info}) + u$$
(v.v)

The model is explained below:

Where Y is the life expectancy by age (a), gender (g) based on secondary data available. Due to limited statistics in Indonesia, the value of life expectancy based on age will be taken from the World Health Organization. Since the data available is in 5 year-age classifications, the life expectancy of each respondent will be incorporated into this existing classification range of year 0 – year 100. Then, income f is the per capita income for each family and gen is the dummy variable for gender.

The second stage of calculating the value of life expectancy at the household level is by taking into account the life expectancy of an individual (i), which has been adjusted to every individual in the sample. Individual life expectancy index is calculated as follows:

$$IHi = \frac{Y(i) - Y(\min)}{Y(\max) - Y(\min)} \quad (\text{v.vi})$$

Where IHi is the life expectancy index for individual (i); Y(i) is the life expectancy of an individual (i) which was adjusted for age, and sex. Then Y (max) and Y (min) is an international standard data for the maximum and minimum life expectancy which is taken from WHO by considering the distribution among the countries.

The final stage is to calculate the life expectancy index for households "h" obtained from the average index for the entire family:

$$IHH = \Sigma (IHi / n) \quad (\text{v.vii})$$

where n is the number of household members in the household "h".

The fourth stage, multiplies the index obtained on each indicator with respective weights to obtain an index of the macro and micro dimensions:

$$X_1 = 0.30X_{11} + 0.40X_{12} + 0.30X_{13} \quad (\text{vi})$$

where,

X₁ : Index of macro dimension

X₁₁ : Indicator index of regulation

X₁₂ : Indicator index of government budget support

X₁₃ : Indicator index of database of zakat institutions

$$X_2 = 0.40X_{21} + 0.60X_{22} \quad (\text{vii})$$

where,

X₂ : Index of micro dimension

X₂₁ : Indicator index of institution

X₂₂ : Indicator index of zakat impact

The last stage is multiplying the index obtained on each dimension with respective weights to obtain a National Zakat index, which is:

$$IZN = 0.40X_1 + 0.60X_2 \quad (\text{viii})$$

where,

X₁ : Index of macro dimension

X₂ : Index of micro dimension

RESULTS AND DISCUSSION

Based on the NZI measurement, the zakat condition in Central Java province falls in the *fairly good* category with an index value of 0.412. This result comes from two

dimensions: macro and micro. Details of the results can be observed in Table 4.

Table 4. National Zakat Index (NZI) in Central Java Province

No	Dimension	Index Score
1	Macro	0.025
2	Micro	0.67

NZI score in Central Java Province
 $= 0.40(0.025) + 0.60(0.67)$
 $= 0.412$

Source: Primary data (2017)

Regarding the macro dimension, Central Java Province has an index 0.025. This means that in the macro dimension, the zakat performance BAZNAS Central Java province is not optimal. This dimension consists of three indicators: regulation, local government budget support to BAZNAS Central Java Province, and the database of zakat institutions in BAZNAS Central Java Province.

With respect to the regulation indicator, BAZNAS Central Java Province did not have a local regulation about zakat. Thus, on this indicator, BAZNAS Central Java Province has an index score of 0. Moreover, this region also did not allocate

its local government budget for the operational cost of zakat activities. So, it has an index score of 0.

Zakat institution database indicator has three variables. The first variable, official zakat institution, has an index value of 0.25. The second variable is the ratio of the individual muzakki and has an index value of 0. The third variable is the enterprise muzakki ratio, which has an index value of 0. Thus, the value of the zakat institutions database indicator index is 0.0825. This indicator has the highest score among other indicators on the macro dimension. Thus, details of the macro dimension score is illustrated in Table 5.

Table 5. Macro Dimension Index Score

No	Indicator	Index Score
1	Regulation (X_{11})	0.00
2	Local government budget support (X_{12})	0.00
3	Database of zakat institution in Central Java province (X_{13})	0.0825

Index score of macro dimension in Central Java Province
 $= 0,30X_{11} + 0,40X_{12} + 0,30X_{13}$
 $= 0,30(0) + 0,4(0) + 0,30(0,0825)$
 $= 0,025$

Source : Primary data (2017)

The next dimension is micro dimension. Micro dimensions of the national zakat index consists of two indicators, namely institutional and impact of zakat. Institutional indicator has four variables: derivatives collection, management, distribution, and reporting. The zakat institution indicator has three

variables: derivative CIBEST welfare index, HDI modification and independence.

Within the institutional indicator, there are four variables: the collection, management, distribution and reporting. In 2015, zakat collection amounted to Rp 487,695,380, while in 2016 the amount of

zakat collected is Rp 8,612,304,620. The growth of zakat fund that collected by BAZNAS Central Java province is 1,666%. Therefore, the index of collection is 1.

Regarding the management variable, BAZNAS Central Java as a provincial level amil zakat institution, only one of five programs launched (scholarship) had a standard operating procedure (SOP). Five of the work programs (Central Java, Java smart, healthy Java, Central Java, caring and Java Taqwa) were prosperous. BAZNAS Central Java province does not have a strategic plan in the management of zakat funds. It also does not have ISO certification/quality management and annual work program. Therefore, from the management indicator, BAZNAS province has an index 0.25.

On the zakat distribution variable, BAZNAS Central Java province scored 100.1 percent for the *Allocation to Collection Ratio* (ACR). The collection ratio (ACR) was also seen from the side of the program conducted by the zakat. It also has a good Social Program (SP), Economic Program (EP), and *Dakwah* Program (DP). Therefore, the index score is 1.

The next variable, zakat reporting, had an index score of 0.25. This means that the zakat reporting by BAZNAS

Central Java Province is in the *less good* category. This is because financial report were not audited externally. From all the institutional indicator variables, it falls in the *good* category with index value of 0.70, which means that BAZNAS East Lampung Regency has a good institutional performance.

For the CIBEST welfare index, the material and spiritual welfare has an index score of 1. This score shows that the zakat performance to *mustahik* welfare in Central Java Province is in the *very good* category. Meanwhile, education and health measurements, using a modified HDI, have an index score of 0.25. This index measures the life viability of *mustahik* through their life expectancy assessment and level of education. The score of this modified HDI variable showed that the education and health condition of *mustahik* in Central Java Provinceranks in the *less good* category. The same score applies to the Independency variable. This variable illustrates the level of *mustahik* independency, which is measured by their occupation or business, and their savings. The index score of the Independency variable in Central Java Province is 0.75. Therefore the occupation and savings of the *mustahik* in this region is in the *good* category.

Table 6. Micro Dimension Index Score

No	Indicator	Index Score
1	Institution (X_{21})	0.70
2	Zakat Impact (X_{22})	0.65
Index score of micro dimension in Central Java Province		
$= 0,40X_{21} + 0,60X_{22}$		
$= 0,40(0,7) + 0,6(0,65)$		
$= 0,67$		

Source : Primary Data (2017)

The measurement of variables of the zakat impact indicator scored 0.65. This means that the zakat impact for *mustahik* in Central Java Province ranks in the *good* category. Thus, the index score of

institutional indicator (0.70) and zakat impact indicator (0.65) resulted an index value of 0.60 for the micro dimension. This shows that on the micro side, the zakat condition in Central Java Province,

especially for the performance of BAZNAS Central Java Province is good. The details of micro dimension index score can be seen in Table 6.

CONCLUSION AND RECOMMENDATION

Generally, by using the NZI calculation, the zakat condition in Central Java Province is in the *fairly good* category with index value of 0.412. On the macro dimension, the zakat condition in Central Java Province is in the *not good* condition with a score of 0.025. With respect to the micro dimension, the zakat condition in Central Java Province, especially for the performance of BAZNAS Central Java Province, is in the *good* category with an index value of 0.67.

This paper recommends several steps to improve the zakat condition in Central Java Province. In the macro dimension, Central Java Provincial government needs to establish a local regulation on the management of zakat and include operational costs for BAZNAS Central Java Province as an item in the regional income and expenditure budget (APBD). In addition, the database of zakat institution also needs to be better equipped. BAZNAS Central Java Province also needs to raise public awareness of zakat so that the number of individual and muzaki institutions are able to increase, subsequently optimizing the potential of zakat. Although the zakat performance of Central Java Province on the micro dimensions is good, there are some indicators that should be a concern for BAZNAS Central Java province that are related to management and reporting.

REFERENCES

Abdullah, N., Yusop MMM., and Awang COH. (2012). A Technical Note on The Derivation of Zakat

Effectiveness Index (ZEIN), *International Journal of Economic, Management and Accounting*, 20(1), pp. 75-86.

Badan Pusat Statistik, (2015). Statistik Indonesia 2015. Jakarta: BPS.

Badan Amil Zakat Nasional Provinsi Jawa Tengah (2016). Laporan Realisasi 2016. Semarang : BAZNAS Provinsi Jawa Tengah.

Badan Pusat Statistik Jawa Tengah. (2016). Statistik Jawa Tengah 2016. Semarang : BPS.

Badan Pusat Statistik Kota Semarang. (2016). Statistik Kota Semarang 2016. Semarang : BPS.

Beik IS. (2009). Analisis Peran Zakat dalam Mengurangi Kemiskinan : Studi Kasus Dompot Dhuafa Republika, *Jurnal Pemikiran dan Gagasan*, 3.

Beik IS., and Arsyianti LD. (2015). Construction of CIBEST Model as Measurement of Poverty and Welfare Indices from Islamic Perspective, *Al-iqtishad*, 3 (1).

Beik IS., and Arsyianti LD. (2016). *Ekonomi Pembangunan Syariah Edisi Revisi*. Jakarta: PT RajaGrafindo Persada.

Firdaus, M, Beik, IS, Irawan, T, and Juanda, B (2012). "Economic Estimation and Determinations of Zakat Potential in Indonesia", IRTI Working Paper Series, WP# 1433-07.

Kementerian Agama RI. (2010). Data Penduduk Muslim. Jakarta : Kemenag RI.

Noor AHM, Rasool MSA, Ali RMYSM. and Rahman RA. (2015). Efficiency of Islamic Institution : Empirical Evidence of Zakat Organizations' Performance in Malaysia. *Journal of Economics, Business and Management*. 3 (2).

Nurzaman MS. (2011). Zakat and Human development : An Empirical Analysis on Poverty Alleviation in Jakarta, Indonesia. 8th International

- Conference on Islamic Economics and Finance.
Pusat Kajian Strategi BAZNAS. (2016).
Indeks Zakat Nasional. Jakarta :
Puskas BAZNAS.
- Torre RDL and Moreno H. (2010).
Advances in sub national
measurement of the Human
Development Index: The case of
Mexico, Human Development
Research Paper.

Isro'iyatul Mubarakah
Bogor Agricultural University
Indonesia
isroiyaatul@gmail.com

Irfan Syauqi Beik
Bogor Agricultural University
Indonesia

Tony Irawan
Bogor Agricultural University
Indonesia

The Performance and Efficiency of Zakat Institutions in Jambi

Desi Retnowati

Bogor Agricultural University

ABSTRACT

Zakat is the third pillar of Islam and has socio-economic impacts. In practice, zakat institutions have limitations with regard to their institutional and managerial aspects, which result in them not achieving optimum performance and efficiency. This research aims to analyze the performance and efficiency of zakat institutions in Jambi Province. This research measures the performance of zakat institutions through the institutional indicators of the National Zakat Index (NZI), and it measures their efficiency using the Data Envelopment Analysis (DEA) method. The samples used in this research are BAZNAS Jambi Province and LAZ RSIM. Based on the results of the performance analysis, BAZNAS Jambi had an index value of 0.44, and LAZ RSIM had an index value of 0.63, which classified the performance of the zakat institutions as "fairly good" to "good." Based on the results of the efficiency analysis, LAZ RSIM has reached the maximum level of 100% efficiency. BAZNAS Jambi Province is operating at 56.1% efficiency. The average efficiency for the combined zakat institutions is 78.1%.

Keywords: performance, efficiency, national zakat index (NZI), data envelopment analysis (DEA)

INTRODUCTION

Zakat is a potential, strategic, and decisive element of worship for the development of welfare through the mechanism of income distribution. The various values contained within zakat form a strong and rational basis for the empowerment and development of people's lives. Viewed from the context of development, zakat has three main functions. First, when used as a buffer for the state budget, zakat can be used to overcome a state budget deficit. Second, zakat has a role as a social safety and welfare instrument. Third, zakat can be used to develop production in order to boost economic growth. As such, according to Beik (2009), zakat is an instrument of poverty alleviation that is used in order to create social welfare.

According to Muhammad (2002), the existence of zakat institutions is very

important. Before the existence of zakat institutions, zakat was distributed by individuals and had the impact simply to alleviate cost of consumption. Through the existence of zakat institutions, zakat funds are expected to have socio-economic impacts, capable of overcome problem of poverty and encourage development of society. Zakat, as one of the productive economy sources, can thus produce maximum benefits.

Good management of zakat by institutions can mean that zakat, used as an economic instrument, has the power to alleviate poverty, open up jobs, generate income, and encourage economic growth (Muhammad, 2002). The existence of zakat institutions is expected to lead to changes in the conventional system of collection and management of zakat.

Based on the results of research by Bogor Agricultural Institute (IPB), the

National Zakat Amil Agency (BAZNAS) and the Islamic Development Bank explained that the potential amount of national zakat in 2011 reached Rp 217 trillion, while in 2015 it amounted to Rp 280 trillion. These amounts are made up of zakat from households, private industry, state enterprises, and savings. As sourced from the financial statements of BAZNAS, the amount of zakat, infak, and alms collected nationally in 2015 totaled around Rp 4 trillion, or 1.4% of the potential of national zakat. This condition took place in a provincial context, specifically in Jambi. According to Wediawati (2012), Jambi Province, with a GRDP per capita above the national average, has the potential to generate zakat of Rp 35.84 billion/month, or Rp 430 billion/year. In contrast to these potential amounts, however, the actual amount of charity-funds collected in Jambi Province amounted to only Rp 8 billion/year, or equivalent to 1.8% of the total potential of zakat funds that have been calculated.

Based on data from BAZNAS Jambi, about Rp 1.94 billion in ziswaf funds was collected through BAZNAS Jambi in 2012, while this increased in 2016 to Rp 3.03 billion. Thus, there is an increasing tendency for people to pay zakat funds through the zakat institutions. On the other hand, however, the number of zakat institutions (LAZ) operating in Jambi Province has also increased. Up to January 2017, the LAZ that have operated in Jambi Province and been registered, or that are in the process of licensing, through BAZNAS Jambi, are LAZ Rumah Sosial Insan Madani (RSIM), LAZ OPSEZI, LAZ DPU Daarut Tauhid, and LAZ BMH.

The sub-optimal collection and management of zakat by the zakat institutions is reflected in the gap between the potential and actual amounts of zakat that are collected. The collection and management of zakat can be enhanced through performance and efficiency improvements of the zakat institutions. Therefore, it is important to examine the

performance and efficiency of zakat institutions in Jambi.

LITERATURE REVIEW

Zakat is one of the most important socio-economic instruments in Islam. It works as a comprehensive system and was established in the 7th century. It was the first fiscal system in the world and has extraordinary set of rules such as object of zakat and its tariffs, the limits of minimal treasury which does not contain zakat (nishab), and distribution of zakat (Qardawi, 2001).

After the abjectly poor and the poor, the target of zakat is amil. Amil are those who perform zakat activities, ranging from collectors to treasurers and guards, to the accountants who carry out the entry of zakat funds that are distributed for the mustahik (Qardawi, 2001). Hafidhudin (2002) conceptually states, the tasks of amil zakat are to map muzaki and mustahik data collection, carrying out coaching, collecting and receiving zakat, and praying for muzaki when they receive zakat. In addition, the amil is expected to utilize the collected data to create a mustahik and muzaki zakat map, mapping the number, determining the steps to be taken for distribution, and conducting sustainable development.

Organizational Performance and Efficiency

Organizational performance is defined as the ability of an organization to execute tasks in order to achieve its goals in accordance with the ability it possesses and the previously laid out programs, vision, and mission. The concept of performance within the organization concerns whether or not the organization's goals have been met (Mahsun, 2006). According to Rahmatina, in PEBS (2010), from the zakat institution side, there are

four objectives of organizational performance measurement. First, evaluate the performance of zakat institutions. Second, motivate them to improve their professionalism, accountability, and transparency. Third, create conditions that are conducive to community development. Fourth, provide guidance for donors in distributing their funds.

Efficiency is part of the economic concept. The concept of market equilibrium known as The Fundamental Theorem of Welfare Economics suggests a relationship between market balance and the concept of Pareto efficiency. Pareto efficiency, also called allocative efficiency, refers to a condition in which the allocation of goods is considered to be efficient if no one can increase their utility without reducing the utility of others (Karim, 2007).

There are three factors that lead to efficiency. First, the ability to produce a larger output with the same given inputs. Second, producing the same output with smaller amounts of the given inputs. Third, larger amounts of inputs resulting in proportionately greater quantities of output (Hidayat, 2014). According to Hadad et al. (2003), there are several approaches used to define input and output relationships in the measurement of efficiency in the financial industry. These are:

1. The production approach
2. The intermediation approach
3. The asset approach.

The incorporation of performance and efficiency analysis in this study is closely related to previous studies on similar topics regarding the performance of zakat institutions, or the efficiency of intermediary institutions. Akbar (2009) aimed to determine the relative efficiency level of zakat institutions using the Data Envelopment Analysis (DEA) approach. The outputs considered in this study were the amounts of collected and distributed funds. The input variables were personnel

cost, operational cost, and socialization cost. The object of this research was nine zakat institutions, namely BAZNAS, Dompot Dhuafa, Lazis Muhammadiyah, Pos Peduli Umat, Al Falah Social Fund Foundation, Baitul Maal Foundation BRI, BNI, Rumah Zakat Indonesia, and Baitul Maal Muamalat. The approach used by Akbar (2009) to measure efficiency was the production approach, whereby the zakat institutions were assumed to be producers generating pools of funds and distributing them. As such, the results obtained in the study reflected only two aspects of zakat institution efficiency. Based on the input orientation, the sources of inefficiency are the cost of socialization and operational costs.

Lestari (2015) conducted a study on the financial performance efficiency of the East Lombok Region Amil Zakat Agency during the period 2012–2014. The input variables were collected funds, fixed assets, and employee salaries, and the output variables were distributed zakat funds and fixed assets. The use of these variables reveal that the approach used in the research was the intermediation approach, wherein it was assumed that LAZ was distributing the zakat funds to zakat mustahik.

Adnan, in Muhammad (2002) in his research, looked into financial accountability in zakat institutions in the Special Region of Yogyakarta, highlighting a number of factors that make a person willing to pay zakat. These are classified as religious factors such as faith, religious understanding, and reciprocity, and other factors such as social concern, self-satisfaction, and organization. The existence of zakat institutions, viewed from the aspect of their professionalism, seek to improve the quality of their services, such as transparency, socialization, and administration. It is considered that improvements in these areas will increase the preference of respondents to pay zakat to the institution.

RESEARCH METHOD

This study uses both primary and secondary data. The primary data were obtained through questionnaires and interviews with representatives appointed by BAZ and LAZ. The secondary data were obtained through a literature study, internal data covering BAZNAS Jambi and LAZ RSIM in 2015 and 2016 supported by research questionnaires, and other literature. The data used in the efficiency analysis were collected funds, distributed funds, and personnel costs.

The quantitative research used two research methods. The Zakat Institutional Indicator Index in the National Zakat Index (NZI) was used to measure the performance of zakat institutions in Jambi Province, with the Data Envelopment Analysis (DEA) method used to measure the relative efficiency among zakat institutions. The data in this research were obtained using the software DEAP version 2.1 and Microsoft Excel 2007.

Institutional Performance Using the NZI Method

The performance of zakat institutions in this study was measured using the NZI Institutional Indicator Index approach. The institutional indicators have four derived variables, namely aggregation, management, distribution, and reporting. The second stage of calculating the index of each variable was performed using the following formula:

$$I_i = \frac{(S_i - S_{min})}{(S_{max} - S_{min})}$$

Where:

I_i = Index on variable i

S_i = actual score on measurement of variable i

S_{max} = Maximum score

S_{min} = Minimum score.

The resulting index value will be in the range 0.00–1.00. The lower the index value obtained, the worse the performance of the zakat institution. Conversely, the greater the value of the index obtained, the better the performance. A value of 0.00 is the lowest value that can be obtained for the index of institutional indicators of NZI, with 1.00 being the highest.

0.00–0.20: not good performance

0.21–0.40: less good performance

0.41–0.60: fairly good performance

0.61–0.80: good performance

0.81–1.00: very good performance

The third stage involves multiplying the index obtained for each variable with their respective weighting to obtain an index for the indicator. The Institutional Indicator Index can be measured using the following model:

$$X_p = 0.30X_c + 0.20X_m + 0.30X_a + 0.20X_r$$

Where:

X_p = Index of Institutional Indicators

X_c = Index of Variable Collection

X_m = Index of Management Variable

X_a = Index of Distribution Variable

X_r = Index of Reporting Variable.

Measurement of Efficiency through the Data Envelopment Analysis (DEA) Method

DEA method is created to evaluate performance of organizations in this study mentioned as Decision Making Units (DMUs). The relative efficiency of a zakat institution is determined using the intermediation approach with the Constant Returns to Scale (CRS) model to give the efficiency of the distribution and the collection of inputs used. Output-oriented measurements are measured when the number of outputs can be increased proportionally without changing the number of inputs used. While input-oriented measurements are measured if

some inputs can be reduced and still maintain a fixed output value. This analysis is based on evaluating the relative efficiency of comparable DMUs. Furthermore, efficient DMUs will form boundaries. If the DMU is at the forefront then it can be said to be efficient compared to other DMUs in the same peer group. In addition to generating efficient grades from each DMU, DEA also shows units in reference to inefficient units.

$$Efficiency\ of\ DMU_0 = \frac{\sum_{k=1}^p \mu_k \gamma_{kj}}{\sum_{i=1}^m v_i x_{ij}}$$

Where:

DMU = observed unit

p = different outputs

m = different inputs

x_{ij} = the number of inputs i used by DMU

j

y_{kj} = the number of k outputs generated by

DMU j.

DEA is a non-parametric approach method. Therefore, it does not require an initial assumption of a production function. The assumption used is the absence of random error, with inefficiency indicated as deviation from the frontier. This study used the CRS model developed by Charnes, Cooper, and Rhodes (Model CCR) in 1978. This model assumes that the ratio of input and output additions are the same. That is, if there is an additional input of x times, then the output will also increase by the same x times. The approach used in this research is the intermediation approach. Referring to the Zakat Core Principles, the zakat institution is an intermediary institution. Its main function is the collection of zakat funds from muzaki and distributing them to mustahik (Beik et al., 2014).

Table 1. Variables in the Model

Input	Variable	Output	Variable
X1	Personnel Cost	Y1	Distributed Funds
X2	Collected Funds		

Source: Primary data (2017)

The cost of personnel referred to in this study is the cost incurred by zakat institutions to meet salaries, benefits, and incentives. The cost of socialization and promotion in this research covers the costs incurred by the zakat institution in disseminating and promoting its programs, in addition to other forms of activity through mass media, pamphlets, brochures, advertisements, direct socialization, cooperation, and others. Funds are collected in the form of zakat funds deposited by muzaki, which are then distributed in the form of funds allocated through zakat programs implemented by the zakat institutions. In this research, the data are processed using DEAP Version 2.1 and Microsoft Excel 2007.

RESULTS AND DISCUSSION

Performance Analysis of Zakat Institutions

Results of the Performance Measurement for BAZNAS Jambi

The institutional indicators on the National Zakat Index (NZI) describe the performance of zakat management institutions in collecting, managing, and distributing zakat funds and making reports on a regular basis. The performance analysis for BAZNAS Jambi is given below.

Table 2. Measurement of Institutional Performance Variables for BAZNAS Jambi

Numb.	Variable	Actual Condition	Score	Index	Performance
1	Collecting	Growth of zakat funds collected is 7.98%.	2	0.25	Less good
2	Managing	Has a strong program, future strategic future planning and standard operating procedures (SOPs) in its activity, but doesn't have ISO certification.	4	0.75	Good
3	Distributing	Distributing ratio is 59%. Socio-program in consumptive form twice a year. Economy-program just once a year. <i>Dakwah</i> program is 23.51% of funds collected.	3.25	0.56	Fairly good
4	Reporting	Has financial report (not up to standard).	2	0.25	Less good

Source: BAZNAS Jambi (2017)

In the aggregate variable, BAZNAS Jambi has fund growth of 7.98%. The score of 2 means the growth of zakat fund accumulation is in the range 5–9% per year. The results of the index calculations reveal a less good performance.

For the Management variable, BAZNAS Jambi obtained a score of 4, which means that BAZ already has SOPs, an annual work program, and strategic plan related to the program and/or a fundraising target. Based on the score obtained, BAZNAS Jambi obtained an index value of 0.75.

The Distribution variable contains the following derived variables: allocation to collection ratio (ACR), social-consumptive charity program, economy program, and *dakwah* program. The type of economy program envisaged in the research is business capital grants for mustahik businesses, either in the form of capital goods and/or loan capital. In BAZNAS Jambi, the economy program is provided in the form of cash, for its venture capital assistance program, and business capital loans. BAZNAS operates the criterion that a program should be

implemented within 12–15 months. For the *dakwah* program, BAZNAS Jambi scored 5, which means that BAZNAS has distributed more than 10% of its zakat funds to *dakwah* programs. The amount of zakat funds distributed by BAZNAS Jambi for *dakwah* programs amounted to 23.51% of the total amount of zakat funds. For this variable, BAZNAS scored 3.25, with an index value of 0.56, which shows fairly good performance.

The last variable is the Reporting variable. BAZNAS Jambi has financial statements, but they are neither audited nor published. BAZNAS's financial statements are thus not yet in accordance with PSAK. The score for this variable is 2, with the index value calculated as 0.25, thus indicating a less good performance.

Based on the data that were collected and processed, BAZNAS Jambi obtained an index value of 0.44, thus indicating a “Fairly Good Performance” for the zakat institution.

Results of the Performance Measurement LAZ RSIM

The performance measurement results were carried out in accordance with the criteria specified. Based on Table 3, the aggregate variable describes the growth rate of zakat fund accumulation. LAZ RSIM obtained a score of 3 for this variable, which means the growth of zakat funding annually falls within the range 10–14%, with the actual value reaching

11.39%. Based on the score given for this variable, the value of the index obtained is 0.50, which shows that performance is fairly good.

The Management variables in this method show that LAZ RSIM obtained a score of 4, with an index value of 0.75, meaning that the zakat institution already has SOPs, an annual work program, and a strategic plan related to the program, but it does not yet have an ISO certificate.

Table 3. Measurement of Institutional Performance Variables for LAZ RSIM

Numb	Variable	Actual Condition	Score	Index	Performance
1	Collecting	Growth in amount of zakat funds collected of 11.39%.	3	0.50	Fairly good
2	Managing	LAZ has annual work programs, strategic plan related, and standard operation procedures (SOPs), but doesn't have ISO certification.	4	0.75	Good
3	Distributing	Distributing ratio is 100%. A socio-program in consumptive form continues every month. Economy-program is just once a year. <i>Dakwah</i> program accounts for 10% of the funds collected.	4	0.75	Good
4	Reporting	A financial report has been published.	3	0.50	Fairly good

Source: LAZ RSIM (2017)

The Distribution variable comprises the following derived variables: ACR, social/consumptive charity program, economic program, and *dakwah* program. Based on the results obtained, for the criteria of ACR, LAZ RSIM obtained a score of 5, which means the ratio of distribution to the collection was more than or equal to 90%. A social/consumptive program can include the distribution of basic food, health care, and scholarship programs in the form of distributing education funds or the provision of an allowance, or a program whose purpose is to meet the needs of daruriyat. LAZ RSIM obtained a score of 5, which means that the program is run continuously at intervals of less than 3 months. For its economic program criteria,

LAZ RSIM delivers a program within 12–15 months. At LAZ RSIM the implementation of the economic program is an annual plan in the form of a village assistance program. The village program includes villages that are targeted for agricultural and livestock development, and funds are distributed in the form of seeds and livestock assistance. The other derived variable is *dakwah* program, for which LAZ RSIM obtained a score of 4, with the amount of zakat funds distributed for *dakwah* programs ranging from 7.5 to 10%. Overall, this LAZ obtained a score of 4 with an index value of 0.75, thus indicating good performance.

For the calculation of reporting variables based on the criteria of the availability of financial statements that are

published, audited, and with a sharia audit report, LAZ RSIM obtained a score of 3, which means it has already published financial statements but they have not been audited by public accountants, and it does not have a sharia audit report.

Based on the data collected and processed, the institutional index values are obtained according to the Zakat National Index (NZI) method. LAZ RSIM obtained an index value of 0.63, which indicates a “Good Performance” of zakat institutions.

Zakat Institutions Efficiency Measurement

Efficiency was measured using the Data Envelopment Analysis (DEA) method. The efficiency values obtained using DEA

range from 0 to 1. An efficiency of value 1 indicates the most efficient institution in the sample over a period of time, with the efficiency values for other institutions relative to the efficient institution. The closer an institution’s efficiency value is to 0, the more inefficient the institution (Mansyur, 2012).

The DEA method is used to measure and ensure the optimal capacity of a DMU through the use of inputs in generating output. In this case, a DMU will show the condition of increasing returns to scale (IRS), CRS, or decreasing returns to scale (DRS). The efficiency measurements shown in Table 7 are the relative efficiency values for the Jambi zakat institutions obtained through the intermediation approach.

Table 4. Zakat Institutions Efficiency Measurement Results

Zakat Institutions	Efisiensi Penyaluran	Efisiensi Rata-rata	Keterangan
LAZ RSIM	1.000	0.781	-
BAZNAS Jambi	0.561		Irs*

*Irs: Increasing Returns to Scale

Source: Primary Data (2017)

Based on the processed data, BAZNAS Jambi experienced inefficiency. The LAZ RSIM derives an efficiency rating of 1 for zakat fund transfers, which means that on the assumption that zakat institutions are operating at an optimum scale, LAZ RSIM can be said to be relatively efficient in distributing zakat funds. The selection of distributed funds is explained that as an intermediary institution, the task or purpose of the zakat institution is to optimize the distribution of zakat funds. The results of this study show that LAZ RSIM has reached a maximum efficiency level of 100%. BAZNAS Jambi obtained a value of 0.561, thus indicating

the presence of inefficiency of input optimization to produce output. The efficiency level achieved in distributing zakat funds is 56.1%; it therefore has an inefficiency level of 43.9%.

Based on Table 4, BAZNAS Jambi shows a 56.1% distribution efficiency, and thus an inefficiency rate of 43.9%, based on IRS information. IRS explains that with fixed inputs, zakat institutions can still increase their output capacity. This means that BAZNAS Jambi can still increase its fund distribution in order for it to be optimized. This can also be achieved by reducing the causes of inefficiency variables.

Table 5. Source of Inefficiency of BAZNAS Distribution in Jambi

Variabel Penyaluran	Nilai Awal	Nilai Disarankan	Persentase Inefisiensi
Dana Tersalurkan (O)*	1700816831.00	3031013638.00	43.89%

Biaya Personalia (I1)*	523695317.00	344726437.75	(34.4%)
Dana Terhimpun (I2)	3031013638.00	3031013638.00	-

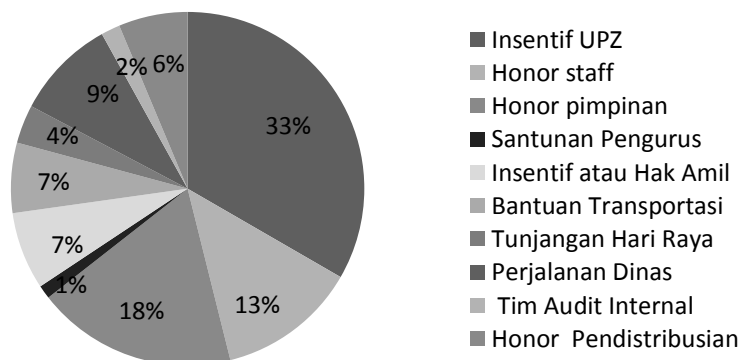
*Inefisiensi

Source: Primary Data (2017)

Based on Table 5, BAZNAS Jambi can improve its efficiency by optimizing its fund distribution. The efficiency achieved by BAZNAS Jambi would be better if its distribution could be increased to 43.89% of the total zakat funds collected in 2016 and exclude the zakat funds from 2015. The source of inefficiency for BAZNAS Jambi is the cost of personnel, representing an inefficiency value of 34.4%. BAZNAS Jambi’s efficiency can be increased by increasing the percentage of fund disbursement by 43.89% and reducing personnel cost, which is made up of a combination of wages, benefits and incentive fees, accounting for 34.4% of the

total funds allocated for amil zakat. Based on these results, cost efficiency needs to be improved.

According to Fig. 1 the largest amil expense item from BAZNAS Jambi was an incentive issued for the zakat collection unit (UPZ). The key differentiator in the cost allocation of personnel/amilin costs between BAZNAS Jambi and LAZ RSIM lies in the incentives given to UPZ. BAZNAS Jambi works in cooperation with UPZ to collect zakat in some agencies. A total of 45 UPZ from various agencies work in cooperation with BAZNAS Jambi. The UPZ incentives in BAZNAS Jambi’s financial recording are included in the amilin portion.



Source : BAZNAS Jambi (2017)

Figure 1. Percentage of Personnel Cost Usage

This incentive is aimed at optimizing the utilization of UPZ functions with the main objective of optimizing and improving the performance of aggregation.

This is due to the main strategy of zakat fund collection in 2016 through increased revenue from agencies, comprising both government and private sector agencies, in addition to BUMN/BUMD. So, the activities undertaken by BAZNAS Jambi to achieve its main goal is to spearhead and establish

UPZ in agencies, government agencies, the private sector, and state-owned/BUMD. The establishment of UPZ for every agency means that BAZNAS Jambi does not allocate large costs for publishing and promotion activities. Comparing the costs for BAZNAS Jambi and LAZ RSIM, it can be seen that BAZNAS Jambi has lower costs than LAZ RSIM. The respective amounts are presented in Table 6 below.

Table 6. Promotion costs

Zakat Institutions	Promotion Cost
LAZ RSIM	45000000
BAZNAS	12150000

Source: Primary Data (2017)

The second-largest expenditure item based on Figure 1 is the honorarium. The leadership of BAZNAS Jambi consists of five people, which is in accordance with the Decree of the Minister of Religious Affairs RI No. 186 year 2016. The leadership team of BAZNAS Jambi comprises a chairman assisted by four representatives. The four representatives are engaged in the collection, distribution, and utilization of funds, financial planning and reporting, and administration and human resources. In the third position, funds' used for payment of BAZNAS Jambi's team of honor/salary, which comprises four staff members.

In economic theory, economic gain is derived from the difference between total revenue and total cost. Lower costs will result in higher economic benefits. Costs can be minimized by combining inputs in order to obtain the lowest-cost combination. The main goal of minimizing costs is to optimize earnings (Nicholson, 2002). So the purpose of cost efficiency in the organization of zakat management is to maximize the distribution of zakat funds.

BAZNAS Jambi could achieve an improvement in its relative efficiency if it were able to reduce input costs in accordance with the percentage of inefficiency and optimize the distribution of its funds. Efficiency can also be achieved by reducing personnel costs. Indeed, even when using fixed-cost input assumptions (the output approach), BAZNAS Jambi still needs to reduce personnel costs. Fundraising can be increased so that there is more optimal distribution of zakat funds.

CONCLUSION AND RECOMMENDATION

Generally, analysis of the performance of zakat institutions in collecting, managing, distributing, and reporting zakat funds reveals a fairly good to good performance. BAZNAS Jambi obtained a performance index value of 0.44, thus indicating fairly good performance, while LAZ RSIM obtained an index score of 0.63, which shows good performance. The variables that indicate sub-optimal performance for each of the zakat institutions are zakat collecting and reporting variables. Zakat funding has not been optimized due to the low growth of zakat funds collected. The reporting variable shows that performance is not optimal due, in general, to unpublished financial statements that are also not audited and are not produced according to the standard. Performance can be optimized by raising the accumulation of zakat funds by 15–19%, or more than 20%, in order to obtain an excellent performance. Transparent and accountable financial reporting is needed. Good reporting can be enhanced by the preparation of standardized, audited, and periodically published financial reports. Increased aggregation can be achieved by fostering public trust through the transparency of financial statements, operational efficiency, and program innovation.

Based on the efficiency analysis performed, LAZ RSIM achieved relative efficiency with a 100% efficiency level, while BAZNAS Jambi recorded an efficiency value of 56.1%. The distribution inefficiency that occurred in BAZNAS Jambi resulted from several factors, such as personnel costs causing input

inefficiency, and distributed funds resulting in inefficiency of output. The zakat institution has not been efficient in managing its costs and needs to improve its efficiency by optimizing the distribution of zakat funds and reducing personnel costs, which in turn will impact

on the performance of the institution. From a macro perspective, there needs to be zakat regulation from the local government in order to accumulate zakat funds to be optimized and for the performance of zakat institutions to be improved.

REFERENCES

- Akbar, N. (2009). Analisis Efisiensi Organisasi Pengelola Zakat Nasional dengan Pendekatan Data Envelopment Analysis. *Jurnal Islamic Finance & Business Review*, 4(2), 760-784.
- BAZNAS Center of Strategic Studies (2016). *National Zakat Index*. Retrived from: <http://puskasbaznas.com/national-zakat-index/nzi/download/72-nzi-2>
- BAZNAS Center of Strategic Studies (2016). *Indonesia Zakat Outlook 2017*. Retrived from: <http://puskasbaznas.com/outlook/indonesia-zakat-outlook-2017/69-outlook-zakat-indonesia-2017-english>
- Beik, I. S. (2009). Analisis Peran Zakat dalam Mengurangi Kemiskinan: Studi Kasus Dompot Dhuafa Republika. *Jurnal Pemikiran dan Gagasan*, 2(1), 1-15.
- Beik, I. S., in Nursechafia, Muljawan, D., Yumanita, D., Fiona, A., & Nazar, J. K. (2014). *Towards an Establishment of Efficient and Sound Zakat System* [Working Group Paper].
- Beik, I. S., & Arsyianti, L. (2016). Measuring Zakat Impact on Poverty and Welfare Using CIBEST Model. *Jurnal Islamic Monetary Economics and Finance*, 1(2), 141-160.
- _____. (2015). *Ekonomi Pembangunan Syariah*. Bogor(ID): IPB Press.
- [BPS] Badan Pusat Statistik (2017). Jumlah Distribusi Pengeluaran, Persentase Penduduk Miskin dan Garis Kemiskinan, 2012-2016. Badan Pusat Statistik, Jakarta
- [BPS] Badan Pusat Statistik. 2017. Jumlah Penduduk Miskin dan garis kemiskinan. PDRB Provinsi Jambi. Pertumbuhan Ekonomi Provinsi Jambi. Badan Pusat Statistik, Jambi
- Coelli, T. J., Rao, D. S. P., O'Donell, C. J., & Battese, G. E. (2005). *An Introduction to Efficiency and Productivity Analysis*. New York, NY: Springer Science + Business Media.
- Firdaus, M., Beik, I. S., Irawan, T., & Juanda, B. (2012). *Economic Estimation and Determinations of Zakat Potential in Indonesia* (IRTI Working Paper Series WP 1433-07, August).
- Hadad, M. D. (2003). Analisis Efisiensi Industri Perbankan Indonesia: Penggunaan Metode Non Parametrik *Data Envelopment Analysis* (DEA). Research Paper no 7/5. Biro Stabilitas Sistem Keuangan Bank Indonesia.
- Hadad, M. D., Hall, M. J. B., Kenjegalieva, K., Santoso, W., Satria, R., & Simper, R. (2008). *Efficiency in Indonesian Banking Recent Evidence*. (WP 2008-08). ISSN 1750-4171.
- Hafidhudin, D. (2002). *Zakat dalam Perekonomian Modern*. Jakarta (ID): Gema Insani.
- Hafidhudin, D., & Rahmat Pramulya. (2008). *Kaya Karena Berzakat*. Jakarta (ID): Raih Asa Sukses
- Hasibuan, S. P. (2008). *Organisasi dan Motivasi*. Jakarta(ID): Bumi Aksara

- Hidayat R. 2014. Efisiensi Perbankan Syariah Teori dan Praktik. Bekasi (ID): Gramata Publishing
- Karim, A., A. (2007). Ekonomi Makro Islam. Jakarta (ID): Raja Grafindo Persada.
- _____. 2007. Ekonomi Mikro Islam. Jakarta (ID): Raja Grafindo Persada.
- Lestari, A. (2015). Efisiensi Kinerja Keuangan Badan Amil Zakat Daerah (BAZDA): Pendekatan Data envelopment Analysis (DEA). *Jurnal Ekonomi dan Studi Pembangunan*, 16(2), 177-187.
- Mahsun, M. 2006. *Pengukuran Kinerja Sektor Publik*. Yogyakarta (ID): BPFY Yogyakarta
- Mansyur, F. 2012. *Analisis Perbandingan Efisiensi BUS dan BUK Di Indonesia Menggunakan Metode SFA*. UIN Sunan Kalijaga Yogyakarta. Research Report.
- Muhammad (2002). *Zakat Profesi: Wacana Pemikiran Zakat dalam Fiqih Kontemporer*. Jakarta (ID): Salemba Diniyah.
- Nicholson, W. (2002). *Mikroekonomi Intermediate dan Aplikasinya*. Jakarta (ID): Erlangga.
- PEBS UI, CID (2009). *Zakat dalam Pembangunan: Era Baru Zakat Menuju Kesejahteraan Umat*. Jakarta: PEBS UI dan CID.
- PEBS UI, IMZ (2010). *Indonesia Zakat Development Report: Menggagas Arsitektur Zakat Indonesia*. Jakarta (ID): PEBS UI dan CID.
- Qardawi Y. 2001. *Hukum Zakat*. Jakarta (ID) : Litera Antarnusa
- Rusydiana, A. S. (2013). Mengukur Tingkat Efisiensi dengan *Data Envelopment Analysis (DEA): Teori dan Aplikasi*. Bogor(ID): Smart Publishing.
- Wahab, N. A, & Rahman R. A. (2012). Efficiency of Zakat Institutions in Malaysia : An Application of Data Envelopment Analysis. *Jurnal Economic Cooperation and Development*, 33(1), 95-112.
- Weddiawati, B. (2012). Revitalisasi Filantropi Islam di Kota Jambi. *Jurnal Penelitian Universitas Jambi*, 14(1), 37-46

Desi Retnowati
Bogor Agricultural University
Indonesia
desiretnowati1995@gmail.com

The Direct and Indirect Effect of Zakat on the Household Consumption of *Mustahik* (A Study of Zakat Recipients from BAZNAS Probolinggo Municipality)

Elok Nurlita and Marlina Ekawaty
Brawijaya University

ABSTRACT

This research aims to analyze the direct and indirect effects of zakat on the household consumption of mustahik. The research adopts a quantitative approach and uses path analysis. Data were obtained from 50 mustahik (zakat recipients) at BAZNAS Probolinggo Municipality using the proportional random sampling method. The results show that zakat and number of household members directly and indirectly affect the household consumption of mustahik. Furthermore, household income as an intermediate variable also affects the household consumption of mustahik, whereas education and age have no effect, either directly or indirectly. The lack of effect of education on consumption can be attributed to the mustahiks' jobs, for which no education/special skills are required; thus, a high level of education does not affect household income and consumption. Similarly, the lack of effect of age on predicted consumption is because many mustahik are not at a productive age and do not work; increasing age does not therefore increase income and consumption.

Keywords: Poverty, Consumptive Zakat, Productive Zakat, Household Consumption

INTRODUCTION

Household consumption is the driving force of the economy in many countries, including in Indonesia. This can be seen by the dominance of household consumption

in the makeup of Indonesia's national income. The contribution ratio of each component of expenditure in Indonesia's 2016 Gross Domestic Product (GDP) can be seen in the following table.

Table 1. Gross Domestic Product by Type of Expenditure at Current Market Prices in 2016

Type of Expenditure	Value (in Billion Rupiahs)	Percentage of GDP
Household Consumption Expenditure	7,009,577.50	56.50
NPISH Consumption Expenditure	144,470.14	1.16
Government Consumption Expenditure	1,172,420.34	9.45
Gross Fixed Capital Formation	4,040,497.83	32.57
Changes in Inventories	214,104.70	1.73
Exports of Goods and Services	2,367,331.78	19.08
Less: Imports of Goods and Services	-2,271,177.86	-18.31
Statistical Discrepancies	-270,414.63	-2.18
Gross Domestic Product	12,406,809.80	100.00

Source: Statistics of Indonesia, 2017 (Processed Data)

Table 1 shows that, compared to other types of expenditure, household consumption accounts for the biggest contribution to the makeup of Indonesia's GDP, reaching 56.50%. Given this large proportion, household consumption has a major impact on the stability of the economy. In contrast to exogenous government consumption, household consumption is endogenous, meaning that it is closely related to the factors that influence it. This means that economic theory and models can be developed to generate an understanding of the relationship between the level of consumption and the factors that influence it (Rahardja & Manurung, 2008). Household consumption is carried out by all households, both rich and poor. The number of poor Indonesians in September 2016 stood at 27,764,320 people (Statistics of Indonesia, 2017). Based on Presidential Decree of the Republic of Indonesia Number 15 Year 2010 on the Acceleration of Poverty Reduction, many programs have been implemented by the government aimed at reducing the number of poor people, including family-based integrated social assistance programs, community empowerment-based poverty eradication programs, poverty reduction programs based on the empowerment of micro and small businesses, and other programs that can either directly or indirectly improve the economic activities and welfare of the poor.

Statistics of Indonesia uses the basic needs approach to measure poverty. In this approach, poverty is defined as an economic inability to meet basic food and non-food needs, as measured by household consumption expenditure. As such, poor people are those with an average monthly per capita expenditure below the poverty line.

In terms of human development, Islam features a specific and important instrument that is designed to tackle poverty, namely zakat, the most important target for which is the poor and needy.

Zakat is a compulsory donation for Muslims, assuming they meet certain criteria. Zakat means purifying your wealth for the will of Allah SWT, with those who are poor and suffering eligible to receive zakat (Hafidhuddin, 2002). Allah says in Surah At-Taubah Verse 60,

“The alms of zakat are only for the poor, the needy, zakat board, those whose hearts are to be reconciled, to free the captives and the debtors, and for the cause of Allah, and the wayfarer; a duty imposed by Allah. Allah is Knower and Wise.” (QS. at-Taubah 9:60)

The giving of zakat is aimed at meeting the basic needs of the poor, the needy, and other *aṣḥnaf* (group). Zakat is considered capable of alleviating poverty as it is a legal means that is legalized by the formation of capital. Capital is derived not only from the processing and utilization of natural resources but can also be redistributed to those who are entitled to receive it out of the wealth of society. Zakat is able to maximize the quality of human resources through the procurement of facilities and infrastructure for the community, increase productivity, and increase public income in general (Amalia & Mahalli, 2012). If zakat is well managed and trustworthy, it will lead to improved welfare of the people, an improved work ethic, and become a means of economic distribution within the society.

The potential of zakat to solve the problem of poverty has yet to be fully realized due to the fact that many Moslems continue to channel funds by means other than through official institutions, which means there is no appropriate form of record-keeping. Moslem society tends to distribute zakat in private so that the zakat received by *mustahik* is used only for the purposes of present consumption and carries no potential for its value to grow over time. The zakat given by *muzakki* (zakat payer) should not only be channeled

as consumptive funds but also in the form of productive funds, such as the provision of venture capital. In this case, zakat management institutions are required to act as an intermediary and to channel some of the wealth of a capable society to those who are in need.

The National Board of Zakat (BAZNAS) is a zakat management agency that was officially established by the government to manage zakat derived from the national, provincial, and municipality/district levels. In addition to managing zakat, BAZNAS manages *infaq*/alms funds. One of the BAZNAS located at the municipality/district level is BAZNAS Probolinggo Municipality. BAZNAS Probolinggo Municipality has officially established and managed zakat and *infaq*/alms since 2012, with an emphasis on performance credibility and management accountability, as well as transparent and accountable financial management. The funds collected in 2016 reached Rp 1,604,059,000 (BAZNAS Probolinggo Municipality, 2016).

Probolinggo Municipality has a very large Moslem population, measured in both absolute numbers and as a percentage, i.e., 215,185 people, or 97% of the population. It therefore has great potential to raise significant levels of zakat funds. The large size of the Moslem population of Probolinggo Municipality and the amount of zakat funds collected by BAZNAS Probolinggo Municipality have the potential to reduce the number of poor. The number of poor people in Probolinggo Municipality in 2015 was 18,370 (Statistics of Probolinggo Municipality, 2016).

Studies have been conducted examining the effect of zakat on consumption. These include research by Pambudi (2013) on the productive zakat recipients from BAZNAS Kebumen District, which showed that productive zakat significantly affects *mustahiks*' income, consumption, saving, and *infaq*. Research conducted by Suprayitno et al. (2013) in Malaysia revealed that the

distribution of zakat has an effect on aggregate consumption; although the effect was very small, it was stated that theoretically, the tendency of consumption *mustahik* is higher than *muzakki*. The small effect of the distribution of zakat on consumption may be due to the use of aggregate consumption data from both Moslems and non-Moslems, while the collected zakat is distributed to meet the needs of Moslems only. These studies analyzed only the direct effect of zakat on consumption, whereas zakat also has an indirect effect on consumption through income. Productive zakat, which is distributed in the form of venture capital, will increase the production factor (capital) in *mustahiks*' businesses, which in turn will increase the *mustahiks*' output and income. Eventually, this increase in income will lead to an increase in *mustahiks*' household consumption.

LITERATURE REVIEW

Consumption Theory

Consumption is defined as any behavior of a person whereby goods and services are used/utilized to meet the needs of his life (Sumar'in, 2013). Consumption expenditure comprises government consumption and household/private consumption, but this discussion covers only household consumption expenditure. Household consumption expenditure is classified as the value of spending that is carried out by households aimed at making purchases to satisfy their various needs within a certain period of time, more commonly referred to in macroeconomic analysis as household consumption (Sukirno, 2011). Rahardja and Manurung (2008) outline the consumption theory as proposed by John Maynard Keynes. This theory is usually termed the Keynesian Consumption Function. According to Keynes, current consumption is affected by current disposable income. This gives the

function of $C = f(Y)$, where consumption is influenced by income but there is also a minimum level of consumption that takes place independently of income. That is, a certain level of consumption must take place even if the income level is equal to 0, which is termed autonomous consumption. If disposable income increases, consumption will also increase, but consumption will not increase at the same rate as disposable income, with consumption increasing by a lesser amount, such that the following equation applies.

$$C = a + bY_d$$

where

C : consumption

a : autonomous consumption

b : marginal propensity to consume (MPC), ($0 \leq b \leq 1$)

Y_d : disposable income.

Furthermore, Rahardja and Manurung (2008) outline several factors that affect household consumption expenditure, such as household income, household wealth, durable consumption amount in society, interest rate, household expectation about the future, government policy to reduce income gaps, the size and composition of the population (age, education, and residence area), and sociocultural factors.

Islamic Consumption Theory

Iqbal (1985) describes the Islamic consumption theory as proposed by Ausaf and Metwally, whereby *mustahiks*' MPC is higher than that of *muzakkis* so that the marginal (and average) propensity to consume and aggregate consumption in an Islamic economy will be higher than in a secular economy. It takes Keynes's consumption function in a secular economy as its starting point: $C_s = a + bY$. In order to arrive at the aggregate consumption function, the population is bifurcated into two groups, i.e., *muzakki*

(zakat payers) and *mustahik* (zakat recipients). The *muzakki* transfer a certain proportion (α) of their income to the *mustahik* due to the compulsory levy of zakat. The consumption function in an Islamic economy therefore becomes:

$$C_1 = a + b(\beta Y - \alpha Y) + \delta[(1 - \beta)Y + \alpha Y]$$

C is the consumption function, which is a function of the income of the *muzakki* and *mustahik*. The *muzakkis*' income is represented in the equation by $(\beta Y - \alpha Y)$, whereby the net *muzakki* income is the amount of the *muzakkis*' income (βY) minus the amount of zakat paid (αY). The *mustahiks*' income is given in the equation as $[(1 - \beta) Y + \alpha Y]$, representing the net *mustahik* income as the *mustahiks*' income $(1 - \beta)Y$ plus the zakat received (αY).

In the equation above, zakat is not treated the same as taxes but rather as a public consumption expenditure for the afterlife, despite the fact that the issued zakat can be useful for the social community. The above consumption equation model uses the Absolute Income Hypothesis model proposed by Metwally. According to this hypothesis, a person's consumption absolutely depends on their current income. This is in line with the existing theory, where a *mustahik*'s consumption is very dependent on the amount of income that is received today (Al-Arif, 2010).

Furthermore, Iqbal (1985) explains the model proposed by Darwish and Zain to correct the technical mistake proposed by Ausaf and Metwally. As such, in order to study the effect of zakat, one should not start with a consumption function like $C = a + bY$ for a capitalist economy and then seek to bifurcate it for the Islamic economy, because in this function "b" represents the MPC of both groups (*muzakki* and *mustahik*). In order to produce a meaningful comparison, one should instead begin with a function such as:

$$C_s = a + c(\beta Y) + d(1 - \beta)Y$$

where c and d are the MPC of the *muzakki* and *mustahik* respectively, so that the corresponding function in an Islamic economy would be:

$$C_I = a + c[\beta Y - \alpha Y] + d[(1 - \beta)Y + \alpha Y]$$

The Role of Zakat in the Economy

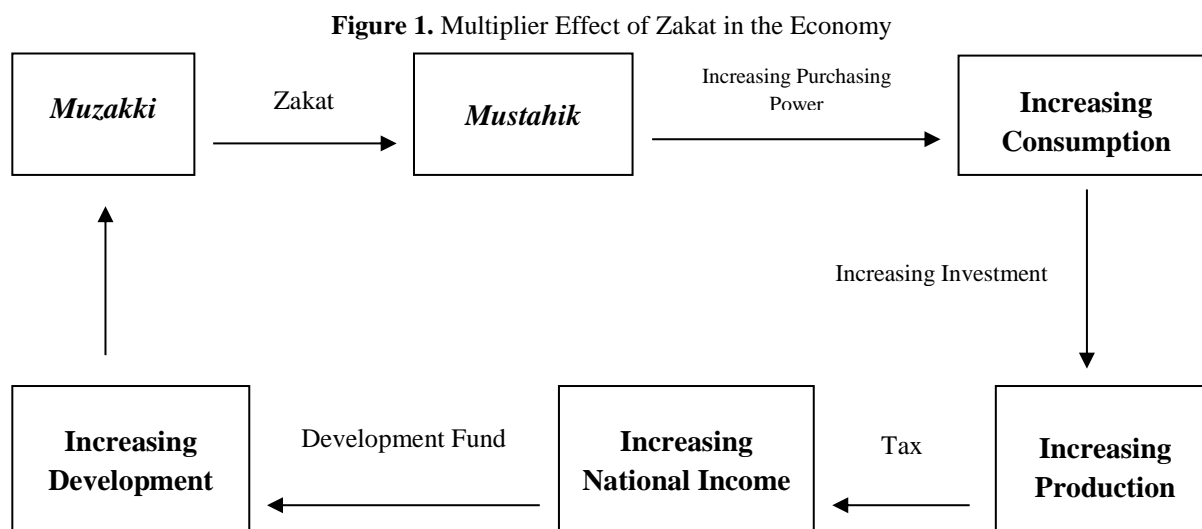
Zakat plays an important role in reducing poverty. This is in line with the word of Allah in the Surah at-Taubah verse 60, where it is stated that the main target of zakat is the poor and needy. The members of this group have an income level less than the amount required to satisfy their needs, or consumption. The poor as a group comprise those who have no property or work; thus, they are unable to meet their basic needs and the basic needs of their dependents, while the needy are those who have property and work but in amounts that are insufficient to meet their own basic needs and those of their dependents.

In the context of microeconomics, zakat is thus a means for these people to meet their needs and to increase *mustahiks'* income. Whereas in the macroeconomic context, zakat constitutes a means of income distribution to eliminate the economic disparities that exist between upper-class and lower-class income economies. If zakat is managed in a systematic and well-organized way, it will produce a significant multiplier effect that leads to an increase in national income due to the acceleration of money circulation in the country's economy (Nasrullah, 2010). This is in line with the provisions of the following verse and hadith.

“The likeness of those who spend their wealth in Allah’s way is as the likeness of a grain which groweth seven ears, in every ear a hundred grain. Allah giveth increase manifold to whom He will. Allah is All-Embracing, All-Knowing.” (Q. al-Baqarah 2:261)

“From Ibn Abbas RA narrated from Rasulullah SAW, he said what he received from his Lord, Allah azza wa jalla. ‘Verily Allah establishes good and evil and then explains it; whoever intends to do good and does not do so, Allah records on His side a perfect goodness. If he intends to do good then he actually does it, God will record by his side ten goodness up to seven hundred times even still doubled again. If he intended to do evil but did not do so Allah recorded it as a goodness. And if he intends to do evil then he actually does it, then Allah only records on His side a vice.’” (Bukhari and Muslim)

The verse and hadith above implicitly illustrate the zakat multiplier effect, which occurs when zakat is given in consumptive form. Consumptive zakat that is given to *mustahik* will increase their purchasing power of the goods/services that constitute their needs. This increased purchasing power of goods/services will in turn affect companies' level of production, the impact of which will be the addition of production capacity, which means the company will take on more manpower. Meanwhile, an increase in production will increase the taxes that companies pay to the state. If state revenues increase, then the state will be able to provide facilities and infrastructure for development and be able to provide public facilities for the community (Al-Arif, 2010).



Source: Al-Arif, 2010

Figure 1 above shows that the payment of zakat can produce a multiplier effect in the economy that ultimately impacts the community indirectly. Zakat that is distributed solely in its consumptive form is able to generate a significant multiplier effect, while that distributed as productive zakat, such as in the form of venture capital or revolving funds, will certainly produce a larger multiplier effect in the economy since productive zakat has a greater effect than zakat in the consumptive form (Nasrullah, 2010). Zakat distributed to people in need will have a proportionately greater effect on aggregate demand owing to the fact that the consumption needs of this group are relatively larger, yet it should also be realized that the strategic role of zakat will nevertheless be realized if Moslems truly believe in and perform zakat correctly. In addition, there should be a strong belief instilled about the importance of zakat obligations, both in order to establish a vertical relationship with Allah SWT and to realize prosperity fairly within community life (Hayati, 2009).

Zakat plays a role in ensuring the wheels of the economy continuously turn and do not stop. Zakat serves as an instrument to overcome the socio-economic problems of lower-class society whose needs must be met in both real time and in the short term. Zakat is a push

factor in improving the condition of society, especially in economic terms, since it is through the distribution of zakat that the welfare growth of the wider society can be realized. If the zakat is well managed, as exemplified by Prophet Muhammad SAW, then it will lead to improvements in the welfare of society, reduce unemployment, and reduce the number of the poor and needy (Khasanah, 2010).

Based on the above explanation, it can be concluded that zakat has an important role in both the micro and macro economy, in both its consumptive and productive forms, as well as for *muzakki* and *mustahik*. Therefore, the professional, trustworthy, and transparent management of zakat needs to be improved and ensured in order to generate improvements to economic development and community welfare.

RESEARCH METHODOLOGY

This research uses a quantitative approach. The data were collected from March to May 2017 in Probolinggo Municipality. The methods used to collect the data were interview, questionnaire, and documentation. The subject of this research is the *mustahik* of BAZNAS Probolinggo Municipality as the main respondents, and

the management of BAZNAS Probolinggo Municipality as the supporting respondents. The population of this study is all BAZNAS Probolinggo Municipality *mustahik* from the poor and needy group, both consumptive and productive zakat recipients, which gives a total of 100 people. The sampling technique used is Proportional Random Sampling. The total sample size required for this research was 50 people, comprising 16 recipients of consumptive zakat and 34 recipients of productive zakat. Path analysis was used to determine the direct and indirect effect of zakat on *mustahiks*' household consumption. Two structural equation models were used in the path analysis: Path I and Path II.

$$Y_1 = a_1X_1 + a_2X_2 + a_3X_3 + a_4X_4 + a_5e_1 \quad (\text{Path I})$$

$$Y_2 = b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5Y_1 + b_6e_2 \quad (\text{Path II})$$

Y_1 : income (household income, in rupiahs)

Y_2 : consumption (household consumption, in rupiahs)

X_1 : zakat received (in rupiahs)

X_2 : number of household members (in persons)

X_3 : education (head of household's education, in years)

X_4 : age (head of household's age, in years)

e_1, e_2 : error

a_{1-4}, b_{1-5} : path coefficients

a_5, b_6 : residual coefficient.

The structural equation model of "Path I" aims to analyze the effect of exogenous variables, i.e., zakat received, number of household members, education, and age, on an intermediate variable, i.e. income. The structural equation model of "Path II" aims to analyze the effect of exogenous variables, i.e., zakat received, number of household members, education, age, and income, on an endogenous

variable, i.e. consumption. The estimation results were analyzed using path analysis assumption tests (normality and linearity test), model validity tests (coefficient of total determination and whole model test), and significance tests (coefficient of determination, F test, and t-test).

RESULTS & DISCUSSION

Overview of BAZNAS Probolinggo Municipality

National Board of Zakat (BAZNAS) Probolinggo Municipality is an institution in charge of collecting, distributing, and utilizing zakat and *infaq/*alms in Probolinggo Municipality. The office of BAZNAS Probolinggo Municipality is located on the second floor of the Islamic Center Building, Basuki Rahmad Street, Probolinggo, East Java.

Based on Law Number 38 Year 1999 on Zakat Management, a small team was formed to complete the regulation on the zakat board that formed the Regional Regulation Draft on Zakat Management so that in 2010, Regional Regulation Number 11 Year 2010 on the Zakat Management could be legalized by the Regional House of Representatives. Following the above regulation, Decree of Probolinggo Mayor Number 188.45/84/KEP/425.012/2011 on the Management of BAZNAS Probolinggo Municipality was issued and became the forerunner to the founding of BAZNAS Probolinggo Municipality. Once the board had been formed, work was undertaken over a period of approximately one year to map the potential of the *muzakki* and *mustahik* in each village and socialization on each Work Unit and at educational institutions. Furthermore, in May 2012, the "Zakat Conscious Movement" was inaugurated by the Probolinggo Mayor (BAZNAS Probolinggo Municipality, 2016).

Estimation Results

With the help of the Statistical Product and Service Solution (SPSS) program, a

summary of the structural equation modeling estimation results for Path I and Path II is shown in the following table:

Table 2. Estimation Results of Path Analysis

Path I				Path II			
Independent Variable	Standardized Coefficients Beta	t	Sig. t	Independent Variable	Standardized Coefficients Beta	t	Sig. t
X ₁	0.263	1.777	0.082**	X ₁	0.193	1.839	0.073**
X ₂	0.367	2.327	0.025*	X ₂	0.554	4.844	0.000*
X ₃	-	-	0.134	X ₃	0.015	0.114	0.910
X ₄	-	-	0.468	X ₄	-	-	0.689
	0.134	0.732		Y ₁	0.051	0.403	0.689
					0.225	2.198	0.033*
Independent Variable: Y ₁				Independent Variable: Y ₂			
F = 3.286; Sig. F = 0.019; R ² = 0.226				F = 15.920; Sig. F = 0.000; R ² = 0.664			

*: Significant at the 0.05 level

** : Significant at the 0.10 level

Source: Data Analysis Results, 2017

Prior to analyzing the estimation results, it is first necessary to test the path analysis assumption.

Path Analysis Assumption Test

Based on one of the basic assumptions of path analysis, the relationship between variables is normal

and linear (Riduwan & Kuncoro, 2011); it is thus necessary to test the normality and linearity when conducting path analysis. A normality test is conducted using the Kolmogorov-Smirnov (K-S) test, while the linearity test is seen from the Sig. value in deviation from linearity. The following table contains a summary of the normality and linearity test results.

Table 3. Results of the Path Analysis Assumption Test

Normality Test			
Path I		Path II	
Asymp. Sig. (2-tailed)	0.166	Asymp. Sig. (2-tailed)	0.971
Linearity Test			
Path I		Path II	
Variable	Sig. Value on Deviation from Linearity	Variable	Sig. Value on Deviation from Linearity
X ₁ with Y ₁	0.796	X ₁ with Y ₂	0.449
X ₂ with Y ₁	0.224	X ₂ with Y ₂	0.557

X_3 with Y_1	0.000	X_3 with Y_2	0.133
X_4 with Y_1	0.772	X_4 with Y_2	0.523
		Y_1 with Y_2	0.157

Source: Data Analysis Results, 2017

Based on the normality test results obtained, the Asymp. Sig. value (2-tailed) for Path I is 0.166 and for Path II is 0.971. These are both higher than the significance level of 0.10 ($\alpha = 10\%$), indicating that the residuals in the Path I and Path II models are normally distributed.

From the linearity test, the Sig. value on Deviation from Linearity is known. In Path I, the Sig. values for the variables X_1 , X_2 , and X_4 with Y_1 are 0.796, 0.224, and 0.772, respectively. The values are all higher than the significance level of 0.10 ($\alpha = 10\%$), thus indicating that the relationship between the variables is linear. The sig. value for variable X_3 with Y_1 is 0.000, which means the relationship between variable X_3 and Y_1 is not linear. It can thus be concluded that the relationship between the exogenous and endogenous

variables of Path I as a whole is linear. In Path II, the Sig. values of variables X_1 , X_2 , X_3 , X_4 , and Y_1 with Y_2 are 0.449, 0.557, 0.133, 0.523, and 0.157, respectively. Each of the Sig. values is higher than the significance level of 0.10 ($\alpha = 10\%$), which means that the relationship between the variables is linear. It can thus be concluded that the relationship between the exogenous and endogenous variables as a whole is linear.

Model Validity Test

The model validity test is seen from two indicators, namely the coefficient of total determination and the whole model test. The results are shown in the following table.

Table 4. Results of the Model Validity Test

Coefficient of Total Determination (R^2_m)	Whole Model Test	
	Q Statistic Value	W Statistic Value
$R^2_m = 1 - (1 - R^2_1)(1 - R^2_2)$	$Q = \frac{1 - R^2_m}{1 - M}$	$W = -(N - d) \ln(Q)$
$R^2_m = 1 - (1 - 0.226)(1 - 0.644)$	$R^2_m = 1 - (1 - R^2_1)(1 - R^2_2)(1 - R^2_p) \rightarrow$ complete model	N = sample d = the number of path coefficients that are not significant or degrees of freedom
$R^2_m = 0.724456$	$M = 1 - (1 - R^2_1)(1 - R^2_2)(1 - R^2_p) \rightarrow$ model after <i>triming</i>	
	$R^2_m = 1 - (1 - 0.226)(1 - 0.644) = 0.724456$	
	$M = 1 - (1 - 0.186)(1 - 0.642) = 0.708588$	$W = -(50 - 4) \ln(0.945548)$ $W = -(50 - 4)(-0.055990)$ $W = 2.575$
	$Q = \frac{1 - 0.724456}{1 - 0.708588} = \frac{0.275544}{0.291412}$	
	$Q = 0.945548$	

Source: Data Analysis Results, 2017

The coefficient of total determination is 0.724456. That is, the

diversity of data that can be explained by the path analysis model, either Path I or

Path II, of 0.724, or the 72.4% variation of consumption variable, can be explained by the variables of zakat received, the number of household members, education, age, and income, while the remainder is explained by other factors not found in the model. The Q statistic value of 0.945 shows a high value since Q is approaching 1; it can thus be said that the model has a high degree of compatibility with the data. The value from the Chi-Square table for 4 degrees of freedom and $\alpha = 10\%$ is 7.78. The W statistic value (2.575) < Chi-Square table (7.78), which means the proposed model fits the empirical data. Based on these results, it can be concluded that the path analysis model, comprising both Path I and Path II, is valid.

Significance Test

A significance test is performed to analyze the effect of exogenous variables on endogenous variables both simultaneously and partially/individually. The basis of the test uses a significance value of 0.1 ($\alpha = 10\%$). The result of the effect of exogenous variables on endogenous variables can be seen in Table 2.

a. Path I (Income as Endogenous Variable)

The simultaneous test (F test) of Path I was conducted to know the effect of zakat received (X_1), number of household members (X_2), education (X_3), and age (X_4) on income (Y_1) simultaneously. The simultaneous effect of X_1 , X_2 , X_3 , and X_4 on Y_1 can be seen from the Sig. F value, which is 0.019, less than the significance value of 0.10. Thus, it can be concluded that zakat received, number of household

members, education, and age simultaneously have a significant effect on income. The coefficient of determination (R^2) value of 0.226 means that the variables of zakat received, number of household members, education, and age can explain the 22.6% change in income variable, while the rest is explained by other factors/variables not discussed in this study. The magnitude of the residual coefficient is $a_5 = \sqrt{1 - 0.226} = 0.879$.

A partial test (t-test) of Path I was conducted to determine the effect of X_1 , X_2 , X_3 , and X_4 on Y_1 individually. The t-test can be seen from each Sig. t value of the independent variables. The partial effect of X_1 on Y_1 is 0.263 with a Sig. t value of 0.082, which is less than the significance value (0.10). The partial effect of X_2 on Y_1 is 0.367 with a Sig. t value of 0.025, which is less than the significance value. The partial effect of X_3 on Y_1 is -0.285 with a Sig. t value of 0.134, which is greater than the significance value. The partial effect of X_4 on Y_1 is -0.134 with a Sig. t value of 0.468, which is greater than the significance value. It can thus be concluded that zakat received and number of household members have a partially significant effect on income, while education and age have no partially significant effect on income.

The above results show that in Path I, X_1 , X_2 , X_3 , and X_4 simultaneously have a significant effect on Y_1 . Partially, there is a path coefficient, which is not significantly affected, that is X_3 and X_4 . Thus, Path I needs to be improved using the trimming method by removing the X_3 and X_4 variables from Equation I and re-estimating without them. The results are shown in the following table.

Table 5. Estimation Results of Path I After the Trimming Method

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	-323127.418	642662.954		-.503	.617
X ₁	1.031	.612	.236	1.685	.099**
X ₂	324083.260	156144.327	.290	2.076	.043*
a. Dependent Variable: Y ₁		F = 5.369	Sig. F = 0.008	R ² = 0.186	

*: Significant at the 0.05 level

** : Significant at the 0.10 level

Source: Data Analysis Results, 2017

Based on the estimation result, the path coefficient value for zakat received is 0.236 and for number of household members is 0.290, with a coefficient of determination of $R^2 = 0.186$; residual coefficient of $a_5 = \sqrt{1 - 0.186} = 0.902$; and Sig. F value of 0.008.

b. Path II (Consumption as Endogenous Variable)

The simultaneous test (F test) of Path II was conducted to determine the effect of zakat received (X₁), number of household members (X₂), education (X₃), age (X₄), and income (Y₁) on consumption (Y₂) simultaneously. The simultaneous effect of X₁, X₂, X₃, X₄, and Y₁ on Y₂ can be seen from the Sig. F value, which is 0.000, thus less than the significance value of 0.10. It can therefore be concluded that zakat received, number of household members, education, age, and income simultaneously have a significant effect on consumption. The coefficient of determination (R²) value of 0.664 means that the variables of zakat received, number of household members, education, age, and income can explain the change of consumption variable of 66.4%, while the rest is explained by other factors/variables not discussed in this study. The size of the residual coefficient is $b_6 = \sqrt{1 - 0.644} = 0.567$.

The partial test (t-test) of Path II was conducted to know the effect of X₁, X₂, X₃, X₄, and Y₁ on Y₂ individually. The t-test can be seen from each Sig. t value of the independent variables. The partial effect of X₁ on Y₂ is 0.193 with a Sig. t value of 0.073, which is less than the significance value (0.10). The partial effect of X₂ on Y₂ is 0.554 with a Sig. t value of 0.000, which is less than the significance value. The partial effect of X₃ on Y₂ is 0.015 with a Sig. t value of 0.910, which is more than the significance value. The partial effect of X₄ on Y₂ is -0.051 with a Sig. t value of 0.689, which is more than the significance value. The partial effect of Y₁ on Y₂ is 0.225 with a Sig. t value of 0.033, which is less than the significance value. It can thus be concluded that zakat received, number of household members, and income have a partially significant effect on consumption, while education and age have no partially significant effect on consumption.

The above results show that in Path II, X₁, X₂, X₃, X₄, and Y₁ simultaneously have a significant effect on Y₂. Partially, there is a path coefficient, which is not significantly affected, that is X₃ and X₄; thus, Path II needs to be improved through the Trimming Method by removing variables X₃ and X₄ from Equation II and re-estimating it without them. The results are shown in the following table.

Table 6. Estimation Results of Path II After the Trimming Method

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	-29781.017	187102.715		-.159	.874
X ₁	.404	.183	.213	2.209	.032*
X ₂	280393.887	47369.758	.580	5.919	.000*
Y ₁	.096	.042	.222	2.265	.028*
a. Dependent Variable: Y ₂		F = 27.437	Sig. F = 0.000	R ² = 0.642	

*: Significant at the 0.05 level

Source: Data Analysis Results, 2017

Based on the estimation result, the path coefficient value for zakat received is 0.213; number of household members is 0.580; and income is 0.222, with coefficient of determination $R^2 = 0.642$; residual coefficient $b_6 = \sqrt{1 - 0.642} = 0.598$; and Sig. F value of 0.000.

The overall structural equation models after the Trimming Method are as follows:

$$\begin{aligned}
 Y_1 &= a_1X_1 + a_2X_2 + a_5e_1 \\
 &= 0.236X_1 + 0.290X_2 + 0.902e_1 \\
 Y_2 &= b_1X_1 + b_2X_2 + b_5Y_1 + b_6e_2 \\
 &= 0.213X_1 + 0.580X_2 + 0.222Y_1 + 0.598e_2
 \end{aligned}$$

Discussion

The coefficient of total determination (R^2_m) value of 0.724456 means that zakat received, number of household members, education, age, and income are able to explain 72.4% of the change in consumption, while the rest is explained by other factors/variables that are not discussed in this study. Simultaneously, zakat received, number of household members, education, age, and income have a positive and significant effect on consumption. Based on the calculation of path analysis, the magnitudes of the direct effect, indirect effect, and total effect of the two path models are summarized in the following table.

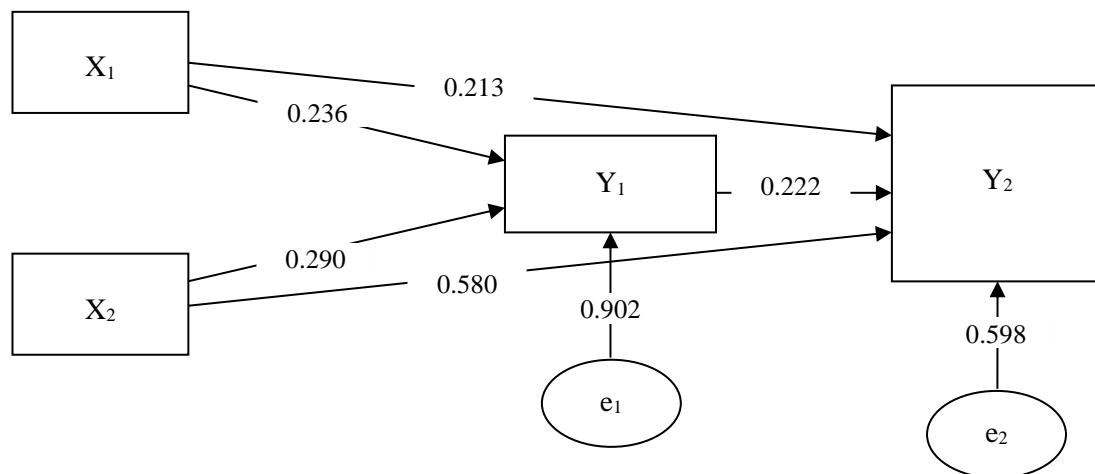
Table 7. Summary of the Direct Effect, Indirect Effect, and Total Effect of the Exogenous Variables on the Endogenous Variables

Variables Effect	Causal Effect			R ²	Residual Coefficient
	Direct	Indirect	Total		
X ₁ on Y ₁	0.236				
X ₂ on Y ₁	0.290				
X ₃ on Y ₁	-	-	-		
X ₄ on Y ₁	-	-	-		
X ₁ and X ₂ on Y ₁				0.186	0.902
X ₁ on Y ₂	0.213	0.236 x 0.222 = 0.052	0.265		
X ₂ on Y ₂	0.580	0.290 x 0.222 = 0.064	0.644		
X ₃ on Y ₂	-	-	-		
X ₄ on Y ₂	-	-	-		
Y ₁ on Y ₂	0.222		0.222		
X ₁ , X ₂ , and Y ₁ on Y ₂				0.642	0.598

Source: Data Analysis Results, 2017

Based on the above table, the overall path diagram can be determined as follows.

Figure 2. Path Diagram



Source: Data Analysis Results, 2017

After analyzing the data, the direct and indirect effect of zakat received, number of household members, education, age, and income on consumption can be interpreted. Income (Y_1) has a significant effect on consumption (Y_2) and the effect is positive. This means that when income rises, consumption will also rise. This result is in accordance with Keynes's Consumption Theory. According to Keynes, consumption is affected by income. As income increases, so too does consumption, although consumption does not increase at the same rate as income. The path coefficient of income on consumption of 0.222 means that if the (standardized) income increases by one standard deviation, on average, the (standardized) consumption increases by about 0.222 standard deviations, *ceteris paribus*.

Zakat received (X_1) has a significant direct and indirect effect on consumption (Y_2) and the effect is positive. This means that if the zakat received by *mustahik* increases, then household consumption will also increase. This result is in accordance with the theory that when the amount of zakat received increases, so consumption will also increase. The path coefficient of zakat received on consumption of 0.213 means that if the (standardized) zakat received increases by one standard deviation, on

average, then the (standardized) consumption increases by about 0.213 standard deviations, *ceteris paribus*. The zakat in this case is channeled for the household consumption of *mustahik* directly (i.e., it is consumptive zakat). Zakat received also has an indirect effect on consumption through income. The path coefficient of zakat received on consumption through income of 0.052 means that if the (standardized) zakat received were to increase by one standard deviation, on average, so the (standardized) consumption would increase by 0.052 standard deviations, *ceteris paribus*. The zakat in this case is channeled for productive purposes (productive zakat), i.e., zakat funds that are used as business capital for *mustahiks* to increase their income. The utilization of zakat for productive business is done when the basic necessity of *mustahik* has been fulfilled. This productive zakat will increase the production factor (capital) in the *mustahik's* business so as to increase output and income, and ultimately this increase in income will increase *mustahiks'* household consumption. Directly and indirectly, the effect of zakat received on consumption is 0.265.

These results indicate that consumptive zakat has a greater effect than productive zakat. This is inversely proportional to the theory that productive

zakat has a greater effect than consumptive zakat. The lower effect of productive zakat compared to consumptive zakat is predicted to be caused by the absence of a mentoring/guidance program by BAZNAS Probolinggo Municipality, meaning that less effective use is made of the productive zakat. Some *mustahik* also make use of productive zakat for instantaneous consumption, some have encountered problems that mean their business activities have not run until now, while others have not utilized the capital goods received due to feeling they are lacking in expertise. Out of 34 *mustahik* recipients of productive zakat, only 19 have business activities that are still running to date.

The number of household members (X_2) has a significant direct and indirect effect on consumption (Y_2) and the effect is positive. This means that if the number of household members increases, then so too will household consumption increase. This result is in accordance with the theory that when the number of household members increases, so too will consumption increase. The path coefficient of the number of household members on consumption of 0.580 means that if the (standardized) number of household members increases by one standard deviation, on average, then the (standardized) consumption increases by about 0.213 standard deviations, *ceteris paribus*. The number of household members also has an indirect effect on consumption through income. The path coefficient of number of household members on consumption through income of 0.064 means that if the (standardized) number of household members increases by one standard deviation, on average, then the (standardized) consumption increases by 0.064 standard deviations, *ceteris paribus*. Directly and indirectly, the effect of number of household members on consumption is 0.644.

Education (X_3) has no significant effect, either directly or indirectly, on consumption (Y_2). This means that a high

level of head of household education does not produce any difference in household consumption. This result is inversely proportional to the theory that the higher a person's education, the greater their consumption. The reason for the absence of an education effect on consumption can be attributed to the *mustahiks'* jobs. Most of them (44%) work as small traders, where there is no requirement for special education/skills such as that demanded in a profession such as doctor, teacher, architect, or other expert; as such, a high level of education has no effect on the household's income and consumption.

Age (X_4) has no significant effect, either directly or indirectly, on consumption (Y_2). This means that the increasing age of the head of household does not affect household consumption. According to the consumption theory in the Life Cycle Hypothesis, one's consumption pattern is divided into three periods. The first period is from 0 years of age to a certain age, when the person has not been able to generate his own income. This period is characterized as a period of dissaving (when the individual is partaking in consumption activities but is not generating any income). The second period is when someone is working (and thus generating his own income) until the time he no longer works, during which time he is partaking in some saving activity. The last period is when a person is in old age and is no longer able to generate his own income, thus making it another period of dissaving (Sudarman & Algifari, 1992). Based on the data from the research results, it is known that 18% of the *mustahik* are at an unproductive age (> 64 years), while a further 18% of *mustahik* do not work. According to the theory, when a person is in old age (not productive) and cannot afford to generate their own income, they are thus dissaving as their level of consumption decreases. In this period a person's income and consumption do not increase in line with their age.

CONCLUSION

Based on the data analysis, results, and discussion, it can be concluded that zakat received and number of household members both directly and indirectly affect the household consumption of *mustahik*. In addition, household income as an intermediate variable also affects the household consumption of *mustahik*, whereas the education and age of the head of household does not affect the household consumption of *mustahik*, either directly or indirectly. Based on these conclusions, some recommendations can be put forward, such as it is to be expected that BAZNAS Probolinggo Municipality runs its empowerment programs through productive zakat. Furthermore, a mentoring/coaching program needs to be carried out at least every three months in order to identify the progress/constraints in *mustahiks'* businesses. Mentoring/coaching needs to be implemented so that the use of zakat is channeled more effectively so as to provide greater benefits for *mustahik*. BAZNAS Probolinggo Municipality is expected to accommodate the *mustahiks'* needs related to their business activities, i.e., by providing production factors such as capital, productive goods (equipment/machinery), and skills. In this case, entrepreneurship training is needed to improve the *mustahiks'* skills. BAZNAS Probolinggo Municipality is expected to use the zakat and *infaq*/alms received effectively and efficiently so that the funds can provide great benefits for *mustahik* in particular and for the economy in general. Given that the independent/exogenous variables in this research are variables that affect consumption, it is hoped that the results of the research can be used as a reference for other researchers to further develop the area of study by considering other variables that have not been discussed in this study.

REFERENCES

- Al-Arif, M. N. R. (2010). Efek pengganda zakat serta implikasinya terhadap program pengentasan kemiskinan. *Jurnal Ekbisi Fakultas Syariah UIN Sunan Kalijaga Yogyakarta*, 5(1), 42–49.
- Amalia, A., & Mahalli, K. (2012). Potensi dan peranan zakat dalam mengentaskan kemiskinan di Kota Medan. *Jurnal Ekonomi dan Keuangan*, 1(1), 70–87.
- BAZNAS Probolinggo Municipality (2016). *Profil BAZNAS Kota Probolinggo*. Probolinggo: BAZNAS Probolinggo Municipality.
- Hafidhuddin, D. (2002). *Zakat dalam Perekonomian Modern*. Jakarta: Gema Insani Press.
- Hayati, M. (2009). Peran strategis zakat dalam fungsi kebijakan politik ekonomi di Indonesia. *Jurnal TAPIS*, 5(10), 37–52.
- Iqbal, M. (1985). Zakah, moderation and aggregate consumption in an Islamic economy. *Journal Research Islamic Economics*, 3(1), 45–61.
- Khasanah, U. (2010). *Manajemen Zakat Modern: Instrumen Pemberdayaan Ekonomi Umat*. Malang: UIN-Maliki Press.
- Nasrullah, M. (2010). Peran zakat sebagai pendorong multiplier ekonomi. *Jurnal Hukum Islam*, 8(1), 108–119.
- Pambudi, H. A. (2013). Peranan zakat produktif dalam pemberdayaan masyarakat miskin (studi kasus pada Badan Amil Zakat (BAZ) Kabupaten Kebumen). *Fokus Bisnis: Media Pengkajian Manajemen dan Akuntansi*, 12(2), 70–82.
- Peraturan Presiden Republik Indonesia Nomor 15 Tahun 2010 tentang Percepatan Penanggulangan Kemiskinan*. 2010. Retrieved from

- www.bpkp.go.id/uu/filedownload/5/4/1834.bpkp
- Qur an, 2 (261).
Qur an, 9 (60).
- Rahardja, P., & Manurung, M. (2008). *Pengantar Ilmu Ekonomi: Mikroekonomi dan Makroekonomi* (edisi ketiga). Jakarta: Lembaga Penerbit Fakultas Ekonomi Universitas Indonesia.
- Riduwan, O., & Kuncoro, E. A. (2011). *Cara Mudah Menggunakan dan Memaknai Path Analysis (Analisis Jalur)*. Bandung: Alfabeta.
- Statistics of Indonesia (2017). *Kemiskinan*. Retrieved from <https://www.bps.go.id/subjek/view/id/23>
- Statistics of Indonesia (2017). *Statistical Yearbook of Indonesia*, Jakarta: Statistics of Indonesia.
- Statistics of Probolinggo Municipality (2016). *Kota Probolinggo dalam Angka*. Probolinggo: Statistics of Probolinggo Municipality.
- Sudarman, A., & Algifari (1992). *Ekonomi Mikro-Makro: Teori, Soal, dan Jawaban* (Edisi kedua). Yogyakarta: BPFE UGM.
- Sukirno, S. (2011). *Makroekonomi Teori Pengantar* (edisi ketiga). Jakarta: PT RajaGrafindo Persada.
- Sumar'in, S. (2013). *Ekonomi Islam: Sebuah Pendekatan Ekonomi Mikro Perspektif Islam*. Yogyakarta: Graha Ilmu.
- Suprayitno, E., Kader, R. A., & Harun, A. (2013). The impact of zakat on aggregate consumption in Malaysia. *Journal of Islamic Economics, Banking and Finance*, 9(1), 39–62.

Elok Nurlita
Brawijaya University
Indonesia
elok.nurlita@gmail.com

Marlina Ekawaty
Brawijaya University
Indonesia

Analysis of BAZNAS Tangerang District Performance

Rahma Suryaningtyas
Bogor Agricultural University

ABSTRACT

Zakat has a significant role in the field of economics, as well as having social and moral implications and alleviating poverty. There is a huge gap, however, between targeted zakat collection, which reached Rp 20 billion, and actual zakat collection, which equals Rp 2 billion in 2017. This research was carried out in order to evaluate the performance of BAZNAS Tangerang District. The purposive sampling technique was used in this research. The analytical method used was the National Zakat Index (NZI) with a method of calculation known as the Multi-Stage Weighted Index, which measured zakat performance based on macro and micro dimensions. The results of the assessment of the NZI of Tangerang District is 0.60 that showed a fairly good condition based on classification of zakat performance. This research provides recommends for BAZNAS Tangerang District to improve its performance.

Keywords: BAZNAS Performance, NZI, Tangerang District, Zakat

INTRODUCTION

Zakat is an obligatory act for every Muslim. The command to provide *zakat* is firmly demonstrated in the Al-Qur'an, where the word '*Zakat*' is mentioned 30 times, 27 instances of which are mentioned along with the word '*shalat*' (Shiddieqy, 2005). *Zakat* funds collected from *muzaki* (the *zakat* provider) will later be distributed to eight groups of *mustahik* (*zakat* receiver) according to Al-Qur'an, Surat At-Taubah verse 60.

For Muslims, *zakat* is an instrument through which to carry out an economic and moral task (Multifiah, 2010). *Zakat* has a role in three areas: economics, society, and morality. In the field of economics, *zakat* is considered to be an income distribution instrument between the poor and the rich, so that wealth is not accumulated within one group only. Within society, *zakat* is able to develop people's sense of responsibility to help each other. In the area of morality, *zakat* plays the role of cleansing one's

heart from ungenerous, because *zakat* develops a sense of sharing and purifies the wealth of *muzaki* in order to obtain *ridho* from Allah based on the wealth that they own (Multifiah, 2010).

Zakat also plays a significant role in reducing the problem of poverty. Poverty is a problem faced by every developing country. According to Beik (2009), many government policies have tried to address the issue of poverty, but such policies have not been well established, and they require an alternative government instrument. Some of these alternative instruments are *zakat*, *infaq*, and *shadaqah*. *Infaq* is disbursement for benefit interest. *Infaq* does not have nisab (the minimum amount for a Muslim net worth to be obligated to give *zakat*), (El-Bantanie, 2009). *Shadaqah* is giving movable or immovable goods, which will soon run out whether it is used or not, to another person or legal entity, such as foundation or the like, without compensation and conditions, but simply to please God and expect his reward on the day of Judgement (A. Roihan A. Rashid, 2001)

Indonesia is the largest Muslim-majority country in the world. Indonesia's Muslim population is approximately 87.18 percent of its total population (BPS, 2010). This leads to a greater opportunity for *zakat* collection in Indonesia compared to other countries. The study on *Badan Amil Zakat Nasional* (BAZNAS) that was coordinated with the Faculty of Economics and Management Bogor Agricultural University (FEM-IPB) showed that the total potential collection of *zakat* at the national level is 217 trillion rupiahs (Firdaus et al., 2011).

This high figure for the potential collection of *zakat* needs to be managed wisely in order to alleviating poverty of society. One way to do this is to establish a *Zakat* institution. *Zakat* management through a *zakat* institution has certain strengths compared to the individual *zakat* provider: 1) *Zakat* payment discipline; 2) the avoidance of the feeling of inferiority on the part of the *mustahik* when there is direct contact with the *muzaki*; 3) the attainment of efficiency, effectiveness, and the precise targeting of *zakat* utilization; and 4) the promotion of syiar Islam within the organization of government in accordance with Islamic goals (Qadir, 1998).

Zakat fund collection at the national level is increasing every year, even though its figure has not yet reached the potential collection of *zakat*. In the last five years, national *zakat* collection has increased approximately 20 percent per year on average. The *zakat* fund collected in 2016 was measured at 4.42 trillion rupiahs (Wibisono, 2016). This collected *zakat* fund was only 1.54 percent of its potential value. Therefore, the evaluation of *zakat* institution performance is required in order to optimize *zakat*'s potential.

Tangerang District has the largest population in Banten Province: 3,370,594 in 2015. With the largest Muslim population, Tangerang District also has the highest *zakat* fund collection target, which

is approximately 20 billion rupiahs every year. The actual collected *zakat* fund, however, is only 2 billion rupiahs per year (Tangsel Pos, 2016), which is only 10 percent of the potential value.

Zakat is one of the solutions to poverty alleviation in Tangerang District. The main goal of *zakat* is to solve several crucial problems in society such as poverty, unemployment, natural disaster, debt, and income inequality (Qardhawi, 1988). Research that observed *mustahik* households that had received *zakat* funds from *dompet dhuafa* (one of the *zakat* institutions in Indonesia) showed that *zakat* fund distribution helped to decrease the number of households living below the poverty line by about 10 percent (Beik, 2009). *Zakat* fund collection targets should be optimized in order to decrease the poverty rate in Tangerang District.

In general, this research aims to identify the performance of BAZNAS Tangerang District as an official *zakat* institution in order to assess and evaluate the operation of the institution and to recommend several strategic steps to optimize the performance of *zakat* management. The *zakat* management performance evaluation is based on the measurement of the National *zakat* Index (NZI). NZI is an index that was arranged by the research team at the Center of Strategic Studies BAZNAS and is a composite index for measuring the condition and growth of *zakat* at the national level (Puskas BAZNAS, 2016).

LITERATURE REVIEW

According to Qardawi (1988), the word *Zakat* has its root in 'zaka' which connotes blessedness growth, cleanliness, and goodness. Based on a fiqh term, *Zakat* is the amount of wealth that is obliged to be given to a certain recipient within a certain time. From many verses of the Qur'an and Hadiths about *Zakat*, fiqh scholars have determined several benefits arising from

Zakat (Dahlan et al., 2003): 1) it protects the wealth of the rich from the desire to rob that is caused by the social gap; 2) it helps the poor; 3) it cleanses one’s heart of miserliness; 4) it cleanses wealth obtained in illegal ways; and 5) it demonstrates gratitude for Allah’s blessings.

Zakat incorporates *hikmah* and benefits that hugely impact a person’s faith, as well as social and economic aspects. Accordingly, *zakat* is an alternative method for solving several socio-economic problems.

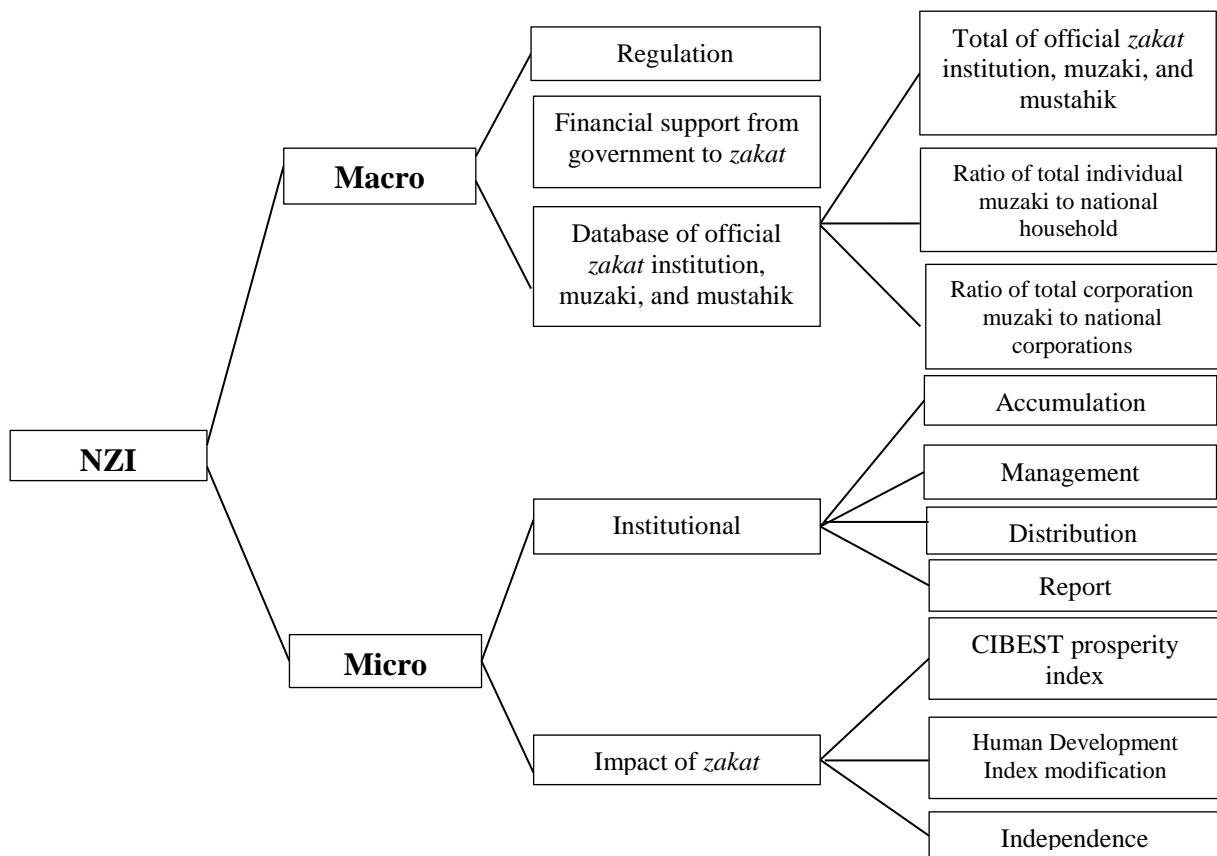
Strategic Studies BAZNAS is a composite index for measuring the condition and growth of national *zakat*. NZI was expected to be an indicator that demonstrated the significance of *zakat*’s role to *mustahik* and provided an illustration of the stage of *zakat* institution development, either through internal institutions, society participation, or government support (Puskas BAZNAS, 2016).

NZI components are generally formed by macro and micro dimensions, as seen in Figure 1. The macro dimension was reflected by the aggregate role of government and society contributions to *zakat* institution development. The micro dimension was reflected by the perspectives of the *zakat* institution and *Zakat* receivers or *mustahik* (Puskas BAZNAS, 2016).

METHODOLOGY

National Zakat Index (NZI)

The National *Zakat* Index (NZI) developed by the research team at the Center of



Source: Puskas BAZNAS (2016)

Figure 1. Components of National *Zakat* Index (NZI)

The analysis tool used in this study was the National *Zakat* Index (NZI) and an estimation method with the Multi-Stage Weighted Index. This method combined several weighting steps for every component of the index, consisting of dimensions, indicators, and variables. The estimation method was divided into several steps (Puskas BAZNAS, 2016).

The estimation method of is with the Multi-Stage Weighted Index, **the first step** involved scoring with a likert scale by using a score range from 1 to 5, with 1 for the worst condition and 5 for the best condition about zakat management of BAZNAS Tangerang District. This scoring was made for all variables in this index. The macro dimension used three indicators: regulation, government financial support, and the database of the official *zakat* institution, *muzaki*, and *mustahik*. The database of the official *zakat* institution was then divided into total of official *zakat* institution, individual *muzaki* ratio, and firm *muzaki* ratio. The micro dimension used two indicators: *zakat* institution performance and the impact of *zakat* upon *mustahik*. *Zakat* institution performance was divided into four specific variables: accumulation, management, distribution, and reporting. The impact of *zakat* was represented by five variables: the impact of *zakat* on economic, spiritual, education, health, and independence aspects.

The second step was the measurement of index according to every variable. The formulation of this step is provided below:

$$I_i = \frac{S_i - S_{\min}}{S_{\max} - S_{\min}}$$

Definitions:

- I_i : Index of variable i
- S_i : Actual score on variable measurement
- S_{\max} : Maximal score
- S_{\min} : Minimal score

The third step involved multiplying the index of every variable by its weighting value to obtain the index value of the indicator. The indicators for regulation and government budget did not require certain measurements because they had no detailed variables, whilst other indicators needed to be divided into several variables with certain measurements.

a. Index of *Zakat* Institution Database

$$X_{13} = 0.33X_{131} + 0.33X_{132} + 0.33X_{133}$$

Definitions:

- X_{13} : Index of *zakat* institution database
- X_{131} : Index of total of official *zakat* institution variable
- X_{132} : Index of ratio of individual *muzaki* to total household variable
- X_{133} : Index of ratio of corporation *muzaki* to total corporation variable

b. Index of Institutional Indicator

$$X_{21} = 0.30X_{211} + 0.20X_{212} + 0.30X_{213} + 0.20X_{214}$$

Definitions:

- X_{21} : Index of institutional indicator
- X_{211} : Index of collections variable
- X_{212} : Index of management variable
- X_{213} : Index of distribution variable
- X_{214} : Index of report variable

c. Index of *Zakat* Impact Indicator

$$X_{22} = 0.40X_{221} + 0.40X_{222} + 0.20X_{223}$$

Definitions:

- X_{22} : Index of *zakat* impact indicator
- X_{221} : Index of CIBEST prosperity variable (material and spiritual)
- X_{222} : Index of education and health variable (HDI modification)
- X_{223} : Index of autonomy variable

The fourth step was multiplying the index of every indicator by its weighting value to obtain the index of micro and macro dimensions.

A. Index of Macro Dimension

$$X_1 = 0.30X_{11} + 0.40X_{12} + 0.30X_{13}$$

Definitions:

- X₁ : Index of macro dimension
- X₁₁ : Index of regulation indicator
- X₁₂ : Index of government’s financial support indicator
- X₁₃ : Index of zakat institution database indicator

B. Index of Micro Dimension

$$X_2 = 0.40X_{21} + 0.60X_{22}$$

Definitions:

- X₂ : Index of micro dimension
- X₂₁ : Index of institutional indicator
- X₂₂ : Index of zakat impact indicator

The fifth step involved multiplying the index of every dimension by its weighting value to obtain the National Zakat Index by using this formulation:

$$IZN = 0.40X_1 + 0.60X_2$$

Definitions:

- IZN : National Zakat Index
- X₁ : Macro dimension
- X₂ : Micro dimension

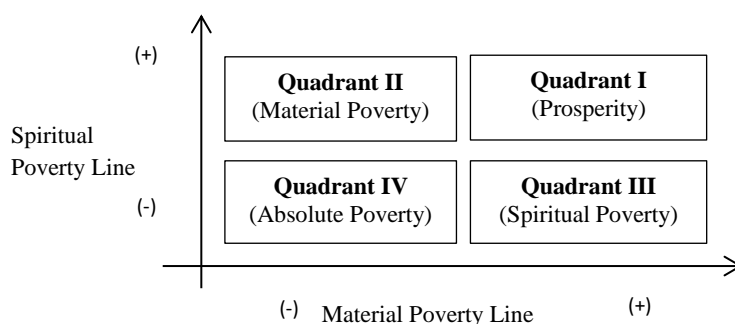
The result of the index value would be a score between 0.00 and 1.00. The valuation scale of the National Zakat Index organizes zakat performance into five classifications, as seen in Table 1.

Table 1. Classification of Zakat Performance

Score	Criteria
0.81–1.00	Very Good
0.61–0.80	Good
0.41–0.60	Fairly Good
0.21–0.40	Less Good
0.00–0.20	Not Good

CIBEST Prosperity Index

The Center of Islamic Business and Economic Studies (CIBEST) Model, or CIBEST index, was developed by Beik and Arsyianti (2015). The development of the index was based on the CIBEST quadrant of the following four areas: prosperity, spiritual poverty, material poverty, and absolute poverty.



Source: Beik and Arsyianti (2015)
Figure 2. CIBEST Quadrant

The CIBEST (Center For Islamic Bisnis and Economic Studies) index measured the number of people in each

quadrant and the implications for government policy. The focused ‘needs’ that required measurement were material

and spiritual needs. Within the CIBEST concept, the analysis unit used was household/family. This was based on the concept that the family is a unit and thus has to be measured as an intact unit. Within the CIBEST concept, household/family was divided into six sub-groups: head of family; working adult; non-working adult (> 18 years old); teenagers (14–18 years old); children (7–13 years old); and children 6 years old or younger.

Human Development Index Modification

The Human Development Index (HDI) explains how people are able to access development facilities in order to obtain income, health, education, etc. The HDI was introduced by the United Nations Development Programme (UNDP) in 1990 and published periodically in the yearly report, the Human Development Report (HDR). The HDI was formulated from three basic dimensions: a long and healthy life, knowledge, and a decent standard of living.

HDI measurement uses a new method that is based on the life expectancy at birth, expected years of schooling and mean years of schooling, and income per capita (BPS 2014). The HDI modifications that were measured in this research were health and education.

$$\text{HDI} = \sqrt{I_{\text{health}} \times I_{\text{education}}} \times 100$$

Definitions:

HDI : Human Development Index

I_{health} : Health Index

$I_{\text{education}}$: Education Index

To measure the attainment of inter-region HDI, this research utilized the HDI grouping in several categories:

Table 2. HDI categories

HDI Value	Criteria
0–60	Low HDI
61–70	Medium HDI
71–80	High HDI
81–100	Very High HDI

Source: Modifikasi BPS (2014)

RESULTS AND DISCUSSION

BAZNAS Tangerang District is an official *zakat* institution in Tangerang District. The management of *zakat*, *infaq* and *shadaqah* in Tangerang District was based on the Region Act Number 24 2004. The vision of BAZNAS Tangerang District is to create a society that is aware of *zakat* and to decrease social inequality. Regarding this vision, BAZNAS Tangerang District develop the following goals 1) optimization of *Zakat*, *infaq*, and *shadaqah* (ZIS) collection and utilization in accordance with sharia principles; 2) an increase in *muzaki* awareness through BAZNAS and a minimization of the social inequality experienced by *mustahik*; and 3) the realization of *ibadah ijtima'iyah* (society), which is based on *ukhuwah Islamiyah* for the prosperity of *umat*. BAZNAS Tangerang District also has a motto for its daily operations: “BAZNAS towards individual shaleh and social shaleh.”

The evaluation results of BAZNAS Tangerang District's performance, based on the National *Zakat* Index, are demonstrated below.

Macro Dimension

The components of the macro dimension of the measurement of NZI consisted of three indicators: regulation, government financial support, and the *zakat* institution's database. The *zakat* institution's database indicator is explained in detail by several variables that consist of the number of official institutions that

issue *zakat*, *muzaki*, *mustahik*, individual *muzaki* ratio, and firm *muzaki* ratio.

The measurement of the macro dimension index began with the scoring of each variable that formed the macro dimension (Table 3).

The scoring was based on the actual condition of *zakat* management in BAZNAS Tangerang District. After the score was obtained, the measurement of every variable and indicator's index value was able to be carried out.

Table 3. Likert Scale Scoring of Variables that Constitute the Macro Dimension

Indicator	Variable	Actual Condition	Score*
Regulation (X ₁₁)	Regulation	Tangerang District has regional legislation regarding <i>zakat</i> , which is Regional Act Number 24 2004.	5
Government financial support (X ₁₂)	Government financial support	In 2016, the government financial support to operational cost ratio was approximately 0.76 percent.	5
<i>Zakat</i> institution's database (X ₁₃)	The number of official institutions that issue <i>zakat</i> , <i>muzaki</i> and <i>mustahik</i> (X ₁₃₁)	BAZNAS Tangerang District currently has no database of the number of official institutions that issue <i>zakat</i> , <i>muzaki</i> , and <i>mustahik</i> in every institution.	1
	Individual <i>muzaki</i> ratio (X ₁₃₂)	The ratio of registered individual <i>muzaki</i> to total households in Tangerang District was only approximately 0.012 percent.	1
	Firm <i>muzaki</i> ratio (X ₁₃₃)	The ratio of registered firm <i>muzaki</i> to total firms in Tangerang District was approximately only 0.82 percent.	1

Source: Secondary Data (2017)

a. Regulation

The operation of *zakat* in Tangerang District is based on Regional Act Number 24 2004 regarding *zakat*, infaq, and shadaqah (ZIS) management in Tangerang District. The act was developed for the implementation of Act Number 38 Year of 1999 regarding *zakat* management. Regional Act Number 24 2004 consists of 11 chapters and 24 sections that explain the rules of ZIS management in Tangerang District.

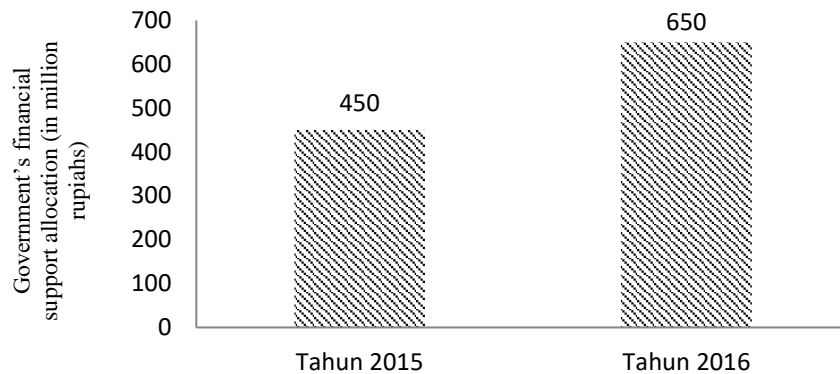
The regulation variable obtained 5 in the scoring because there was already a regional act for the operation of *zakat* in Tangerang District. This demonstrated the government's support for the operation and development of *zakat*. After obtaining the variable score of 5, the index was able to be measured. The result of the

measurement was 1. This means that the performance of BAZNAS Tangerang District based on the regulation was considered to be very good. The index, which was 1, then needed to be multiplied by its weighting value, which was 0.30. Therefore, the indicator index value obtained was 0.30.

b. Government Financial Support

In 2016, the government's financial support allocation for BAZNAS Tangerang District's operational costs was approximately 650 million rupiahs. This number increased from 2015, when it was only 450 million rupiahs. This means that the increase in the budget was 200 million rupiahs. The budget allocation was used to pay for electricity, the internet, incentives for BAZNAS employees, etc. The changes

to budget allocation for BAZNAS operational costs is presented in Figure 3.



Source: Tangerang District Office's Archive (2017)

Figure 3. Allocation of Government Financial Support for BAZNAS Tangerang District

Based on the budget plan that was coordinated by BAZNAS, the cost of BAZNAS operations for *Zakat* management was approximately 850 million rupiahs. The ratio of government financial support allocation to BAZNAS operational costs was approximately 76 percent. This ratio exceeds 75 percent and made the variable score 5. Based on the score, the variable index value was considered to be 1. The weighting value of this indicator was 0.04. The variable index value was then multiplied by its weighting value, resulting in an indicator index value of 0.04.

c. Zakat Institution Database

The *Zakat* institution database indicator was categorized into the number of official *Zakat* institutions, *muzaki* and *mustahik*; the individual *muzaki* ratio; and the firm *muzaki* ratio.

- *The number of official institutions that issue zakat, muzaki and mustahik variable index*

The variable for the number of official *Zakat* institutions, *muzaki* and *mustahik* obtained a score of 1 because BAZNAS Tangerang District has no database on the number of official institutions that issue *zakat*, *muzaki* and *mustahik*. The only

database owned by BAZNAS was on the *zakat* Collector Unit (ZCU) in 29 sub-districts, as an effort to help *zakat* collection and distribution. *zakat* institutions in Tangerang District have not officially registered their names with BAZNAS Tangerang District. Therefore, this variable scores 1, and the index value is 0. These numbers show that there was no database on the number of official *Zakat* institutions, *muzaki* and *mustahik* owned by BAZNAS Tangerang District, demonstrating a lack of *Zakat* institution data collection in Tangerang District.

- *Individual muzaki ratio index*

The individual *muzaki* ratio score is 1 because the ratio of registered individual *muzaki* to the number of households in Tangerang District was only 0.012 percent, which was less than 1 percent. The number of individual *muzaki* registered in BAZNAS Tangerang District was only 100 people out of 827,015 households. This variable index value was 0, which demonstrated that the number of individual *muzaki* registered in BAZNAS Tangerang District was considered low.

- *Firm muzaki ratio index*

The firm *muzaki* ratio variable obtained a score of 1 because the number of registered firm *muzaki* to the total number of firms in Tangerang District was only 0.82 percent. Registered firm *muzaki* in BAZNAS Tangerang district numbered only 40 out of the total 4,883 firms in Tangerang District. The value of this

variable index was 0, demonstrating that the performance of BAZNAS Tangerang District based on the registered firm *muzaki* ratio was considered to be not good.

The measurement result of the macro index value with regards to its variable, indicator, and macro dimension is shown in Table 4.

Table 4. Index Value of Each Variable and Indicator of Macro Dimension

Dimension	Index Value	Indicator	Index Value	Variable	Index Value
Macro	0.70	Regulation (X ₁₁)	1.00	Regulation	1
		Government financial support (X ₁₂)	1.00	APBD Support	1
		Zakat institution database (X ₁₃)	0	The number of official <i>zakat</i> institutions (X ₁₃₁)	0
				Individual <i>muzaki</i> ratio (X ₁₃₂)	0
Firm <i>muzaki</i> ratio (X ₁₃₃)	0				

Source: Secondary data (2017)

The macro dimension index value was 0.70, which means that the performance of BAZNAS Tangerang District in macro terms was considered to be good. The result shows that the government of Tangerang District has provided good support to increase the quality of *zakat* management.

Micro Dimension

Micro dimension components consist of two indicators: the institutional indicator and the *zakat* impact indicator. The measurement of the micro dimension index value begins with the scoring of every variable in the micro dimension (Table 5).

Table 5. Likert Scale Coring on the Variables of Micro Dimension

Indicator	Variable	Actual Condition	Score*
Institutional (X ₂₁)	Collection (X ₂₁₁)	<i>Zakat</i> fund collection's growth in BAZNAS Tangerang District from 2015 to 2016 was 14.12 percent	4
	Management (X ₂₁₂)	BAZNAS Tangerang District has a Standard Operational Procedure (SOP), strategic planning, and an annual working program.	4
	Distribution (X ₂₁₃)	BAZNAS Tangerang District is able to distribute <i>Zakat</i> funds to <i>mustahik</i> . The Allocation to Collection Ratio (ACR) of BAZNAS Tangerang District is 100 percent. BAZNAS have several times to distribution <i>zakat</i> funds. Distribution for the social (consumptive) program in the sixth month, distribution for economy (productive) program was less than six months, and there was separated allocation for the <i>dakwah</i> program of about 0.7 percent.	4
<i>Zakat</i> Impact (X ₂₂)	Reporting (X ₂₁₄)	BAZNAS Tangerang District's financial report was not audited.	2
	Material and spiritual prosperity (CIBEST prosperity index) (X ₂₂₁)	CIBEST prosperity index is 0.51.	3

Education and health (HDI modification) (X ₂₂₂)	HDI modification value is 34 percent.	2
Autonomy (X ₂₂₃)	Autonomy value is 2.45 ≈ 2.	2

Source: Primary and Secondary Data (2017)

a. Institutional Indicator

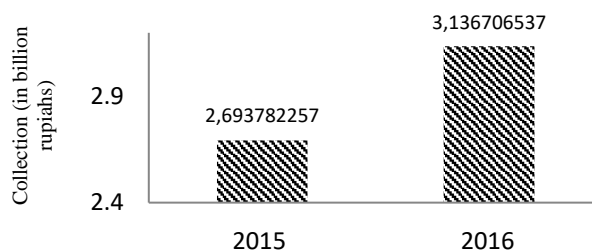
The institutional indicator consisted of several variables: collection, management, distribution, and reporting.

- Collection index

The score for the collection variable was 4 because the growth of Zakat fund collection increased by

approximately 14.12 percent from 2015 to 2016.

Collected Zakat funds in 2015 were approximately 2,693,782,257 rupiahs and increased in 2016 to approximately 442,294,280 rupiahs. Zakat funds were collected through Zakat Collector Unit (ZCU) that existed in 29 sub-districts in Tangerang District or through direct collection from the muzaki to BAZNAS Tangerang District.



Source: BAZNAS Tangerang District Office’s Archive (2017)

Figure 4. Zakat Fund Collection of BAZNAS Tangerang District (2015–2016)

Based on the obtained score, the collection variable index value was 0.75, which means that Zakat fund collection in Tangerang District was considered good.

- Management variable index value

The management variable score was 4 because BAZNAS Tangerang District had a Standard Operational Procedure (SOP), strategic planning, and an annual working program. The management variable index value was 0.75, which means that the Zakat fund management of BAZNAS Tangerang District was considered good.

- Distribution Index

The distribution variable score was also 4 because BAZNAS

Tangerang District’s ACR was 100 percent. This means that the total collected Zakat fund in 2015, 2,693,782,257 rupiahs, was fully distributed in 2016. Zakat fund distribution for the social (consumptive) program called ‘Indonesia Peduli’ was carried out in the sixth month, while Zakat fund distribution for the economy program (productive) was carried out for less than six months. The latter program took place in March, June, and September. BAZNAS Tangerang District also had separate allocation for the dakwah program, approximately 20 million rupiahs, which was approximately 0.7 percent of the total Zakat fund. The distribution variable index value was 0.75, which means that the

management of *Zakat* funds in BAZNAS Tangerang District was considered good.

- *Reporting index*

The reporting variable score was 2 because BAZNAS Tangerang District's financial report was not audited. The financial report was only internally audited. The reporting variable index value was 0.25, which means that the *Zakat* fund financial report in BAZNAS Tangerang District was considered less good.

The values of the index variables above were processed in order to obtain an overall institutional index. The overall institutional index obtained from the measurement was 0.65. This means that, institutionally, BAZNAS Tangerang District was considered good.

b. Zakat Impact Indicator

The *Zakat* impact indicator consisted of several variables: material and spiritual prosperity (CIBEST prosperity index), education and health (HDI modification), and autonomy. The scoring of the variables was obtained from direct interviews using a questionnaire, with 100 respondents. All of the respondents were

mustahik who received *Zakat* funds from BAZNAS Tangerang District in 2016. Respondents were divided based on gender, age, education, occupation, and the number of people under their responsibility.

- *CIBEST prosperity index*

The CIBEST prosperity index measurement is based on the material and spiritual wealth of *mustahik*. Table 6 shows that the number of households in quadrant I or considered to be materially and spiritually prosperous was 50. The average income of this group was 2,680,900 rupiahs and the average spiritual score was 3.92. After receiving *Zakat* funds, the number of households in this group increased to 69. The average income of this group was 2,965,683 rupiahs and the average spiritual score was 3.93, meaning that the CIBEST prosperity index of this group was 0.69. The increase in the number of households in quadrant I is 19 households, meaning that *Zakat* has the ability to bring about greater prosperity for approximately 19 percent of households. The CIBEST prosperity index value was 0.69, with a score of 4.

Table 6. *Mustahik* Household Classification based on CIBEST Prosperity Index

No.	Quadrant	Before <i>Zakat</i>			After <i>Zakat</i>		
		Spiritual score average	Average income	Number of households	Spiritual score average	Average income	Number of households
1.	Quadrant I (Prosperity)	3.92	2,680,900	50	3.93	2,965,683	69
2.	Quadrant II (Material Poverty)	3.83	542,500	36	3.93	759,250	20
3.	Quadrant III (Spiritual Poverty)	3	1,937,500	8	3	2,106,250	8
4.	Quadrant IV (Absolute Poverty)	3	921,667	6	3	1,300,000	3

Source: Primary Data (2017)

The CIBEST prosperity index value of 0.75 means that *mustahik* prosperity in Tangerang District was considered good.

- *Human Development Index results*

The concept of human development is a development process that aims for the better availability of income, health, and education. Human development as an overall performance measurement is formed from three basic dimensions, including a long and healthy life, knowledge, and a decent standard of living. Each dimension has its own indicator (BPS 2014).

The *mustahik* life expectancy value was 0.33, which means that the average life expectancy of a baby born in was approximately 33 percent with the ability to live until the age of 33. The field research, however, implies that many people who survived lived until the age of 60. From 100 *mustahik* respondents, the number of 28-year-old heads of the family was one, with three heads of family aged 32 and two heads of family aged 33.

The education index is one of the human resource qualities that represents the knowledge dimension of the HDI. The indicators used to measure the education index were mean years of schooling and expected years of schooling. Based on those two indicators, the HDI value was 0.34.

The education and health index measurement for *mustahik* households using the HDI modification resulted in an index value of 0.34, or 34 percent. This result scored 2, which was considered low. The overall HDI modification index value was 0.25, which means that human development from the perspective of education and health was considered less good.

- *Autonomy*

The autonomy variable index score was 2 because the average *mustahik* household in Tangerang District had unstable employment. The score was decided based on the average score of jobs and savings of the *mustahik* household, which was 2.45. The autonomy variable index value was 0.25, which means that the employment and savings of *mustahik* households in Tangerang District was considered less good.

Each value of the variable index determined the overall *zakat* impact indicator. The overall value of the *zakat* impact indicator was 0.45.

Each value of the variable index that represented micro dimensions determined the overall value. The results of the measurement are demonstrated in Table 7. The measurement of this indicator was based on the formula below:

$$\begin{aligned} X_1 &= 0.40X_{21} + 0.60X_{22} \\ &= 0.40(0.65) + 0.60(0.45) \\ &= 0.53 \end{aligned}$$

The micro dimension index value was 0.53, which means that the performance of BAZNAS Tangerang District from the micro dimension perspective was considered fairly good. The result needs to be maintained and even improved because *zakat* is an alternative instrument for poverty alleviation. Well-managed *zakat* will be able to have a positive impact for *mustahik* so that they will be more financially independent and able to transform into *muzaki*, which means a decrease in the number of households living below the poverty line.

Table 7. The value of variables and indicators of micro dimensions

Dimension	Index Value	Indicator	Index Value	Variable	Index Value
Micro	0.53	Institutional (X ₂₁)	0.65	Collection (X ₂₁₁)	0.75
				Management (X ₂₁₂)	0.75
				Distribution (X ₂₁₃)	0.75
				Reporting (X ₂₁₄)	0.25
		Zakat Impact (X ₂₂)	0.45	Spiritual and material prosperity (CIBEST prosperity index) (X ₂₂₁)	0.75
				Education and health (HDI modification) (X ₂₂₂)	0.25
				Autonomy (X ₂₂₃)	0.25

Source: Primary and secondary data (2017)

National Zakat Index (NZI)

The NZI was obtained from the measurement of macro and micro dimension indicator values. Based on the measurement, the NZI value is shown below:

$$\begin{aligned} \text{NZI} &= 0.40X_1 + 0.60X_2 \\ &= 0.40(0.70) + 0.60(0.53) \\ &= 0.60 \end{aligned}$$

The NZI value of 0.60 means that BAZNAS Tangerang District performance was considered fairly good, although there were still many aspects that needed to be fixed and improved. The overall performance of *zakat* management needs to be optimized in order to reach its targets. One of the targets regarding *zakat* is that *zakat* fund collection reaches 20 billion rupiahs annually. The NZI result provides an evaluation reference for BAZNAS Tangerang District to improve their *zakat* performance.

The evaluation of BAZNAS Tangerang District's performance was seen in the scoring of each NZI variable that is in accordance with the actual condition. The macro dimension consisted of these variables: regulation, government financial support, the number of official *zakat* institutions, *muzaki* and *mustahik*, individual *muzaki* ratio, and firm *muzaki* ratio. Regulation regarding *zakat* management in Tangerang District was reflected in Regional Act Number 24

2004. The existence of the act demonstrated government support through an increase in the performance of *zakat* management in Tangerang District. This aspect of *zakat* performance needs to be maintained and improved in many ways through adaptation to the current condition of *zakat* management, without neglecting the principles of sharia. The government's financial support allocation for BAZNAS Tangerang District is another form of government support that demonstrated an optimization of *zakat* management performance, so that *zakat* funds were focused on the prosperity of *mustahik*. Government financial support allocation for *zakat* management was considered very good and should be maintained and improved, so that the operational cost is fully covered by the budget allocation.

The number of official *zakat* institutions, *muzaki* and *mustahik* in Tangerang District was not recorded and registered in BAZNAS Tangerang District. It is recommended that BAZNAS Tangerang District develops a registration mechanism for *zakat* institutions, *muzaki* and *mustahik* in Tangerang District in order to perform further coordination of *Zakat* fund management. The number of individual *muzaki* registered in BAZNAS Tangerang District was slight, as was the number of firm *muzaki*. Based on this fact, more intensive publication and socialization of *zakat* is urgently needed to increase the awareness of *muzaki* regarding the obligatory aspect of *zakat*

payment. It must be noted, however, that the achieved performance needs to be maintained so that it will not cause a higher publication cost that directly reduces the allocation of *zakat* funds for *mustahik*.

The micro dimension consisted of these variables: collection, management, distribution, reporting, material and spiritual prosperity, education and health, and autonomy. *zakat* fund collection in Tangerang District did not attain the target: The *zakat* fund collection target for every year is approximately 20 billion rupiahs but the actual collection every year is approximately 2 billion rupiahs. This demonstrates that a more proactive effort in collecting *zakat* funds is needed. *Zakat* institutions need to actively approach *muzaki* to raise their awareness, provide them with a good service when they are in the process of paying *zakat*, and provide transparent reporting of *zakat* fund utilization. These methods need to be applied to increase the trust of *muzaki*.

Zakat management performance was considered fairly good through the existence of *zakat* management's Standard Operational Procedure, strategic planning, and annual working program. *Zakat* management will be optimizable if there is ISO certification or quality management so that trust will increase between *zakat* institutions and *muzaki*. *zakat* distribution in Tangerang District was considered fairly good because *zakat* institutions were able to distribute 100 percent of collected funds to *mustahik*. The financial reporting of the *zakat* institution was considered less good because it was not externally audited and only internal audits were performed. This was also considered less good because the institution had no periodic report publication or sharia audit report. This fact needs to be evaluated and revised so that BAZNAS management reporting will be improved. Material and spiritual prosperity, education and health, and the autonomy of *mustahik* were considered less good. This fact shows that a coaching

program and controls are needed for *mustahik*. A coaching program is needed to increase the financial independence of *mustahik* and to increase their ibadah. The main goal of the *zakat* management program is to eventually transform *mustahik* into *muzaki*. Overall, BAZNAS Tangerang District was considered fairly good in managing *zakat* funds based on the measurement of NZI.

CONCLUSIONS AND RECOMMENDATIONS

The index measurement results of the macro dimension was 0.70, which means that BAZNAS Tangerang District performance in the macro dimension was considered good. The index value for the micro dimension was 0.53, which means that BAZNAS Tangerang District performance in the micro dimension was considered fairly good. The NZI value for Tangerang District was 0.60, which means that, overall, *zakat* management performance was considered fairly good.

Based on the NZI measurement of each dimension, BAZNAS Tangerang District's performance from the macro dimension perspective was considered good. The government needs to provide support for *zakat* management through the allocation of financial support for *zakat* management operations. BAZNAS Tangerang District was expected to arrange a registration mechanism for *zakat* institutions, *muzaki* and *mustahik* in order to complete the database and generate further coordination between *zakat* fund collection and distribution.

The index measurement result for the micro dimension shows that the performance of *zakat* management was considered fairly good. However, the performance needs to be improved through more proactive publication and socialization about *zakat*. In addition, a coaching program also needs to be developed for *mustahik* in Tangerang

District, in order to increase their financial independence and spiritual condition.

REFERENCES

- A. Roihan A. Rasyid. (2001). *Hukum Acara Peradilan Agama*. Jakarta (ID): Rajawali Pers.
- Abdullah, Yusop, dan Awang. (2012). A technical Note on the Derivation of Zakat Effectiveness Index (ZEIN). *International Journal of Economics, Management, and Accounting* 20(2), 75–86.
- Aedy, Hasan. (2015). Measuring The Quality of Zakat Management of Government-Endorsed Bodies. *International Journal of Science and Research (IJSR)* 4(8), 2047–2051.
- An-Nabhani, T. (1996). *Membangun Sistem Ekonomi Alternatif*. Surabaya (ID): Risalah Gusti.
- Arafat, Nur. (2015). *Implementasi Peraturan Daerah No 02 Tahun 2008 tentang Pengelolaan Zakat pada Tahun 2012–2014 (Studi pada Badan Amil Zakat Daerah/BAZDA Kota Bekasi)* [thesis]. Bandung (ID): Universitas Padjajaran.
- [Bappenas] Badan Perencanaan Pembangunan Nasional. (1993). *Indikator Kemiskinan di Indonesia*.
- BAZNAS Kabupaten Tangerang. (2014). *Program Kerja BAZNAS Tahun 2014*. Tangerang (ID).
- Beik I. S. (2009). Analisis Peran Zakat Dalam Mengurangi Kemiskinan: Studi Kasus Dompot Dhuafa Republika. *Zakat and Empowering Vol II*.
- Beik I. S. dan Arsyianti. (2016). *Ekonomi Pembangunan Syariah: Edisi Revisi*. Jakarta (ID): RajaGrafindo Persada.
- Beik I. S. dan Pratama. (2016). *Zakat Impact on Poverty and Welfare of Mustahik: A CIBEST Model Approach*. *AFEBI Islamic Finance and Economic Review* 1(01), 1–12.
- [BPS] Badan Pusat Statistik Kabupaten Tangerang. *Kabupaten Tangerang dalam angka tahun 2016* [internet]. [diunduh 2017 Maret 15]. Retrieved from <https://tangerangkab.bps.go.id/>
- [BPS] Badan Pusat Statistik. *Kewarganegaraan, Suku Bangsa, Agama, dan Bahasa Sehari-Hari Penduduk Indonesia Hasil Sensus Penduduk 2010* [internet]. [diunduh 2017 April 12]. Retrieved from http://demografi.bps.go.id/phpfiletree/bahan/kumpulan_tugas_mobilisasi_pak_chotib/Kelompok_1/Referensi/BPS_kewarganegaraan_sukubangsa_agama_bahasa_2010.pdf.
- [BPS] Badan Pusat Statistik Provinsi Banten. *Garis Kemiskinan Menurut Kabupaten/Kota* [internet]. [diunduh 2017 April 3]. Retrieved from <https://banten.bps.go.id/>
- [BPS] Badan Pusat Statistik. *Indeks Pembangunan Manusia 2014*. [internet]. [diunduh 2017 April 12]. Retrieved from <http://ipm.bps.go.id/>
- Dahlan et al. (2003). *Ensiklopedi Hukum Islam*. Jakarta (ID): Ichtisar Baru Van Hoeve.
- DEKS Bank Indonesia. (2016). *Wakaf: Pengaturan dan Tata Kelola yang Efektif*. Jakarta (ID): Departemen Ekonomi dan Keuangan Syariah Bank Indonesia.
- [DEPAG] Departemen Agama Republik Indonesia. (1995). *Al-Qur'an dan Terjemahannya*. Yayasan Penerjemah Al-Qur'an, Semarang.
- Dompot Dhuafa. (2016). *Yuk Simak! Pengelolaan Zakat di Zaman Rasulullah SAW*. [internet]. [diunduh 2017 Mei 8]. Retrieved from <https://www.dompetdhuafa.org/post/detail/1869/yuk-simak--pengelolaan-Zakat-di-zaman-rasulullah-saw>.

- El-Bantanie, M.S. (2009). *Zakat Infaq dan Shadaqah*. Bandung (ID). PT. Salamadani Pustaka Semesta.
- Firdaus, Beik, I. S., & Irawan, dan Juanda. (2012). *Economic Estimation and Determinations of Zakat Potential in Indonesia*. IRTI Working Papers.
- Hafidhuddin, D. (2002). *Zakat dalam perekonomian modern*. Jakarta (ID): Gema Insani.
- Juanda B. (2009). *Metodologi Penelitian Ekonomi dan Bisnis*. Bogor (ID). IPB Pr.
- Kementrian Agama, R. I. (2013). *Standarisasi Amil Zakat di Indonesia*. Jakarta.
- Mintarti et al. (2012). *Indonesia Zakat and Development Report 2012*. Jakarta (ID): IMZ.
- Multifiah. (2011). *ZIS untuk Kesejahteraan Ummat*. Malang (ID): Universitas Brawijaya Press (UB Press).
- Murniati R, & Beik, I. S. (2014). Pengaruh Zakat Terhadap Indeks Pembangunan Manusia dan Tingkat Kemiskinan *Mustahik*: Studi Kasus Pendayagunaan BAZNAS Kota Bogor. *Jurnal Al-Muzara'ah* 2(2),131–146.
- Noor et al. (2015). Efficiency of Islamic Institutions: Empirical Evidence of Zakat Organizations' Performance in Malaysia. *Journal of Economics, Business, and Management* 3(2), 283–286.
- Nurzaman, M. S. (2016). Evaluating the Impact of Productive Based Zakat in the Perspective of Human Development Index: A Comparative Analysis. *Kyoto Bulletin of Islamic Area Studies*, 42–62.
- Pramanik, A. H. (1993). *Development and Distribution in Islam*. Petaling Jaya: Pelanduk Publications.
- Pramanik, A. H. (1998). *Poverty from Multidimensional Perspectives: A Micro Level Study of Seven Malaysian Kampung (Villages)*. Kuala Lumpur (MY): Cahaya Pantai.
- Puskas BAZNAS. (2016). *Indeks Zakat Nasional*. [internet]. [diunduh pada 2017 Maret 5]. Retrieved from http://www.puskasbaznas.com/images/nzi/Indeks%20Zakat%20Nasional_PUSKASBAZNAS.pdf.
- Qadir, A. (1998). *Zakat dalam Dimensi Mahdah dan Sosial*. Jakarta (ID): Raja Grafindo Persada.
- Qardhawi, Yusuf. (1988). *Hukum Zakat*. Jakarta (ID): Pustaka Litera AntarNusa.
- Qardhawi, Yusuf. (2005). *Spektrum Zakat dalam Membangun Ekonomi Kerakyatan*. Jakarta (ID): Zikrul Hakim.
- Saf, Muhammad Abduh. (2015). Efektivitas Pelaksanaan Perda Pengelolaan Zakat di Kota Mojokerto dan Kabupaten Sidoarjo. *Al-Daulah: Jurnal Hukum dan Perundangan Islam* 5(2), 312–332.
- Shiddieqy. (2005). *Pedoman Zakat*. Semarang (ID): Pustaka Rizki Putra.
- Suharto, E. (2009). *Kemiskinan dan Perlindungan Sosial di Indonesia: Menggagas Model Jaminan Sosial Universal Bidang Kesehatan*. Bandung: Alfabeta.
- Syahyuti. (2014). *Mau ini Apa itu? "Komparasi Konsep, Teori, dan pendekatan dalam Pembangunan Pertanian dan Pedesaan: (125 versus 125)"*. Jakarta (ID): Amplitudo Media Science.
- Tangsel Pos. (2016). *Hilang, Potensi Zakat Rp 20 Miliar*. [internet]. [diunduh 2017 April 3]. Retrieved from <http://tangselpos.co.id/2016/08/05/hilangpotensi-Zakat-rp-20-miliar/>
- UNDESA. (2012). *Revision. World Population Prospects. Population Division Database. Detailed Indicators*. [diunduh 2013 Juni 14].

Retrieved from
<http://esa.un.org/unpd/wpp/unpp/>
<http://hdr.undp.org/en/69206>
Wibisono, Y. (2016). *Potensi Zakat Nasional: Peluang dan Tantangan Pengelolaan disampaikan pada Seminar Nasional Zakat 2016*. Retrieved from
[http://www.puskasbaznas.com/images/ppt/Panel-1_Yusuf Wibisono.pdf](http://www.puskasbaznas.com/images/ppt/Panel-1_Yusuf_Wibisono.pdf)
Rahma Suryaningtyas
Bogor Agricultural University
Indonesia
rahmasuryaningtyas05@gmail.com

Performance Analysis of Zakat Practices in Pati Regency (Case Study: The National Board of Zakat [BAZNAS] Pati Regency, Indonesia)

Fitriani

Bogor Agricultural University

ABSTRACT

A crucial problem faced by Indonesia is its high poverty rate. One of the redistribution instruments that can be used to reduce poverty is zakat. The zakat potential of Pati Regency, Indonesia in 2016 was approximately Rp 20 billion, but the funds collected only amounted to around 9 percent of this figure (Rp 1.8 billion). This statistic shows that the management of zakat is not optimized, both in terms of its collection and distribution. This study aims to evaluate the performance of zakat practices, and the influence of zakat on the welfare of mustahik (recipients of zakat) in Pati Regency, Indonesia. The research was conducted by means of a survey of 100 households of mustahik and interviews. The sampling method that used in this research was purposive sampling technique. Analysis of the result was undertaken using by National Zakat Index (NZI) and Muti-Stage Weight Index Method. The result of this research show that the performance of zakat practices in Pati Regency is in the "less good" category with an index value of 0.392.

Keywords: Poverty, National Zakat Index, Performance of Zakat Practices

INTRODUCTION

The poverty rate in Pati Regency, Indonesia is quite high. Based on BPS data, in 2015 in Pati Regency, 147,100 people or about 11.95 percent of its populations were poor. One of the instruments that can be used to reduce poverty is zakat. In the *fiqh* context zakat is defined as a certain amount of wealth that Allah requires the owner to hand over to those who are entitled to receive it (Qardawi, 2011). In addition, zakat not only serves to help the *mustahik* (recipient of zakat) economy, but also becomes a counterweight instrument in the national economic sector. In the long run, the main purpose of zakat is to transform the *mustahik* into *muzakki*, those who pay zakat (Beik, 2009).

The National Board of Zakat (BAZNAS) Pati Regency is one of the official zakat management organization in

Pati Regency. In 2016, BAZNAS Pati Regency managed to raise funds amounting to Rp 1.8 billion. However, the amount is equivalent to only 9 percent of the zakat potential of the Pati Regency. According to Kaprodi Management Zakat dan Wakaf Institut Pesantren Mathali'ul Falah (IPMAFA), Dr. Jamal Ma'mur Asmani, who is also the vice chairman PCNU Pati, the zakat potential of Pati Regency is around Rp 20 billion. This estimation is based on BPS data from 2015, which showed that the population of Pati Regency amounted to 1,232,912 people, with a Muslim population of 1,200,656 people or about 97 percent. It is evident that there is a gap between the zakat funds that have accumulated and the zakat potential. This indicated that the management of zakat is not yet optimal, in terms of both the collection and distribution of zakat. In order to measure the zakat performance in this region, an

indicator is needed. The zakat performance indicator used in this study is the National Zakat Index (NZI). Thus, this research aims to assess and evaluate the performance of zakat practices in Pati Regency by using the NZI.

LITERATURE REVIEW

Shabri (2011) conducted a study with the aim of evaluating the performance of Regional Amil Zakat Agency (BAZDA) and Amil Zakat Institution (LAZ) in West Sumatera Province, with regard to the managing of zakat funds, based on 2010 data. The study employed the prime performance measurement method proposed in the Indonesian Zakat and Development Report (IZDR) 2011, which includes five components of measurement, namely: 1) Sharia compliance performance, legality and institution, 2) management performance, 3) financial performance, 4) economic empowerment performance, and 5) social legitimacy performance. The performance of these two institutions were then compared and the significance of the difference was measured using U test or Mann Whitney U test. The test result indicated a significant difference between the performance of BAZDA and LAZ in West Sumatra Province in managing zakat. BAZDA's performance was found to be better than that of LAZ, especially in terms of financial performance and performance of sharia legitimacy.

Saf (2015) analyzed the effectiveness of the implementation of zakat management regulation in Mojokerto and Sidoarjo Regency, with the aims of improving the welfare of communities in those area. The study employed the theory of legal effectiveness approach. The results showed that the management of zakat by the Board of Zakat in both Mojokerto and Sidoarjo Regency became more effective when the zakat management regulations were

implemented. This was exemplified by the increase in the number of *muzakki*, in the zakat funds collected and in the Board of Zakat operational costs charged to APBD.

Nasrullah (2015) analyzed zakat regulation and productive zakat application in a case study at Baitul Mal North Aceh Regency. This study aims to support community empowerment and the prosperity of society. The method used was descriptive analysis. The results show that Baitul Mal North Aceh Regency is bound by a number of regulations. Productive zakat is implemented to provide business capital loans based on *qard al-hasan* and there by motivate business as much as possible. This program has a significant impact in supporting the prosperity of the people.

Murniati and Beik (2013) analyzed the effect of zakat on Human Development Index (HDI) and on the level of poverty among *mustahik* in their case study of the empowerment of BAZNAS Bogor City. This study aimed to analyze the utilization of the zakat program conducted by BAZNAS Bogor City and its impact on the lives of *mustahik*, both in terms of changes in the income *mustahik* post zakat distribution, and of HDI value and poverty level of *mustahik*. Through the use t-statistical calculation method, an individual level of HDI, and a poverty indicator, it was concluded that zakat play a positive role in improving the development *mustahik* in Bogor City.

Using the CIBEST model Pratama (2015) examined the utilization of productive zakat in reducing poverty (case study: PT Masyarakat Mandiri Dompot Dhuafa). More specifically, this study aimed to analyze the impact of productive zakat in reducing the poverty of *mustahik* households by observing conditions before and after productive zakat funds were received. The results showed that there was an increase in the average household income after receiving the aid of productive zakat funds.

Abdullah, Yusop, and Awang (2012) created an indicator of zakat effectiveness, which measures the extent to which the government's role of allocation the budget impacts on the success of zakat. Using different dimensions, Noor, Rasool, Ali, and Rahman (2015) measured the institutional aspect of the performance of zakat using the zakat index. The zakat index evaluates the overall performance of a zakat institution with respect to: input, process, output, and outcomes. The results show that the assistance provided by the two zakat institutions concerned can improve the quality of life for the beneficiary or *mustahik*.

According to Hafidhuddin (2002), zakat is beneficial for *muzakki*, *mustahik* the assets subject to zakat. The wisdom and benefits of zakat are as follows: 1) The manifestation of faith in Allah SWT, grateful for His favors, cultivate noble morals with a strong sense of humanity, eliminates miserliness, greed and materialism, fosters the tranquility of life, and develops property owned. 2) Zakat is a right *mustahik*, which serves to help and nurture them, especially enabling the poor to meet their needs, improve the quality of their lives, and avoid *kufur*. 3) As a pillar of mutual charity (*jama'i*) between the rich and the *mujahid*, who always strive in the cause of Allah, zakat constitutes a form of social security in Islam. 4) Zakat socializes the appropriate business ethics for those involved in obtaining property in accordance with the provisions of Allah SWT. 5) Zakat enables the distribution of income, so treasures are not restricted to certain groups. Proper management of zakat can increase economic growth.

RESEARCH METHODOLOGY

Data

This research uses two sources of data: primary and secondary data. Primary data is acquired through questionnaires and interviews, both of which survey the *mustahik* of BAZNAS Pati Regency. On the other hand, secondary data is obtained through a literature study such as books, journals, articles and relevant documents from the Central Bureau of Statistics, BAZNAS Pati Regency.

This research applies a purposive sampling technique in which the respondents are chosen according to selected characteristics. The sample consists of 100 households of *mustahik* who received zakat from BAZNAS Pati Regency in 2016. The *mustahik* come from five village, namely Tegal Ombo, Kembang, Gadudero, Pakem, Kuwawur.

Data Analysis Methods

a. National Zakat Index (NZI) Analysis

The NZI that was a measuring instrument developed with the aim of evaluating the development of aggregate conditions at the aggregate level (national and provincial). NZI consists of two dimensions: macro dimension and micro dimension. The macro dimension reflects the role of government and society in aggregate, in contributing to the building of zakat institutions. This dimension has three indicators: regulation, government budget allocation (APBN), and the zakat institution database. The zakat institution database indicator is further divided into three variables: the number of official zakat institutions, individual *muzakki* ratio, and the corporate *muzakki* ratio.

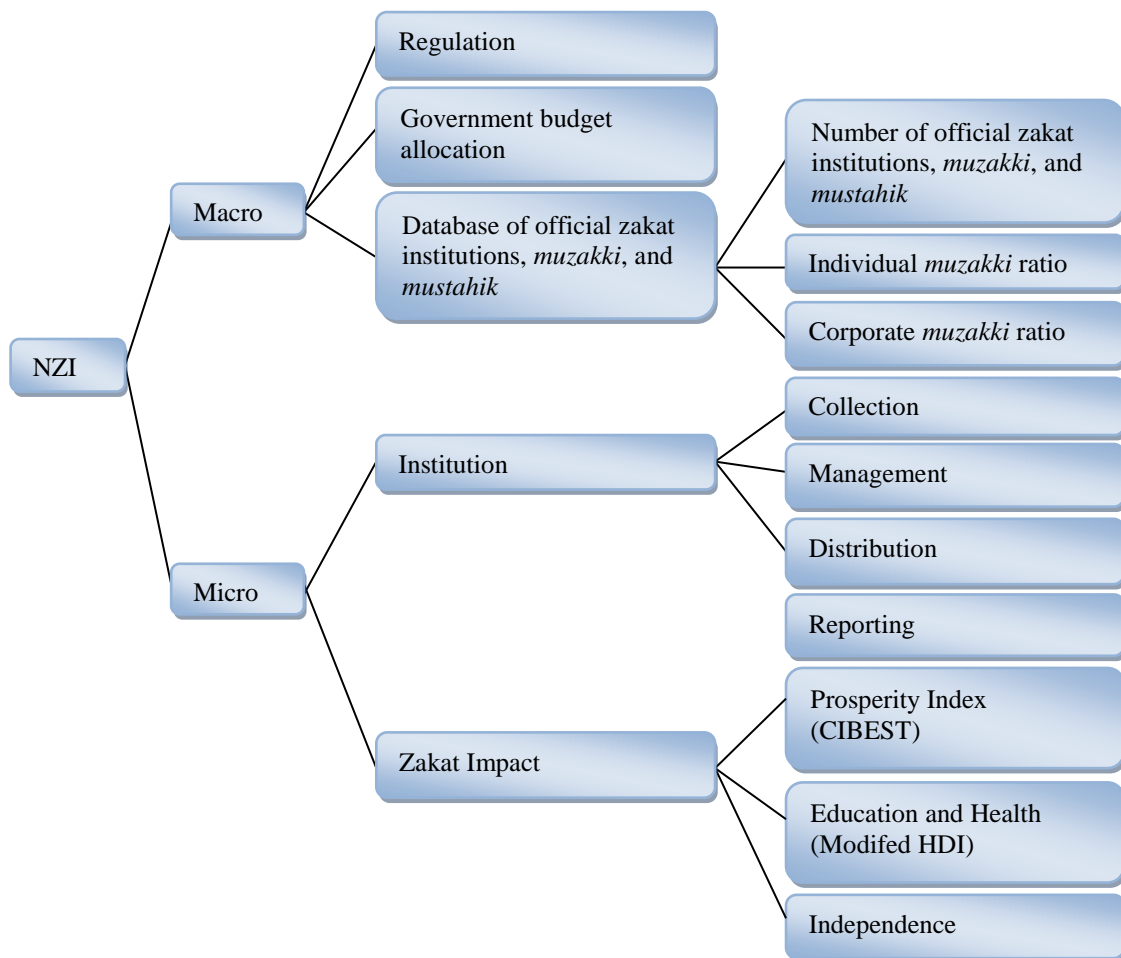


Figure 1. NZI Component

The micro dimension reflects the institutional aspect of zakat and the beneficiaries of zakat. This dimension consists of two indicators namely: the institutional indicator and the zakat impact indicator. The institutional indicator consists of four variables: collection, management, distribution, and reporting of zakat.

Meanwhile, the zakat impact indicator consists of three variables, namely: CIBEST prosperity index, modified HDI, and independence (Puskas BAZNAS 2016). Figure 1 provides an overview of the NZI constituent components, while the weighted score for each component can be observed in the Table 1.

Table 1. Weighted Score of NZI Components

Dimension	Weighted score	Indicator	Weighted score	Variable	Weighted score
Macro (X₁)	0.40	Regulation (X ₁₁)	0.30	Regulation	1.00
		Government Budget Allocation (X ₁₂)	0.40	Government Budget Allocation	1.00
		Zakat Institution Database (X ₁₃)	0.30	Number of Official Zakat Institution (X ₁₃₁)	0.33
				Individual Muzakki Ratio (X ₁₃₂)	0.33
				Corporate Muzakki Ratio (X ₁₃₃)	0.33
		Micro (X₂)	0.60	Institutional (X ₂₁)	0.40
0.20	Management (X ₂₁₂)				0.20
0.30	Distribution (X ₂₁₃)				0.30
0.20	Reporting (X ₂₁₄)				0.20
Impact of Zakat (X ₂₂)	0.60			Prosperity Index (CIBEST) (X ₂₂₁)	0.40
				Education and Health (HDI Modified) (X ₂₂₂)	0.40
				Independence (X ₂₂₃)	0.20

Source: Center of Strategic BAZNAS (2017)

The NZI formulation model is divided systematically into five step. The first step involves creating the likert scale with a range from 1 to 5, where a score of 1 represents the worst performance, and the score of 5 represents the excellent performance. In the second step, the index of each variable is calculated. The formula for calculation the index on each variable is as follows:

$$I_i = \frac{(S_i - S_{min})}{(S_{max} - S_{min})}$$

where

- I_i : index of variabel i
- S_i : value of the actual score of variabel i
- S_{max} : maximum score

S_{min} : minimum score

The index value lies within the range of 0.00 to 1.00. This means the a low index value indicates the poor performance of the national zakat, and a high index value indicates a better national zakat performance. The NZI index scores are divided into five categories, namely: “not good” (0.00 to 0.20), “less good” (0.21 to 0.40), “fairly good” (0.41 to 0.60), “good” (0.61 to 0.80), and “very good” (0.81 to 1.00).

The third step is to multiply the index obtained for each variable by itsrespective weight in order to derive the index of the indicators. Two of the indicators, regulation and government budget allocation are not divided into more detailed variables, and so further

calculations are not required to derive their indices. Meanwhile, the indices of remaining three indicators, which are divided into several variables are calculated with the following formula:

$$X_{13} = 0.33X_{131} + 0.33X_{132} + 0.33X_{133}$$

where

X_{13} : Indicator index of zakat institution database

X_{131} : Variable index of total number of official zakat institutions, registered *muzakki* and *mustahik*

X_{132} : Variable index of individual *muzakki* ratio against the total number of households

X_{133} : Variable index of corporate *muzakki* ratio against the total number of enterprises

$$X_{21} = 0.30X_{211} + 0.20X_{212} + 0.30X_{213} + 0.20X_{214}$$

where

X_{21} : Institution indicator index

X_{211} : Variable index of collection

X_{212} : Variable index of management

X_{213} : Variable index of distribution

X_{214} : Variable index of reporting

$$X_{22} = 0.40X_{221} + 0.40X_{222} + 0.20X_{223}$$

where

X_{22} : Indicator index of zakat impact

X_{221} : Variable index of prosperity index (based on CIBEST Model)

X_{222} : Variable index of education and health (Modified HDI)

X_{223} : Variable index of independence

The fourth step involves multiplying the index obtained for each indicator by its respective weight in order to obtain the index of the macro and micro dimensions. The formulae used are as follows:

$$X_1 = 0.30X_{11} + 0.40X_{12} + 0.30X_{13}$$

where

X_1 : Index of macro dimension

X_{11} : Indicator index of regulation

X_{12} : Indicator index of government budget allocation

X_{13} : Indicator index of zakat institutions database

$$X_2 = 0.40X_{21} + 0.60X_{22}$$

where

X_2 : Index of micro dimension

X_{21} : Institutional indicator index

X_{22} : Indicator index of zakat impact

In the final step, the index obtained for each dimension is multiplied by its respective weight in order to obtain the NZI using the following formula:

$$NZI = 0.40X_1 + 0.60X_2$$

where

NZI : National Zakat Index

X_1 : Index of macro dimension

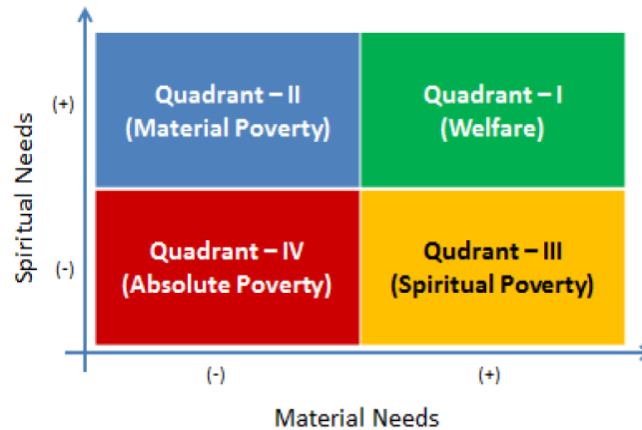
X_2 : Index of micro dimension

b. CIBEST Analysis

The CIBEST model was developed by Beik and Arsyianti (2015) and consists of four quadrants which represent human's basic needs, both material and spiritual. The quadrant are divided according to the ability of the household to meet these material and spiritual needs. In the first quadrant, households are able to meet both material and spiritual needs. This is the welfare quadrant. In the second quadrant, households are capable of fulfilling spiritual needs but are unable to properly meet material needs. This is the material poverty quadrant. In contrast, in the third quadrant, households are able to meet material needs but are unable to fulfil spiritual needs. This is the spiritual poverty quadrant. In the fourth quadrant,

households are unable to meet both material and spiritual needs. This is the absolute poverty quadrant. The CIBEST model calculates the number of people residing in each quadrant and therefore has implications for government policy. The focus needs to be calculated is the material

and spiritual needs. The unit of analysis of the CIBEST model is the household or the family. The CIBEST model consists of four indexes: welfare index, material poverty index, spiritual poverty index, and absolute poverty index.



Source: Beik and Arsyianti (2015)

Figure 2. CIBEST Model

RESULT AND ANALYSIS

The NZI measurement consists of two dimensions: the macro and the micro dimensions. In the macro dimension, Pati Regency has an index value of 0.05. This means that the performance of zakat practices in Pati Regency is in the “not good” category. This dimension consist of three indicators namely: regulation, local government budget allocation to BAZNAS Pati Regency, and database of zakat institutions in Pati Regency.

Pati Regency did not have a local regulation regarding zakat. Thus, the regulation indicator Pati Regency has an index score of 0. Moreover, this region also did not allocate any of its local government budget to the operational cost of zakat activities. So, the government budget allocation indicator also has an index score of 0.

On the other hand, the zakat institution database indicator consists of three variables, namely: (1) the number of official zakat institutions, *muzakki*, and

mustahik, (2) ratio of individual *muzakki*, and (3) ratio of corporate *muzakki*. Pati Regency already has zakat institutions and the *mustahik* who had been registered to each institutions, so that the index score for this variable is 0.5. For the ratio of individual *muzakki* to the total number households, the index score is 0. This is due to a very low proportion of *muzakki* in the region (less than one percent, only 32 *muzakki* out of 424,616 households). The ratio of corporate *muzakki* to the total number of companies also has an index score of 0, as none of the 531 companies in Pati Regency were registered as corporate *muzakki*.

When these three variables are combined, the zakat institution database indicator has a score of 0.165, meaning that the performance of zakat practices in Pati Regency is in the “not good” category. However, this indicator has the highest score of the indicators in the macro dimension. Details of the macro dimension score are illustrated in the Table 2.

Table 2. Macro Dimension Index Score

No	Indicator	Index Score
1	Regulation (X_{11})	0
2	Local government budget allocation (X_{12})	0
3	Database of zakat institutions in Pati Regency (X_{13})	0.165
Index score of macro dimension in Pati Regency $= 0.30 (X_{11}) + 0.40 (X_{12}) + 0.30 (X_{13})$ $= 0.30 (0) + 0.40 (0) + 0.30 (0.165)$ $= 0.05$		

Source: Primary data (2017)

The second dimension is the micro dimension which consists of two indicators: the institutional indicator and the zakat impact indicator. The institutional indicator is related to the performance of BAZNAS Pati Regency in managing zakat and is divided into four variables, namely: zakat collection, management, distribution, and reporting. Meanwhile, the zakat impact indicator is associated with the impact and benefit of zakat for *mustahik* as zakat receivers. The zakat impact indicator consists of three variables, namely: prosperity index (CIBEST model), education and health (modified HDI), and independence.

For the institutional indicator, the zakat collection variable is measured by the growth of the zakat fund collection by the BAZNAS Pati Regency. The zakat collection increased by 88 percent in 2016 (from Rp 968,992,481 in 2015 to Rp 1,821,746,595 in 2016). This variable has an index score of 1, meaning that the zakat collection BAZNAS Pati Regency is classified as “very good”. The zakat management variable is indicated by the existence of Standard Operation Procedure (SOP), strategic plan, annual zakat program, and ISO certification or quality assurance. BAZNAS Pati Regency already has a SOP, strategic plan, and annual zakat program, so this variable has an index score of 0.75. This means that the zakat management of BAZNAS Pati Regency is in the “good” category.

In terms of the zakat distribution variable, BAZNAS Pati Regency has an *Allocation to Collection Ratio* of 19.42

percent. This means that the zakat fund had not been optimally distributed in 2016. This variable has an index score of 0.5 and so is in the “fairly good” category. However, the zakat reporting variable has an index score of 0.25, meaning that it is in the “less good” category. This is because BAZNAS Pati Regency’s financial report had not been audited externally. Well all its variables are combined, the institutional indicator is in the “fairly good” category, with index value 0.65, which means that BAZNAS Pati Regency has a quite good institutional performance.

For the zakat impact indicator, the prosperity index (CIBEST model) has an index score of 0.75. This mean that in terms of *mustahik* welfare, the zakat performance in Pati Regency is in the “good” category. Meanwhile, the education and health variable, using a modified HDI, has an index score of 0.5. This index measures the life viability of *mustahik*, based on their life expectancy assessment and level of education. The index score of this variable indicates that the education and health condition of *mustahik* in Pati Regency is in the “fairly good” category. The independence variable is found to have the same index score of 0.5. The independence level of *mustahik* is measured according to their occupation or business, and their saving. The index score of this variable indicates that the occupation and savings of the *mustahik* in Pati Regency are in the “fairly good” category. When these three variables are combined, the zakat impact indicator is found to have an index score

0.60. This means that zakat impact on *mustahik* in Pati Regency is in the “fairly good” category.

Overall, the micro dimension has an index value of 0.62. This shows that, in the micro dimension, the performance of

zakat practices in Pati Regency, especially in BAZNAS Pati Regency is classified as “quite good”. The details of the micro dimension index score are presented in Table 3.

Table 3. Micro Dimension Index Score

No	Indicator	Index Score
1	Institutional (X_{21})	0.65
2	Zakat Impact (X_{22})	0.60
Index score of micro dimension in Pati Regency $= 0.40 (X_{21}) + 0.60 (X_{22})$ $= 0.40 (0.65) + 0.60 (0.60)$ $= 0.62$		

Source: Primary data (2017)

Based on the calculation of the index scores of the macro and micro dimensions, the NZI value of Pati Regency is found to be 0.392, meaning that the

performance of zakat practices in Pati Regency is categorized as “less good”. Details of the NZI results can be observed in the Table 4.

Table 4. National Zakat Index (NZI) in Pati Regency

No	Dimension	Index Score
1	Macro	0.05
2	Micro	0.62
NZI score in Pati Regency $= 0.40 (0.05) + 0.60 (0.62) = 0.392$		

Source: Primary data (2017)

CONCLUSION AND RECOMMENDATION

The result of the NZI calculation showed that the overall zakat performance in Pati Regency is in the “less good” category with index value of 0.392. In the macro dimension, the zakat performance in Pati Regency is in the “not good” category with an index value of 0.05. Meanwhile, in the micro dimension, the zakat performance in Pati Regency, especially that of BAZNAS Pati Regency, is in the “fairly good” category, with index value of 0.62.

Several steps which can be carried out to improve the performance of zakat practice in Pati Regency, such as initiating a local government budget to support zakat and formulating local regulations for

zakat. In addition, it is important to improve the monitoring and reporting aspects of zakat management in order to build people’s trust to zakat institutions, and there by increase the zakat collection funds (Zaenal, Choirin, Tsabita, Astuti, & Sadariyah, 2017 as cited in Diana, Beik, & Tsabita, 2017).

REFERENCES

Abdullah, N., Yusop, M.M.M., & Awang, C.O. (2012). A technical note on the derivation of Zakat Effectiveness Index. *International Journal of Economics, Management and Accounting*, 20 (1), 75-86.

- BAZNAS Center of Strategic Studies. (2016a). *Indonesia zakat outlook 2017*. Retrieved from <http://puskasbaznas.com/outlook/indonesia-zakat-outlook-2017/69-outlook-zakat-indonesia-2017-english>.
- BAZNAS Center of Strategic Studies. (2016b). *National Zakat Index*. Retrieved from <http://puskasbaznas.com/national-zakat-index/nzi/download/72-nzi-2>.
- Beik, I.S. (2009). Analysis of the role of zakat in alleviating poverty. *Jurnal pemikiran dan gagasan*, 2.
- Beik, I.S., & Arsyianti, L.D. (2015). Construction of CIBEST model as measurement of poverty and welfare indices from Islamic perspectives. *Al-Iqtishad*, 7(1), 87-104.
- Central Bureau of Statistics (2016). *Statistics of Indonesia 2016*. Jakarta (ID): BPS.
- Central Bureau of Statistics (2016). *Pati Regency in Numbers 2016*. Pati Regency (ID): BPS Kota Pati.
- Diana, Beik, I.S., & Tsabita, K. (2017). *Performance analysis of zakat practices in East Lampung Regency using National Zakat Index (NZI)*. (Puskas Baznas Working Paper Series [PWPS]).
- Firdaus, M., Beik, I.S., Irawan, T., & Juanda, B. (2012). *Economic estimation and determinations of zakat potential in Indonesia*. (Islamic Research and Training Institute [IRTI] Working Paper Series: W# 1433-07). Jeddah.
- Hafidhuddin, D. (2002). *Zakat in the modern economy*. Jakarta (ID): Gema Insani Press.
- Murniati, R., & Beik, I.S. (2013). Influence of zakat against Human Development Index and poverty level mustahik: Case studies utilization BAZNAS Bogor City. *Journal of Al-Muzara'ah*. 2 (2), 131-145.
- Nasrullah. (2015). Zakat regulation and zakat productive implementation as support for community empowerment. *Journal of Religious Social Research*, 9 (1), 1-24.
- Noor, A.H.M., Rasool, M.S.A., Ali, R.M.Y.S.M., & Rahman, R.A. (2015). Efficiency of Islamic institutions: Empirical evidence of zakat organizations performance in Malaysia. *Journal of Economics, Business and Management*, 3 (2), 282-286.
- Pratama C. 2015. *Effective use of zakat in reducing poverty based on CIBEST Model (Case study: PT Masyarakat Mandiri Dompot Dhuafa)* (thesis). Bogor (ID): Bogor Agricultural University.
- Qardawi, Y. (2011). *Hukum Zakat*. Jakarta: Litera Antarnusa.
- Saf, M.A. (2015). Effectiveness of implementation of zakat management regulation in Mojokerto and Sidoarjo. *Journal of Islamic Laws and Law*, 5 (2), 313-332.
- Shabri, H. (2011). *Performance Measurement of Amil Zakat and Amil Zakat Institution in West Sumatera Province* (thesis). Jakarta (ID): University of Indonesia.
- Zaenal, M., Choirin, M., Tsabita, K., Astuti, A., & Sadariyah, A. (2017). *Principles of Amil Zakat and best practice recommendations for Zakat Institutions*. Puskas Baznas Working Paper Series (PWPS). Retrieved from <http://puskasbaznas.com/publication/index.php/workingpaper/article/view/19>.

Fitriani
 Bogor Agricultural University
 Indonesia
 anifitri929@gmail.com

Analysis of the Impact of Zakat, Infak, and Sadaqah Distribution on Poverty Alleviation Based on the CIBEST Model
(Case Study: Jogokariyan *Baitul Maal* Mosque, Yogyakarta)

Salahuddin El Ayyubi and Henni Eka Saputri
Bogor Agricultural University

ABSTRACT

The Special Region of Yogyakarta is one of the provinces with a high incidence of poverty on Java Island. The number of mosques and the increase of zakat funds, infak, and sadaqah each year is not sufficient to reduce the number of those in poverty. If the mosque is able to manage the zakat, infak, and sadaqah funds well, it can be predicted that the mosque would reduce poverty and increase the welfare of the community. This study aims to analyze the impact of zakat, infak, and sadaqah distribution in reducing poverty based on the Center for Islamic Business and Economic Studies (CIBEST) model (case study: Jogokariyan Baitul Maal Mosque, Yogyakarta). The results of the study indicate that there is an increase in welfare and a decrease in material poverty, spiritual poverty, and absolute poverty, as seen from changes in the Islamic CIBEST's poverty indexes for mustahik households.

Keywords: CIBEST Model, Jogokariyan Mosque, Poverty, ZIS

INTRODUCTION

The Special Region of Yogyakarta has one of the highest proportions of poor people out of all the provinces on Java Island. A total of 14.55 percent of the people living in Yogyakarta Special Region are classed as poor (CBS, 2017).

According to the data and in view of the reality regarding poverty nowadays, there should be a solution or instrument with which to alleviate it. Islam as a comprehensive (*syaamil*) religion contains a range of special instruments, the aim of which are the creation of economic justice; as such, they can be used to reduce poverty and improve the welfare of society. These instruments are zakat, infak, and sadaqah (ZIS). According to research by BAZNAS, the potential national zakat in 2015 was 2.4 percent of Gross Domestic Product (GDP), or approximately 286 trillion rupiahs. If the target for potential zakat is 3.4 percent of GDP, then the potential

national zakat for 2016 would have been 442 trillion rupiahs.

Indonesia, as the country with the world's largest Muslim population, has large numbers of mosques, including in remote areas, and there have been mosques standing firmly in Indonesia since the first arrival of Islam. According to the Directorate General of Islamic Society Guidance, Ministry of Religious Affairs, Republic of Indonesia (2017), there are 221,095 mosques in Indonesia. The existence of mosques as zakat institutions, or of mosques that contain an institution to manage zakat, infak, and sadaqah, means there is great potential for them to collect ZIS funds from their communities. Greater amounts of ZIS funds encourage ZIS management to work more professionally. The government of Indonesia responded to that encouragement by Law No. 23/2011 on Zakat Management.

One such mosque that has a particular institution for managing ZIS funds is Jogokariyan *Baitul Maal* Mosque,

Yogyakarta. Jogokariyan Mosque formed *baitul maal* to collect funds from communities and also to distribute them to the communities. The ZIS funds collected by *baitul maal* are distributed in order to help the economy and small enterprises within the community in the form of *qardh* (loan) or *hibah* (voluntary gift) for those who meet the relevant criteria. As Beik and Arsyianti (2016) explained, the aspects of material necessity and spiritual should harmonize in order to measure poverty and welfare from the perspective of Islam. Hence, a model is needed to measure these material and spiritual aspects, which is the function of the Center for Islamic Business and Economic Studies (CIBEST) model.

LITERATURE REVIEW

Research has been carried out to analyze the impact of zakat distribution on the alleviation of poverty. The very first research on the CIBEST model was conducted by Beik and Arsyianti (2015) and entitled "Construction of CIBEST Model as Measurement of Poverty and Welfare Indices From Islamic Perspective." The study explained that the concept of poverty and welfare as seen from the Islamic perspective comprises not only the material dimension but also the spiritual aspect. This research successfully formulated the CIBEST model as consisting of a welfare index, material poverty index, spiritual poverty index, and absolute poverty index. These indexes are based on the CIBEST quadrant concept that represents the Islamic concepts and perspectives of poverty and welfare.

Pratama (2015) attempted to use the CIBEST model to analyze the role of zakat for poverty alleviation. Referring to the case of Bogor regency, the study showed that following completion of a program that had been implemented with zakat, 63.7 percent of households were able to fulfill their material and spiritual needs. This was reflected through

decreases in the material, spiritual, and absolute poverty indexes of 49.6, 1.6, and 12.3 percent, respectively, alongside an increase in the welfare (*falah*) index.

Attempts to use the CIBEST model to analyze the role of zakat for poverty alleviation have also been made by Mushlihah (2016). Examining the case of Bogor city, the study revealed that after completing a program implemented with zakat, 640 percent of households were able to fulfill their material and spiritual needs. This was reflected in decreases in the material, spiritual, and absolute poverty indexes of 62.16, 68.18, and 83.87 percent, respectively, along with an increase in the welfare (*falah*) index.

METHODOLOGY

This research was carried out with 100 respondents at Jogokariyan *Baitul Maal* Mosque, Yogyakarta during April 2017. Both primary and secondary data have been used in the research, with quantitative and descriptive analysis employed as the method of analysis. The tool used for analysis is the Islamic poverty index of CIBEST Bogor Agricultural University (IPB).

The calculations used in this research are the values for *Material Value* (MV), or household poverty line, and household income per month. MV is used to measure the minimum standard of material that should be consumed by the household. The value of MV is obtained by multiplying the price of goods and services (P_i) consumed by the minimum amount of goods and services needed (M_i). Mathematically, MV can be expressed as follows:

$$MV = \sum_{i=1}^n P_i M_i$$

where

MV: the minimum amount of material that should be consumed by the

household (expressed in rupiahs or other currencies), otherwise known as the material poverty line.

Pi : the price of goods and services (expressed in rupiahs or other currencies)

Mi : the minimum amount of goods and services needed.

However, due to a limitation meaning that a survey was not attempted in this research, the value of MV employed is therefore the existing value, which is the household poverty line per capita per month for the average household size. The average household size was obtained as a

ratio of the total population against the number of households in the researched region (Tsani, 2010).

The poverty line for Yogyakarta city for the period 2014–15 was 366,520 (CBS Yogyakarta city, 2017). The spiritual poverty line, or Spiritual Value (SV), is obtained based on the spiritual necessity indicator and the fulfillment of the five variables that make up the spiritual score: *shalat* (prayer), zakat, fasting, neighborhood, and government policy. A Likert scale with responses ranging from 1 through 5 was used to obtain a score for the above-mentioned variables, as shown in Table 1.

Table 1. Spiritual Indicators

Variables	Likert Scale					Spritual Standard
	1	2	3	4	5	
Prayer	Blocking others to pray	Against the concept of prayer	Performing obligatory prayer but not on regular basis	Performing obligatory prayer but not in a congregation	Performing obligatory prayers in a congregation and performing sunnah prayer	Average score for spiritually poor household is equal to 3 (SV=3)
Fasting	Blocking others to undertake fasting	Against the concept of fasting	Not fully performing obligatory fasting	Performing only obligatory fasting	Performing obligatory fasting and sunnah fasting	
Zakat and Infak	Blocking others to pay zakat and infak	Against the concept of zakat and infak	Not paying infak at least once in a year	Paying zakat <i>al-fitr</i> and zakat <i>al-maal</i>	Paying zakat <i>al-fitr</i> , zakat <i>al-maal</i> , and infak	
Household Environment	Forbid <i>ibaadah</i>	Against implementation of <i>ibaadah</i>	Consider <i>ibaadah</i> as private matter for household member	Support execution of <i>ibaadah</i>	Creating environment which obligates execution of <i>ibaadah</i>	
Government Policy Environment	Forbid <i>ibaadah</i>	Against implementation of <i>ibaadah</i>	Consider <i>ibaadah</i> as private matter	Support execution of <i>ibaadah</i>	Creating environment which obligates execution of <i>ibaadah</i>	

Source: Beik and Arsyianti (2015)

Table 1 shows that the average SV score for a spiritually poor household is equal to three. Thus, if a household's score is lower than or equal to three, it can be

categorized as being spiritually poor. The value of SV is obtained using the following formula:

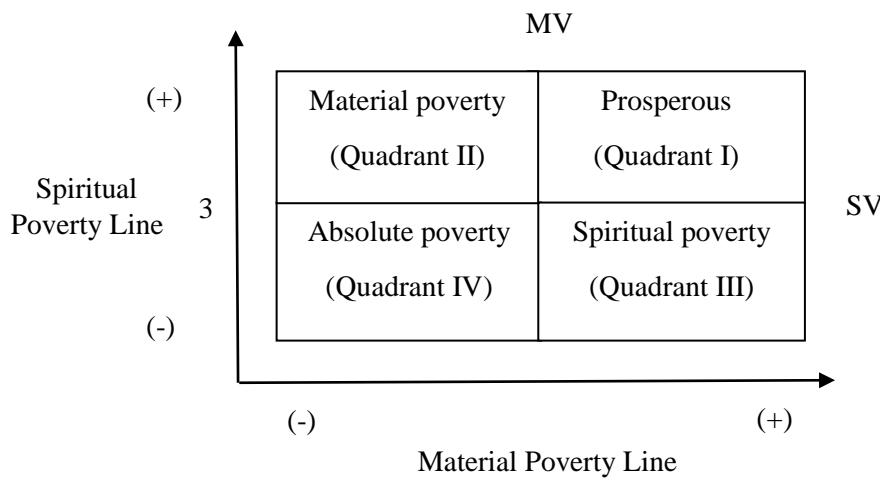
$$Hi = \frac{Vp + Vf + Vz + Vh + Vg}{5}$$

where

- Hi : Actual score of household of first member
- Vp : Shalat score
- Vf : Fasting score
- Vz : Zakat and infak score
- Vh : Work environment score
- Vg : Government policy score

CIBEST Model

As Beik and Arsyianti (2016) argued, using the definitions of material poverty, spiritual poverty, and absolute poverty, a quadrant can be formed, called the CIBEST IPB quadrant. The CIBEST quadrant was formed based on research by the Center for Islamic Business and Economic Studies and Sharia Economics Department of IPB in 2013 into the concept of the Islamic Poverty Line, and is illustrated in Figure 1.



Source: Beik and Arsyianti (2016)

Figure 1. CIBEST Quadrant

As shown in Figure 1, there are four areas in the CIBEST quadrant: prosperous, spiritual poverty, material poverty, and absolute poverty. Material needs are given by the horizontal axis and spiritual needs are given by the vertical axis. There are (+) and (-) signs shown against both the horizontal and vertical axes. A (+) symbol indicates that a household fulfills its material and/or spiritual needs well, while a (-) symbol indicates a lack of either material or spiritual needs fulfillment for a household.

The first quadrant depicts the condition of a prosperous household, wherein the household is fulfilling both its material and spiritual needs. It can be seen in Figure 2 that the first quadrant has a positive (+) symbol for both the material poverty and spiritual poverty lines. The

depiction of quadrant I as classifying a prosperous household is found in the Qur'an Surah An-Nahl, verse 97, which is translated as follows:

“Whosoever doeth right, whether male or female, and is a believer, him verily we shall quicken with good life, and We shall pay them a recompense in proportion to the best of what they used to do” (QS. An-Nahl: 97).

The second quadrant shows a household condition that combines negative material needs fulfillment with positive spiritual fulfillment, as shown by the (-) symbol on the material poverty line and the (+) symbol on the spiritual poverty line. This type of household is therefore unable to meet its material needs but is

able to fulfill its spiritual needs. This is explained by Allah SWT through Surah Al-Baqarah verse 155, which is translated as follows:

“And surely We shall try you with something of fear and hunger, and loss of wealth and lives and crops; but give glad tidings to the steadfast” (QS. Al-Baqarah: 155).

The third quadrant shows the condition of a household that is spiritually poor but materially rich. This third quadrant is labeled in Figure 1 with a (-) symbol on the spiritual poverty line and a (+) symbol on the material poverty line, meaning that the household is not able to fulfill its spiritual needs but is able to meet its material needs. This condition is explained in Surah Al-AN'am verse 44, with the translation as follows:

“Then, when they forgot that whereof they had been reminded, We opened unto them the gates of all things till, even as they were rejoicing in that which they were given, We seized them unawares, and lo! they were dumbfounded” (QS. Al-An'am: 44).

The fourth quadrant indicates the absolute poverty condition for a household. In Figure 1 this fourth quadrant is labeled with a (-) symbol on both the spiritual and material poverty lines, meaning it cannot fulfill either its material or its spiritual needs. This condition is explained by Allah's commandment in Surah Thaha verse 124, translated as follows:

“But he who turneth away from remembrance of Me, his will be a narrow life, and I shall bring him blind to the assembly on the Day of Resurrection” (QS. Thaha: 124).

As Beik and Arsyanti (2016) argued, the unit of analysis within the

CIBEST indexes is the household. This is because Islam considers the household to be the smallest unit in the community, and it thus shall be seen as a whole unity.

As Beik and Arsyanti (2016) argued, the advantage of the CIBEST quadrant relates to the mapping of households' conditions, in order that appropriate development programs can be suggested, especially in terms of pushing households currently in quadrants II, III, and IV toward the first quadrant (i.e., prosperous). A household in the second quadrant is materially poor, so the appropriate poverty alleviation program here comprises skills and ability empowerment, along with ensuring effective access to capital and guidance for businesses. For households in the third quadrant, which are spiritually poor, the appropriate program would address how to engage with and follow Islamic teachings well. A household in the fourth quadrant is absolutely poor; thus, the first things that should be fixed are the *ruhiyah* and mental, then fix the economic life. Building noble character is the most precious form of capital for transforming the *dhu'afa* groups to be more prosperous.

Welfare Index

The Welfare Index (W) is used to determine those households for inclusion in quadrant I. Households in this quadrant are said to be prosperous. The value of W can be obtained using the following formula:

$$W = \frac{w}{N}$$

where

W : Welfare index: $0 \leq W \leq 1$

w : The number of prosperous households (materially and spiritually rich)

N : The number of observed households.

Material Poverty Index

The Material Poverty Index (Pm) is used to determine whether a household is in quadrant II, or the materially poor category. The value of the Material Poverty Index can be obtained using the following formula:

$$Pm = \frac{Mp}{N}$$

where

Pm : Material Poverty Index: $0 \leq Pm \leq 1$

Mp : The number of materially poor but spiritually rich households

N : The population (observed households).

Spiritual Poverty Index

The Spiritual Poverty Index (Ps) is used to determine whether a household sits in quadrant III, or the spiritually poor category. The value of Ps can be obtained using the formula:

$$Ps = \frac{Sp}{N}$$

where:

Ps : Spiritual Poverty Index: $0 \leq Ps \leq 1$

Sp : The number of spiritually poor but materially sufficient households

N : Total population of observed households.

Absolute Poverty Index

The Absolute Poverty Index (Pa) is used to determine whether a households is included in quadrant IV, or the absolute poverty category. The value of Pa is obtained using the following formula:

$$Pa = \frac{Ap}{N}$$

where:

Pa : Absolute Poverty Index: $0 \leq Pa \leq 1$

Ap : The number of spiritually and materially poor households

N : Total population of observed households.

RESULTS AND ANALYSIS

History of Jogokariyan Mosque

Before 1967, Jogokariyan Village had only a small room measuring 3 x 4 meters square. It had high stairs and a deserted congregation. The room was located in a corner of the village, in RT 42 RW 11 (presently the house of Mr. Drs. Sugeng Dahlan). At that time, Jogokariyan communities were generally of the "abangan" group and preserved the *kerjawen* tradition. Jogokariyan Village emerged following displacement of the "Jogokariyo" troops from inside the Baluweti Fortress to the south or north of Panggung Krapyak. The area that subsequently became known as Jogokariyan Village was so named because of these troops. The villagers were demoted from the "abdi dalem" of Keraton to be weaving and batik factory workers due to a reduction in troop numbers at Keraton. There was a social and economic gap in Jogokariyan Village between the descendants of the Jogokariyo troops, who dominated the area, and the weaving and batik entrepreneurs. This condition coincided with the proliferation of the Indonesian Communist Party (PKI), when a lot of factory workers switched to become members of the party. This village was well known for its PKI ties. The G30S PKI tragedy of 1965 led to villagers who were active in the PKI being captured and arrested as political prisoners. It was at this time that Jogokariyan Mosque was established with the aim of maintaining relationships between villagers, as well as in a bid to attempt social change with Islamic culture.

Jogokariyan Mosque is a place to carry out worship, and its establishment process was started on September 20, 1966 in Jogokariyan Village. It stands at No. 36 Jogokariyan Street and the name Jogokariyan Mosque was agreed upon by the founders and pioneers of *dakwah*, for the reasons outlined below:

1. Following sunnah of Rasulullah SAW, he named Quba Mosque as the first mosque in the world. This is because the mosque was built in Quba village. In addition, Bani Salamah Mosque was so named because it was built in Bani Salamah Village. But following a change in the direction of Qibla, this mosque came to be known more as Qiblatain Mosque.
2. A mosque is expected to have a clear area. With the name of "Jogokariyan" as its village name, this mosque has its own *dakwah* territory.
3. Jogokariyan Mosque can be a cultural-based unification tool in Jogokariyan Village, whereas previously, the area was divided into various sects and political movements. Therefore, the period of *ishlah* (improvement) began immediately after the liberation of the communities in the September 30, 1965 tragedy.

Jogokariyan Mosque always tries to develop the society and prosper the community through its vision and mission. Jogokariyan Mosque's vision is for the realization of a prosperous community inside and outside, and to be blessed by Allah SWT through its mosque activities. Its mission is for the mosque to serve as the center of all activities, to proliferate *ubudiyah* activities, serve as a place of spiritual recreation, as somewhere to obtain guidance for any problem, and for the mosque to contain a boarding school and college for the community.

Jogokariyan Mosque Management

The management of Jogokariyan Mosque are responsible for the strategic direction

and practical elements of the management of the mosque, such as its mapping, serving, and empowerment. In terms of mapping, every mosque should have a clear map of *dakwah*, a clear area for its work, and registered congregants. The process of mapping consists of potential and necessity, possibility and challenge, and also strength and weakness. Jogokariyan Mosque Council (DKM) conducts a census to provide data for its database and a comprehensive map of *dakwah*. The database and *dakwah* map for Jogokariyan consist not only of the names of people but also their income, education, prayer or *shalat* activity, presence at Friday prayer in the mosque, Qurban in Eid al Adha, and zakat payment in Jogokariyan Baitul Maal Mosque, activity in the mosque, skill specification, and type of job. A map and data that are reported transparently can be used to help increase the number of people who come to participate in the mosque activities. Based on the data, an activity in the mosque can begin based on people's demand. DKM Jogokariyan is committed to not establishing a business unit in order to pertain to the community's business. *Ukhuwah* in Jogokariyan Mosque is built strongly. Jogokariyan Mosque accepts hundreds of guests every week, and meals for the guests are made by those households who have a restaurant.

Jogokariyan Mosque Program

The mosque nowadays serves as one of the economic empowerment centers for improving the welfare of *mustahik*. As the first winner of the pilot mosque competition in the Special Region of Yogyakarta 2016, Jogokariyan Mosque has many kinds of programs that can serve as a template for all mosques in Indonesia. These programs are as follows:

1. Independent Congregant Movement

In 2005, Jogokariyan Mosque initiated an independent congregant

movement. Weekly dues are calculated from the funds needed in a year and then divided into 52 weeks. This is then divided again, by the mosque capacity, to give a cost per prayer area, and all of these calculations are communicated to the community. People are informed that if they pay that amount, they become an independent congregant. If they pay more, they are a subsidizing congregant. This program has been successful in increasing the weekly dues by 400 percent and has the effect of making people feel ashamed as to why they should have their worship activity subsidized.

2. *Subuh Together Movement*

Jogokariyan Mosque invites all congregants to come to the mosque with honor. In 2004, a new breakthrough program was launched asking people to crowd the mosque. Every house received a formal printed invitation card as if it were a wedding invitation. Every invitation had the recipient's name on it and contained a number of hadith on the exclusivity of shubuh prayer. The result was impressive, with a significant rise in congregant numbers. It can be seen from the amount of congregant was one third from the amount of Friday prayer.

3. *Jogokariyan Ramadhan Village*

This program runs during the month of Ramadhan and contains several activities. Firstly, *tarawih* ala Medina and *tarawih* ala Gaza. The committee invites imam originally from Medina and Gaza to broaden their knowledge about Muslims in the world through preaching after *tarawih*. Secondly, there is an invitation to break fasting together with approximately 1200 portions. Thirdly, there is the Ramadhan evening market. This is an

entrepreneurial activity for the communities around the mosque who sell products in the streets of Jogokariyan. Someone who wishes to sell but does not have the capital to do so is able to request financing from the committee, which would be awarded from the *baitul maal* of the mosque with a *qardh* or *hibah* contract for those who meet the criteria.

4. *Zero Rupiah Infak Movement*

The management of Jogokariyan Mosque have also produced a financial system that differs from that of other mosques. While other mosques are always proud of announcing that their infak balance amounts to a couple of million, Jogokariyan Mosque always tries hard to reveal that its infak balance is almost always likely to be zero. For them, infak is to be allocated to doing good deeds, not for saving in the bank account. Even though it is unlikely that the balance could ever be zero, this serves as a motto for their strong will to distribute ZIS as soon as possible. The management of Jogokariyan Mosque adopts a very humanistic approach and really thinks about the daily problem of *ummat*. The announcement of an infak balance of millions would hurt if there was a neighbor who was unable to go to hospital due to them not having enough money, or if there were children who could not attend school. The management of Jogokariyan Mosque thus has the principle that hurting a congregant is a tragedy of *dakwah*. By announcing that their infak balance is almost zero, it is hoped that the congregants will be more enthusiastic about entrusting more of their wealth.

5. *Baitul Maal*

There are only a few mosques that have a *baitul maal*. The management of Jogokariyan Mosque made its

baitul maal a reality due to the trust from *ummat*. *Baitul maal* is a program to collect ZIS funds and distribute them to a group of eight who deserve it (*mustahik*). The criterion for a *mustahik* to receive funds from the *baitul maal* at Jogokariyan Mosque is for them to be from a lower-class family. The fund can be stopped if people who are included by the criterion of *mustahik* do not carry out prayers diligently and do not follow any programs or studies at Jogokariyan Mosque.

In Jogokariyan *Baitul Maal* Mosque, the management is encouraged to understand ZIS as a mandate that shall be distributed so that the benefits and rewards can be achieved. Therefore, the distribution programs of Jogokariyan *Baitul Maal* Mosque are always creative, innovative, and reactive to the community's condition. The funds can be distributed in the form of both a consumptive and productive program. A consumptive program is a short-term program aimed at fulfilling the main necessities of *mustahik*.

Examples of this type of program are the supplying of staple food needs when prices rise, the twice-weekly distribution of rice to the extremely indigent, the poor, and orphans, a monthly distribution of staple foods, education scholarship, medical service support, help for households who are trapped by debt, providing accommodation for wanderers who are out of funds, and volunteering for disasters, etc. A productive program is a long-term program that aims to empower *mustahik* so that they have social and economic endurance for use over the long term. An example of this type of program is capital financing for the community's businesses and consumption supply that is prepared by the communities.

Mustahik Household Chief Characteristics

A total of 100 respondents participated in this study, comprising *mustahik* who receive consumptive-type financing from a ZIS fund. The characteristics of the *mustahik* households as the respondents in this study are shown in Table 2 as follows.

Table 2. *Mustahik* Household Characteristics

Characteristics	Frequency	Percentage
Gender		
Male	81	81
Female	19	19
Age		
15–40	17	17
41–60	64	64
>60	19	19
Formal Education		
No Formal Education	4	4
Elementary School	28	28
Junior High School	14	14
Senior High School	42	42
>Senior High School	12	12
Jobs		
Employee	17	17
Entrepreneur	39	39
Labor	30	30
Others	14	14
Family Size		

1-3	49	49
4-6	48	48
>6	3	3

Source: Primary Data 2017 (processed)

According to Table 2, the majority of the receivers of ZIS financing from Jogokariyan *Baitul Maal* Mosque are male, comprising 81 people, or 81 percent, with 19 females, or 19 percent. A total of 81 percent are of a productive age, classed as 15 to 60 years, with the other 19 percent being older than 60. In term of education, 4 percent of the *mustahik* did not attend school, 28 percent attended elementary school, with 14 and 42 percent for junior and senior high school, respectively. A total of 12 percent of the receivers had attended college.

Based on job type, 17 percent of the *mustahik* were employees, 39 percent were sellers or micro-entrepreneurs, 30 percent of the *mustahik* were laborers, and 14 percent worked in jobs other than those already mentioned, such as artist, crafter,

etc. A total of 49 percent of the households had between 1 and 3 members. While 48 percent of the households comprised 4 to 6 members, and 3 percent of the *mustahik* had households containing more than six people.

Analysis of the Shift in Mustahik Households Before and After the ZIS Fund

Based on an analysis of the *mustahiks'* household condition before and after receiving the ZIS financial aid from Jogokariyan *Baitul Maal* Mosque, using the CIBEST model, there were shifts in the proportion of *mustahik* households within each CIBEST quadrant. These shifts can be seen in Table 3 below.

Table 3. The shifting of *mustahik* households

Quadrant	The number of <i>mustahik</i> households	
	Before	After
Quadrant I (Prosperous)	60	81
Quadrant II (Materially Poor)	38	19
Quadrant III (Spiritually Poor)	1	0
Quadrant IV (Absolutely Poor)	1	0

Source: Primary Data 2017 (processed)

Table 3 illustrates the shifts in the number of households in each quadrant. In quadrant I, there was an upward shift in the number of *mustahik* households categorized as prosperous households following the ZIS financial aid. The number of *mustahik* before the ZIS financial aid totaled 60 households. After the ZIS financial aid, the number increased to 81 households.

There was a decrease in the number of *mustahik* households in quadrant II, which are categorized as materially poor. Thus, 38 *mustahik* households were classed as spiritually rich but materially poor prior to the financial aid, which fell to 19 households after the ZIS financial aid. This decrease in the number of *mustahik* households categorized as materially poor thus indicates that ZIS financial aid from

Jogokariyan *Baitul Maal* Mosque can fix the material side of *mustahiks*' life.

There was a decrease in the number of *mustahik* households in quadrant III, categorized as spiritually poor. There was one such *mustahik* household classed as fulfilling its material but not its spiritual needs, which fell to zero households after the ZIS financial aid. This indicates that ZIS financial aid can also be used to fix the spiritual side of *mustahiks*' life.

The last quadrant, quadrant IV, is for households that are categorized as being in absolute poverty, whereby they are unable to fulfill either their material or spiritual needs. There was only one household categorized as such prior to the ZIS financial aid, which subsequently fell to zero. This therefore means that the financial aid may help to eradicate

absolute poverty. Generally, ZIS funds can increase the number of prosperous households and reduce the number of materially, spiritually, and absolutely poor households.

Analysis of the Islamic Poverty Index

The Islamic poverty index in the CIBEST model consists of the welfare index, material poverty index, spiritual poverty index, and absolute poverty index. Based on the analysis on CIBEST, the number of households in each category has already been determined. The results for the Islamic poverty index calculation will be obtained through the CIBEST quadrant. The Islamic poverty index calculations are shown as follows:

Table 4. Islamic Poverty Index

No.	Poverty Index	Before the existence of ZIS fund			After the existence of ZIS fund		
		Spiritual Score	Income (Rp)	Index value	Spiritual Score	Income (Rp)	Index value
1	Welfare Index	3.54	1 645 576	0.60	4.276	1 738 120	0.81
2	Material Poverty Index	3.52	1 524 538	0.38	4.252	1 600 131	0.19
3	Spiritual Poverty Indeks	3	2 000 000	0.01	0	0	0
4	Absolute Poverty Index	3	500 000	0.01	0	0	0

Source: Primary Data 2017 (processed)

Analysis of the Mustahik Household Welfare Index

The welfare index describes the number of *mustahik* households that are categorized as prosperous households. Table 4 shows that there was an increase in the average spiritual score of *mustahik* households of as much as 0.736. The average income of *mustahik* also increased by Rp. 92 544.

The index value for *mustahik* household welfare also increased by up to 21 percent. These results indicate that the distribution and empowerment of ZIS funds could enhance the welfare index of *mustahik* households.

Analysis of the Material Poverty Index of Mustahik Households

The material poverty index describes the number of *mustahik* households that are categorized as materially poor but spiritually rich. Based on Table 4, there was an increase in the average spiritual score of *mustahik* households of as much as 0.732. There was also a significant improvement in the average income, increasing by up to Rp. 75 593. The index value of material poverty fell by 19 percent. These results show that the distribution and empowerment of ZIS funds could reduce the material poverty index.

Analysis of the Spiritual Poverty Index of Mustahik Households

The spiritual poverty index describes the number of *mustahik* households that are categorized as spiritually poor but materially rich. Based on Table 4, there was a decrease in the average spiritual score of *mustahik* to zero, as well as in the average income of *mustahik*. The index value of spiritual poverty also fell to one percent. These results show that the distribution and empowerment of ZIS funds can reduce the spiritual poverty index.

Analysis of the Absolute Poverty Index of Mustahik Households

The absolute poverty index describes the number of *mustahik* households that are categorized as both materially and spiritually poor. Based on Table 4, the average for the spiritual score fell to zero, as well as the average income of *mustahik* households. The poverty index value also fell to one percent. These results show that the distribution and empowerment of ZIS funds can reduce the absolute poverty index.

CONCLUSION AND RECOMMENDATION

Mustahik households, as the receivers of ZIS funds, have experienced a welfare enhancement of 21 percent and falls in material poverty of 19 percent, spiritual poverty of 1 percent, and in absolute poverty of 1 percent. These results can be seen from the changes in the CIBEST Islamic Poverty Index.

A well-managed mosque is thus able to decrease poverty and improve the welfare of *mustahik*. The distribution and empowerment programs from Jogokariyan *Baitul Maal* Mosque include the following: supplying staple food needs when the price rises, distribution of rice twice a week to the extremely indigent, the poor, and orphans, distribution of staple foods once a month, education scholarship, medical service support, help for households trapped by debt, accommodation for wanderers who are out of money, volunteering in disasters, etc. The criterion for a *mustahik* receiver from Jogokariyan *Baitul Maal* Mosque is a lower-class family. The funds can be stopped if people who are included as *mustahik* do not diligently perform prayers and do not follow programs or studies at Jogokariyan Mosque.

The existence of a mosque as a zakat institution, or the existence within a mosque of a particular institution to manage zakat, infak, and sadaqah, has a large potential to collect ZIS funds from the community. The potential of ZIS funds triggers the ZIS management to work more professionally. Jogokariyan *Baitul Maal* Mosque should pay attention to both the material and spiritual sides. The spirit of transparent, trusted, and professional should be upheld by the ZIS management in order to gain a greater level of trust from the community. The mosque committee always tries to find other sources of ZIS funds to enable it to increase the amount of ZIS receivers;

therefore, ZIS can be distributed more widely, outside Jogokariyan. The government should also support the mosque's programs in optimizing the collection and distribution of ZIS funds. The government could cooperate with the mosque in managing funds for the welfare of society.

REFERENCES

- Beik, I. S., & Arsyianti, L. D. (2015). Construction of CIBEST model as measurement of poverty and welfare indices from Islamic perspective. *Al-iqtishad*, VII(1) [Internet]. [downloaded 2017 Mei 22].
- _____. 2016. *Ekonomi Pembangunan Syariah*. Jakarta (ID). Rajawali Pers.
- [BPS] Badan Pusat Statistik (ID). 2015. *Jumlah Penduduk Miskin dan Garis Kemiskinan menurut Kabupaten/Kota Yogyakarta, 2014-2015*. [downloaded 2017 April 02]. Retrieved from: <http://www.yogyakarta.bps.go.id>
- Mushlihah, N. (2016). Analisis Dampak Pendistribusian Dana Zakat Sebagai Pengurang Kemiskinan dengan Menggunakan Model CIBEST: Studi Kasus LAZ PM Al-Bunyan [skripsi]. Bogor (ID): Institut Pertanian Bogor.
- Pratama, C. (2015). Pendayagunaan Zakat Produktif dalam Mengurangi Kemiskinan Berdasarkan CIBEST Model: Studi Kasus PT Masyarakat Mandiri LAZ PM Al-Bunyan [skripsi]. Bogor (ID): Institut Pertanian Bogor.
- [SIMAS KEMENAG] Sistem Informasi Masjid Kementerian Agama (ID). (2017). Hasil Pencarian Masjid. [downloaded 2017 Juli]. Retrieved from: http://simas.kemenag.go.id/index.php/search/?provinsi_id=15&kabupaten_id=229&kecamatan_id=&tipologi_id=&keyword=yogyakarta&filter=FILTER
- Tsani, T. (2010). Analisis Dampak Distribusi Zakat terhadap Tingkat Kemiskinan dan Kesenjangan Pendapatan: Studi Kasus Pendayagunaan Zakat oleh BAZDA Lampung Selatan [skripsi]. Bogor (ID): Institut Pertanian Bogor.
- Wibisono, Y. (2016). Potensi Zakat Nasional: Peluang dan Tantangan Pengelolaan disampaikan pada Seminar Nasional Zakat 2016. Tersedia pada: http://www.puskasbaznas.com/image/s/ppt/Panel_1_Yusuf_Wibisono.pdf

Salahuddin El Ayyubi
Bogor Agricultural University
Indonesia
djibran@apps.ipb.co.id

Henni Eka Saputri
Bogor Agricultural University
Indonesia
saputrihennieka@gmail.com