

## Conference Paper

# A Qualitative Approach: Contributions of the Administrator Attitude of Zakat Management Institution on Socio-economic Value of Zakat Utilization in Organizational Performance Assessment

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## Abstract

**Background.** Zakat Management Institution (OPZ) is an organization authorized by the government to manage zakat through the role of zakat intermediation, which is to collect funds from *muzaki* and channel and utilize to *mustahik*. The role of zakat intermediation will determine the performance of the organization by using the balanced scorecard model. One of the factors that contribute to OPZ organization performance is the attitude of zakat collectors (*amil*) on the utilization of socio-economic value of zakat. The **objective** of this research is to find out the contribution of management attitude in the appraisal of organization performance with balanced scorecard model. **Method** used in this **research** is survey and descriptive research with qualitative approach. Data collection techniques used were questionnaires, interviews and documentation. The population is zakat collectors of Zakat Management Institutions in Greater Bandung. **Results of the research** is the contribution of the attitude on the three perspectives of Zakat Organizations performance by using balanced scorecard model; (1) customers and stakeholders perspective; (2) internal business process perspective; and (3) employees and organization capacity perspective. **The origin of** research can outline the contribution of attitudes to a balanced scorecard perspective. **Knowledge contribution** can provide the variable that gives contributions to the improvement of the performance of zakat institutions with balanced scorecard.

**Keywords:** balanced scorecard, organizational performance, administrator attitude

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## 1. Introduction

Zakat management institution (OPZ) is an institution authorized by the government to manage zakat through the intermediation role of zakat, to collect zakat from *muzaki* (zakat payers) and to distribute and utilize zakat to the *mustahik* (zakat recipients). Act

number 23 / 2011 about zakat management has strongly become a law protection for zakat management in Indonesia (Undang-Undang, 2018). This encourages the achievement of larger zakat potential that can be collected (BAZNAS, 2017). However, today there is still a huge gap between the numbers of zakat potentials and the amount of zakat. The value/number of zakat potential that can be collected is 217 trillion (BAZNAS, 2017), but the funds that has been collected is quite small around 3–4 trillions (BAZNAS, 2017). This means that the zakat funds can be collected is only 3%. This fact shows the low performance of zakat management institutions (OPZ). In fact, if zakat funds can be collected in accordance with the value/number of zakat potential, zakat funds can be used as a source of income for the government to alleviate poverty through social programs that are well-directed and structured and can solve the social impact in the long term.

Orientation has two supporting aspects of attitude and attraction. Attitude is an orientation to zakat object, while attraction is the orientation of people. The Zakat institution's administrator attitude on socio-economics of zakat utilization is an attitude orientation on an object that can be identified from its socio-economic motives in a certain socio-economic value. The contributions of administrator attitude on the socio-economic value of zakat utilization related to the assessment of organizational performance using balanced scorecard model.

Based on the aforementioned background, the formulation of this study as follows: What are the contributions of the attitude of the administrators to the leaders of zakat management institution (OPZ) in socio-economic value of zakat utilization which will construct the organizational performance with balanced scorecard model?

## 2. Literature Review

The theory that is used is a theory agency where there are two parties in the organization which are agents and principals. *Balanced Scorecard* is a concept of contemporary performance management that began to be widely applied to public organizations, including government organizations, Zakat management institutions such as OPZ and BAZ (Fadilah, 2011). The Balanced Scorecard is considered appropriate for public organization since balanced scorecard emphasizes quantitative and financial aspects and qualitative and nonfinancial aspects. Kaplan dan Norton explained that balanced scorecard provides executives a comprehensive framework for translating organizational vision and strategy into a set of integrated performance measures (Kaplan & Norton, 1996). *Balanced Scorecard* translates mission and strategy into various objectives

and measurement which are composed into four perspectives: financial, customers & stakeholders, internal business process, and employees and organization capacity. A special balanced scorecard model for nonprofit organizations is developed by Rohm, customer and stakeholder perspectives, financial perspective, internal business process perspective, and employees & organization capacity perspective with the explanations as follows (Rohm, 2004):

### 2.1. Customer and stakeholder perspective

A review of customers and stakeholder perspective in public sector organizations basically to find out how customers and stakeholders see the organization. Customers and stakeholders in public sector are the individuals who pay zakat and those who use public service and customer and stakeholder perspective for the organization is *muzaki* as the zakat payers and *mustahik* as zakat recipients. Customer and stakeholder satisfaction will create customer and stakeholder perspective that uses the following measurements: (1) Citizen satisfaction; (2) Service coverage; and (3) quality and standards.

### 2.2. Financial perspective

Financial perspective in public organizations is to answer how the organization increases revenue and reduces the cost of managers and to see our point of view about zakat payers. Financial perspective explains the expectation of *muzaki* as the major financial providers for zakat management organization. Financial perspective can use the following measurements; (1) An effort to increase zakat and charity donation fund (ZIS) that can be collected and empowered; (2) Effectiveness of services; (3) The increased amount of fund collection; and (4) Increased amount of empowered ZIS funds.

### 2.3. Internal business process perspective

Internal business processes Perspective is used to build organizational excellence through continuous improvement of internal organizational business processes. The strategic objective of the internal business process perspective is to support customer and stakeholder perspective and financial perspective. The measurements that can be

used for internal business process perspective are: (1) Innovation of product and (2) Management Information System.

## 2.4. Employees and organization capacity perspective

Internal business process perspective and, customer and stakeholder perspective in balanced scorecard identify the parameters for building organizational excellence. The targets and measurement of success will continue to change as time changes. Strategic objectives and objectives in employees and organization capacity perspective will affect other perspectives, that is, internal business process perspectives and customer and stakeholder perspectives. Performance measurement of employees and organization capacity perspective can use: (1) Skill coverage; (2) personnel of income and welfare; and (3) Personnel satisfaction.

According to Act number 23/2011, zakat institutions consist of BAZNAZ and OPZ as public sector institutions that perform zakat intermediation by collecting zakat funds from zakat payers (*muzaki*) and distributing it to zakat recipients. The act also provides a legal basis for the establishment of Zakat Management Institution (OPZ) which are administered by the government- funded (BAZNAS) and the non-governmental (LAZ). Furthermore, both institutions have a role as a motivator to optimize Muslim to fulfill their zakat obligation.

Of many variables that have the possibility to contribute and play a role in improving the performance of zakat organizations is the role of zakat collectors through the attitude of zakat collectors (*amil*). Referred to Act 23/2011, zakat collector is management and the executors of zakat intermediation (Dudi, 2006). The attitude of the administrators to their leaders becomes an important aspect that shapes the leaders orientation related to public accountability on the socio-economic value of zakat utilization. The attitude toward socio economic value, as a behavioral orientation to an object, can be indicated by the existence of many socioeconomic motives that surround a certain 'socioeconomic value' and this existence is long, or consistent, inferred, general and evaluative (Newcomb, 1978). According to Newcomb, motives can be determined by a theory of *drive*, *motive*, and *values* (Newcomb, 1978). Motives are the state of the organism in which physical energy is directed selectively toward frequent, though unnecessary, circumstances outside, so-called goals (Newcomb, 1978). It is perfectly natural to refer to motives by the purposes of a motive to limit the definition of 'motive'. Therefore, motive can be named in accordance with its goal, for example it is called a motive for food when the goal is food (Newcomb, 1978). If a motive lasts long,

it will turn into attitude. This attitude has a certain value. This attitude can be viewed also as a certain value-worthy attitude referring to description of the socio-economic goals of zakat (Dudi, 2006).

These objectives are in the vicinity of a socioeconomic value (Fadilah, et al., 2016). The technical aims of zakat can be the motives that are in the vicinity of the general social economic value or goal of zakat. This opinion is in accordance with the Islamic economy which is inseparable from the two aspects of the spirit of zakat; distribution and growth, and that economic activity must be implemented by upholding social values. Motives can serve as part of an attitude toward socioeconomic values for the necessity of *mustahiq* (Dudi, 2006). Dimensions and indicators for attitudes toward indigenous social economic of zakat utilization are:

1. elevate the poor. This objective involves the fulfillment of needs with a motive to raise the dignity of the poor, by providing immediate aids;
2. solve the problems of those in debt (*gharimin*), *the wayfarers (ibnussabil)* and *other zakat recipients (mustahik)*. This goal is intermediate or erratic motives. The indicators are;
3. facilitate the equal distribution of income to achieve social justice. This objective involves enriching motives(Dudi, 2006).

### 3. Methods

The method used in this study is a survey method, the research takes samples from a population and using questionnaires as the main data collection tool (Arikunto, 2006).The type of research is *descriptive research analysis* with qualitative approach. To describe the research variables in the questionnaire, the optimization of variables, must be carried out as follows:

Data collection techniques used in the study is (1) questionnaires; (2) interviews; and (3) documentation. This research questionnaire uses *Semantic Differential Scales* (Cooper & Schindler, 2006).To ensure the instruments used in this study, validity test (correlation *product moment*) and the reliability of the instrument (correlation *Spearman-Brown*)are necessary to conduct. The target population in this study is 15 zakat organizations (BAZ NAS and LAZ) with 43 respondents in Greater Bandung.

### 4. Results

TABLE 1: Variables operationalization.

No.	Leaders Attitude	No.	Organizational Performance with BSC
1	Elevate the poor	1	Customers and stakeholders perspective
2	Solve the problems of those in debt ( <i>gharimin</i> ), the wayfarers ( <i>ibnussabil</i> ) and other zakat recipients ( <i>mustahik</i> )	2	Financial perspective
3	Facilitate the equal distribution of income to achieve social justice	3	Internal business Process Perspective
		4	Employees and Organization Capacity Perspective

(References: Dudi:2006 and Rohm:2004).

### 4.1. Description of the administrators attitude

Validity testing in which the statement item is declared valid if the correlation coefficient of statement item  $\geq 0.30$  (Barker & Elliot, 2002). Reliability testing using *alpha-Cronbach* method is stated reliable if the reliability coefficient is higher than 0.70 (Barker & Elliot, 2002). The result of the validity test for 10 question items is that all the correlation of coefficient value above 0.3 so that the validity test results are all valid. The reliability test for the administrator attitude variable is that the Reliabilities Coefficient (*alpha-Cronbach*) = 0.912, it is above 0.7 meaning that all test results are reliable. The calculation of *grand mean of* respondents score about the zakat organization’s administrator attitude is at the interval 5.5–7.75. we can conclude the administrator attitude in most zakat organization. The three major indicators of the amil (zakat collectors/administrators) attitude are in following table.

TABLE 2: Mean score capitulation of respondents answer regarding the zakat institution’s administrator attitude on socio economic of zakat utilization.

No.	Indicators	Mean Score	Criteria
1	Dimension of Elevating the poor	7.77	High
2	Dimension of Solving the problems of those in debt ( <i>gharimin</i> ), the wayfarers ( <i>ibnussabil</i> ) and other zakat recipients ( <i>mustahik</i> )	7.78	High
3	Dimension of Facilitating the equal distribution of income to achieve social justice	7.25	Fair
	<b>Administrator Attitude</b>	<b>7.62</b>	<b>Fair</b>

(References: Processed through research data).

It can be concluded that the administrator attitude of the organizations on the socio-economic value of zakat utilization is considered to have enough contribution on zakat utilization.

## 4.2. Description of organization performance assessment

Performance assessment with balanced scorecard in zakat organizations will be revealed through the answer of respondents on the questionnaire that covers several dimensions. Performance assessment with balanced scorecard used four-dimensions and was organized into 15 questions. Here is the mean score of respondents' assessment of each item in each dimension.

TABLE 3: Mean score recapitulation on respondents regarding organizational performance.

No.	Indicators	Mean Score	Criteria
1	Customers and Stakeholders	7.98	Good
2	Financial	8.43	Good
3	Internal Business Process	8.31	Good
4	Employees and Organization Capacity	8.08	Good
	<b>Organizational Performance with BSC</b>	<b>8.20</b>	<b>Good</b>

(References: Processed through research data).

The average score of respondents on the organizational performance with balanced scorecard is 8.20 indicating that the assessment of Organizational performance in most zakat organizations is good. Viewed through the instruments:

1. Zakat institutions focus all efforts to provide the best services for the satisfactory of zakat payers (*muzaki*) and zakat recipients (*mustahik*);
2. The institutions have a good balance between the funds raised and the empowered funds. This means the organizations have a good performance. In addition, in *financial* perspective, striving for operational cost efficiency is the organization's performance.
3. The organizations make some innovations and creations, especially in designing and making programs that are offered by zakat organizations both for the collection of products and the empowerment of zakat funds.
4. Zakat institutions set up programs that can improve skills, competencies and capabilities. In addition, the organizations have also devised various policies that will ultimately provide prosperity and satisfaction of zakat collectors/administrators.

## 5. Discussion

Habit or tendency in behaving in socio-psychology and behavioral aspects in accounting is called orientation. Orientation has two supporting aspects of attitude and attraction. Attitude is an orientation to zakat object, while attraction is the orientation of people. The Zakat institution's administrator attitude on socio-economics of zakat utilization is an attitude orientation on an object that can be identified from its socio-economic motives in a certain socio-economic value. The motive will support the leaders' orientation on the utilization of social economic zakat value, especially to their role of distributing and utilizing zakat through the programs established by the organizations. The programs that are established by the leaders are the programs that have a high socio economic value or a program that has a high effectiveness (Fadilah, 2012). The socio economic value of zakat utilization can be seen from zakat programs: economic, social, health, missionary and disaster response programs. Governmental zakat institution (BAZNAS) from central, provincial and district / city levels have similar programs namely: (1) BAZNAS Peduli (BAZNAS Care); (2) BAZNAS Sehat (BAZNAS Healthy); (3) BAZNAS Cerdas (BAZNAS Smart); (4) BAZNAS Mandiri (BAZNAS Independent) (5) BAZNAS Takwa (BAZNAS Devotion); (6) BAZNAS Tanggap Bencana (BAZNAS Disaster response) and (7) Zakat Community Development (ZCD). The attitude of administrators on the socio-economic aspect of zakat utilization can be viewed from the indicators, namely: (1) To elevate the poor; (2) to solve the problems of gharim, ibnusabil and other *mustahik*; and (3) to facilitate the equal distribution of income to achieve social justice.

The contributions of administrator attitude on the socio-economic value of zakat utilization related to the assessment of organizational performance using balanced scorecard model can be seen from three perspectives; (1) *Customers and stakeholders*; (2) internal business process and (3) *Employees and Organization Capacity*. Each perspective is influenced by the attitude of the administrators on the socio-economic value of zakat utilization as described further.

*Customers and stakeholders perspective* in public sector organizations is basically aimed to find out how *customers and stakeholders* view the organization. Therefore, *customers and stakeholder perspective on zakat management organizations* focuses to meet the satisfaction of *muzaki* and *mustahik* and also public. To assess this perspective, see the following aspects:

1. Customers will be satisfied when they receive good service and the expected values. The measurement of customer satisfaction can be seen from the return rate of customers, especially *muzaki*.
2. In addition, the size of satisfaction can be seen from the *Service coverage* provided by the organization. The service coverage can be seen from the programs offered by the organization. In general, the programs offered are almost the same in the areas of economic, social, health, education, and natural disaster service, but there are a lot of numbers of programs (derivative programs) offered.
3. More than that, a good quality service is determined by the standard of service provided.

Zakat management institutions have tried to provide various service procedures for *muzaki* and *mustahik* through the quality of service. Quality of service can be accessed from:

1. Standard Operating Procedure (SOP), it turns out that almost all zakat management institutions already have and implement an SOP, although the level of the presentation is still varied;
2. Minimize the bureaucracy, almost all zakat management institutions have committed to be as close as possible to serve *muzaki* and *mustahik*;
3. International Organization for Standardization (ISO 9001) about the quality of management. Based on data, Not all zakat management institutions have ISO but they have some efforts to achieve and obtain ISO;
4. Other standards set up by external organizations such as Zakat Forums (FoZ), Ministry of Religious Affairs of the Republic of Indonesia.

The internal business process perspective for zakat Management institutions is how the organizations build excellence through continuous internal business process improvement. In internal business process perspective, zakat management institutions will identify the key process that need to be properly managed in order to build a good organization's financial condition. The factors that are assessed in the organization's internal business process perspective can be seen from *Innovation of product*. In fact, numbers of zakat organizations hire a consultant to design attractive, original programs that have broad multiplier effects. To create varieties of proper and good programs requires a variety of supportive information. The information obtained from the internal and external parties. Based on the research, nearly all

zakat management organizations that were studied have a management information system. The information from the external party is commonly obtained from agencies, institutions and other agencies outside of zakat organizations such as government, associations, statistical center bureaus, and other institutions.

For the Employees and Organization Capacity perspective, Zakat administrator is the most important element in OPZ. In general the qualifications that must be possessed are: Muslims, trust, education and have adequate knowledge about zakat. Trust worthiness is a moral attitude that must be possessed by a zakat collector/administrator in carrying out the duties of the institution with honesty and in accordance with the provisions. This moral attitude must be built by giving Islamic values to the administrators and collectors. The aspect of education is usually obtained from formal education in accordance with the study program taken by the zakat administrators. Furthermore, zakat administrators also receive further education related to zakat management. There are several institutions in Indonesia that provide scholarship for the zakat administrators to study zakat management.

Another aspect that is measured from Employees and Organization Capacity perspective is personal income and welfare. This aspect will be directly proportional to the demands of the zakat administrator's professionalism. More professional zakat administrators will receive a higher income and welfare. Based on the results of the research, in general zakat management organizations have appreciated the profession of zakat administrators as a profession in a profitable organization. The aspects to be considered in determining salaries of zakat administrators are: work ethic, length of work, experience, capability and skills (Fadilah, et al., 2016).

Finally the results and the originality of research describe the contribution of attitudes on each perspective of balanced scorecard. As a contribution to knowledge, the results of this research found the variables that contribute to improving the performance of zakat institutions with balanced scorecard. Furthermore, to improve and support the assessment of organizational performance using balanced scorecard model on a zakat management organization, we have to see the other variables other than the administrator attitude on the socio economic value of zakat utilization, such as the zakat administration's attention to socio-economic value of zakat utilization, organizational culture, management orientation and leadership policy.

## 6. Conclusions

Based on the previous discussions, the attitude of the administrators on the socio-economic value of zakat utilization is reflected in the zakat distribution and utilization programs. A more positive attitude of the administrators will result in more effective zakat programs. The contribution of administrator attitude on the assessment of zakat organizational performance with balanced scorecard model is in these perspectives (1) customers and stakeholders; (2) internal business process and (3) Employees and Organization Capacity.

Research recommendations to develop future research, improving and supporting organizational performance assessment using balanced scorecard model in a zakat management organization should be seen from other variables in terms of the administrator attraction, the leaders' orientation and policy, organizational culture and other variables that are considered to have contributions.

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