



ANALYSIS OF FINANCIAL PERFORMANCE OF NATIONAL AMIL ZAKAT INSTITUTIONS IN INDONESIA

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Abstract

The purpose of this research is to measure the financial performance of national amil zakat institutions in Indonesia using financial ratios in the international standard of zakat management (iszm) approach, there are two variables in the international standard of zakat management (iszm) method, namely efficiency and capacity variables. The method used in this study is quantitative with a descriptive approach. The results of this study indicate that the financial performance of the national amil zakat institution is still volatile in terms of both efficiency and capacity variables.

Introduction

The economy in Islam regulates several things such as buying and selling, owing, prohibiting usury, zakat, and others. One that is regulated in Islamic economics is that which is included in the pillars of Islam is zakat. Zakat according to Qardawi (2011: 34) is sacred, blessing, growing, and increasing. Whereas according to the term means a number of assets issued to be given to people who are entitled to receive it.

Zakat in the economy is to prevent the accumulation of assets that must be distributed to the poor. According to Law Number 23 of 2011 the management of zakat is an activity of implementation, planning, and coordination in the distribution, collection and utilization of zakat funds. The management of zakat is usually carried out by amil zakat institutions, there are two zakat management institutions in Indonesia, namely the National Zakat Amil Agency (BAZNAS) and the National Amil Zakat Institution (LAZNAS) (Widodo and Kusniawan, 2011). The National Zakat Amil Agency (BAZNAS) was formed by the government, while the National Amil Zakat Institution (LAZNAS) was formed by the community.

The growth of zakat collection according to the Indonesian Zakat Outlook (2019) in 2016 the collection of zakat funds obtained was 5 trillion and then increased by 24% in 2017 by 6.2 trillion. The increase in the collection of zakat will increase the credibility of the zakat institution against muzakki. This is inseparable from the performance of the amil zakat institution in managing zakat funds. While Republika.co.id world zakat forum (WZF) has launched a measuring tool for financial performance of zakat institutions internationally in November 2015, namely the International Standard of Zakat Management (ISZM).

Research on the measurement of the performance of zakat institutions has been carried out several times by Lestari (2015) research on the efficiency of the performance of the Regional Amil Zakat Agency with the Data Envelopment Analysis approach. Fadilah et al. (2016) about the performance evaluation model of zakat debgab institutions using the Balance Score Card approach, the results are simultaneous Internal Control (PI), Organisation Culture (BO), and Total Quality Management (TQM) that significantly influence organizational performance.

Parisi (2017) examined the level of efficiency in 5 zakat institutions in Indonesia using the Data Envelopment Analysis and Malmquist Productivity Index, the result of which is the level of efficiency and productivity of zakat institutions is still not optimal. Harto et al. (2018) measures the performance of zakat financial institutions using the International Standard of Zakat Management (ISZM) method in 2014-2016, the result of which is that the efficiency variables of zakat institutions are efficient but the variable capacity still needs to be improved.

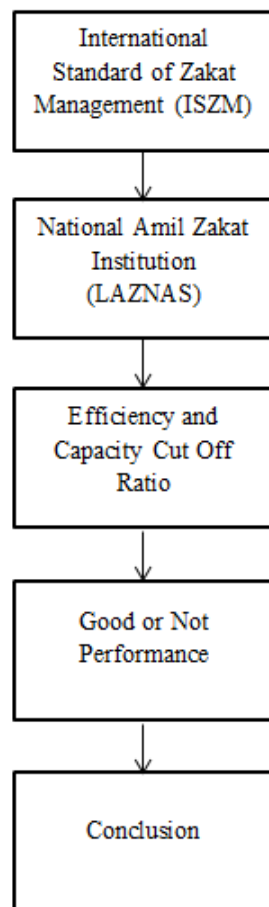


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Research related to the measurement of the performance of zakat institutions has indeed been carried out several times but measurements using the International Standard of Zakat Management (ISZM) method are still limited. Unlike the research of Harto et al. (2018) which compares the financial performance of zakat institutions, this study will look at the performance of national amil zakat institutions for the period 2015-2017.

Conceptual Framework

This study analyzes the financial performance of the National Amil Zakat Institution using the International Standard of Zakat Management (ISZM) method. The conceptual framework shows that the International Standard of Zakat Management (ISZM) method for measuring the financial performance of national amil zakat institutions, before knowing the results has to calculate the average ratio first. Following is the conceptual framework of this research.



Research Conceptual Framework

Research Methods

The population in this study are all national amil zakat institutions in Indonesia. The sample is selected using the puposive sampling technique. The following is the research sample in this study:

Table 1. Sample Criteria

Keterangan	Jumlah
The zakat institution that gets BAZNAS verification and has a decree from the Ministry of Religion and / or the decision of the President of the Republic of Indonesia as a National Zakat Institution.	19
The National Amil Zakat Institution that implements the transparency of published financial	7



statements.	
The National Amil Zakat Institution which published the financial statements for the 2015-2017 period.	3
Number of research samples	3

There are 3 national amil zakat institutions chosen as samples in this study, namely Yatim Mandiri, Yatim Arrohman House, and Rumah Zakat.

The variables used in this study are efficiency and capacity variables, as found in the table below:

Table 2. Variables of efficiency and capacity

Efficiency		
Indicator	Formula	Explanation
Program expense ratio	$\frac{PE}{TE}$	PE: Program expense TE: Total Expense
Operational expense ratio	$\frac{OE}{TE}$	OE: Operational Expense TE: Total Expense
Fundraising expense ratio	$\frac{FE}{TE}$	FE: Fundraising Expense TE: Total Expense
Fundraising efficiency	$\frac{FE}{TC}$	FE: Fundraising Expense TC: Total Contribution
Capacity		
Indicator	Formula	Explanation
Primary revenue growth	$\frac{PR_n - PR_{n-1}}{PR_{n-1}}$	PR _n : Primary Revenue PR _{n-1} : Primary Revenue
Program expense growth	$\frac{PE_n - PE_{n-1}}{PE_{n-1}}$	PE _n : Program Expense PE _{n-1} : Program Expense
Working capital ratio	$\frac{WC_p}{TE}$	WC _p : Working Capital TE : Total Expense

Source: World Zakat Forum and Indonesia Magnificent of Zakat (2017)

Discussion

The average calculation as a reference for determining whether or not the performance of national amil zakat institutions based on ratios in efficiency and capacity variables is as follows:

Table 3. Average ratio

Variable	Efficiency	Program expense ratio	0,65
		Operational expense ratio	0,21
		Fundraising expense ratio	0,10
		Fundraising efficiency	0,02
	Capacity	Primary revenue growth	0,08
Program expense growth		-0,01	
Working capital ratio		0,16	

Source: data processed

1. Program Expense Ratio

Measuring the program load ratio is done to determine the distribution of zakat funds to mustahik. If the result is greater than the average value, the result is good, if it is below the average then the result is good. The calculation value of the program load ratio is presented in the table below:



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Table 4. Program Expense Ratio

Institution	2015	2016	2017
Yatim mandiri	0,42	0,56	0,56
Rumah yatim arrohman	0,75	0,58	0,63
Rumah zakat	0,72	0,74	0,89

Source: data processed

Based on the table above, it can be seen that with an average program load ratio of 0.65, the Yatim Mandiri zakat institution has not been said to be efficient, Rumah Yatim Arrohman House has experienced inefficiencies in 2016-2017, and the Rumah Zakat has been efficient in seeing its value above three years. The growth of the program load ratio can be seen in chart 1 below:

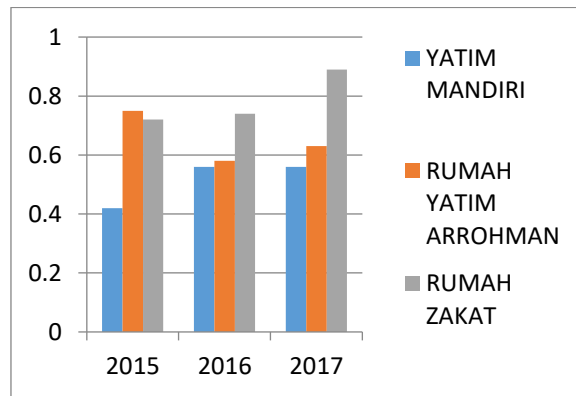


Chart 1. Program Expense Ratio

Source: data processed

Even though the Yatim Mandiri is said to be inefficient, the chart shows that every year there is an increase in the programs implemented. Then the Yatim Rumah Arrohman is fluctuating, and the Rumah Zakat increases every year.

2. Operational Expense Ratio

Measuring the ratio of operational expenses is done to find out the management of funds for the operational activities of zakat institutions. The smaller the costs incurred the more efficient. The value of calculating the operational expense ratio can be seen in table 5 below:

Table 5. operational Expense Ratio

Institution	2015	2016	2017
Yatim Mandiri	0,42	0,43	0,44
Rumah Yatim Arrohman	0,05	0,12	0,08
Rumah Zakat	0,08	0,08	0,08

Source: data processed

Based on the table above, it can be seen that with an average ratio of operating expenses of 0.21 then the Yatim Mandiri zakat institution has not been said to be efficient because it disbursed funds above the average. Then Rumah Yatim Arrohman and the Rumah Zakat were efficient because the value was smaller than average.

The development of annual operating expense ratios can be seen from chart 2 below:

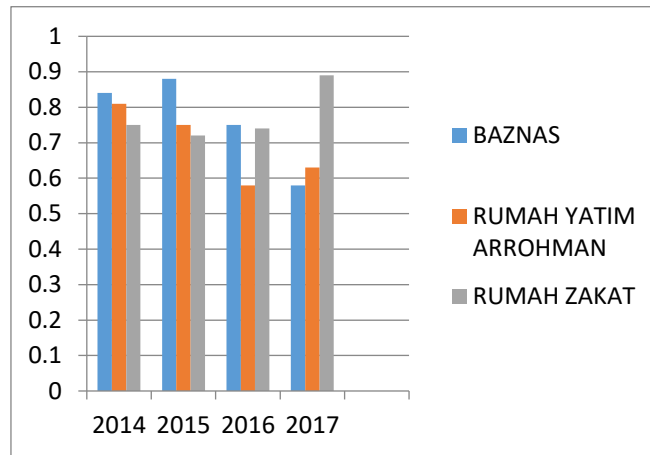


Chart 2. Operational Expense Ratio
Source: Data processed

The growth of the annual operating expense ratio for Yatim Mandiri zakat institutions always increases, meaning that the costs incurred each year always increase. Then Yatim Arrohman's home operating costs increased in 2016, and Rumah Zakat during 2015-2017 had stable operational costs.

3. Fundraising Expense Ratio

The measurement of the burden of collection ratio aims to determine the burden incurred by the zakat institution to collect funds within the reasonable limits. The smaller the burden incurred, the better the ratio of the collection of zakat institutions. The ratio of the total burden of the three national amil zakat institutions can be seen in the following table:

Table 6. Fundraising Expense Ratio

Institution	2015	2016	2017
Yatim Mandiri	0,0001	0,0005	0,0005
Rumah Yatim Arrohman	0,86	0,01	0,003
Rumah Zakat	0,01	0,01	0,01

Source: Data processed

Based on the table above, it is known that the average ratio of the accumulation of all national amil zakat institutions is 0.10. It is seen that the Yatim Mandiri zakat institution has a value below 0.10 which means it is efficient, for Rumah Yatim Arrohman there is inefficiency in 2015, and for the Rumah Zakat it is said to be efficient.

The development of the burden of gathering three zakat institutions for three years can be seen in the chart below:

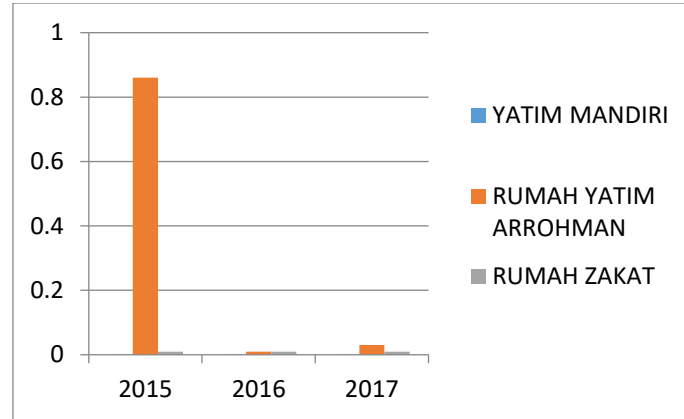


Chart 3. Fundraising Expense Ratio
Source: Data Processed

Based on the load ratio ratio diagram, it can be seen that the Yatim Mandiri zakat institution has a very small collection burden ratio in 2015 and then rises 0.004 in 2016-2017. Then Yatim Arrohman's House had a high collection burden in 2015 but the following year has declined. While Rumah Zakat has a stable collection burden for three years.

4. Fundraising Efficiency

Collection efficiency is calculated to determine the amount of funds issued by the zakat institution to raise funds for funds and donors. The smaller the cost of collecting funds, the more efficient the institution will be. The value of saving efficiency can be seen in the following table:

Table 7. Fundraising Efficiency

Institution	2015	2016	2017
Yatim Mandiri	0,0005	0,0005	0,0005
Rumah Yatim Arrohman	0,1	0,02	0,04
Rumah Zakat	0,02	0,02	0,01

Source: Data processed

Based on the table above it is known that the average collection efficiency is 0.02 which means that for the Yatim Mandiri zakat institution it has been said to be efficient for three years, for Rumah Yatim Arrohman only in 2016 experienced efficient collection, and for the Rumah Zakat for three years the efficiency of its collection has been said to be good.

The efficiency growth of the three zakat institutions can be seen in chart 4 below:

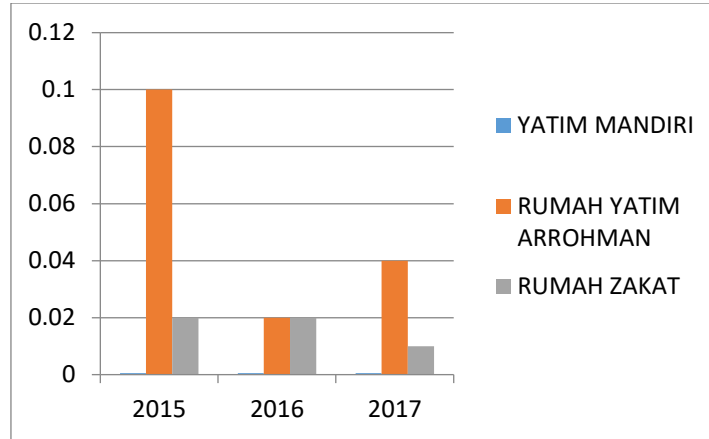


Chart 4. Fundraising Efficiency

Source: Data processed

The efficiency of collecting the three zakat institutions in the diagram above shows that the Yatim Mandiri has the smallest and most stable collection efficiency, then for the Rumah Yatim Arrohman the efficiency of the collection is fluctuating, and the Rumah Zakat is relatively stable. If there is a high value in the collection efficiency, this condition is greatly avoided because it is not worth the cost collected.

5. Primary Revenue Growth

Growth The main revenue is calculated to determine the ability of zakat institutions to increase the collection of zakat funds, in other words this ratio aims to see the growth of collections from the previous year. The greater the value, the better the main revenue growth in the three zakat institutions can be seen in the following table:

Table 8. Primary Revenue Growth

Institution	2015	2016	2017
Yatim mandiri	0,07	0,07	-0,09
Rumah yatim arrohman	0,15	0,15	0,04
Rumah zakat	0,21	0,12	0,04

Source: data processed

Based on the table above, it is known that the average of all institutions is 0.08, so for the Yatim Mandiri institution the growth of zakat fund receipts is still not said to be good, because the value is below the average especially in 2017 there is a minus value which means that the zakat fund is experiencing decline from the previous year. Rumah Yatim Arrohman and only in 2017 that was not good.

The growth of the zakat institution's revenue within three years can be seen in diagram 5 below: The growth of the receipt of zakat institutions within three years can be seen in chart 5 below:

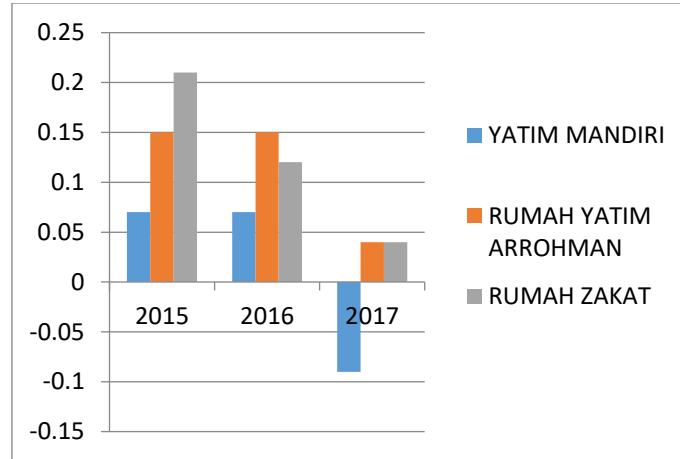


Chart 5. Primary Revenue Growth
Source: Data processed

The main revenue growth diagram above can be seen that the Yatim Mandiri zakat institution after experiencing an increase has decreased dramatically in 2017. Rumah Yatim Arrohman has also decreased in 2017, and the Rumah Zakat has decreased for three consecutive years.

6. Program Expense Growth

The growth of program load is calculated to determine the magnitude of the growth of programs carried out by zakat institutions, the greater the value, the greater the program that is run and means the greater the zakat funds channeled to mustahik. The growth of programs carried out by zakat institutions can be seen in table 8 below:

Table 8. program Expense Ratio

Institution	2015	2016	2017
Yatim mandiri	-0,5	-0,44	-0,01
Rumah yatim arrohman	0,15	0,21	0,02
Rumah zakat	0,43	-0,03	0,07

Source: data processed

Based on the table above it is known that the average growth of program expenses is -0.01, which means that if there is a decrease of -0.1% it is still considered good. If you look at the zakat institution as a whole, the value is still a lot that is not good in other words the zakat program carried out by the zakat institution decreased from the previous year.

The growth of program load for three years can be seen in chart 6 below:

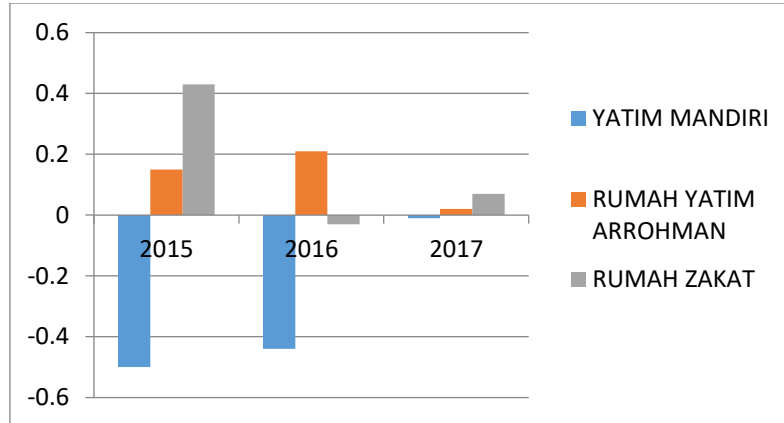


Chart 6. Program Expense ratio

Source: data processed

Program load growth in the diagram above shows that the program load of the three zakat institutions is still fluctuating or can be said to go up and down every year. This will have an impact on the trust of mizakki or donors to channel their zakat funds to zakat institutions, or this can happen because the zakat funds obtained are small so that the funds channeled to the program are also less.

7. Working Capital Ratio

The ratio of working capital is calculated to find out how much the amil zakat balance can cover the expenditure of zakat institutions when there is no new zakat fund. The greater the value of the working capital ratio, the better because amil can cover the operational costs of zakat institutions. The value of the working capital ratio can be seen in table 9 below:

Table 9. Working Capital Ratio

Lembaga	2015	2016	2017
Yatim mandiri	0,26	0,29	0,31
Rumah yatim arrohman	0,12	0,07	0,08
Rumah zakat	0,1	0,08	0,1

Sourch: data processed

Based on the above table with an average value of 0.16, for the Yatim Mandiri zakat institution has a good working capital ratio because its value can reach 0.31, meaning that the amil balance can be sufficient for the operational costs of the institution. Rumah Yatim Arrohman and Rumah Zakat is still not good because the value is still below 0.16 so it should be improved again.

The growth of the ratio of the working capital ratio of zakat institutions can be seen in chart 7 below:

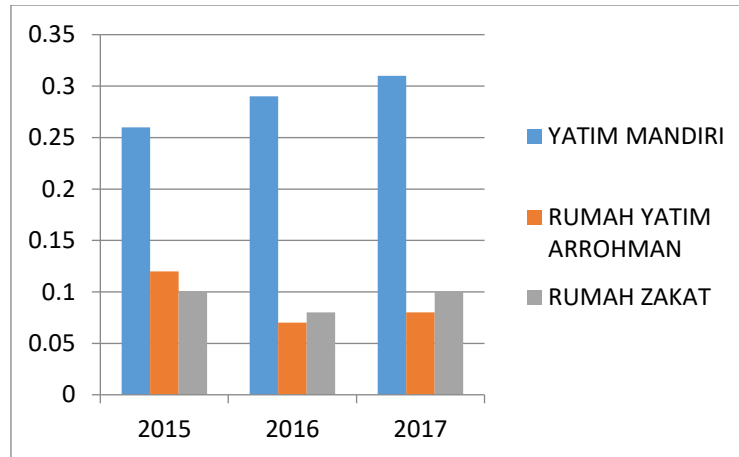


Chart 7. Working Capital Ratio

Source: data processed

The working capital chart above shows the growth of the working capital of the zakat institution every year, for the orphans, increasing every year, but for the Orphan Arrohman House and the Zakat House it is still volatile.

Conclusions

Financial performance of amil zakat institutions in Indonesia based on overall efficiency variables is still said to be safe, because the value below the average only occurs in one year and is not sustainable. although the decline still occurs in zakat institutions but this is not significant, meaning that zakat institutions need to improve the management system in order to improve operational activities more efficiently.

Whereas in the capacity variable it can be seen that growth in revenue, program growth and working capital is fluctuating, this needs to be considered by zakat institutions so that donors or muzakki can trust zakat institutions to be able to pay zakat, if muzakki believes the zakat institution can develop the program more much more.

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