

ZAKAT DISBURSEMENT EFFICIENCY BASED ON ZAKAT CORE PRINCIPLES IN MANAGING ZAKAT FUNDS IN BAZNAS OF WEST NUSA TENGGARA PROVINCE

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ABSTRACT

This research aims to analyze the efficiency of zakat fund management in terms of its disbursements, Local Government Budget Allocation, and time according to the Zakat Core Principles in BAZNAS office of West Nusa Tenggara Province. There have not been many kinds of research that use Zakat Core Principles to measure zakat distribution efficiency in Indonesia. Most of the prior researches used Data Envelopment Analysis (DEA) and Malmquist Productivity Index (MPI) to measure zakat distribution efficiency. The results of this research show that the Disbursement Efficiency in 2014 is considered efficient, for the years of 2015 and 2017 it is considered very efficient, while for 2016 it is only considered quite efficient. The results of Local Government Budget Allocation analysis show that the operational costs coming from APBD for 2016 are classified as efficient, while for the years 2014, 2015 and 2017 it is classified as inefficient. The results of Time Efficiency analysis show that the amount of consumptive zakat being disbursed is categorized as satisfactory because it was disbursed four times in one year, while the disbursement of productive zakat can be categorized as fast because it was done six times in a year.

Keywords: efficiency, zakat fund management, zakat core principle

Penelitian ini bertujuan menganalisis efisiensi pengelolaan dana zakat dari segi penyaluran, alokasi APBD dan waktu berdasarkan Zakat Core Principles pada BAZNAS Provinsi Nusa Tenggara Barat. Selama ini penelitian yang merujuk pada Zakat Core Principles sebagai alat ukur efisiensi penyaluran zakat masih sedikit dilakukan di Indonesia yang sebagian besar menggunakan *Data Envelopment Analysis (DEA)* dan *Malmquist Productivity Index (MPI)*. Hasil penelitian menunjukkan bahwa kinerja *Disbursement Efficiency* pada tahun 2014 efisien, untuk tahun 2015 dan 2017 sangat efisien. Sementara, pada tahun 2016 cukup efisien. Hasil alokasi APBD menunjukkan bahwa biaya operasional yang berasal dari dana APBD pada tahun 2016 memiliki kinerja efisien. Sebaliknya, pada tahun 2014, 2015, dan 2017 tidak efisien. Hasil *Time Efficiency* menunjukkan bahwa jumlah penyaluran zakat konsumtif dikategorikan baik (4 kali dalam setahun). Sementara, zakat produktif dapat dikategorikan cepat (6 kali dalam setahun).

Kata kunci: Efisiensi, pengelolaan dana zakat, prinsip inti zakat

INTRODUCTION

Islam, as a religion that means mercy to all creation (*rahmatan lil 'alamin*), has set and provided its best solution to achieve social welfare, which is through *zakat*. The word *zakat* comes from the base (*masdar*) word *zakat*, which means to grow, pure, and good. In the Holy *Quran*, the word *zakat* is interpreted as to grow (QS Al-Kahfi (18):81), clean and pure of heart (QS Maryam (19):13), clean and free from evil (QS An-Nur (24):21) and purifying (QS At-Taubah

(9):103). In terms of *Fiqh*, the word *zakat*, according to Moslem theologians, means the mandatory dispense of a certain asset by certain parties by particular means (Bank Indonesia, 2016). The urgency for *zakat* in Islam is emphasized by setting it as one of the pillars that are mandatory for all Moslems according to the provisions that have been set by *Sharia*.

In Indonesia, the development of the official *zakat* organization began in 1960 and peaked in the 1990s as a form of Mos-

lem people's recognition of the rights of the needy (*dhua'fa*). In this era, *zakat* came in the first instance to be conceptualized not only as part of the ritual obligations to Allah but also as a social duty necessary for the maintenance of social peace and a means for bringing the state to account (Retsikas, 2014). According to a study conducted by BAZNAS in Outlook *Zakat* Indonesia in 2019, the trend of *zakat* collection in 2016 and 2017 shows an increase from 97 billion Rupiah to 138 billion Rupiah, but the realization of *zakat* distribution or disbursement was 67 billion Rupiah in 2016 or only 69% from the amount collected and 108 billion Rupiah in 2017 or 78% from the amount collected (Badan Amil *Zakat* Nasional, 2019). The same results occurred in Malaysia, where the amount of *zakat* collected every year increases on average. However, the performance of its distribution is not yet optimal (Lubis, Yaacob, Omar & Dahlan, 2011).

As a province consisting of a majority of Moslem citizens which take up 96.77% of the whole population, West Nusa Tenggara (NTB) devotes considerable attention to *zakat*. BAZDA of East Lombok has implemented a policy to deduct *zakat* from the salaries of its civil servants through Regional Regulation Number 9 Year 2002. Because East Lombok is one of the regions that focus on Islamic teachings in NTB Province, this is understandable. East Lombok is the home base of prominent Islamic Boarding Schools from a total of 66 establishments and almost all of its population follows a certain Islamic group. Moreover, strong religious backgrounds have heightened their people's devotion to Islamic teachings in daily life. Starting from building numerous mosques across the region, from the encouragement of the respected *ulemas*, people are obedient in contributing to the development of religious establishments by mobilizing *zakat* funds. By the enactment of NTB Governor's Regulation Number 15 Year 2016, the then Governor, who is a respected religious leader from one of the prominent Islamic institutions in NTB, imposed the payment of *zakat* by deducting the salary of civil servants in the province.

Statistically, the economy in NTB is dominated by revenue from real sectors such as agriculture, fisheries, and forestry. The remaining portion comes from tourism, mining, and other industries. The Human Development Index (IPM) of NTB Province ranks 18 nation wise during 2014-2017 with a rising trend. The IPM in 2014 increased by 2.27% from 64.31% then became 66.58% in 2017 (Badan Pusat Statistik, 2018). This rise follows the rising trend of collected *zakat* funds by data from BAZNAS NTB during that same period. Undeniably, this is the result of the rising awareness and participation of the local government, Islamic leaders, and respected members of the society from many Islamic organizations of NTB Province in implementing policies to encourage the collection of *zakat* funds which in turn is distributed to foster the welfare of its citizens.

Regulation and provision regarding *zakat* in Indonesia are set by the Fatwa of Indonesian Council of *Ulema* Number 14 Year 2011 on the Collection, Maintenance, dan Distribution of *Zakat* Asset (Majelis Ulama Indonesia, 2011) and by The Law of the Republic of Indonesia Number 23 Year 2011 on *zakat* management. Following the measurement of *zakat* Disbursement Efficiency performance, Bank Indonesia, Badan Amil *Zakat* Nasional (BAZNAS), and IRTI-IDB have designed a framework and governance standard for *zakat* based on best practices to improve the quality of *zakat* system that is known as the *Zakat* Core Principles (ZCP) in 2016. *Zakat* Core Principles (ZCP) is believed to be an effective guide to managing *zakat* funds. Considering the huge potential amount of *zakat* funds in Indonesia (Akbar, 2009) and its possibility to be misused, a rule to be used to audit and ensure its transparency needs to be set (Rusydia & Firmansyah, 2017). Atabik (2015) also Lubis & Azizah (2018) in their respective researches used a management model that covers every activity involving *zakat* management using the concept of socialization, collection, empowerment, and supervision to achieve professionalism in managing *zakat*.

Several studies conducted on *zakat* management organizations reveal that on average, these organizations show inefficiency in the disbursement of *zakat* (Parisi, 2017; Akbar, 2009;). The inefficiency is caused by a weakness in the supervision of *zakat* management organizations (Mubarok & Fanani, 2014). However, this issue can be minimized if there is more effective *zakat* management (Atabik, 2015; Lubis & Azizah, 2018) along with an implementation of audit regulation dan transparency measures based on the *Zakat* Core Principles (Rusydziana & Firmansyah, 2017). As the case in the BAZNAS in Banyumas, Purbalingga, Banjarnegara, and Kebumen regencies where the implementation of audit regulation and transparency measures based on the *Zakat* Core Principles have resulted in a better level of Disbursement Efficiency and Time Efficiency (Mubtadi, Susilowati & Setyorini, 2017).

As a province with a population of mostly Moslems, NTB is considered successful in managing *zakat*, *infaq*, and *sadaqah*. Every year, BAZNAS NTB as an institution responsible for the collection and distribution of *zakat* has been able to collect a substantial amount of funds from its *ummah*. The funds have been distributed to encourage self-sustainability and reduce the level of poverty of its benefactors (*mustahik*). One of the ways to achieve efficiency in managing *zakat* funds is by using *Zakat* Core Principles (ZCP) as the standard. ZCP contains a strategic indicator for assessing the performance of *zakat* management that can provide objective assessment and evaluate the efficiency in managing *zakat* funds in terms of its disbursement, cost, and time, both in the national and regional level.

This research contributes to additional *zakat* literature in Indonesia. We tested the measurement of efficiency focusing on *Zakat* Core Principles for *zakat* institutions using the *Zakat* Disbursement Efficiency model which have not been extensively studied in Indonesia. Most of the *zakat* studies in Indonesia observed other entities using common efficiency measures such as Data Envelopment Analysis (DEA), Tobit Analysis, Malmquist Productivity Index, or

MPI and Stochastic Frontier Regression or SFR (Djaghballou, Djaghballou, Larbani & Mohamad, 2018; Parisi, 2017). The application of the *Zakat* Disbursement Efficiency model will provide beneficial information and real contribution for BAZNAS regarding *zakat* funds management, management empowerment, and ways they can optimize the performance of their institution to maximize *zakat* potential that can be managed for the benefit of *ummah*.

Based on the fore mentioned arguments, we feel that research on *Zakat* Disbursement Efficiency in BAZNAS of NTB Province would be beneficial in attempting to reduce if not eliminate the level of inefficiency and to optimize the use of *zakat* funds to increase prosperity and create good *zakat* governance. The objective of this research is to analyze the efficiency of *zakat* fund management in terms of its disbursement, Local Government Budget Allocation, and time according to the *Zakat* Core Principles in BAZNAS of NTB Province during the period of the year 2014 to 2017. This paper is structured by providing a general overview of *zakat* and its management efficiency along with empirical data on the efficiency of *zakat* disbursement in *zakat* institutions in Indonesia measured with various methods. Then, we will discuss the methodology used in the research including the measurement of Disbursement Efficiency, Local Government Budget Allocation, and Time Efficiency. Lastly, we will elaborate on the results of the research and formulate a conclusion.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

According to the *sharia* or *fiqh* terminology, *zakat* refers to the portion of wealth determined by Allah to be distributed to a certain group of beneficiaries. According to Imam Nawawi, this portion is called *zakat* it increases the wealth of which the portion is taken from and it protects the benefactor from loss or impairment. Ibnu Taimiyah explained that by paying *zakat*, the benefactor will be well off and his wealth will be purified. *Zakat* has the property that helps nurture and purify the benefactor, not only

in terms of the amount of *zakat* being donated by the benefactor but also for the beneficiary where it can increase their wealth and purify their soul (Bank Indonesia, 2016). Kochuyt (2009) stated that a good Muslim is obliged to give because he has received from God. Consequently, alms are not initiated by the believers because their *zakat* is already a counter-service for what Allah offered them earlier. In Islam, charity is indeed elaborated as a legal system (tax) that obliges the believers to give alms to the poor. In accountancy terms, *zakat* is not an income tax but a levy on capital that has been in the possession of the faithful for a full year. Therefore, the alms are taken from one's fortune, the excess of one's labor, without touching the revenues needed for subsistence.

There are eight types of people who are considered eligible for *zakat*, namely *Al-Fuqara* or *fakir* (those living without means of livelihood), *Al-Masakin* (those who cannot meet their basic needs), *Al-Amilyn Aliha* (those who collect the *zakat*), *Al-Mu'allafatu Qulubuhum* (those who recently converted to Islam or potential allies in the cause of Islam), *Fir-Riqab* (slaves of Muslim who have or intend to free themselves from their master employing a biblical contract), *Al-Gharimin* (those who have incurred overwhelming debts while attempting to satisfy their basic needs), *Fi Sabilillah* (those fighting for a religious cause or a cause of God), and *Ibnu Sabil* (those who are traveling with a worthy goal but cannot reach their destination without financial assistance).

Zakat is an important Islamic means of philanthropy that can help deal with poverty, lessen the economic gap, and contribute to the economy on a national level. Therefore, *zakat* is categorized as one of the most vital redistribution instruments. People's level of understanding regarding the benefit and effectivity of paying *zakat* through *zakat* management organizations is considered quite high (Yuskar, 2013). Data from BAZNAS NTB during 2014-2017 show a rising trend in terms of the amount of *zakat* collected and disbursed. This increase is quite noticeable compared to previous years. In 2014, the amount of *zakat*

collected reached 50.74 billion with the amount distributed reaching 45.07 billion. Meanwhile, in 2017 the number increases more than twice fold to 138.09 billion with the amount distributed reaching 118.07 billion. Viewed from the *zakat* distribution perspective, most of the *zakat* funds were contributed to the social sector (25.89%) while the rest goes to religious preaching, education, economy, and health. Most of the *zakat* funds distributed were given to the poor which amounted to 69.06% of the number collected, followed by *Fi Sabilillah*, *Amil*, *Muallaf*, *Ibnu Sabil*, *Gharimin* and *Riqob* (Badan Amil Zakat Nasional, 2018). With that condition, *zakat* management organizations are faced with various challenges in managing *zakat*, demanding a higher need to better manage *zakat* funds (Ibrahim, 2015). Effective *zakat* management is paramount in the prosperity of Moslems. Therefore, *zakat* must be managed well to gain people's trust (Atabik, 2015).

Zakat management is the most critical aspect in determining the direction of the *zakat* (Sari, Bahari & Hamat, 2013). The ways of managing *zakat* (as part of ways to discharge responsibilities) of the *zakat* institutions should be in line with what has been stated in the *Quran* and *Sunnah* (Saad, Aziz & Sawandi, 2014). Islamic management is a specific approach developed according to Islamic principles, which guide the managers in managing the organization (Sulaiman, Othman & Sabian, 2013). Responsibility in Islam is primarily moral and is deeply rooted in social and personal contracts, in addition to being an organizational contract (Ali, 2015). Values and ethics are also assumed as two main ingredients for a successful management process (Ishak & Osman, 2015). Although the approach in managing *zakat* varies from one state to another, the main aim remains the same (Wahab & Rahman, 2011). Nevertheless, in practice, *zakat* management is not without difficulties. One of the notable difficulties in *zakat* management is elaborated by Sari *et al.* (2013) who found that the lack of coordination between all institutions of *zakat* management has resulted in the achievement of *zakat* collection and distri-

bution does not optimum. The existence of the trust to the board of the crisis the government formed between the inhibited *zakat* management of Indonesia. Besides the sociological aspects of weakness, the juridical aspect is also one reason why potential *zakat* Indonesia has not fully handled it. Besides that, the small and uncertain amount of *zakat* funds make allocations from the regional budget (APBD) necessary for BAZNAS to support its operational costs in their attempt to disburse *zakat* funds to those worthy of it or in Islamic terms called *mustahik* (Muhtadi *et al.*, 2017).

Based on the fore mentioned arguments, it can be concluded that effective leadership will enhance the performance of the organization, the governance and administrative factors are assumed to positively influence the efficiency of *zakat* institutions. Good governance is important since it may contribute towards efficiency in *zakat* funds and the sustainability of *zakat* institutions and the enhancement of the noble socio-economic objectives of *zakat* (Wahab & Rahman, 2011). Focusing on the accountability of the *zakat* institution that has a direct responsibility in managing *zakat* funds, it is accountable to various parties including the *zakat* recipients and *zakat* payers. To both *zakat* payers and recipients, the *zakat* institution, in general, is accountable to efficiently manage the *zakat* fund so that the objectives of *zakat* collection (from the *zakat* payers) and *zakat* distribution (to the recipients) can be achieved (Saad *et al.*, 2014). In the context of *zakat* institutions, efficiency refers to how well the institutions are using its resources (e.g. the staff, expenditure, etc.) to meet its objectives of socio-economic justice (e.g. reducing poverty) while governance refers to the process and structure in directing and managing the affairs of the *zakat* institution towards enhancing social welfare of the rightful *zakat* recipients as well as demonstrating accountability to the *zakat* payers (Wahab & Rahman, 2011).

Embezzlement of *zakat* funds can be avoided by analyzing the *Zakat* Disbursement Efficiency to maintain BAZNAS's accountability. Efficiency and effectivity in

zakat disbursements have proven to be able to establish good *zakat* governance (Susilowati & Setyorini, 2018) through *Zakat* Core Principles. Good *zakat* governance will increase people's trust in *zakat* management organizations so that they will not hesitate in putting their *zakat* funds in the hands of *zakat* management organizations (Muhtadi *et al.*, 2017).

Studies that assess *zakat* management were conducted by Atabik (2015); Rusydiana & Irman (2017), also Lubis & Anik (2018) using James Stoner's theory. The management model includes the process of planning, organizing, actuating, and controlling. Atabik (2015) emphasized that to establish management to manage *zakat*, a management model that encompasses all aspects of *zakat* management within the concept of socialization, collection, utilization, and supervision is required so that the professionalism in *zakat* management can be achieved. On the other hand, Susilowati & Setyorini (2018) found hard evidence that efficiency and effectivity in *zakat* disbursement can establish good *zakat* governance. As a result, Susilowati and Setyorini concluded that the BAZNAS in Banyumas, Purbalingga, Banjarnegara, and Kebumen Regencies need to improve their efficiency in managing administration costs and divert their *zakat* fund disbursements to a more productive sector. Moreover, people belonging to categories such as *asnaf fakir*, poor, *amil*, and *fisabilillah* must be given priority in the disbursement of *zakat* funds.

Efficiency is defined as the ability to obtain stable output using minimal resources (Daraio & Simar, 2007). Efficiency is crucial in accountability because it is one of the elements used in measuring an organization's performance, namely by measuring productivity when input is transformed into output (Jones & Pandlebury, 2010 in Muhtadi *et al.*, 2017). The implementation of good *zakat* governance requires that every party possess equal understanding on the *Zakat* Core Principles (Beik, Muljawan, Yumanita, Fiona & Nazar, 2014). *Zakat* Core Principles is mainly intended to improve the quality of the *zakat* system by identifying weaknesses in

supervision and regulation (Rusydiana & Firmansyah, 2017). Furthermore, supervision is required for amil in allocating costs for operational activities (Susilowati & Setyorini, 2018). Efficiency for administration costs and attempts in disbursing *zakat* funds to the prioritized productive sector is crucial in the disbursement of *zakat* funds (Atabik, 2015).

Meanwhile, research conducted by Parisi (2017) which measured the efficiency of *zakat* institutions by using Data Envelopment Analysis (DEA) and Malmquist Productivity Index (MPI) showed that *zakat* management organizations, in general, suffer from inefficiency. The research conducted by Mubarak & Fanani (2014) also found inefficiencies and ineffectiveness in *zakat* fund utilization. These issues are caused by a lack of structure in the regulation of *zakat* institutions on a national level. Similar research conducted by Akbar (2009), also found that most *zakat* management organizations (ZMO) suffer from inefficiency where the main cause is a low ratio of collected and disbursed *zakat* funds. Lubis *et al.* (2011) also revealed similar findings in Malaysia. Mubtadi *et al.* (2017) performed a study on *Zakat* Disbursement Efficiency which showed that efficient levels of disbursement and Time Efficiency can help prevent *zakat* funds embezzlement. This research also revealed that *zakat* disbursement inefficiencies were caused by a low amount of operational cost allocated from the regional budget (APBD) which might lead to *zakat* fund embezzlement.

RESEARCH METHODS

Research Design

This is descriptive research using a quantitative approach aiming to objectively describe the condition regarding the performance of *zakat* funds management using quantitative data from financial reports, managed assets report, fund change report, and cash flow report obtained from interviews and direct observation on the pertinent documents.

Population

Population in this research is all BAZNAS in West Nusa Tenggara Province which in-

cludes; BAZNAS of West Nusa Tenggara Province, BAZNAS of Mataram City, BAZNAS of West Lombok, BAZNAS of Central Lombok, BAZNAS of East Lombok, BAZNAS of West Sumbawa, BAZNAS of Bima City, BAZNAS of Dompu City.

Sample

The sample being analyzed here is BAZNAS of West Nusa Tenggara Province which is located in Mataram City. Because we thought it can represent all of BAZNAS in West Nusa Tenggara Province. Using a quantitative descriptive research approach. We provide objective descriptions and elaborations using quantitative data in analyzing the efficiency of *zakat* fund disbursements conducted by the BAZNAS of West Nusa Tenggara Province.

Data Collection Techniques

The primary data in this research is obtained from interviews conducted on members of the BAZNAS of West Nusa Tenggara Province management. Members of the chair or *zakat* organizers in BAZNAS NTB are: 1) Chairperson and Deputy Chairperson; 2) Secretary and Deputy Secretary; 3) Treasurer; 4) Coordinator of Collection Affairs; 5) Coordinator of Distribution Affairs; 6) Coordinator of Planning, Financial and Reporting Affairs; 7) Coordinator of General Administration and Human Resource Affairs.

The interview was conducted starting from mid-June until the end of July 2019 due to the availability of each member of the chair. The questions were structured and adjusted to the capacity and responsibility of each chair members. The secondary data used in this research is in the form of documentation comprising financial statements, managed assets reports, fund change reports, and cash flow report. Data for this research is collected by conducting structured interviews and documentation of pertinent reports.

Operational Definition of Research Variables

In general, there are several methods commonly used to measure efficiency in public and private organizations either conventional or Islamic. Those methods are,

namely Data Envelopment Analysis (DEA), Tobit analysis, and Stochastic Frontier Regression (SFR) (Djaghballou *et al.*, 2018). In terms of measuring the efficiency of *zakat* funds management, Indonesia has developed *Zakat Core Principles* (ZCP) as an axis for framework and standard for *zakat* governance based on best practices and to improve the quality of *zakat* system by identifying weaknesses in monitoring and regulation. After going through a lengthy discussion and review process of a series of workshops throughout October 2015, *Zakat Core Principles* (ZCP) was finally launched during the World Humanitarian Summit of United Nations in Istanbul, Turki, on 23 May 2016 (Bank Indonesia, 2016).

The variables used to measure *Zakat Disbursement Efficiency* in this research will be Disbursement Efficiency, Local Government Budget Allocation, and Time Efficiency which is defined and will be measured by the following formulas adapted from Beik *et al.* (2014), Mustaffha (2007) in Mubtadi *et al.*, 2017. The use of Disbursement Efficiency, Local Government Budget Allocation, and Time Efficiency are based on measurement standards specifically designed to measure the efficiency of *zakat* funds management, which is standard 10 on resource management and standard 8 on Good *Amil* Governance of the *Zakat Core Principles* (ZCP). :

Disbursement Efficiency (DE) is defined as the level of *zakat* fund distribution efficiency based on the percentage of the amount of *zakat* fund being distributed compared to the amount collected. This figure represents whether the amount of *zakat* that has been collected has been well distributed or not. Disbursement Efficiency is calculated as follows:

$$DE = \frac{\text{Total Zakat Fund Distributed}}{\text{Total Zakat Fund Collected}} \quad (1)$$

Where: Total *zakat* funds distributed: the number of *zakat* funds distributed to the *snaf/mustahik* within the year. Total *zakat* funds collected: the amount of *zakat* funds received from the *muzakki* within the year. The result of the calculated percentage will be classified as follows: $\geq 90\%$: very effi-

cient; 70-89%: efficient; 50-69%: fairly efficient; 20-49%: below expectancy; $< 20\%$: inefficient.

Local Government Budget Allocation is defined as the level of efficiency in operational costs measured by the amount of budget allocation from APBD used for *zakat* distribution compared to the amount of *zakat* fund that has been distributed. This measurement is used to assess whether the expenditure of operational cost allocated from APBD funds is effective or not. The efficiency is deemed good if the percentage of APBD funds being used as operational cost for the disbursement of *zakat* compared to the total amount of *zakat* funds that have been distributed in higher than 18%. Local Government Budget Allocation is calculated with the following formula:

$$LGBA = \frac{\text{Total Government Budget Allocation}}{\text{Total Zakat Fund Distributed}} \quad (2)$$

Where: Total operational cost: the amount of operational cost coming from APBD of the current year; Total *zakat* funds distributed: the number of *zakat* funds distributed to the *asnaf/mustahik* within the year.

Time Efficiency is defined as the efficiency of time needed to distribute *zakat* funds in terms of *sharia* rule that required the collected *zakat* fund to be distributed as soon as possible. *Zakat* supervisors determine that the *zakat* funds that have been collected must be distributed within at least 1 year after it was collected. Time Efficiency is formulated according to the frequency of *zakat* distribution within 1 year divided by 12 (representing the number of months in a year). The indicator used to determine the level of Time Efficiency is as follows: 1) The utilization period for the consumption-based program can be categorized as follows: < 3 months: fast; 3 - 6 months: good; 6 - 9 months: fair; 9 - 12 months: slow; > 12 months: very slow. 2) The utilization period for the productive-based program can be categorized as follows: < 6 months: fast; 6 - 12 months: good; > 12 months: slow.

Analytical Techniques

The research will be conducted as follows:

1) Collect data from interviews and documentation of financial reports consisting of Statement of Financial Position, Managed Asset Report, Change of Fund Report, and Statement of Cashflow. 2) Process data regarding the research variables comprising of data on Disbursement Efficiency, Local Government Budget Allocation, and Time Efficiency. 3) Present a narrative interpretation of the data analysis. 4) Make a conclusion based on the data analysis.

ANALYSIS AND DISCUSSION

Disbursement Efficiency

Disbursement Efficiency reflects the efficiency of *zakat* funds distribution. This figure shows how well the collected *zakat* funds have been distributed or disbursed. The results of Disbursement Efficiency are depicted in Table 1.

As shown in Table 1, it is revealed that the efficiency for *zakat* funds distribution in 2015 and 2017 was classified as very efficient in that the percentage is well over 90%. Similar results were calculated by Mubtadi *et al.* (2017). In 2014, the result is classified as efficient, while in 2016 it was only fairly efficient because the percentage of disbursement did not exceed 69%. Furthermore, the figure for 2016 reveals that there is still some inefficiency in the distribution of *zakat* funds in that year because almost half of the *zakat* funds that have been collected were not disbursed. These results were also shown in the research conducted by Mubarok & Fanani (2014) Lubis *et al.* (2011). The main cause of inefficiency is the low ratio of distributed *zakat* funds to the amount that has been collected (Lubis *et al.*, 2011). Overall, it can be concluded that the management of *zakat*

funds by BAZNAS NTB can be considered not optimal yet due to inconsistencies. The percentage of *zakat* funds that were not distributed for 2014 and 2016 was 14% and 31%, respectively. Essentially, all *zakat* funds that have been collected must be distributed because it is intended to support people from a lower economic level who would need to fulfill their daily necessities.

In 2015 and 2017, the ratio of disbursed *zakat* funds exceeded 100%. This means that the funds being distributed that year contains many funds from the previous year. This shows that the management of *zakat* organizers have neglected the distribution of *zakat* in the previous year due to the lack of coordination between the *zakat* fund organizers in di BAZNAS. Therefore, better management model must be implemented in organizing the distribution of *zakat* funds (Atabik, 2015; Rusydiana & Irman, 2017; Lubis & Anik, 2018) that can encompass every activity involved in the management of *zakat* funds within the concept of socialization, collection, utilization dan supervision to achieve professionalism in managing *zakat* (Atabik, 2015).

On the other hand, the allocation of *zakat* funds to the *asnaf* or *mustahik* (those who are worthy of receiving *zakat*) by BAZNAS has been done according to point 10 of *Zakat* Core Principles on utilization management that states that *zakat* management organization should have a procedure to set a level of priority for eight *asnaf*. The poor (*fuqara*) and the needy are the most important group that should be given priority in the distribution of *zakat*. *Zakat* is distributed based on priority after considering principles of

Table 1.
Result of Disbursement Efficiency Calculation

Year	Total Distributed Zakat Funds	Total Collected Zakat Funds	Disbursement Efficiency	Performance
2014	4.179.820.868	4.876.342.395	86%	Efficient
2015	6.309.291.756	6.051.146.050	104%	Very Efficient
2016	5.075.038.548	7.309.313.200	69%	Fairly Efficient
2017	16.750.812.837	16.105.560.418	104%	Very Efficient

equality, fairness, and proximity. In practice, BAZNAS provides support for those who are in need which in general are those living in poverty taking into consideration that the support given to that *mustahik* is adjusted to the condition and needs of the beneficiaries. Those who are in dire need of support must be prioritized.

Local Government Budget Allocation

Local Government Budget Allocation reflects the level of efficiency in operational cost based on the amount of APBD funds used for distributing *zakat* compared to the *zakat* funds being distributed. This measure is used to assess the use of operational cost coming from APBD to see whether it has been effectively used or not in disbursing *zakat* funds. *Zakat* funds are deemed effectively disbursed if the costs spent to distribute it is higher than 18%. The larger the percentage of *zakat* operational funds coming from APBD shows the higher the government's concern towards the support in distributing *zakat* funds, making BAZNAS less dependent on the portion from its *amil* in distributing the *zakat* funds. The results of the Local Government Budget Allocation calculation are shown in Table 2.

As shown in Table 2, the performance of the LGBA level in 2016 yielded a percentage above the minimum level of 18%, which is 24%. This means that the use of funds from APBD as the operational cost to distribute *zakat* funds is deemed efficient. As for the rest of the observed years, namely 2014, 2015, and 2017, the results are less favorable because they are less than 18%. This means that the use of APBD funds for operational cost to distribute *zaka*

kat funds is very low. The result of the LGBA level for 2016 in this study consistent with the study conducted by Muhtadi *et al.*, (2017). The results for 2014, 2015, and 2017 in this study is similar to that yielded from the studies conducted by Parisi (2017), Mubarak & Fanani (2014), also Akbar (2009).

In the process of distributing *zakat*, BAZNAS prioritizes the use of operational funds from APBD compared to using the funds from the *amil*. This is done because the amount of operational funds from APBD is consistent while the amount collected from the *amil* is not. The more operational cost paid with funds from APBD means the less amount has to be paid from *amil* funds. Salama (1982), as mentioned in Muhtadi *et al.* (2017) concluded that more *zakat* can be distributed if the operational cost is more than 18% of the *zakat* being distributed. This means that the more amount of operational cost incurred to be used to distribute *zakat*, the more *zakat* can be distributed. This is also supported by Kahf (1989), who found that countries such as Jordan, Egypt, Kuwait, and Sudan even allocate more for operational costs so that more *zakat* can be optimally distributed.

The number of funds allocated from APBD by the Government of NTB Province to be used as operational costs for distributing *zakat* funds vary highly from year to year and is usually low, while the money required to be used as operational cost to distribute *zakat* funds is quite a lot. That is why the unfavorable level of cost efficiency is inevitable. To help cover the insufficiency of funds to be used as an operational cost to distribute *zakat* funds, *zakat* man-

Table 2.
Results of Local Government Budget Allocation (LGBA) Calculation

Year	Total Operational Cost of <i>Zakat</i> Fund Distribution from APBD	Total Distributed <i>Zakat</i> Funds	LGBA	Performance
2014	248.907.768	4.179.820.868	6%	Inefficient
2015	249.370.352	6.309.291.756	4%	Inefficient
2016	1.220.562.819	5.075.038.548	24%	Efficient
2017	1.383.126.954	16.750.812.837	8%	Inefficient

agers (*amil*) incur the costs on their rights to the number of *zakat* funds which is 12.5% or 1/8 from the number of *zakat* funds. This practice is not prohibited because according to point 8 of the *Zakat* Core Principles regarding Good *Amil* Governance, the *amil* is entitled to no more than 1/8 of 12.5% from the total amount of *zakat* funds that have been collected.

In practice, the managers of NTB Province BAZNAS explained that 12.5% is the maximum percentage of *zakat* funds that can be used as operational cost. However, the percentage of *zakat* funds being used for the operational cost is continuously attempted to be reduced to be lower than 12.5%. Operational costs for *zakat* distribution are divided into two categories based on their source. Firstly, funds acquired from *zakat* funds which is used for employee-related expenses, socialization and education expenses, general and administrative expenses, travel expenses, and depreciation expenses. Secondly, funds acquired from APBD or the regional budget, which is used to fund activities such as the caretakers' expenses, socialization and education expenses, general and administration expenses, coordination meeting expenses, travel expenses, purchasing office supplies, and financial report audit cost.

The unpredicted amount of *zakat* funds that can be collected allocates APBD much needed and necessary to support BAZNAS in paying for the costs needed to distribute *zakat* funds to the *mustahik* (Mubtadi *et al.*, 2017) so that the managers can suppress the need to use *zakat* funds entitled to them to be used to cover operational costs. Therefore, there needs to be some form of supervision to ensure that the *amil*'s decision in allocating costs for operational activities is constantly monitored so that good *zakat* governance can be established through *Zakat* Core Principles (Susilowati & Setyorini, 2018). Good *zakat* governance will increase people's level of confidence towards *zakat* management organizations that are expected to make people more assured in trusting their *zakat* in the hands of the ZMOs (Mubtadi *et al.*, 2017).

Time Efficiency

Time Efficiency signals the time needed to distribute *zakat* funds. *Sharia* provisions require that the collected *zakat* funds be distributed as soon as possible. *Zakat* funds collected from the most recent period must be distributed within 1 year after it has been collected. The results of Time Efficiency calculation are elaborated in Table 3.

As seen in Table 3, the frequency of annual consumptive *zakat* distribution is 4 times (2014-2017). Therefore, the time needed to utilize a consumption-based program is categorized as Good. The frequency of annual productive *zakat* distribution is 6 times (2014-2017). Therefore, it can be concluded that the time needed to utilize a production-based program can be categorized as Fast.

The distribution of *zakat* funds in BAZNAS of NTB Province is divided into two, namely consumptive *zakat* funds and productive *zakat* funds. This is done according to point 10 of *Zakat* Core Principles regarding utilization management which requires *zakat* funds to be distributed for consumption and production-based programs. Consumption-based programs are intended to fulfill the short-term basic needs of *mustahik*, while production-based programs are intended to maintain long-term social-economic security for the *mustahik*. Determining how much *zakat* funds to be allocated for consumption-based and production-based programs must be done based on social-economic and environmental analysis. The proportion of both programs may differ from time to time based on the condition of the people.

Consumptive *zakat* is meant for those in dire need of aid, especially people in poverty. This *zakat* asset is mainly intended for those who need aid in fulfilling basic necessities such as food, clothing, and housing. These primary needs are mainly for orphans, disabled, those in poverty, in debt (*gharim*), and or unable to work for a living.

Productive *zakat* is given to the *mustahik* that can use the money to start or expand their business so that they can create a sustainable means of income to

fulfill their basic needs. *Zakat* funds are provided as a capital to be used by the poor and needy who wish to start a business that can help support their basic needs. Considerations for distributing productive *zakat* include education, productivity, and economy so that the *zakat* funds provided for their business can ensure a sustainable means of income to get them out of the category of eligible *zakat* beneficiaries in the future.

In practice, the frequency of consumptive *zakat* distribution is categorized as good if it is done four times in a year. The frequency of productive *zakat* distribution is categorized as good if it is done six times in a year. These results are consistent with the results of the study conducted by Mubtadi *et al.* (2017). The allocation or distribution of *zakat* funds has been scheduled according to the program and work plan set by BAZNAS based on the following provisions: First, Consumptive *Zakat*. 1) Consumption *zakat*. Data collection to determine the *mustahik* who is eligible for consumption *zakat* is done by BAZNAS. Then, each *mustahik* is given a contact number that he or she can register to within his or her village or regency. Consumption *zakat* is then distributed to the poor through the village chief. The amount of consumption *zakat* is given in Rp150,000,- per person. Those prioritized for consumption *zakat* are the elderly, poor widows, families with many dependents, and other less fortunate groups who are deemed eligible. During the distribution, the *mustahik* present in the distribution

location is given a coupon with a queue number and the proper credentials by the village chief. Those prioritized for consumptive *zakat* are elders, poor widows, families with many dependents as well as other groups of people that are in dire need of financial assistance. During the distribution, a list of eligible *mustahik* is drafted at the aid distribution location, and the eligible *mustahik* is given a coupon, prepared by the village chief, that contains the queue number, name, and address. 2) Support for Inhabitable Housing (RTLH). This form of aid is given after BAZNAS collects data on *mustahiks'* housing conditions with help from the local government to determine who is eligible. BAZNAS will then survey to verify the *mustahiks'* housing condition. After the data has been verified, the funding is then distributed to the *mustahik*.

Second, Productive *Zakat*. 1) Business Group Aid. A business group consisting of a maximum of five people may propose itself and its business to receive funding. BAZNAS will then conduct a survey and contact the business group from all the proposals submitted to it, to select which business groups will be granted with funding. 2) Aid for Teachers of *Quran* Recital/TPQ. Organizers of *Quran* Recital Groups (TPQ) or teachers submit a proposal to BAZNAS to request aid stating their eligibility providing complete information on the name of the TPQ, list of teachers to be given funding and address of TPQ. BAZNAS will then contact the TPQ to conduct a survey and interview the TPQs that have submitted their proposals to determine which TPQs are eligible for this type of *zakat* funding. 3) Scholarship. Scholarship for honor roll students who are unable to pay for their education in private schools is given by BAZNAS. The eligible students are determined by the schools while BAZNAS will determine whether they are eligible for the scholarships. 4) Aid for Non-Permanent Teaching Staff (Regional Work Unit (SKPD) of Non-Government Civil Servants and Non-Certified). The process is similar to that of scholarship selection, but this type of aid is given based on the formal list from the SKPD using the criteria set by BAZNAS.

Table 3.
Results of Time Efficiency Calculation

Year	Consumptive <i>Zakat</i>		Productive <i>Zakat</i>	
	Amount	Description	Amount	Description
2014	4 times	Good	6 times	Fast
2015	4 times	Good	6 times	Fast
2016	4 times	Good	6 times	Fast
2017	4 times	Good	6 times	Fast

CONCLUSION

The roles and responsibilities of the *zakat* institutions are not only important for them to be accountable but to demonstrate how accountable they are in fulfilling their tasks to the public, *zakat* payers, other stakeholders, and ultimately to Allah (Saad *et al.*, 2014). *Zakat* not only impacts on *zakat* obligator or *muzakki* but will also impact on the social community. Because of that, there needs a good management system in the collection and distribution of *zakat* can run optimally and provide more efficient and effective results (Sari *et al.*, 2013). Efficient *zakat* fund distribution is a must in optimizing the potential and equal distribution of *zakat* funds. The results of this research show that the performance of Disbursement Efficiency for the years 2015 and 2017 are categorized as very efficient, the same result was found by Muhtadi *et al.* (2017). While for 2014 it is categorized as efficient and the result for 2016 is categorized as fairly efficient. Mubarak & Fanani (2014) as well as Lubis *et al.* (2011) also showed similar results. The results of Local Government Budget Allocation calculation show that the utilization of funding from APBD as operational costs to distribute *zakat* funds for 2016 is deemed efficient, as found by Muhtadi *et al.* (2017). While for the remaining observed years for 2014, 2015, and 2017, it is deemed inefficient, which is in line with the result of a research conducted by Parisi (2017), Mubarak & Fanani (2014), as well as Akbar (2009). The results for Time Efficiency calculation show that the consumptive *zakat* has been well distributed because it is done four times in a year. The distribution of productive *zakat* is categorized as fast because it is distributed six times a year. This result is consistent with the findings from Muhtadi *et al.* (2017). The Islamic system of *zakat* places human welfare and the well-being of individuals as an important objective in achieving socio-economic justice. The proper distribution of *zakat* funds will ensure that the poor in a community may enjoy a decent standard of living or at least be able to overcome or reduce poverty (Wahab & Rahman, 2011).

LIMITATIONS AND SUGGESTIONS

The disbursement of *zakat* funds by BAZNAS has to be done promptly based on the full amount that has been collected. It is concluded that the researchers need to conduct a deeper study regarding the time needed to allocate *zakat* funds to see how long it takes for the *zakat* funds to reach its beneficiaries (*asnaf* or *mustahik*) after it has been collected. The researchers also need to find out why the amount of *zakat* being distributed is not the same as the amount that has been collected. Ideally, all the *zakat* funds that have been collected must be timely distributed according to the provisions set by *sharia* law and *Zakat* Core Principles. The collected *zakat* funds must not be left on hold, especially considering that BAZNAS has already set a work plan and allocation program. This phenomenon can be a suggestion of future researchers who wish to conduct further research on whether or not there is fraud conducted by *zakat* officials.

Some of the issues found in the disbursement of *zakat* funds reveal that Good *Zakat* Governance has not been maintained. This issue can be resolved if *Zakat* Core Principles are well understood and implemented, especially in improving the quality of *zakat* system. The *zakat* system can be improved by identifying weaknesses within the system by improving the supervision and regulation process. The researchers are expected to conduct a deeper study on the *zakat* allocation time and put in more analysis on other *Zakat* Core Principles besides point 8 on resource management and standard 10 on Good *Amil* Governance of the *Zakat* Core Principles (ZCP). This additional analysis is hoped to be able to enrich the knowledge on the implementation of *Zakat* Core Principles to improve the good *zakat* governance of *zakat* management organization.

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