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

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 (dhuafa). 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 heighten ed their people's devotion to Islamic teachings in daily life. Starting from building numerous mosques across the region, from the encouragement of the respected ulamas, 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 Ulama 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 (Rusydi & 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 professionality 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 and transparency measures based on the Zakat Core Principles (Rusydiana & 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 sa'daqah. 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-Amilin Aliha (those who collect the zakat), Al-Mu’allaqatu 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 Sabillillah (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 effectiveness 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 Sabillillah, 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-
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 (Mubtadi et al., 2017).

Studies that assess zakat management were conducted by Atabik (2015); Rusyidiana & 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 professionality 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 & Pindlebury, 2010 in Mubtadi 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 Mubarok & 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 includes; 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) (Daghballou 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, Turkey, 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 asnaf/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: ≥ 90%: very efficient; 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>
<thead>
<tr>
<th>Year</th>
<th>Total Distributed Zakat Funds</th>
<th>Total Collected Zakat Funds</th>
<th>Disbursement Efficiency</th>
<th>Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>4,179,820,868</td>
<td>4,876,342,395</td>
<td>86%</td>
<td>Efficient</td>
</tr>
<tr>
<td>2015</td>
<td>6,309,291,756</td>
<td>6,051,146,050</td>
<td>104%</td>
<td>Very Efficient</td>
</tr>
<tr>
<td>2016</td>
<td>5,075,038,548</td>
<td>7,309,313,200</td>
<td>69%</td>
<td>Fairly Efficient</td>
</tr>
<tr>
<td>2017</td>
<td>16,750,812,837</td>
<td>16,105,560,418</td>
<td>104%</td>
<td>Very Efficient</td>
</tr>
</tbody>
</table>
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 zakat funds is very low. The result of the LGBA level for 2016 in this study consistent with the study conducted by Mubtadi 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), Mubarok & 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 Mubtadi 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>
<thead>
<tr>
<th>Year</th>
<th>Total Operational Cost of Zakat Fund Distribution from APBD</th>
<th>Total Distributed Zakat Funds</th>
<th>LGBA</th>
<th>Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>248.907.768</td>
<td>4.179.820.868</td>
<td>6%</td>
<td>Inefficient</td>
</tr>
<tr>
<td>2015</td>
<td>249.370.352</td>
<td>6.309.291.756</td>
<td>4%</td>
<td>Inefficient</td>
</tr>
<tr>
<td>2016</td>
<td>1.220.562.819</td>
<td>5.075.038.548</td>
<td>24%</td>
<td>Efficient</td>
</tr>
<tr>
<td>2017</td>
<td>1.383.126.954</td>
<td>16.750.812.837</td>
<td>8%</td>
<td>Inefficient</td>
</tr>
</tbody>
</table>
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.

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) 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.

Table 3.
Results of Time Efficiency Calculation

<table>
<thead>
<tr>
<th>Year</th>
<th>Consumptive Zakat</th>
<th>Productive Zakat</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Descrip tion</td>
<td>Amount</td>
</tr>
<tr>
<td>2014</td>
<td>4 times</td>
<td>Good</td>
</tr>
<tr>
<td>2015</td>
<td>4 times</td>
<td>Good</td>
</tr>
<tr>
<td>2016</td>
<td>4 times</td>
<td>Good</td>
</tr>
<tr>
<td>2017</td>
<td>4 times</td>
<td>Good</td>
</tr>
</tbody>
</table>

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) 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.
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 Mubtadi 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 Mubtadi 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 Mubtadi 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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