



Analysis of Transparency of Zakat Management Organization in Indonesia

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Abstract. BAZNAS is an institution of zakat management in Indonesia appointed by the government. As institutions that manage public funds, issues transparency become crucial for zakat management organizations because this will impact directly excellent or bad zakat management organizations' reputation systemic. The aim of this study is to know the level of transparency of Provincial BAZNAS in Indonesia. The method of this study is descriptive quantitative. Analysis tools used in this study are index zakat management organization transparency. Research results show that of 34 Provincial BAZNAS in Indonesia, 24 Provincial BAZNAS enter categories less transparent, and 10 Provincial BAZNAS enter categories reasonably transparent. Provincial BAZNAS need to do an evaluation overall so that the level of transparency and trust in the public increase.

Keywords: Provincial BAZNAS, Transparency, Zakat Management Organization.

1 INTRODUCTION

Icon of issue good governance is accountability and transparency [1]. The main crisis finance in Southeast Asian countries is the minimum accountability and transparency. Indonesia is one of the countries that have a level low [2]. Other effects of the minimum accountability and transparency are the height of systemic high-risk failure or the disturbance of whole or part of the system finance [3]. Transparency reporting takes effect to stability and sustainability institution [4].

Zakat management organization is given authority or appointed by the government to manage public funds. BAZNAS is an institution of zakat management in Indonesia appointed by the government. As institutions that manage public funds, issues transparency become crucial for zakat management organizations because this will directly impact excellent or bad Zakat management organization reputation.

Previous research mentions that level transparency influences muzakki for paying zakat in institutions zakat management [5-9]. For a zakat institution, the trust of the muzakki in paying their zakat obligations is formed from their perceptions regarding the management of zakat funds. The level of trust of the muzakki is related to the rep-

utation of zakat institutions, the reputation of amil zakat, accountability disclosure information, the effectiveness of zakat management and satisfaction of muzakki on service payment of zakat [10].

Until now, no research has been related to the level of transparency in Zakat management institutions. So, this study aims to know the Zakat management organization transparency level as institutions that manage public funds. With this research, it is hoped that it will become an evaluation material for zakat management organizations and appropriate decision-makers to support more transparent and accountable zakat management.

2 METHODS

The method used in this research is descriptive quantitative. The population in this study is BAZNAS Province throughout Indonesia. Sampling is done by the saturated sample method, where all population members are samples. The data used in this study are primary data and secondary data. Through interviews, primary data is obtained directly from the main object or source, namely from the National Amil Zakat Agency. In contrast, secondary data is obtained from websites, financial reports, and others.

The analytical tool used in this study is the OPZ transparency measurement tool issued by PUSKAS BAZNAS, namely the OPZ Transparency Index. In the OPZ Transparency Index, there are three main dimensions to be measured: the OPZ financial report transparency dimension, OPZ management transparency, and OPZ program transparency [11].

The dimensions of financial statement transparency are divided into two variables: the publication of financial statements and the quality of financial reports. Furthermore, the second dimension is divided into four variables: Standard Operating Procedures (SOP), Company Profile, Data Information Center (PID), and Complaints Channel System. Then, the third dimension is divided into variables for real-time collection and Distribution Activities, Muzaki and Mustahik Databases, and Zakat Collection and Distribution Databases. Using the Simple Additive Weightage (SAW) approach, Puskas BAZNAS measures the level of transparency of OPZ based on the three main dimensions in the OPZ Transparency Index, which can be formulated as follows:

$$Total\ ITOPZ = \sum_{i=1}^n Wdi \times Di \quad (1)$$

Which:

- *Total ITOPZ*: Zakat Management Organization Transparency Index Value
- *Wdi*: Weighting value affixed to dimension i
- *Di*: Index value obtained on dimension i

After measuring the three dimensions, categorization of the results of the Index calculation with a value range of 0.00 – 1.00 means that the closer the index value is to 1.00, the better the level of transparency in an OPZ. The classification of index assessment can be seen in Table 1.

Table 1. Value Range and Category Rating on OPZ Transparency Index.

No	Score	Criteria
1	0.00 – 0.25	Not Transparent
2	0.26 – 0.50	Less Transparent
3	0.51 – 0.75	Fairly Transparent
4	0.76 – 1.00	Transparent

3 RESULTS AND DISCUSSION

Public trust in an institution is crucial, for it is necessary to have transparency in an institution as a form of accountability of the institution to the community. Transparency can provide information openly and honestly to the public. In this study, three aspects of transparency are measured: financial, management, and program. Of these three aspects, nine variables and 18 indicators can be measured to determine the level of transparency of the National Amil Zakat Agency. This study used a sample of all BAZNAS Provinces in Indonesia. The following are the results of calculating the transparency index in 34 BAZNAS Provinces in Indonesia, as seen in Table 2.

Table 2 shows that BAZNAS Provinces in Indonesia have different transparency values. Of 34 Provincial BAZNAS in Indonesia, 24 Provincial BAZNAS enter categories less transparent, and 10 Provincial BAZNAS enter categories reasonably transparent. The provincial BAZNAS which are less transparent is NTT, Maluku, South Sulawesi, West Papua, North Maluku, North Sulawesi, North Kalimantan, Gorontalo, Jambi, Riau Islands, West Java, West Sulawesi, Southeast Sulawesi, Bengkulu, Bali, Lampung, West Kalimantan, Central Kalimantan, NTB, Central Java, South Sumatra, DKI, Kep. Bangka Belitung, and Central Sulawesi. The Provincial BAZNAS enter categories fairly transparent are Papua, East Java, Riau, Banten, North Sumatra, Aceh, DIY, and South Kalimantan.

The calculation of the transparency index of Provincial BAZNAS in Indonesia is generally less transparent. In the dimension of financial transparency, which is seen from the publication of financial reports and the quality of financial reports, few Zakat Management Organizations report their financial reports on the website or in the mass media regularly. In addition, the use of information systems and management of BAZNAS (SIMBA), timeliness of reporting and opinions given by independent auditors regarding the quality of Zakat Management Organization's financial reports are also still low. Management transparency assessment shows Zakat Management Organization governance, Zakat Management Organization organizational structure, Zakat Management Organization Information and Documentation Portal (PID), and complaint channels. Provincial BAZNAS in Indonesia in the management of Zakat Management Organization, not all Zakat Management Organizations have standard operating procedures (SOP) and ISO standards, strategic plans, and annual budget work plans. OPZ has an organizational structure (commissioner profile, management profile and staffing system) that is not well documented. In addition, only a few Zakat Management Organizations have an Information and Documentation Portal system and ownership of

a complaint channel system. In addition, the transparency of the Provincial BAZNAS program in Indonesia shows that the Zakat Management Organization does not show the public real-time activities in the Zakat Management Organization, the muzaki and mustahik databases as well as the variable data collection and distribution programs in the Zakat Management Organization.

Table 2. Index Transparency of Provincial BAZNAS in Indonesia

NO.	PROVINCE	ITRANZ	NO.	PROVINCE	ITRANZ
1	NTT	0.275	18	Central Kalimantan	0.457
2	Maluku	0.300	19	NTB	0.461
3	South Sulawesi	0.316	20	Central Java	0.467
4	West Papua	0.316	21	South Sumatra	0.475
5	North Maluku	0.322	22	DKI Jakarta	0.493
6	North Sulawesi	0.346	23	Kep . Bangka Belitung	0.498
7	North Kalimantan	0.349	24	Central Sulawesi	0.500
8	Gorontalo	0.358	25	Papua	0.501
9	Jambi	0.360	26	East Kalimantan	0.505
10	Riau Islands	0.368	27	West Sumatra	0.507
11	West Java	0.393	28	East Java	0.512
12	West Sulawesi	0.396	29	Riau	0.525
13	Southeast Sulawesi	0.407	30	Banten	0.546
14	Bengkulu	0.440	31	North Sumatra	0.571
15	Bali	0.440	32	Aceh	0.612
16	Lampung	0.442	33	DIY	0.689
17	West Kalimantan	0.446	34	South Kalimantan	0.734

Another factor that affects the low level of transparency is human resources. In the management of Zakat Management Organization, human resources are still limited, and the competence of each human resource in each province has different capabilities. Another thing that affects the support from the respective local governments. In addition, the regulations from the Central BAZNAS are not yet binding because the Provincial BAZNAS has the authority to manage it independently. However, Central BAZNAS is rewarded for the Zakat Management Organization, which performs well.

The calculation of the results of the Zakat Management Organization Transparency Index is expected to be used to evaluate the extent to which transparency principles have been implemented in BAZNAS Provinces in Indonesia so that the Zakat authority can issue appropriate policies in order to support more transparent and accountable zakat management. Then, for the Provincial BAZNAS in Indonesia, the measurement results using the Zakat Management Organization Transparency Index can be a reference

for the relevant Zakat Management Organization regarding the extent to which transparency practices have been implemented so that a thorough evaluation can then be carried out which in turn can significantly increase public trust.

To increase the value of transparency, Provincial BAZNAS needs to do several things related to the financial, management, and program dimensions. Provincial BAZNAS also needs to conduct training for HR to optimize the management of the Zakat Management Organization. In addition, the Central BAZNAS and the Provincial Government need to support the Provincial BAZNAS by making regulations and policies so that the performance of the Zakat Management Organization increases.

4 CONCLUSIONS

The level of transparency of OPZ in Indonesia is categorized as less transparent. This can be seen from 34 Provincial BAZNAS in Indonesia. There are 24 OPZ in the less transparent category and 10 OPZ in the fairly transparent category. A thorough evaluation of the financial, management, and program aspects needs to be carried out by OPZ in order to increase public trust.

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