

Sharia Compliance Index At Zakat Management Organization In Surakarta

Ely Windarti Hastuti¹, Resita Rezqi Amalia²

¹Universitas Darussalam Gontor

²Universitas Darussalam Gontor

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ABSTRACT

Zakat is a portion of the property that must be issued by every Muslim if it has reached the conditions set. The number of National Amil Zakat Institutions (LAZNAS) officially recorded in the National Amil Zakat Agency (BAZNAS) is 35 Institutions. Meanwhile, the provincial-scale amil zakat institution is 28 LAZ and there are 3 LAZ provincial scale among of them have been officially recorded in BAZNAS. Sharia compliance is one of the important things in the realization of good sharia governance. Sharia compliance illustrates the principles of sharia that must exist in the management of zakat. The purpose of this study is to find out the application of Sharia compliance to zakat management organizations in Surakarta based on Law No.23 of 2011 and sharia compliance index according to BAZNAS 2020. The subjects of this study are three zakat management organizations in Surakarta, namely Amil Zakat Institute (LAZ) Solo Peduli Ummat, LAZ Nurul Hayat, LAZ Yatim Mandiri. In data collection, researchers use interview techniques, and documentation. The results of the study found that zakat management organizations in Surakarta have implemented sharia compliance based on Law No.23 of 2011 and sharia compliance index according to BAZNAS. Based on the calculation of sharia compliance index LAZ Solo Peduli Ummat reached a value of 0.8295 and LAZ Nurul Hayat is 0.829274 with an excellent category. Meanwhile, LAZ Yatim Mandiri reached 0.808834 with a good category. The calculation is obtained based on the dimensions of management, zakat collection, zakat distribution, and zakat regulation.

Keywords: *Compliance Index, Shariah Compliance, Zakat*

INTRODUCTION

Zakat is part of the wealth that must be issued by every Muslim when it has reached the specified conditions (BAZNAS, 2022). Allah mentions the zakat commandment in the Qur'an 82 times and it always side by side with the prayer command (Nurzansyah). Zakat is an obligation that must be done for every Muslim apart from the *syahadat*, prayer, fasting, and Hajj (Muhammad. At al, 2018).

Indonesia has two zakat management organizations that have been recognized by the government, namely National Amil Zakat Agency (BAZNAS) and National Amil Zakat

Institution called "LAZNAS" (Fadillah et al, 2017). BAZNAS and LAZNAS have been regulated in government regulation No. 14 of 2014 concerning the implementation of Law. No.23 of 2011 concerning zakat management (PP 8 of 2001). The management of zakat in Law no.23 of 2011 has the aim of increasing the effectiveness and efficiency of services in zakat management, and can improve the welfare of the community in poverty alleviation.

Indonesia has a fairly high zakat potential of 84, 95% with around of Rp. 10.2 Trillion in 2019 (BAZNAS, 2019). In 2020 the potential for zakat reaches Rp. 327.6 Trillion (BAZNAS,

2018). The potential for zakat is supported by the poverty rate in Central Java of 11.24% with around of 3,897,334 poor people and the estimated number of *mustahik* reaching 11.6% with around of 4,023,632 *mustahik* (BAZNAS, 2021). This data shows that zakat management organizations (OPZ) are expected to be able to collect and distribute zakat funds properly, to help reduce the level of poverty in Indonesia.

Zakat management will be more effective by coordinating between the Amil Zakat Institution (LAZ), the community, and the government. The management of zakat has been regulated under the guiding instruments of sharia law, namely, the regulations of Law No.23 of 2011 and Government Regulation No. 14 of 2014, the Zakat Core Principle (ZCP), the Regulation of National Amil Zakat Agency of Republic of Indonesia (BAZNAS RI), Regulation of the Minister of Religion, and the Decree of the Minister of Religion Affairs (Fadhila, 2017).

The Central Statistics Agency in 2019 noted that Surakarta population of is 572,560 people and 8.7% of the poor (Central Statistics Agency, 2020). Muslim population in Surakarta reached 452,693 with a percentage of 78.70% (Surakarta, 2019). That shows the city of Surakarta has a huge potential in the funding and distribution of zakat. The realization of the zakat collection in Surakarta is only 522 million, which can reach 12 billion. Whereas in zakat it has considerable benefits where 60% of zakat funds can be used to reduce poverty levels (Baiti, 2018). Here it can be concluded that the funding and distribution of zakat in Surakarta has not been maximized.

Sharia compliance is one of the important things in the realization of good sharia governance. Sharia compliance describes the sharia principles that must exist in the

management of zakat (Baiti, 2018). The purpose of sharia compliance is to conduct a comprehensive evaluation of zakat management organization in complying with sharia laws inapplicable zakat regulations. Ministry of Religious Affairs and Pusat Kajian Strategi Badan Amil Zakat Nasional called "PUSKAS BAZNAS" in 2020 determines sharia compliance for zakat management organizations, namely management & governance, zakat collection, zakat distribution, and regulation (BAZNAS, 2020).

Alifa and Normansyah (2020) studied about "Pengaruh Sharia Compliance, Good Governance dan Kompetensi Amil Zakat terhadap Pengelolaan Dana Zakat (Studi Kasus Pada BAZNAS DKI Jakarta)". The purpose of this study was to determine the effect of Sharia Compliance, Good Corporate Governance (GCG), and amil competence on the management of zakat funds at BAZNAS DKI Jakarta province partially and simultaneously.

Kaffah and Susetyo (2020) analysed on "Implementation of Sharia Compliance to Optimize Zakat Governance in the Frontier and Outermost Regions in Indonesia (Comparative Study of East Kalimantan Province and Other Frontier Regions)". This study discusses *sharia compliance* based on Law No.23 of 2011 concerning zakat management.

The research entitled "Sharia Compliance, Human Resource Competencies, Quality Of Accounting And Accountability Information On Management Of Zakat Funds" conducted by Astuti and Themba (2020) collected data using judgment techniques, with a sample of 56 zakat managers at zakat institutions in Makassar.

The zakat management organization is an intermediary institution for Zakat, Infaq, and shadaqah

(ZIS) between ZIS intermediaries and ZIS recipients (Lestari, 2019). Zakat management organization in Law no. 23 of 2011 is the activity of planning, implementing, and coordinating supervision in the collection, distribution, and utilization of zakat (PP No.14, 2011).

Sharia compliance in zakat management organizations in compliance with rules, policies, work procedures, and sharia values in operational activities of zakat management, starting from planning in the collection, distribution, utilization, to the financial management of zakat under sharia provisions (Azmi, 2019).

BAZNAS collaborates with the directorate of zakat and waqf empowerment. Compiling sharia compliance indicators for zakat management organizations consisting of four dimensions and thirteen variables (BAZNAS, 2020).

1. Management and governance

Management and governance have four variables, namely:

- a) Sharia policies owned by zakat institutions
- b) Sharia Supervisor
- c) Aspects related to LAZ
- d) Transparency.

2. Zakat collection

There are three variables in zakat collection, namely:

- a) Outreach to the wider community.
- b) The object of zakat where zakat institutions must have standards in determining the *nisab of zakat*.
- c) Shelters for zakat funds, infaq alms (ZIS) and other religious social funds (DSKL) in zakat institutions.

3. Distribution of zakat

There are five variables in the distribution of zakat, namely:

- a) The standard for determining categories of *asnaf* who are entitled to receive zakat in zakat institutions.
 - b) The duration of the distribution of zakat since zakat is received by the zakat institution.
 - c) The priority of zakat distribution by zakat institutions.
 - d) Where is the zakat distribution mechanism?
 - e) Determination of amil rights carried out by zakat institutions.
- #### 4. Zakat regulation
- Zakat regulation has one variable, namely, the legality of the Zakat Management Organization to identify the zakat institution's compliance with applicable regulations.

This study aims to determine the extent of the operational implementation of the sharia compliance index standard on zakat issued by the Center for Strategic Studies (Puskas) of Baznas at LAZ (Lembaga Amil Zakat). The approach used in this study is qualitative. Research with a qualitative approach emphasizes the analysis of inductive thinking related to the dynamics of the relationship between observed phenomena and uses scientific logic (Sugiyono, 2015). This research method is descriptive in the form of observations, written interviews, and documents originating from reliable sources or informants.

The types of data used in this study are primary data and secondary data. The subject of this study used the Amil Zakat Institute (LAZ) in Surakarta. Meanwhile, the sample used in this study is the Amil Zakat Institution which has been registered with the National Amil Zakat Agency under the Zakat Management Legislation. Based on data from <https://baznas.go.id/v2/badan-amil-zakat>, there are six National Amil Zakat Institutions.

In the sharia compliance index of zakat management organizations (IKSOPZ), there are four dimensions, namely, the dimensions of management and governance, collection of zakat, distribution of zakat, and dimensions of the legality of zakat institutions.

Management and governance in the sharia compliance index are based on Zakat Law No.23rd of 2011 on zakat management, Zakat Core Principle (ZCP) in 2017, Ministry of Religious Affairs in 2018 on guidelines for implementing bureaucratic reform of the Ministry of Religious Affairs and Puskas BAZNAS in 2019 on the transparency index of zakat management organizations.

The collection of zakat funds and distribution of zakat funds in the sharia compliance index is based on Qardhawi in 1973, BAZNAS in 2018 on had kifayah, and the Indonesian Ministry of Religion in 2018 on guidelines for implementing the reform of the Ministry of Religion.

Sharia compliance is a system that refers to the implementation of regulations that have been determined and sourced from Islamic sharia, namely, *the Qur'an, Sunnah, Ijma', Qias* or analogies, which are used as the basis of the Act in the management of zakat (sulaiman, 2020). Sharia compliance that has been determined by the sharia compliance index of zakat management organization BAZNAS has a weighting in each dimension and variable, which will then be calculated on a Likert scale in each variable.

Based on the assessment criteria in the sum of the total value of the sharia compliance index, namely the range of values from 0.00 to 0.20 is in a bad category, the range of values from 0.21 to 0.40 is in the poor category, the range of values from 0.41 to 0.60 is in the fairly good category, the value range is 0.61 to

0.80 in the good category, and the range of values from 0.81 to 1.00 is in the very good category. The results of the assessment carried out on the value of the sharia compliance index of the regulatory dimensions.

Table 1. Total Overall Sharia Compliance Index Likert Scale

Dimension	Weigh Value		
	LAZ SP	LAZ NH	LAZ YM
Dimension 1	0,3003	0,316404	0,316404
Dimension 2	0,21008	0,19375	0,27347
Dimension 3	0,26912	0,26912	0,16896
Dimension 4	0,05	0,05	0,05
Total	0,8295	0,829274	0,808834

Source: Primary data processing, 2022

Based on Table 1 LAZ Nurul Hayat and LAZ Yatim Mandiri in the first dimension have a fairly large sharia compliance index value of 0.316404, while LAZ Solo Peduli is at 0.3003. Thus, the value generated in the first dimension as a whole is classified as good in the application of the sharia compliance index in the management and governance dimensions. This is by the sharia compliance index standard set by BAZNAS in 2020 and supported by BAZNAS on the ZCP zakat management organization Implementation Index which states that the governance value of LAZ Solo Peduli Ummat is 0.95 with a very good predicate (BAZNAS, 2020). This was also emphasized by Susilowati who stated that good governance must be accompanied by the implementation of sharia compliance and accompanied by the accountability of the zakat supervisory board (Susilowati, 2019).

In the second dimension of zakat fund collection, the sharia compliance index, LAZ orphans independently has the highest index value calculation result, namely 0.27347 with a very good predicate. The second highest score is LAZ Solo Peduli with a total sharia compliance index of 0.21008 with a good predicate, and the last LAZ Nurul

Hayat with a total sharia compliance index of 0.19375 with a good predicate. The results of the sharia compliance index on the dimensions of zakat fund collection are following the National Baznas standardization on the sharia compliance index of zakat management organizations in 2020 (BAZNAS, 2020).

The collection of zakat funds for LAZ Solo Peduli Ummat, LAZ Nurul Hayat, and LAZ Yatim Mandiri has been carried out well per the 2020 National Zakat Management Implementation Report (BAZNAS, 2020). In addition, the increase in amil funds will encourage better LAZ potential. This is as emphasized by Hizazi in his research which states that increasing funds can also encourage more fundraising and in the end will get more funds collected (Hizazi, 2020).

The process of collecting zakat can not only be measured by the sharia compliance index. This is supported by research from Zetira that zakat collection can also be measured by the national zakat index with minor weighting. The minor weighting is an assessment from the internal side of the zakat management organization, namely the institution and the impact of the zakat given (Zetira, 2021).

In Table 1 . the third dimension of distribution of zakat funds, the sharia compliance index, LAZ Solo Peduli Ummat and LAZ Nurul Hayat have the same value, namely 0.26912 in the very good category. Meanwhile, LAZ Yatim Mandiri has a sharia compliance index value for the distribution of zakat funds, namely 0.16896 with a fairly good category. The results of the distribution of zakat funds are under the standards set by BAZNAS regarding the sharia compliance index of zakat management organizations (BAZNAS, 2020).

The distribution of funds at LAZ Yatim Mandiri has an unexpected

budgeting system. Meanwhile, LAZ Nurul Hayat reserves excess funds in certain months, because LAZ Nurul Hayat already has a business unit that can be managed so there is no need to depend on the centre or donors. This is under research conducted by Dianti (2017). In addition, Tajuddin's research states that the budgeting carried out by the amil zakat institution must be seen from the goals of the institution and monitored regularly (Tajuddin, 2014).

In the fourth dimension concerning zakat regulation, the sharia compliance index, LAZ Solo Peduli Ummat, LAZ Nurul Hayat, and LAZ Yatim Mandiri have an index value of 0.05 which can be categorized as very good. This is under the sharia compliance index standard issued by BAZNAS (2020).

The results of the recapitulation and calculation of the sharia compliance index that have been carried out by LAZ Solo Peduli Ummat researchers have the highest score of 0.8295 in the very good category, then LAZ Nurul Hayat with the acquisition of the sharia compliance index value of 0.829274 is classified as a very good assessment category, while LAZ Yatim Mandiri with a compliance index value sharia 0.808834 with a good rating category. The overall results of the sharia compliance index value are by the standards issued by BAZNAS in 2020. This is supported by Annahl's (2020) research which states that, in the management of zakat, it is necessary to measure performance to improve the management strategy of zakat management.

The implementation of sharia compliance cannot be separated from the role of the Sharia Supervisory Board (DPS). The Sharia Supervisory Board can contribute to the programs that will be implemented. This is supported by research conducted by Megawati (2020). In addition, each LAZ has its advantages

in various fields. LAZ Solo Cares for the Ummah and LAZ Nurul Hayat won the 2020 BAZNAS Award in the best ZIS utilization category. Meanwhile, LAZ Yatim Mandiri won the BAZNAS Award in the best annual report category (2020).

The implementation of sharia compliance is supported by an organized management system. With the system of governance, collection of zakat, and distribution of zakat by the sharia compliance index, zakat amil institutions can be categorized as good. This is supported by research conducted by Mahmudi, which states that good and accountable management requires performance indicators to measure the success or failure of the organization (Mahmudi, 2015).

Based on the research, it can be concluded that the zakat management organization in Surakarta has implemented sharia compliance based on the BAZNAS sharia compliance index. However, not all institutions are in the very good category in implementing sharia compliance. This is because not all Sharia Supervisory Board are certified, and there is no segregation of accounts in zakat, imfaq, shadaqoh and other institutional social funds. So the results of the study indicate that LAZ Solo Peduli Ummat has a better sharia compliance index than LAZ Nurul Hayat, and LAZ Yatim Mandiri.

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