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# Zakat Scorecard Model as a New Tool for Zakat Management

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Sri Herianingrum<sup>1</sup>  
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## Abstract

Poor people in the world remain a global problem. Previous studies have widely used various perspectives related to aspects of fundamentals and macroeconomics. However, research that focuses on methods to manage zakat institutions, especially on zakat management institutions in Indonesia, still does not exist. This study used a qualitative approach using multiple case studies to determine the zakat fund management strategies of the National Zakat Agency (BAZNAS) and the Institute of National Zakat Al-Ahzar (LAZNAS Al-Azhar), East Java. Data were collected through individual in-depth interviews. This study describes the findings of the Zakat Scorecard Model through categorical analysis results. The article also describes the academic and managerial implications related to zakat management institutions.

**Keywords:** *Strategy Fund Management, BAZNAS and LAZNAS Al-Azhar Java, Zakat*

## Introduction

Poverty is a classic problem faced by economies around the world. If measured using the World Bank poverty standard of US \$ 1.25 per day per

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person (SESRIC and COMCEC, 2015), then until 2014, 29% of the world's population was living in poverty or as many as 1.6 billion people. Problems of poverty also occurred in Indonesia. Since the second half of 2014 until 2016, East Java ranked first for poor people in Indonesia.

Statistic Central Bureau data show in 2019, the number of poor people in East Java reached 4.11 million inhabitants of the total poor people in Indonesia amounted to 25,14 million inhabitants (Kusnandar, 2019). This is the reason for the selection of East Java as an arena of the study for the authors. Because huge economic potential will be able to eradicate poverty, a way is needed to reduce poverty.

Has done much discussion of the poverty alleviation programs in the world. Included in Islam, there is Quran surah At-Tawbah,103:

خُذْ مِنْ أَمْوَالِهِمْ صَدَقَةً تُطَهِّرُهُمْ وَتُزَكِّيهِمْ بِهَا وَصَلِّ عَلَيْهِمْ إِنَّ صَلَاتَكَ سَكَنٌ لَهُمْ وَاللَّهُ سَمِيعٌ عَلِيمٌ ﴿١٠٣﴾

*“Take, [O, Muhammad], from their wealth a charity by which you purify them and cause them increase and invoke [Allah's blessings] upon them. Indeed, your invocations are reassurance for them. And Allah is Hearing and Knowing”.*

The obligation of zakat is discussed as a means of allocating the rights of the poor which are still contained in the wealth of the rich. Various researches underline zakat's role in the economy. On the other hand, Hassan and Shahid (2010) describe the implementation of zakat as also being capable of providing microfinance to the poor. Both of these are in line with the research results of Kusuma and Sukmana (2010) who state that the charity is able to have a positive impact on variable consumption and investment.

The best solution to the various problems facing a traditional economic recession, as is currently afflicting the US, is through the spirit and mechanism of "sharing" between the components within an economy. The spirit of sharing is what will be able to maintain an economy's level of prosperity. That is, there is a very strong correlation between giving and sharing with the level of prosperity and well-being. Learning from these studies, it is only logical for the Indonesian people to optimize the potential

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of zakat, donation and charity, as this form of sharing economy is believed to have a positive impact on building (Beik, 2009). One application of the concept of sharing economy is namely the management of zakat, *infāq*, and *ṣadaqah*.

Studies so far have not examined the implementation of the strategy for zakat, *infāq*, and *ṣadaqah* (shodaqoh) in the world; in particular, business strategy for the implementation of zakat, *infāq*, and *ṣadaqah* are the duty of this government (Indonesia Zakat and Development Report (IZDR), 2009). First, the management of zakat belongs to Muslim authorities; Second, both states must split the balance of revenue and expenditure related to zakat. Third, the government is allowed to collect all kinds of zakat, and society must pay zakat to the government for the government to distribute the zakat to *mustahik*, and fourth, the government's failure to distribute zakat does not remove the obligation of zakat individually. The conclusion from Qardawi's above statement is that the entire implementation of the government's zakat management resulting from the pelaksanaan study of zakat, *infāq*, and shodaqoh of the world regarding business strategies has not been discussed.

Based on this background exposure, the following problems can be formulated in this research: what is the zakat fund management strategy in East Java of BAZNAS? It was the first study to discuss a strategy for the management of zakat funds and to offer research results for BAZNAS and LASNAS Indonesia.

## **Literature**

### **1. Zakat**

Zakat is one of the five fundamental pillars of Islam and is categorized as obligatory worship. Zakat on wealth is called Zakat-ul-Maal, and zakat on the individual is called Zakat-ul-Fitr (Mohamed,1991). Ab Rahman et al. (2012) stated "*zakat payment has been ordained by Allah through His Messenger Muhammad (PBUH) with a view to achieve social harmony among various sections of the Ummah*". Allah SWT stated on Qur'an surah Al-Hujuraat verse 10:

إِنَّمَا الْمُؤْمِنُونَ إِخْوَةٌ فَأَصْلِحُوا بَيْنَ أَخَوَيْكُمْ وَاتَّقُوا اللَّهَ لَعَلَّكُمْ تُرْحَمُونَ ﴿١٠٦﴾

*“All believers are but brethren. Hence, [whenever they are at odds,] make peace between your two brethren, and remain conscious of God, so that you might be graced with His mercy”.*

## 2. Strategy

Rangkruti (2013) explains that the strategy is a means to an end. Strategy comes from the ancient Greek word *strategos*, which has a military connotation; strategy is an application of the art of the science of war with a military force to defeat the enemy or minimize the effects of the defeat.

A strategy is a way to obtain the desired result, based on prevailing conditions and structure.

In principle, strategies can be grouped according to three types, namely (Rangkruti, 2013):

- a) Management Strategy: Management strategies include strategies that can be undertaken by the management with an orientation towards macro strategy development.
- b) Investment Strategy: This strategy is an investment-oriented activity.
- c) Business Strategy: This strategy is also called functional business strategy because this strategy is oriented towards the functions of management activities.

## 3. Balanced Scorecard

This study uses a balanced scorecard framework approach (Kaplan and Norton, 2004). The first discusses the related learning and growth perspective, the strategy of the organization that manages the managerial system to continue to reform and grow towards a vision and mission. Secondly, the internal perspective that focuses on the management processes of an organization to operationalize the company is discussed.

Third, the operational results of a customer-oriented perspective are discussed. The third perspective focuses on how to provide satisfaction to customers through a variety of aspects, including price, quality, services,

and so forth. The latest results of the balanced scorecard are a financial perspective. As a profit-oriented organization, the company must have an end goal to improve the cost structure and increase the value of company assets.

This research led to the concept of using four perspectives in managing zakat institutions because they can answer a variety of managerial processes comprehensively.

## **Methodology**

### **1. Data Collection**

The study used data collection techniques divided into several stages, namely:

- a) Preparation of materials and of the interview schedule. This method was chosen because the balanced score card is a method that is considered capable of assessing the performance of the organization through the vision and strategy of the organization in real terms in the field which then will be able to be arranged into a model of an ideal strategy. As well, the study of literature as shown in Table 1 was used to create a tipping point in determining the appropriate question draft of the balanced scorecard framework. In addition to a literature study, the researchers also used focused group discussion (FGD); see Table 2.
- b) In-depth interviews:  
Interviews were conducted both openly and in a structured format. Questions focused on the problem were posed, so that the information collected was quite exhaustive. For data informants, see Table 2.
- c) Data Archiving:  
Collecting data using several methods, such as in-depth interviews and observation.
- d) Data archive technique, that uses electronic and written media (the minutes):  
Mechanical data archive is to use voice recorders and interview transcripts compiled from informants that previous studies had been appointed at the planning stage of the study.

e) Observation:

Observation techniques, either directly or indirectly, or formally or informally were used to observe various activities in empowering zakat institutions in East Java. This was done in order to complete the data in the field of primary and secondary data collected previously, as well as further secondary data.

## **2. Purposeful Sampling**

This study took a sample of informants that directly corresponded to the researchers' choices. This was done to answer the research questions from which information can be obtained from the management of zakat institution. Informants come from where they are part of the core structure of zakat management organizations (OPZ), both the *Institute Amil Zakat* (LAZ), which is a representation of a zakat institution owned by the community, and *Badan Amil Zakat* (BAZ) that represents government agencies that have the zakat.

During the "theoretical saturation", a saturation still was not found, meaning that the characteristics of the answers of informants were still considered necessary to continue to be extracted; then the interview would be carried out by the same source or with other informants who were arated capable and who knew the interview material that would be asked, until finally getting repetitive answers with identical patterns.

## **3. Categorical Analysis**

This study began the process of analyzing data from the identification data sources or informants, and selecting and grouping them into several classes, for which the informant class divisions were based on years of service in the institution that they control, the structure position within the organization and insight and understanding of the performance of the institution or the organization as a whole. This approach presented by Gioia (2010), Nag and Gioia (2012), and Strauss and Corbin (1998).



**Table1. Summary of Literature Pertaining to Zakat Strategy**

No	Authors (Year of Publication)	Article	Publication
1	Abdullah, Rose. (2012)	Zakat Management in Brunei Darussalam: Funding the Economic Activities of the Poor	Universiti Islam Sultan Sharif Ali
2	Mohd, Ali et al. (2015)	The Effectiveness of Zakat in Reducing Poverty Incident: An Analysis in Kelantan, Malaysia	Canadian Center of Science and Education
3	Amalia, K. M. (2012)	Potensi dan Peranan Zakat dalam Mengentaskan Kemiskinan di Kota Medan	Jurnal Ekonomi dan Keuangan, Vol. 1, No. 1
4	Shariff, Anita et al. (2011)	A Robust Zakah System: Towards a Progressive Socio-Economic Development in Malaysia	Middle East Journal of Scientific Research, Vol. 7, No. 4, 550–554.
5	Anwar, M. (1995)	Financing Socio-Economic Development with Zakat Funds	Journal of Islamic Economics, Vol. 4, No. 1 & 2, 15–32.
6	Aziz, Asmah Abdul, Muslimah Mohd Jamil, and Huzaimah, Ismail. (2013)	The Importance of Zakat Institutions in Malaysia	The 5th International Conference on Financial Criminology (ICFC) 2013 “Global Trends in Financial Crimes in the New Economies”
7	Aziz, Nubani	Do Capital Assistance	International

No	Authors (Year of Publication)	Article	Publication
	Md and Abd Halim Mohd Noor. (2015)	Programs by Zakat Institutions Help the Poor?	Accounting and Business Conference, IABC 2015.
8	Bachmid, Gamsir and Natsir, Muh. (2015)	Descriptive Study of Factors Determine The Effectiveness Managing Zakat Maal in The City of Kendari Southeast Sulawesi	The International Journal of Engineering and Science (IJES). Vol. 4, No. 9, 30–36.
9	Beik, I. S. (2009)	Analisis Peran Zakat dalam Mengurangi Kemiskinan: Studi Kasus Dompot Dhuafa Republika	Jurnal Pemikiran dan Gagasan – Vol. II 2009
10	Dwi, Mutiara et al. (2013)	Review on Indonesian Zakah Management and Obstacles 2013	Social Sciences 2013, Vol. 2, No. 2, 76–89.
11	Johari, Fuadah A. F. (2015)	A Review of Literatures on Current Zakat Issues: An Analysis between 2003–2013	International Review of Research in Emerging Markets and the Global Economy (IRREM): An Online International Research Journal (ISSN: 2311-3200) Vol. 1, Issue 2.
12	Fahme, Ahmed. (2014)	The Effectiveness of Zakat in Reducing Poverty Incident: An Analysis in Kelantan, Malaysia	Journal Asian Social Science, Vol. 11, No. 21, 2015 (ISSN 1911-2017).
13	Hassan, Nurbani Md, Abd Halim Bin	Embracing Microfinance: Proposed	International Conference on Business and

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No	Authors (Year of Publication)	Article	Publication
	Mohd Nor, and Noor Ashikin Mohd Rom. (2012)	Collaboration Between Zakat Institution and Microfinance Institutions	Economic Research (3rd ICBER, 2012) Proceeding Bandung, 12–13 March 2012.
14	Ibrahim, Muhammad. (2015)	Exploring the Motivational Factors for Corporate Zakat Payments Sheriff	International Journal of Management and Commerce Innovations, Vol. 3, Issue 1, 429–436. Month: April 2015–September 2015, 429.
15	Ismail, Abdul Ghafar and Possumah, Bayu Taufiq. (2012)	Theoretical Model for Zakat-Based Islamic Microfinance Institutions in Reducing Poverty	International Research Journal of Finance and Economics, Vol. 103, January 2012.
16	Kahf, M. (1990)	The Performance of the Institution of Zakah in Theory and Practice	Conference on Islamic Economics Towards 21st Century. Kuala Lumpur.
17	Kementrian Agama, D. P. (2012)	Pedoman Pengawasan Lembaga Pengelola Zakat. Jakarta	Kementrian Agama, Jakarta.
18	Khofsah, S. (2011)	Pengawasan terhadap Pendayagunaan Dana Zakat, infaq dan Shadaqah di <i>Badan Amil Zakat</i> Daerah (Bazda) Kabupaten Demak pada Tahun 2010–2011	Skripsi. Semarang: Fakultas Dakwah Institut Agama Islam Negeri (IAIN) Walisongo.
19	Lessy, Zulkipli. (2013)	Listening from the Bottom: A Qualitative	Jurnal Penelitian Sosial Keagamaan,

No	Authors (Year of Publication)	Article	Publication
		Approach Examining Zakat Recipients Voices Inferensi	Vol. 7, No. 2, December 2013, 297–320.
20	Hassan, M. and Kabir, J. M. (2007)	Zakat, External Debt, and Poverty Reduction: Strategy in Bangladesh	Journal of Economic Cooperation Vol. 28, No. 4 , 1–38.
21	Mohammad Farooq, D. N. (2013)	Zakat on Non-Agricultural Land Plots: Public Awareness and Fiscal Reforms	Al-Idah, Vol. 27, 15–24.
22	Muda, Muhamad, et al. (2006)	Factors Influencing Individual Participation in Zakat Contribution: Exploratory Investigation	Seminar for Islamic Banking and Finance 2006 (iBAF2006), 29–30 August 2006, Kuala Lumpur (Faculty of Economics and Muamalat, KUIM, Nilai NS) Islamic University College of Malaysia (KUIM).
23	Firdaus, Muhammad I. S. (2012)	Economic Estimation and Determinations of Zakat Potential in Indonesia.	IRTI Working Paper Series.
24	Lubis, Muhammad D. (2011)	Enhancement of Zakat Distribution Management System: Case Study in Malaysia.	International Islamic University of Malaysia (IIUM).
25	Sirazi, Nasim and Shah, M. F. (2006)	Prospect of Poverty Elimination Through Potential Zakat Collection in OIC-	Journal of Islamic Economics, Banking, and Finance, Vol. 6, No.

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No	Authors (Year of Publication)	Article	Publication
		Member Countries: Reappraised	3 , 55–74.
26	Nastiti, Novalia and Mawardi, Imron. (2014)	Kemampuan Unit Usaha Nurul Hayat Dalam Menunjang Biaya Oprasional Lembaga Amil Zakat	JESTT, Vol. 1, No. 2, February 2014.
27	Naz'aina. (2015)	The Effect of Internal Control System and Amil Competencies on the Financial Reporting Quality at Zakat Management Institution Active Member of Zakat Forum in Special Capital City Region Jakarta and West Java Province	2nd Global Conference on Business and Social Science–2015, GCBSS, 17–18 September 2015.
28	Nikmatuniayah. (2014)	Komparasi Sistem Pengendalian Internal Pengelolaan Lembaga Amil Zakat	Jurnal Akuntansi Multipradigma (JAMAL), Vol. 5, No. 3, 345–510.
29	Nisak, Khoirun. (2014)	Analisis Peran Lembaga Amil Zakat Sebagai Agen Distribusi (Studi Kasus Lembaga Amil Zakat Rumah Zakat Cabang Malang)	Junal Ilmiah. Malang: Universitas Brawijaya.
30	Wahab, Norazlina Abd. and Rahman, A. R. Abdul. (2012)	Efficiency of Zakah Institution in Malaysia: An Application of Data Envelopment Analysis	Journal of Economic Cooperation and Development, Vol. 33, No. 1 , 95–112.
31	Abu B., and	Motivations of Paying	International Journal

No	Authors (Year of Publication)	Article	Publication
	Nur Barizah, H. M. 2010. (2010)	Zakat on Income: Evidence from Malaysia	of Economics and Finance, Vol. 2, No. 3, 76-84.
32	Nurhifayatie, Nurul et al. (2014)	Developing a Multidimensional Performance of Zakat Collection System in East Coast Region.	International Conference on Accounting Studies (ICAS 2014, 18–19 August 2014, Kuala Lumpur, Malaysia.
33	Qardawi, Yusuf. (2011)	Hukum Zakat	Jakarta: Pustaka Litera Antar Nusa.
34	Rianto, M. nur dan Al Arif. (2010)	Efek Pengganda Zakat Serta Implikasinya terhadap Program Pengentasan Kemiskinan.	Jurnal Eksibisi Fakultas Syariah UIN Sunan Kalijaga Yogyakarta, Vol. 5, No. 1, 2010, Hal 42–49.
35	Ibrahim, Patmawati R. G. (2014)	Zakah as an Islamic Micro-Financing Mechanism to Productive Zakah Recipients	Asian Economic and Financial Review, Vol. 4, No. 1, 117–125.
36	Pratama, E. A. (2013)	Optimalisasi Pengelolaan Zakat sebagai Sarana mencapai Kesejahteraan Sosial (Sebuah Studi di BAZ Kota Semarang) Skripsi.	Semarang: Fakultas Hukum Universitas Negeri Semarang.
37	Pusat Ekonomi dan Bisnis Syariah (PEBS) FE UI, a. C. (2009)	Indonesia Zakat and Development Report 2009	Jakarta: Republika.
38	Pusat Ekonomi	Indonesia Zakat and	Jakarta: Republika.

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No	Authors (Year of Publication)	Article	Publication
	dan Bisnis Syariah (PEBS) FE UI, a. C. (2011)	Development Report 2011	
39	Pusat Ekonomi dan Bisnis Syariah (PEBS) FE UI, a. C. (2012)	Indonesia Zakat and Development Report 2012	Jakarta: Republika.
40	Muhammad, S. A. and Al Jaffri Saad, R. (2013)	Determinants of Trust on Zakat Institutions and its Dimensions on Intention to Pay Zakat: A Pilot Study	Journal of Advanced Research in Business and Management Studies   Vol. 3, No. 1, 40–46, 2016.
41	Syawaluddin, S. et al. (2016)	Principal Agent Relationship on Zakah Institution in Indonesia	International Journal of Scientific & Technology Research, Vol. 5, No. 6, 204-210.
42	Muhammad, Sani Adamu and Ram Al Jaffri Saad. (2015)	The Impact of Zakat Service Quality on Intention to Pay Zakat: Mediating Effect of Trust on Zakat Institution	Kuala Lumpur International Communication, Education, Language and Social Sciences 1 (KLICELS1), 6–7 June 2015. Hotel Putra, Kuala Lumpur, Malaysia.
43	Sani, Tiara. (2010)	The Strategic Role of Mosques in the Context of Zakat	Indonesia Zakat and Development Report 2011.
44	Setyarini, Nurseha. (2015)	Efektivitas Penghimpunan Dana Zakat Profesi Melalui Payroll system pada	Skripsi. Jakarta: UIN Syarif Hidayatullah.

No	Authors (Year of Publication)	Article	Publication
		BAZIS DKI Jakarta	
45	Siska, Hanna and Siswantoro, Dodik. (2012)	Analysis of Zakat on Income Payers Preference in Indonesia (Potency of Double Zakat)	The 3rd International Conference on Business and Economic Research (3rd ICBER 2012) Proceedings 12–13 March 2012. Golden Flower Hotel, Bandung, Indonesia.
46	Syaiful, Achmad and Hidayat, Anwar. (2012)	Model Tata Kelola Badan dan Lembaga Amil Zakat Sebagai Upaya Untuk Meningkatkan Pemberdayaan Ekonomi Masyarakat (Studi Pada Badan/Lembaga Amil Zakat di Kota Malang)	Humanity, Vol. 7, No. 2, July 2012, 1–13.
47	Wahid, Hairunnizam et al. (2011)	Localization of Zakat Distribution and the Role of Mosque: Perceptions of Amil and Zakat Recipients in Malaysia	International Zakat Forum 2011.
48	Wahab, Norazlina Abd. Abdul Rahim. (2011)	A Framework to Analyse the Efficiency and Governance of Zakat Institutions	Journal of Islamic Accounting and Business Research, Vol. 2, No. 1, 43–62.
49	Rosyidah, Trie Anis, A. M. (2012)	Implementasi Undang-Undang Nomor 23 Tahun 2011 terhadap	Malang: Fakultas Ekonomi dan Bisnis Universitas Brawijaya.



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No	Authors (Year of Publication)	Article	Publication
		Legalitas Pengelolaan Zakat oleh Lembaga Amil Zakat (Studi pada Beberapa LAZ di Kota Malang)	
50	Zulfayani, A. (2011)	Studi Evaluatif atas Sistem Pengendalian Intern Pengelolaan Zakat pada Lembaga Amil Zakat Nasional Baitul Maal Hidayatullah (Bmh) Cabang Makassar (Skripsi)	Makassar: Fakultas Ekonomi dan Bisnis Universitas Hasanuddin.

The results of the interview then are classified into a data inventory table as shown below:

**Table 2. Data Inventory**

No	Data type	Institution	Quantity			Original (intended) data audience
			Interview (people)	Record audio	Transcript (pages)	
1	Abdussalam	BAZNAS in East Java Province	2	1:16:8"	9	In-depth Interview
2	Nadjib Hamid	BAZNAS in East Java Province		54:27"	8	focus group discussions (FGD) and In-depth Interview
3	Adit	LAZ Al Azhar	2	2:14:45"	12	In-depth Interview
4	Suryamin	LAZ Al Azhar		2:14:27"	14	In-depth Interview
<b>B. Article</b>						
1	Zakat indicator article	50. Articles				

#### 4. Insider-Outsider Approach

This study conducted an interview with the core structure (head of the organization) but also involves key informants whose background is a field force, the purpose of which is to assist in the processing of data by conducting focus group discussions (FGDs). The discussions are attended by many elements of the profession, such as academia, zakat practitioners, and media. In the literature, the process used to determine the views of many experts related to the management of zakat in various countries is discussed.

### Findings

#### Theme 1: Organization

##### a) External Teamwork

Previous research states that alternative cross-agency cooperation is necessary, namely Takaful with BAZ and LAZ. *"The alternative could be developed Islamic insurance company is cooperating with the BAZ and LAZ that is much help in the development of MSEs from poor families or mustahik. Zakat institution allocating part of zakat to pay a premium tabarru mustahik to protect from catastrophic loss or unintended"* (IZDR, 2009). It shows the cooperation between institutions or units outside the zakat institution. LAZ cooperation with units of volunteers is used in the implementation of disaster management. BAZ uses a partner in conducting its programs.

##### b) Interagency Cooperation

*"Given the importance of monitoring the integrity of its zakat institution, ensure direct supervision teams to be in the leadership coordination tertinggi. Bila need a team of supervisors could be in coordinating the founder and zakat institution"* (Khofsah, 2011). Coordination becomes an important part in the management of a zakat institution. LAZ uses a centralized system in the collection of zakat funds. However, BAZ uses a decentralized fashion fundraiser. But each of us can use the funds in accordance with agency procedures.

#### Theme 2: Information

##### a) Effective Transaction Process

Zakat management can effectively reduce poverty. *“Consequently, the proper establishments of the accounting, auditing and information technology systems are really needed. Since in past Islamic history, Muslims have built a perfect system where it achieves the objective of zakat until there is no recipient that is entitled for zakat. In view of that, the government should take serious actions in enhancing the zakat institutions to increase zakat collections and emphasis on accounting and auditing”* (Aziz et al., 2013). Each BAZ and technological innovation is in operational LAZ use.

b) Management Oversight

*“Some matters of professional management as a system of supervision and control the distribution of zakat (outstanding ZIS funds), the Internal Control System (SPI), Accounting Information Systems (AIS), Systems and Mechanisms Inspection (auditing), as well as accountability mechanisms (accountability)”* (Nikmatuniayah, 2014). Supervision was conducted to determine the performance of the institution. LAZ and BAZ conduct surveillance through the flow of funds from *muzakkī* income.

**Theme 3: Human**

a) Periodic Training

*“Zakat institutions have also initiated various programs such as offering training as well as giving business and marketing guidance, so that the recipients would become self-reliant and own a formal business”* (Hassan and Noor, 2015). BAZ offers regular training in financial management, while LAZ training to revival mullah will be deployed to the public.

b) Amil’s Values

*“The results of field research provide an understanding that administrative control mechanisms, rules, and normatively prominent in charity governance practices (collection, distribution and utilization), the most dominant with control rules, incentive compensation practices....In terms of incentives, the agent perceives relatively minor economic incentives, whereby agents saw that optimizes the performance of institutions of BAZNAS into organizational change for mustahik regarded as the highest value as the core mission of BAZNAS. Isomorphism mimetic underlying agents of rationality such as religious values, moral, cultural and responsibilities”* (Syawaluddin et al., 2016). Values that must be possessed

by collectors, both in BAZ and LAZ, involve character development, i.e. the attitude required to collect zakat, among which are honesty and trust.

#### **Theme 4: Financial**

a) Improve Cash Flow

*“The development of financial measure, customer satisfaction, internal business process, and learning and growth of zakat institution will upgrade the performance of zakat institution”* (Nurhifayatie et al., 2014). Each institution in developing the financial aspects utilizes a branding strategy. LAZ uses the name Al-Ahzar extensively in Indonesia, while the label utilizes a government agency, BAZ.

b) Customer Value Initiatives

*“Steps association zakat, generally done in various ways kesemuannya leads to increased satisfaction and confidence muzaki against BAZ/LAZ”* (IZDR, 2009). Initiative in giving value to *muzakkī* is very important for increasing the acquisition of zakat funds. How LAZ provides customer benefits can be invited to the village-built *muzakkī*. BAZ exploits the potential reduction in tax liability after paying zakat.

#### **Theme 5: Operation**

a) Real-centric

Zakat is able to reduce poverty and grow the real sector. Hassan and Khan (2007) say *“first, it can relieve budget categories targeted for poverty alleviation for other budgetary needs. Second, it can increase the taxation potential through improvement of productivity, employment and output”*. The process of reducing poverty was undertaken by LAZ Al-Ahzar via the production of houses in Gemilang Indonesia. BAZNAS Jatim did this through scholarships and capital assistance for micro society, as well as conducting social programs such as disaster recovery and routine donations to the poor.

b) Equal “In-Out” Distribution

*“Similarly, trust in zakat institution is predicted to be an important element that will boost zakat collection and mediate the relationship between zakat service quality and intention to pay zakat.... In line with the literature discussed above, provision of excellent service quality may enhance the*

*activity of zakat organization”* (Muhammad, 2015). Zakat institutions should be able to distribute the acquisition of *muzakkāt* after deducting operating expenses. Both LAZ and BAZ perform effective operations and coordination between agencies.

c) Risk Management

*"Internal controls in Bazda are a form of control by supervisory elements, in this case the commission supervisor (internal auditor) in charge of monitoring and controlling the performance of the executing agency Badan Amil Zakat which includes the implementation of administrative and technical collection, distribution, utilization and development "* (Khofsah, 2011). Strategies to manage risks are carried out by maintaining the stability of institutions and periodic audits of all managerial sectors in BAZ and LAZ.

d) Collection System

*"Zakat institutions that are responsible for collecting, managing and distributing zakat... being a public organization, zakat institutions are subjected to intense public scrutiny on their efficiency and effectiveness in managing zakat affairs”* (Norazlina, 2011). A scheme for community funds becomes crucial. LAZ facilitates that personal touch by telephone, while BAZ exploits the potential that is already available in the social culture of the society.

## **Theme 6. Customer**

a) Specific Selection

Muharman Lubis et al. (2011) say, *“Refer to these implementations, the concept of localization could be considered as the best concept of zakat distribution; however, today’s implementation can’t set aside the importance of the government’s role while the rapid development in technology that supports any human activity also can be adopted as well to optimize the effectiveness and efficiency in collection and distribution of zakat”*. In the selection of *mustahik*, muzaki must be specific to be effective and efficient. LAZ Al-Ahzar uses a system of unit operating procedure (SOP) in selecting *mustahik*. As well as facilitating Java, BAZNAS special models for *muzakkāt* pledge to provide funds for *infāq*.

b) Growth

*“This objective shall be achieved through accelerated economic growth during the plan period to bring about a noticeable improvement in the standard of living...”* (Hassan and Khan, 2007). The growth process can be done in three ways. First, increase the amount of funding to education (LAZ) and take advantage of the momentum (BAZ). Second, increase the number of employees targeting *muzakkī* through government agencies (BAZ). Third, distribute ZIS funds effectively through RGI (LAZ) and cooperate with partners through the monitoring mechanism (BAZ).

## **Theme 7. Innovation**

a) Initiative Acceleration

Zakat management requires initiative in improving acquisition, including determining the target *muzakkī*. *“...that the presence of zakah on a macro model leads to higher growth rate, higher return on capital, and more equitable distribution of wealth”* (Kahf, 1999). In addition to determining the *muzakkī* initiatives, strategies to help *mustahik* can be done through the formation of self-help groups.

b) Public Education

*“Success in educating people through the mosque, especially in the religiosity aspects to the zakat recipients, will not only increase the level of religious understanding but also will increase the awareness and change the attitudes of zakat recipients towards having a more positive attitude gradually”* (Wahid et al., 2011). One other important part is the process of dissemination to the public. LAZ do it personally via *amil*, while BAZ programs do it through the facility.

c) Tax Principle

*“The principle of appropriation of certain revenues to specific objectives is yet another principle that can benefit our tax systems”* (Kahf, 1999). Each institution facilitates the administration of the tax reduction system.

## **Theme 8. Social**

a) Islamic Community Building

Awareness regarding paying zakat can realize a more Islamic life. One of these charity-related regulations is at the state level. *“The essential 20-The Islamic Quarterly: Vol 64, No.1*

*characteristic of zakah as a worship is what makes it the third pillar of Islam, keeping in mind that the first pillar takes the form of a mental worship, the second takes the form of a bodily worship, and this third worship takes the form of a mental worship*" (Khan, 1999). One example that occurred in BAZ and LAZ is *muzakkī* mentoring and building a community for *mustahik* which continually gives training and religious knowledge.

b) Communication

*"Zakat payment to a zakat institution in many Muslim countries is the choice of the zakat payer either to pay to a zakat institution or not. Based on this reason, the survival of the zakat institution has a direct relationship with the level of trust vested in zakat institutions by contributors of zakat funds"* (Muhammad and Saad 2013). Communication is done routinely to *muzakkī* and *mustahik* to maintain the intensity of interaction that will impact on improving public confidence.

**Theme 9. *Mustahik***

a) Evaluation

*"In other words, the optimization of zakat is affected by the management of zakat, in this case an effective internal control system, which may contribute to the realization of good governance zakat (alms good governance)"* (Zulfayani, 2011). Evaluations were conducted to assess the needs of zakat funds. The evaluation can be done through cross zakat to the needy areas. Evaluation of BAZ is done once a year for the entire management nationally.

b) Keep Relationships

"The advantages of the amil include: payment discipline, keep the feelings *mustahik*, efficiency and effectiveness of the mobilization and allocation of funds of zakat" (Qardawi, 2011). Keeping feelings *mustahik* is an important part of the distribution of zakat. This is done through a personal approach and program.

**Theme 10. *Muzakkī***

a) Service Innovation

*“Many of amil in Indonesia with the changing times even provide service facilities that can be provided for the convenience of paying zakat. As zakat distribution services via ATM, or credit card, and some even provide shuttle service to the Muzakkī charity, and others who sought to ease the amil make a lot of people are willing to pay zakat. Amil zakat today many who have a personal website that can provide information about the amil institutions even provide application functions like calculator zakat”* (Siska and Siswanto, 2012). Innovation through ease of service is done through bank deposit and optimization the counter function and the event.

b) Supporting Partner

*“The focus will be on how the zakat fund has been used to finance economic activities or projects run by poor and needy people as part of a long-term rehabilitation program”* (Abdullah, 2012). Supporting partner muzakkī is done through mentoring and collaboration partners.

c) Reporting

*“Based on the analysis above, it can be stated that the internal control system and amil competence prove to have a significant influence on financial reporting quality partially and simultaneously. To increase public trust, amil zakat should focus on increasing financial reporting quality, by increasing the effectiveness of internal control system and amil competence”* (Naz'aina, 2015). Each uses a bulletin publishing strategy to provide financial reporting. In addition, the LAZ also displays the report via the website.

## **Zakat Scorecard Model**

Data structure describes each category that consists of a 30 first-order category. Results of the first-order form classification category according to Figure 1 divide into ten second-order themes. Each second-order theme answered findings in the managerial system of zakat management. Figure 2 illustrates that the aggregate first dimension is the development and growth control consisting of three themes, namely organization, information, and human. It describes the organization's strategy to build a culture, cooperation, corporate values, and leadership. The information describes how to use the information that is employed to collect funds from muzakkī. Additionally, the “human” is a method to do the training and development



of human capital in the organization. Details on the development and growth control are presented in Table 3.

The second-dimension initiatives are aggregate financial control—the financial aspects of a constituent zakat model scorecard. Financials can be obtained after the organization is able to succeed in undertaking control system development and organizational improvement so as to obtain the initial trust of the community. Different financial aspects correspond to profit-oriented organizations. Social organizations such as the BAZ and LAZ do not use the financial aspect as their destination. Interestingly, LAZ and BAZ are giving welfare to *mustahik* through economic empowerment and other social programs. The fourth dimension is *muzakkī* aggregate, and *mustahik* control explained that the final orientation is to provide value to both parties.

**Table 3. Representative Quotes**

<b>Theme 1. Organization</b>	
a. External Teamwork	
Coordination on Social Activities	"Cooperation with the community volunteer network. In case of disaster management, after the recovery program is finished ...." 3 <sup>rd</sup> Interviewees (Adit). "We have a team of volunteers. So, whenever there is a disaster, we called them and went to the disaster areas" 4 <sup>th</sup> Interviewees (Suryamin). "Suppose there is a surplus of the area then other areas of need can also be an interconnected 'cross-subsidy'" 2 <sup>nd</sup> Interviewees (Najib).
b. Interagency Cooperation	
Central-Local Coordination	"All the incoming collection centers. But, we are entitled to apply for funding; we will adopt all of the center" (Adit). "The representative system at Al Azhar, using all the comprehensive system. All income from LAZ East Java is collected at the center" (Suryamin). "The fund management of it is independent (autonomous), administered alone the Java BAZ" (Najib).

<b>Theme 2. Information</b>	
a. Effective Transaction Process	
Innovation Technology	<p>“And it can transfer it at the last check. It has existing apps so that if you can already check” (Adit).</p> <p>"Using System SIMBA (System Management Information BAZNAS)" 1<sup>st</sup> Interviewees (Abdussalam).</p> <p>"They used SIMBA, each respective BAZNAS" (Najib).</p> <p>"All apps made specifically listed herein at Al Azhar (a special account that can be recorded upon the last transaction" (Suryamin).</p>
b. Management Oversight	
LAZ Surveillance Scheme	<p>"If it goes up and down, it can be seen from the flow of inputs that are not routine; if not routine then there will be a decline or fall spike" (Abdussalam).</p> <p>"In the last BAZ SIMBA. The financial statements can be viewed at any time, the center can see, even down to the district/city "(Najib).</p>
<b>Theme 3. Human</b>	
a. Periodic Training	
Upgrades Amil	<p>"There is training (start basic, intermediate, adult) for amyl amiliyyah. ... To boil the propagators which we will send to an area "(Adit).</p> <p>"Training amyl that we do periodically, dengen collaboration with academia" (Suryamin).</p> <p>"At least one intensive year. E.g. training in financial matters" (Abdussalam).</p> <p>"We're embracing SIMBA"(Najib).</p>
b. Amil’s Values	
Character	<p>"The values that we hold in full are his trust of <i>muzakkī</i> and <i>mustahik</i>, the second is the ability of amil, and then touch us to <i>mustahik</i> and <i>muzakkī</i>” (Adit).</p> <p>"They are required to be a friend of the community</p>

	<p>in the future" (Suryamin).                  "One, to be honest ... two, devotion. Third, it must make sure that the provision governing Allah, fourth, help fellows was definitely a blessing" (Abdussalam).                  "Every amil zakat anywhere can muster so to be honest" (Najib).</p>
<b>Theme 4. Financial</b>	
a. Improve Cash Flow	
Branding	<p>"We've been given a brand people will trust well so how mentally, ability, and skill, we are ready. Brand Al Azhar will be very influential, while maintaining excellent donors who gave stable funding" (Adit).                  "Our society no information well, there are well IT. There <i>muzakkī</i> asking to be taken. Or there is the SIMBA system, <i>muzakkī</i> can use Zakat Payer Identification Number (NPWZ) to transfer, and then be able to record us at the SIMBA "(Najib).</p>
b. Customer Value Initiatives	
Customer Benefit	<p>"There are studies that routine every day on Mondays and Thursdays we do as at the moment donors gather twice a week. There is another prime benefactor, meeting as trip we take to the village built "(Adit).                  "For that please we invite join the program, every three-four months we send magazines care" (Suryamin).                  "Got bulletin of BAZ; We were also a sort of outbound" (Najib).                  "Or, if in us, there is also a receipt. Its benefits can be brought to the firm or the tax office, as evidence for a tax deduction, and the income is not taxable reduced "(Abdussalam).</p>
<b>Theme 5. Operation</b>	
a. Real-Centric	
Reducing Poverty	<p>"Our city is a program called Rumah Gemilang Indonesia (RGI), home to the empowerment and</p>

	improvement of the children who have dropped out of school (17–30 years old)" (Adit). "The empowerment programs. As for the schools' scholarships, usually performed an empowerment program. Then the capital for SMEs" (Abdussalam).
Social Program	"In addition to emergency (usually after a disaster and prevention completed immediately left), if in us, there is also a recovery" (Suryamin). "We have activities that are helping poor people, he is already impossible to empower. Assistance was provided directly every month" (Abdussalam).
b. Equal "In-Out" Distribution	
Effective Operational	"Sharia council that governs the signs like so <i>infāq</i> zakat funds so that we can use as an operational" (Adit). "We just took the funds for salaries that are very small, below the minimum wage" (Abdussalam).
Coordination	"Each of our counties, there are auxiliary units for collection" (Suryamin). "The fund (of BAZ area) their own governance (decentralization), only the financial statements and coordination remain routinely executed by BAZ Java" (Abdussalam).
c. Risk Management	
Stability LAZ	"Local Economic Development and BI Islamic Economics we were asked to make risk management: education, mobilization, management, up to the use and distribution of its risk management" (Suryamin). "Actually, look if the donor is maintained with good" (Adit).
Audit	"We are for the centralized regulatory body at the center. A maximum of three months there gathered in the center" (Adit). "We are very strict in financial affairs, as the General Manager of our finances is a consultant (Farid Consulting), even from external" (Suryamin). "Yes, his name mas Internal Audit Unit (SAI) and was carried out in each BAZ" (Abdussalam).

	"We are right to have SIMBA was before, previously reported (published) usually first audited by internal audit. If an external audit like public accounting office "(Najib).
d. Collection System	
ZIS Collection Scheme	"So, there are donors that we transfer, usually every donator after transfer we call" (Adit). "We do have rules about collecting alms, zakat collection after their culture in the mosques. We're just rearranging existing goods "(Najib).
<b>Theme 6. Customer</b>	
a. Specific Selection	
<i>Mustahik</i> Selection	"Poverty cannot be distinguished in the operational standards of each program. Due to the poor overall, we used data from income and expenses" (Suryamin). "We do a MoU with the schools. The school knows who the students are who have difficulties in terms of the economy" (Abdussalam).
<i>Muzakkī</i> Selection	"There is contributing to the deposit for flood" (Adit). "Meanwhile, if for charity, it is absolutely clear from the recipient is already in the Qur'an. But if <i>infāq</i> , can use a special pledge" (Abdusslam).
b. Growth	
Funding	"For Al Azhar indeed focus is education first, and only if there are some people who are new educated regularly every month. In the background is not the funding itself of marketing, it is not for fishing rod on a profit" (Suryamin). "In addition to digging from government agencies, we take advantage of the momentum, if at other times somewhat famine was on us. We are making a new movement with fundraising for homes" (Abdussalam).
Customer	"There are especially the employees who worked in the provincial government, enterprises with location in Surabaya" (Abdussalam).

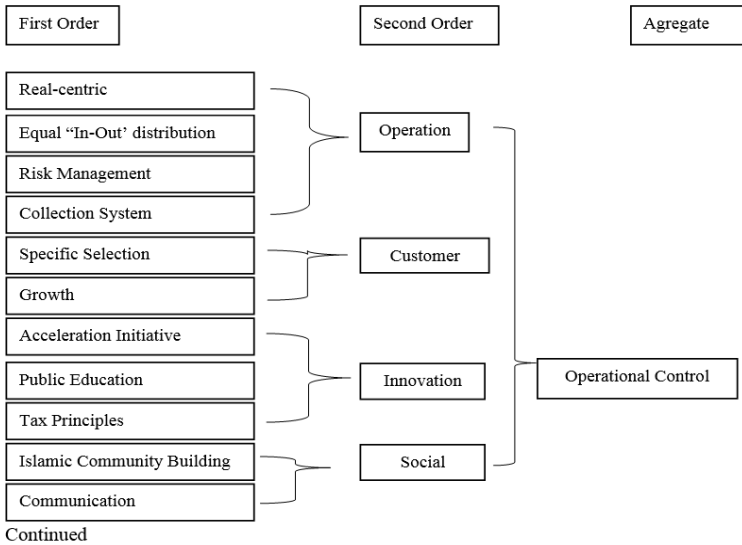
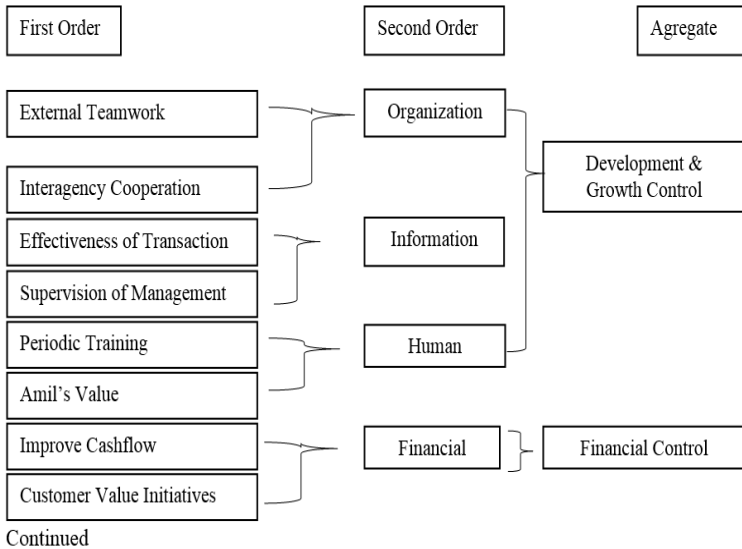
	"Meanwhile, if institutions such as enterprises, yet all are no results monthly deposit, because we has no power force. So, this is pure consciousness" (Najib).
Distribution System	"Solving the problem is not only the family of her parents. We have no urban programs: one family to be able to fund the child to scholars, it took one male goat and two females" (Adit). "RGI is a course or training for our brothers in the productive age economically disadvantaged, trained for six months" (Suryamin). "We are still coordinating with partners and collaboration with several institutions with the media; there is also a media meeting, then the symbols "(Najib).
<b>Theme 7. Innovation</b>	
a. Acceleration Initiative	
Zakat Utilization	"Then we gave loans qardhul hasan, we form a distinguished name Self Help Groups (SHGs), e.g., one area with 10–15 people (heads of household) and then we give them a capital" (Adit). Use and exploit the partners. Spend your groceries. Take the goods at the beginning of each month. Around IDR 230,000 or 200,000, just get it" (Najib).
b. Public Education	
Socialization ZIS	"Education in the do-it-yourself" (Adit). "We have a Commendation program 'Management Training Jenazah By Islami' as incentive to do it in each complex, mosques, schools. Well down the middle too often we embed education about zakat" (Suryamin).
c. Tax Principle	
Tax Deduction	"So, from our income minus the value of the new charity deposited. That goes for the LAZNAS, to reduce taxable property" (Adit). "Do not reduce taxes but reduce taxable income" (Abdussalam).

<b>Theme 8. Social</b>	
a. Islamic Community Building	
<i>Mustahik</i> Mentoring	"For Indonesia Gemilang we sent on to them teachers, .... So, they should be a proselytizer and should be able to empower the community" (Suryamin). "Mentoring is done by our partners" (Najib).
<i>Muzakkī</i> Community	"Mentoring routine for <i>muzakkī</i> in Jakarta, such as counting the obligatory zakat of riches" (Suryamin). "Synergy with LAZ, could share the 'plot'; coaching will be done well" (Najib).
b. Communication	
LAZ Information Systems	"Because it takes one of them to the media information with the public, especially with <i>muzakkī</i> and donors" (Abdussalam).
<b>Theme 9. <i>Mustahik</i></b>	
a. Evaluation	
Shared Zakats	"Zakat should not be diverted to another place in their region if there are still shortcomings. So, people around, where there are rich people, it means that area should not receive zakat" (Abdussalam).
LAZ Evaluation Mechanism	"The mechanism is no board meeting once a year to conduct the evaluation, meetings with field staff. Performed at each level" (Najib).
b. Keep the Relationship	
Strategies Maintaining Relationships	"If we treat <i>mustahik</i> , yes there is a visit to them when it plunged to the ground" (Abdussalam). "We were there some sort of outbound. The <i>muzakkī</i> is as a motivator. Which has an objective on outbound activities was to strengthen the spiritual aspects, to follow such activities" (Najib). "Those people really as parents, guardians of the students at Al Azhar. The other side, there are points but it did, we also have to show that good" (Adit).
<b>Theme 10. <i>Muzakkī</i></b>	
a. Service Innovation	

LAZ service	<p>"We are very easy, if the effective day like this zakat might be shuttle 24 hours, but for a number of contacts who can be reached at al Azhar could be 24 hours. If the transfer is easier and can be directly recorded, stayed to preach to us"(Adit).</p> <p>"Yes, we provide an account at many banks. Open counters in locations such as crowds at the mall, campus, and events" (Abdussalam).</p>
b. Supporting Partner	
Accompaniment	<p>"We have 38 villages—built a majority in Sumatra and Kalimantan. We assist the village in all areas: the economy and health "(Suryamin).</p> <p>"If to accompany it (funding) so that need working partner" (Abdussalam).</p>
Collaboration with Partners	<p>"For the company, there is PT Bukit Asam, shape CSR" (Suryamin).</p> <p>"If cooperation with the Banking Romadlon, usually months. They facilitate the social programs that we have sympathized orphans "(Najib).</p>
c. Reporting	
Reporting Scheme ZIS	<p>"There is a separate division of the duty to give answers to any complaint or any question of public/<i>muzakkī</i> and the <i>mustahik</i>" (Adit).</p> <p>"Routine communication, friendship, by providing regular bulletins" (Abdussalam).</p> <p>"One such financial statement contained in the bulletin" (Najib).</p>



*Zakat Scorecard Model as a New Tool for Zakat Management*



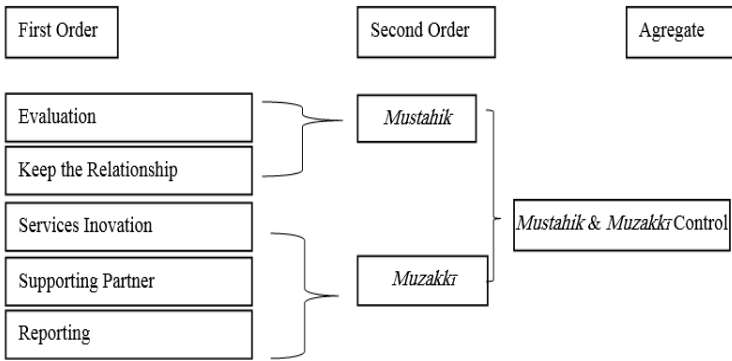


Figure 1. Data Structure

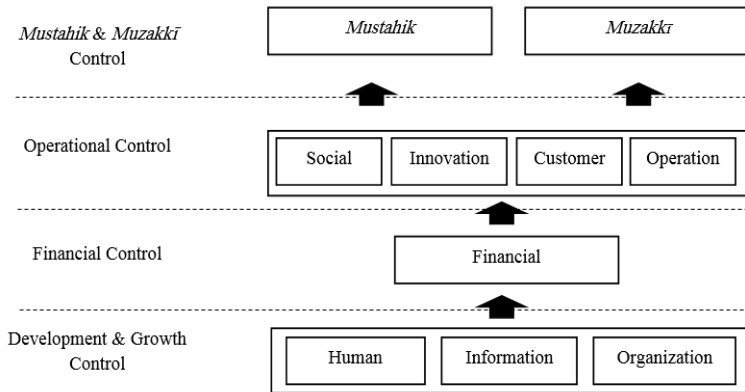


Figure 2. Zakat Scorecard Model

The findings obtained by LAZ and BAZ give value to a *muzakkī* zakat calculation that may include services, recitals, and other Islamist services related to zakat. The ability to fulfill this orientation can be achieved through a third dimension, namely aggregate operational control. With respect to operational control, LAZ and BAZ must be able to effectively govern managerial operations by transparently and effectively providing value to customers in the form of zakat services; by being innovative in obtaining funding for charities, donations, and shodaqo; being innovative in empowering funds from *muzakkī* to *mustahik*, and in the fourth theme of operational control, namely the establishment of social Islamic buildings given to *muzakkī* and *mustahik*.

## **Conclusion**

Data processing was done through categorical analysis to produce representative quotes that illustrate the main points in the management of zakat for LAZ and BAZ. The main points are arranged in several categories for the zakat model scorecard. The first phase produced of those most fundamental to LAZ and BAZ are contained in the internal management and control development categories. Stage of development and optimal control, if implemented, will affect the performance of LAZ and BAZ directly related to *muzakkī* trust. *Muzakkī* confidence in the performance of LAZ and BAZ determines the size of the funds that can be collected; it is then the next stage that will affect the initiative financial control with respect to the financial aspect.

Of the funds collected in this financial aspect, LAZ and BAZ get support so that they can carry out the operations of the institution or enter the operational phase control, which is the stage of the distribution of funds to *mustahik*. Further operational control will affect the *muzakkī* stage and *mustahik* control, which becomes the stage and the main purpose of the existence of LAZ and BAZ. That is the stage where LAZ and BAZ are able to provide better welfare for *mustahik* and usefulness for *muzakkī*. For *mustahik*, LAZ and BAZ provide funding and empowerment. As for *muzakkī*, they can receive additional value on participation in paying zakat in the LAZ and BAZ.

## **Implications**

### **Academic Implication**

This concept is the academic implication of the balanced scorecard created by Kaplan and Norton (2014). The critical point by which it became the findings of this research was the change in orientation of the organization.

Research on zakat management institutions shows that the organization is a welfare orientation *mustahik* and provides value to *muzakkī*, it is not as the result of research conducted by Kaplan and Norton (2014) on the company's profit-oriented financials or profit-oriented companies.

### **Managerial Implication**

This study is expected to be a recommendation for LAZ and BAZ in making strategies for the management of zakat, donation, and alms and to improve the efficient, effective, and competitive advantages in the sustainability of the organization.

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