

# PERFORMANCE ANALYSIS OF ZAKAT INSTITUTIONS BEFORE AND DURING THE COVID-19 PANDEMIC

**Sulastiningsih<sup>1</sup>, Khalida Urfiyya<sup>2</sup>**

Sekolah Tinggi Ilmu Ekonomi (STIE) Widya Wiwaha<sup>1</sup>,

Universitas Islam Negeri Sunan Kalijaga<sup>2</sup>

1sulastiningsih@stieww.ac.id<sup>1</sup>, khalidaurfiyya@gmail.com<sup>2</sup>

## ABSTRACT

*The year 2020 was an unexpected year where the world Covid-19 pandemic disrupted both sides of the economy, demand and supply. The massive spread of the virus has proven to affect the decline in economic activity including the tendency to donate. This research uses a quantitative descriptive method that aims to provide an overview and comparison of zakat institutions performance before and during the Covid-19 pandemic. The measurement parameter used is International Standard of Zakat Management (ISZM) which is divided into 2 main variables, efficiency and capacity. The results showed that in general the performance of zakat institutions during the Covid-19 pandemic was quite good and efficient, although there was a decline in donation receipts at LAZ Dompot Dhuafa, but the drop in the number of donations was not lower than the number it received in the year before the pandemic. LAZISNU has the most efficient ratio of program and operational expense, while BAZNAS has the best efficiency level in the ratio of fundraising expense and fundraising efficiency. Furthermore, all zakat institutions have a positive result of working capital ratio, meaning that the zakat institution is still able to cover its operational expenses with the existing balance of amil funds without generating new revenues.*

**Keywords:** Zakat Institution Performance, International Standard of Zakat Management, Covid-19 Pandemic

## ABSTRAK

*Tahun 2020 telah menjadi tahun yang diluar prediksi di mana pandemi dunia COVID 19 mengganggu dari kedua sisi perekonomian baik demand maupun supply. Penyebaran secara masif terbukti mempengaruhi penurunan pada aktifitas ekonomi masyarakat, termasuk kecenderungan untuk berdonasi. Penelitian ini menggunakan metode deskriptif kuantitatif yang bertujuan untuk memberikan gambaran dan perbandingan kinerja lembaga zakat sebelum dan pada masa terjadinya pandemi Covid-19. Parameter pengukuran yang digunakan adalah International Standard of Zakat Management (ISZM) yang terbagi menjadi 2 variabel utama yaitu efisiensi dan kapasitas. Hasil penelitian menunjukkan bahwa secara umum kinerja lembaga zakat selama masa pandemi Covid-19 cukup baik dan efisien, walaupun terjadi penurunan penerimaan donasi pada LAZ Dompet Dhuafa, namun penurunan tersebut tidak lebih rendah dari angka penerimaan sebelum terjadi pandemi. LAZISNU memiliki rasio biaya program dan operasional yang paling efisien, sedangkan BAZNAS memiliki tingkat efisiensi terbaik dalam rasio biaya pengumpulan dana dan efisiensi pengumpulan dana. Selanjutnya, semua lembaga zakat memiliki hasil rasio modal kerja yang positif, artinya lembaga zakat masih mampu menutupi biaya operasionalnya dengan saldo dana amil yang dimiliki tanpa menghasilkan pendapatan baru.*

**Keywords:** *Kinerja Lembaga Zakat, International Standard of Zakat Management, Pandemi Covid-19*

## INTRODUCTION

Zakat, Infaq and Sadaqah (ZIS) is a form of worship that not only relate to divine values but also relate to humanity which will bring social values. ZIS has various important and strategic benefits, both in terms of Islam and in terms of welfare development.

UU no. 23 of 2011 concerning about Zakat Management, states that zakat management aims to increase the effectiveness and efficiency of services in zakat management, and increase the benefits of zakat to realize community welfare and poverty alleviation. The regulation shows that all processes related to the zakat distribution and management are aimed to realize the welfare of the poor, and to improve the efficiency services of zakat management institution which are operated by the Amil Zakat Agency (BAZ) or the Amil Zakat

Institution (LAZ)<sup>1</sup>.

The discussion about this field is always interesting. The receipt of zakat funds in Indonesia has a high potential level and continues to increase from year to year. In addition, the realization of ZIS funds also continued to increase significantly. Until 2018, it is estimated that zakat receipts in 5 years will grow by an average of 26.64%<sup>2</sup>.

Data on zakat receipts by BAZNAS (National Amil Zakat Agency) shows that for 5 years from 2015 to 2019, the zakat funds collected increased by 64.2%, from the original Rp. 3.70 trillion to 10.12 trillion in 2019. In addition, IPPZ data (Potential Indicator of Zakat Mapping), shows that the potential for zakat recipients in Indonesia nationally in 2019 is Rp. 233.84 trillion or \$15.91 billion<sup>3</sup>.

On the other hand, Covid-19 has become a new phenomenon for the world. This pandemic has become a global health problem, including Indonesia. The World Health Organization (WHO) reported that on December 31, 2019, there were cases of pneumonia cluster with a new etiology in Wuhan City, Hubei Province, China and then expanded outside of China. Furthermore, on January 30, 2020, Covid-19 was declared as a Public Health Emergency of International Concern (PHEIC), and on March 11, 2020, Covid-19 was declared a pandemic. Also on March 2020, Indonesia first reported 2 positive cases and it continued to increase throughout the year<sup>4</sup>.

This condition causes the projected and potential increase in zakat funds that should be absorbed becomes difficult to realize. Several zakat management authorities carry out various studies and strategies to optimally distribute funds to those who really need it. In some conditions, the Covid-19 pandemic also affects the income of the *muzakki*.

<sup>1</sup> Presiden Republik Indonesia, *Undang-Undang No. 23 Tentang Pengelolaan Zakat* (Indonesia, 2011).

<sup>2</sup> Komite Nasional Keuangan Syariah, 'Pemerataan Zakat Untuk Kesejahteraan Masyarakat', *Insight: Buletin Ekonomi Syariah*, 3, 2019, 1–24 <<https://knks.go.id/storage/upload/1566575768-INSIGHT>>.

<sup>3</sup> Badan Amil Zakat Nasional, *Outlook Zakat Indonesia 2020* (Jakarta: Pusat Kajian Strategis BAZNAS, 2020), p. 6.

<sup>4</sup> Kementerian Kesehatan, 'Infeksi Emerging Kementerian Kesehatan RI', *Kementrian Kesehatan RI*, 2020 <<https://infeksiemerging.kemkes.go.id/situasi-infeksi-emerging/situasi-terkini-perkembangan-coronavirus-disease-covid-19-17-mei-2021>> [accessed 6 June 2021].

The decline phenomenon in zakat collection from donors to Islamic philanthropic institutions is caused by several reasons. For instance, the majority of the main donors of Islamic philanthropic institutions are generally dominated by the urban Muslim middle class, where these types of funds are categorized as income or professional zakat. So that the decline in the collection of zakat funds from these circles in the current pandemic era, needs to be read as an indication of a hard economic blow against the urban Muslim middle class<sup>5</sup>.

In terms of the workers' economy, according to the United Nations Department of Economic and Social Affairs, millions of employees are at risk of losing their jobs when more almost 100 countries close their national borders also known as lockdown in an effort to stop the spread of the virus, causing a global economic contraction of around 0.9 percent or higher<sup>6</sup>.

This global pandemic requires Zakat Organizations to innovate and contribute to handling economic problems caused by the COVID-19 pandemic. If collected and distributed properly, managed by a strong, trustworthy and professional institution, according to religious provisions and correct management principles, then in fact zakat, infaq and shodaqoh can be used as an alternative to alleviating community poverty. Sarea<sup>7</sup> in his research, stated that zakat can have a positive influence on the rate of economic growth in terms of poverty alleviation, unemployment reduction and inflation rate.

Any progress achieved by the institution is an illustration of the management teams' performance. Performance measurement is not only used to assess the success of a company or institution, but can also be used as a basis for assessing work results from the previous period. Bastiar and Bahri<sup>8</sup> in their research concluded that zakat institutions' performance can be measured by several methods, including the measurement of the National Zakat Index

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<sup>5</sup> Alfina Damayanti, 'Problematika Zakat Profesi Di Era Modern Menurut Hukum Islam', *ESA: Jurnal Ekonomi Syariah*, 3.2 (2020), 248–63.

<sup>6</sup> Susilawati, Reinpal Falefi, and Agus Purwoko, 'Impact of COVID-19's Pandemic on the Economy of Indonesia', *Budapest International Research and Critics Institute (BIRCI-Journal): Humanities and Social Sciences*, 3.2 (2020), 1147–56 (p. 1149).

<sup>7</sup> Adel Sarea, 'Zakat as a Benchmark to Evaluate Economic Growth : An Alternative Approach', *International Journal of Business and Social Science*, 3.18 (2015), 242–45 (p. 242).

<sup>8</sup> Yandi Bastiar and Efri Syamsul Bahri, 'Model Pengukuran Kinerja Lembaga Zakat Di Indonesia', *ZISWAF: Jurnal Zakat Dan Wakaf*, 6.1 (2019), 43–64 (p. 62).

(IZN), Center of Islamic Business and Economic Studies (CIBEST), Balance Scorecard, Indonesia Magnificence of Zakat (IMZ) and International Standard of Zakat Management (ISZM).

This study attempts to analyze and measure the financial performance of zakat institutions before and during the Covid-19 pandemic using the International Standard of Zakat Management (ISZM), which is divided into 2 main component variables, namely efficiency and capacity. The author also provides an argument regarding the performance comparison between zakat institutions in Indonesia.

## LITERATURE REVIEW

### 1. Performance Measurement for Zakat Institution

Mahsun<sup>9</sup> stated that performance is an illustration of achievement level in programs and policies implementation to realize the goals, mission and vision of the organization contained in the strategic planning. The term performance is often used to refer to success level of an individual or group. Performance can be known only if the individual or group has predetermined success criteria beforehand. This success criterion is in the form of certain goals or targets to be achieved. Without any goal or target, it will be difficult to measure the organization performance because there are no benchmarks.

A few other studies have concluded that the efficiency of social organization is one of the main factors influencing donor decision making<sup>10</sup>. For profit organizations, the use of performance measurement is important to monitor their profit movement. As for non-profit organizations, performance measurement will be very useful for the future program development.

Not only for companies, financial performance is also indispensable for non-profits such as the zakat institution, especially because ZIS is an intermediary institution that manages people's funds so that there is a need for transparency regarding the management of its resources.

<sup>9</sup> Mohamad Mahsun, *Pengukuran Kinerja Sektor Publik*, Yogyakarta: BPFE (Yogyakarta, 2006), p. 25.

<sup>10</sup> John M Trussel and Linda M Parsons, 'Financial Reporting Factors Affecting Donations to Charitable Organizations', *Advances in Accounting*, 23 (2008), 263–85; Muhamad Muda, Ainulashikin Marzuki, and Amir Shahrudin, 'Factors Influencing Individual Participation in Zakat Contribution: Exploratory Investigation', 2009; Habib Ahmed, 'Zakah, Macroeconomic Policies, and Poverty Alleviation: Lessons From Simulations on Bangladesh', *Journal of Islamic Economics, Banking and Finance*, 4.2 (2008), 81–105.

According to the World Zakat Forum & Indonesia Magnificence of Zakat<sup>11</sup>, financial performance is needed to measure whether the management of funds carried out by zakat institutions is efficient or not, and to see to what extent these funds are used to run their programs. When zakat institution is not efficient in managing funds, it will have an impact on reducing the trust of *muzaki* to pay zakat. It can also be used as an evaluation monitor to improve the performance of zakat institutions in the future.

## 2. ISZM Model Performance Concept

International Standard of Zakat Management is one of the international standards that can be used as a benchmark in zakat management. ISZM is a standard for assessing the performance of a zakat institution, so it can be determined levels of zakat management capabilities of these institutions. This concept tries to measure the performance of zakat institutions through instruments carried out with focus group discussions of all internal parts of the zakat organization, through systematic discussions and analysis results. The purpose of this method is to assist zakat institutions in assessing the performance of the zakat system and provide positive input for the better management. Furthermore, another purpose of this measurement is to identify the level of weakness in zakat management. The results of the ratio calculations will be the basis for initiating improvement strategies in all aspects of management<sup>12</sup>.

The financial performance measurement using the ISZM method consists of measuring the efficiency and capacity concept. The zakat institution will be categorized as efficient if the institution only spends a small amount of money to collect the funds, where the collection effort must be in accordance with the programs and services of the zakat institution. Based on this, the expenditure made by zakat institutions needs to be used more for programs and services agenda. Efficiency variable can be measured by looking at the program expense ratio, operating expense ratio, fundraising expense ratio and fundraising efficiency. In the other hand, capacity variable is measured by primary revenue growth, program expense growth and working capital ratio.

Harto et al. briefly explained the aspect ratios in ISZM measurement.

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<sup>11</sup> Irfan Syauqi Beik, 'Towards International Standardization of Zakat System', in *Fiqh Zakat International Conference*, 2015, pp. 3–17 (p. 15).

<sup>12</sup> World Zakat Forum, 'International Standard of Zakat Management', 2015, 1–19 (p. 4).

First, program expense ratio is obtained by comparing the total program costs with the total costs incurred by OPZIS for a 1-year period. Program costs include expenditures aimed at empowering *mustahiq*. Second, operating expense ratio is seen through how much the institution spends for operational activities which is reflected through the use of *amil* fund by comparing total expenditure for operations with total expense. If the expenditure for operations is too big and has a large difference from the total expenditure, it can be concluded that the zakat institution has not been efficient in managing its operational costs<sup>13</sup>.

The fundraising expense in zakat is the cost incurred in order to raise funds including advertising and socialization costs. Fundraising expense ratio is obtained by comparing the total fundraising expenditure with total expense. In the other hand, fundraising efficiency is seen by comparing the total fundraising expenditure with the total contributions made by the *muzakki*. Through this ratio, it can be seen how much funds are needed to raise donation.

Furthermore, the primary revenue growth ratio is obtained by looking at the difference in funds collected by the institution during the year with the previous year. This ratio will have an impact on the distribution planning and the institutional development. Program expense growth is obtained through a comparison between the current year's program expenses compared to program expenses in previous years. Analysis of program expense growth is needed to maintain and see how big public support for ZIS programs is. The last ratio is working capital ratio that seen through the comparison between working capital and ZIS total expense. Working capital analysis is needed to determine how long the zakat institution can maintain its program without generating new income<sup>14</sup>.

## RESEARCH METHOD

This study uses a descriptive method with a quantitative approach by analyzing the financial statements of ZIS to see the performance of the institution before and during the Covid-19 pandemic. This research uses secondary data types in the form of financial report from the Amil Zakat Agency in

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<sup>13</sup> Prayogo P Harto, Vivi Sufi Anggraeni, and Ainur Bayinah, 'Komparasi Kinerja Keuangan Lembaga Amil Zakat', *Jurnal Akuntansi Dan Keuangan Islam*, 6.1 (2018), 19–33 (p. 24).

<sup>14</sup> World Zakat Forum, p. 5.

the period before (2018, 2019) and during the Covid-19 pandemic (2020). The data used in this study were obtained through news and official websites of zakat agencies and institutions.

The population in this research is all *amil* zakat institutions in Indonesia. The sample was selected using a purposive sampling technique with criteria, among others, 1) zakat institutions that get BAZNAS verification and have a decree from the Ministry of Religion and/or the decree of the President of the Republic of Indonesia as a national zakat institution, 2) zakat institutions that publish a complete and transparent annual report, in accordance with PSAK 109 financial reporting standards, and 3) zakat institutions that publish audited financial report in the year 2018-2020. Based on these criteria, there are three zakat institutions that become the research sample, namely Central National Amil Zakat Agency (BAZNAS), Nahdlatul Ulama Amil Zakat Institute (LAZISNU) and Dompot Dhuafa Zakat Institute.

The variables used in this study are financial ratios contained in the ISZM standard which are divided into efficiency and capacity variables <sup>15</sup>, as find in the table below:

Table 1. International Standard of Zakat Management Formula

Efficiency Variable			
No	Indicator	Formula	Explanation
1.	Operating Expense Ratio	$\frac{OE}{TE}$	OE = Operating Expense (expenditure of zakat institution used for operational activities) TE = Total Expense (total expenditure)
2.	Fundraising Efficiency	$\frac{FE}{TC}$	FE = Fundraising Expense (expenditure of zakat institutions in the context of raising funds) TC = Total Contribution (total funds contributed by <i>muzakki</i> and donors)
3.	Fundraising Expense Ratio	$\frac{FE}{TE}$	FE = Fundraising Expense TE = Total Expense

<sup>15</sup> Muhammad Hasbi Zaenal, 'Rasio Keuangan Organisasi Pengelola Zakat', *Books-Puskas Baznas*, 4 (2020) p.10.



4.	Program Expense Ratio	$\frac{PE}{TE}$	PE = Program Expense (expenditure of zakat institutions for programs) TE = Total Expense
Capacity Variable			
1.	Primary Revenue Growth	$\frac{PR_n - PR_{n-1}}{PR_{n-1}}$	PR <sub>n</sub> = Primary Revenue (total zakat funds collected in the current year) PR <sub>n-1</sub> = Primary Revenue (total zakat funds collected in the previous year)
2.	Program Expense Growth	$\frac{PE_n - PE_{n-1}}{PE_{n-1}}$	PE <sub>n</sub> = Program Expense (program expenses in the current year) PE <sub>n-1</sub> = Program Expense (program expenses in the previous year)
3.	Working Capital ratio	$\frac{WC_p}{TE}$	WC <sub>p</sub> = Working Capital (amil funds used in the operations of zakat institution) TE = Total Expense

Source: World Zakat Forum (2015)

## FINDING AND DISCUSSION

### 1. Research Object Description

The National Amil Zakat Agency (BAZNAS) is a state-owned zakat management agency which the presence of the Zakat Management Law places BAZNAS as an institution that has strong supremacy. BAZNAS, as the zakat regulator as well as the executor in the collection and distribution zakat funds, supervise other Zakat Institution (LAZ) as a private zakat management institution. National LAZ and regional LAZ must obtain recommendations from the central and regional ministries of religion according to their level<sup>16</sup>. BAZNAS has the role of monitoring zakat institutions in carrying out their duties. Meanwhile, LAZ is obliged to report their duties as amil zakat to BAZNAS at all levels. In addition, BAZNAS also acts as a zakat organizer that competes with other zakat institutions.

LAZISNU is an official zakat institution under the auspices of Nahdlatul Ulama (NU) and has been established for 17 years starting in 2004. Until the year 2020, NU care has zakat institution spread across 12 countries, 34 provinces and 376 cities in Indonesia<sup>17</sup>. Meanwhile, Dompot Dhuafa zakat

<sup>16</sup> Saidurrahman, 'The Politics of Zakat Management In Indonesia: The Tension Between BAZ and LAZ', *Journal of Indonesian Islam*, 7.2 (2013), 366–82 (p. 372).

<sup>17</sup> NU Lamteng, 'Sejarah Singkat NU Care-LAZISNU - NU Online | Situs Resmi NU

institution is a non-profit organization which was initiated as a social care movement by the editor-in-chief of the *Republika*, Parni Hadi. Dompot Dhuafa foundation was established in 1994 and was inaugurated as a national zakat charity institution in 2001<sup>18</sup>. Both LAZISNU and Dompot Dhuafa have become one of the largest national-scale amil zakat institutions in Indonesia.

## 2. Overview of Zakat Institutions Performance

Indonesia is a country with the largest Muslim population and is included in the 10 countries with the largest Islamic economic power in the world<sup>19</sup>. Pew Research Center<sup>20</sup>, tabulates the world's largest Muslim population and projects it until 2050 where Indonesia is expected to rank third as the world's largest Muslim population by 2050 with a percentage of 9.3% of the world's population.

In measuring the zakat potential owned by Indonesia, BAZNAS established the Zakat Mapping Potential Indicator (IPPZ). The five indicators are divided into 1) agricultural zakat, 2) livestock zakat, 3) company zakat, 4) income zakat, and 5) deposit zakat. Data on zakat receipts by BAZNAS shows that for 5 years from 2015 to 2019, zakat funds that have been collected increased by 64.2%, from the original Rp. 3.70 trillion to 10.12 trillion in 2019.

In addition, IPPZ data shows that the potential for zakat recipients in Indonesia nationally in 2019 reaches to IDR 233.84 trillion<sup>21</sup>. The data shows that the indicator with the highest potential value for zakat is the income zakat sector with a value of Rp. 139.07 trillion, which is then followed by Rp. 58.76 trillion in cash zakat, agricultural zakat Rp. 19.79 trillion and livestock zakat of Rp. 9.51 trillion. On the other hand, in reality, the acceptance of

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Lampung Tengah', 2020 <<https://nulamteng.or.id/sejarah-singkat-nu-care-lazisnu/>> [accessed 25 September 2021].

<sup>18</sup> Dompot Dhuafa Waspada, 'Sejarah Dompot Dhuafa', 2019 <<https://ddwaspada.org/sejarah/>> [accessed 25 September 2021].

<sup>19</sup> Badan Amil Zakat Nasional, p.3.

<sup>20</sup> 'The Future of World Religions: Population Growth Projections, 2010-2050', *Pew Research Center*, 2015, 2010-50 <<http://www.pewforum.org/2015/04/02/religious-projections-2010-2050/>>.

<sup>21</sup> Maya Asfarina, Ascarya Ascarya, and Irfan Syauqi Beik, 'Classical and Contemporary Fiqh Approaches to Re-Estimating The Zakat Potential in Indonesia', *Journal of Islamic Monetary Economics and Finance*, 5.2 (2019), 387-418.

zakat funds is classified as not optimal. Zakat revenue in 2019 only reached Rp. 10.07 trillion or 4.31% of its potential, which is Rp. 233.84 trillion.<sup>0</sup>

Table 2. Comparison of Collection and Distribution of ZIS Funds

	Year	ZIS Collection	ZIS Distribution
Badan Amil Zakat Nasional (BAZNAS)	2018	195.092.051.942	241.096.134.243
	2019	289.891.424.196	270.716.950.765
	2020	381.694.047.416	353.146.434.765
Dompot Dhuafa (DD)	2018	219.961.812.654	204.874.447.989
	2019	312.616.182.464	302.523.355.012
	2020	287.014.950.459	241.022.250.000
Lembaga Amil Zakat NU (LAZISNU)	2018	278.948.510.654	258.441.830.661
	2019	506.273.523.750	508.313.425.066
	2020	765.662.256.765	705.939.451.806

Source: data processed, 2021

When it viewed from how much ZIS collected, zakat receipts in 2020 at BAZNAS increased by 31.6%, or increased by 91.8 billion from the previous year. This figure is not much different from the increase in 2018 to 2019, which is 48.5% or 94.7 billion. LAZISNU also shows an increasing pattern, where the collection of zakat funds increased by 81.4% and 51.2% in 2019 and 2020. On the other hand, the performance of collecting funds for amil zakat Dompot Dhuafa experienced a negative growth of -8.1% in 2020, after previously increasing by 42% in 2019.

On the distribution side, each institution distributed funds above 90 percent, which means that most of the funds are distributed to *mustahiq* and only a few percent are used for operational activities and *amil*. The average distribution of zakat from 2018 to 2020 at BAZNAS is 103%, Dompot Dhuafa is 91.3% and LAZISNU is 95%. The data shows that the Covid-19 pandemic did not significantly reduce the number of Muslim zakat donations.

### 3. The Analysis of Financial Performance on Zakat Institutions Before and During the Covid-19 Pandemic

Covid-19 phenomenon has changed all forms of community life patterns, including in terms of social donations. The trend of zakat is shifting

from conventional systems to digital zakat through intermediaries of various platforms, such as digital wallets. Until the year 2020, there are 8 zakat institutions that collaborate with online sales platforms such as Tokopedia, Shopee and other e-commerce, namely BAZNAS, Rumah Yatim, Dompot Dhuafa, Rumah Zakat, LAZISMU, LAZ Al-Azhar, NU Care (LAZISNU) and Inisiatif Zakat Indonesia (IZI). The application named Gojek through the GoZakat platform in collaboration with LAZ, reports the growth of zakat transactions has increased 17 times since 2019 <sup>22</sup>.

Rahman conducted a study in Malaysia and suggested three conditions for zakat to be an effective part of the financial system: (1) an objective and fair measurement of the amount of zakat funds for business, (2) the existence of standard zakat accounting practices, and (3) the existence of a performance measurement system. ISZM is a method of measuring the financial performance of zakat institutions related to the level of efficiency in the allocation and use of funds. ISZM, required and incurred by zakat institutions for operational activities, program procurement and fundraising activities, is directly related to the expenditures and costs from the allocation of funds received for operational and amil activities.<sup>23</sup>

*a. Efficiency Variable*

The following table shows the calculation of zakat institution financial performance ratio on the efficiency variable:

Table 3. Comparison of Efficiency Variable Ratio

Institution	Ratio Performance	2018	2019	2020
Badan Amil Zakat Nasional (BAZNAS)	Program Expense Ratio	29,50%	30,50%	31,90%
	Operating Expense Ratio	70,20%	67,60%	64,50%
	Fundraising Expense Ratio	0,23%	1,82%	3,50%
	Fundraising Efficiency	0,22%	1,79%	3,51%

<sup>22</sup> Komite Nasional Ekonomi dan Keuangan Syariah, 'Gerakan Platform Digital Maksimalkan Donasi Masyarakat', 2020 <<https://knks.go.id/berita/244/gerakan-platform-digital-maksimalkan-donasi-masyarakat?category=1>> [accessed 9 September 2021].

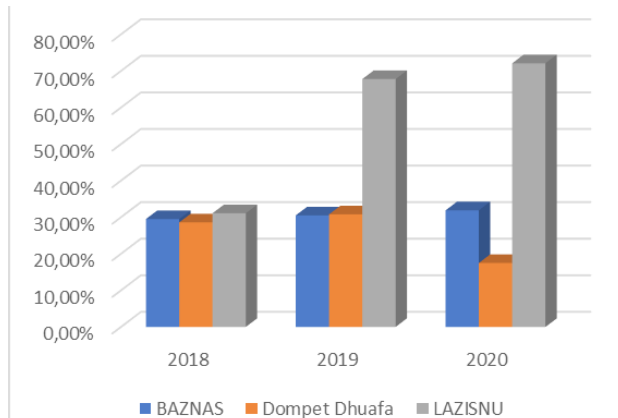
<sup>23</sup> Abdul Rahim Abdul Rahman and Abdul Rahim, 'Pre-Requisites for Effective Integration of Zakah Into Mainstream Islamic Financial System in Malaysia', *Islamic Economic Studies*, 14.1/2 (2007), 91–107 (p. 103).

Dompot Dhuafa (DD)	Program Expense Ratio	28,60%	30,80%	17,50%
	Operating Expense Ratio	44,50%	58,70%	67,20%
	Fundraising Expense Ratio	26,80%	10,30%	15,20%
	Fundraising Efficiency	29,00%	11,10%	15,30%
Lembaga Amil Zakat NU (LAZISNU)	Program Expense Ratio	31,10%	67,80%	72,10%
	Operating Expense Ratio	26,70%	20,10%	16,80%
	Fundraising Expense Ratio	42,20%	11,90%	11,10%
	Fundraising Efficiency	43,10%	11,00%	8,87%

Source: data processed, 2021

The measurement of the program expense ratio aims to see the expenditure made by the zakat institution for program implementation to the total expenditure. The greater the ratio, the better the work function produced by the institution, because it indicates that more expenses are being devoted to the *mustahiq* empowerment process.

Chart 1. Program Expense Ratio



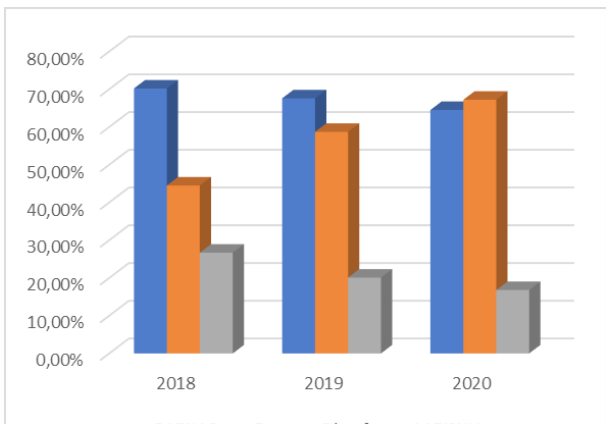
Source: data processed, 2021

From the graph above, it is known that the program expense ratio of the BAZNAS has increased during the Covid-19 pandemic by 1.4% in 2020, after the previous period experienced an increase of 1%. LAZISNU also experienced the same movement, where the ratio rose by 4.3% in 2020. This increase in ratio indicates that the performance of BAZNAS and LAZISNU

during the pandemic 2020 is getting more effective. On the other hand, Dompot Dhuafa experienced a decrease in program expense ratio by 13.3%, from the ratio of 30.8% in 2019 to 17.5% in 2020. It can be seen from the comparison that LAZISNU has the most efficient ratio in 3 years.

Furthermore, the operating expense ratio is used to see how far the efficiency level of zakat institutions in managing the institution's operational expenses to total expenditure. The smaller the ratio, the more efficient the institution in managing expenses for its operational activities. The operational expenses of zakat institutions include personnel expenses, business trip and others.

Chart 2. Operating Expense Ratio

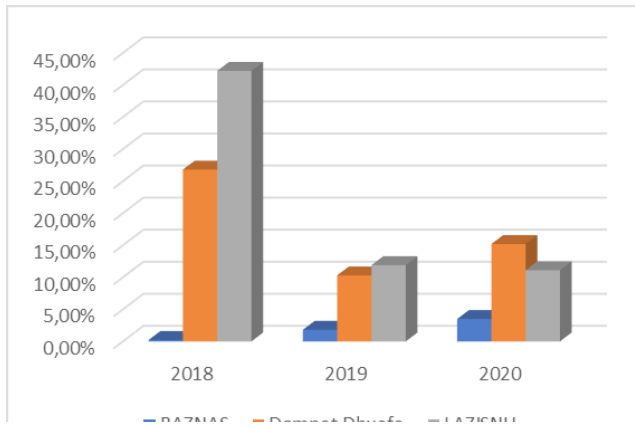


Source: data processed, 2021

The calculation results show that the ratio of BAZNAS and LAZISNU operating expense ratio until 2020 has consistently decreased. Meanwhile, LAZ Dompot Dhuafa shows a slight increase in the ratio of operating expense each year. In this case, LAZISNU has the most efficient operating expense ratio, which is characterized by a low operating expense ratio.

Afterwards, fundraising expense ratio aims to determine the amount of costs incurred by amil to raise funds compared to the total expenses. The lower the ratio, the more efficient the institution in raising funds.

Chart 3. Fundraising Expense Ratio



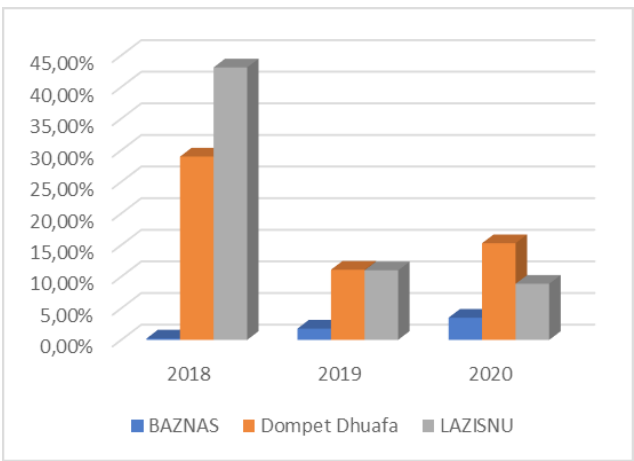
Source: data processed, 2021

The data shows that the fundraising expense ratio of BAZNAS has continuously increased over the years and slightly rose by 3.5% in 2020. The ratio of Dompot Dhuafa experienced fluctuating movements and increased by 4.9% in 2020. On the other hand, since 2018 LAZISNU has shown a significant decline every year and fell to 11.1% in 2020. In this case, BAZNAS has the best level of efficiency.

Meanwhile the fundraising efficiency ratio is measured by comparing the funds spent by the institution to collect ZIS compared to the total ZIS received from *muzaki* and donors. If the zakat institution is able to collect funds from *muzakki* and donors in large quantities at a small cost, then this is a good thing. This condition reflects that the institution has been efficient in raising its funds.

Still in a similar pattern to the fundraising expense ratio, the value of fundraising efficiency at BAZNAS has continued to increase in 3 years and rose by 3.15% in 2020. Dompot Dhuafa experienced fluctuations in the ratio and increased at 15.3% in 2020. Meanwhile, LAZISNU has gradually decreased and is at 8.87% in 2020. Overall, BAZNAS has the best level of fundraising efficiency, which is indicated by the low percentage of collection efficiency values.

Chart 4. Fundraising Efficiency



Source: data processed, 2021

*b. Capacity Variable*

The following table shows the calculation of zakat institution financial performance ratio on the capacity variable:

Table 4. Comparison of Capacity Variable Ratio

Institution	Ratio Performance	2018	2019	2020
Badan Amil Zakat Nasional (BAZNAS)	Primary Revenue Growth	26,50%	48,50%	31,60%
	Program Expense Growth	32,40%	36,40%	19,40%
	Working Capital Ratio	3,10%	6,10%	6,70%
Dompot Dhuafa (DD)	Primary Revenue Growth	5,20%	42,10%	-8,10%
	Program Expense Growth	-1,75%	-5,03%	-47,90%
	Working Capital Ratio	0,57%	1,10%	2,17%
Lembaga Amil Zakat NU (LAZISNU)	Primary Revenue Growth	43,50%	81,40%	51,20%
	Program Expense Growth	216,00%	13,40%	60,70%
	Working Capital Ratio	3,62%	2,89%	7,40%

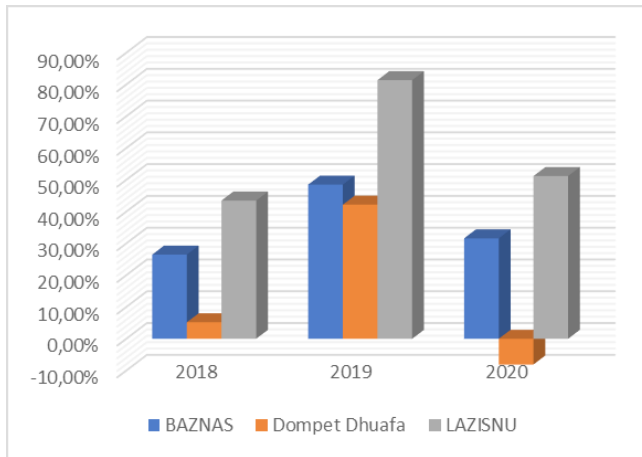
Source: data processed, 2021

The measurement of primary revenue growth ratio aims to assess the ability of zakat institutions in improving their fundraising performance. This



ratio is measured by finding the difference between the current year's funds collected with the previous year's funds and then comparing it with the previous year's revenue. The bigger the ratio, the greater the growth rate achieved.

Chart 5. Primary Revenue Growth

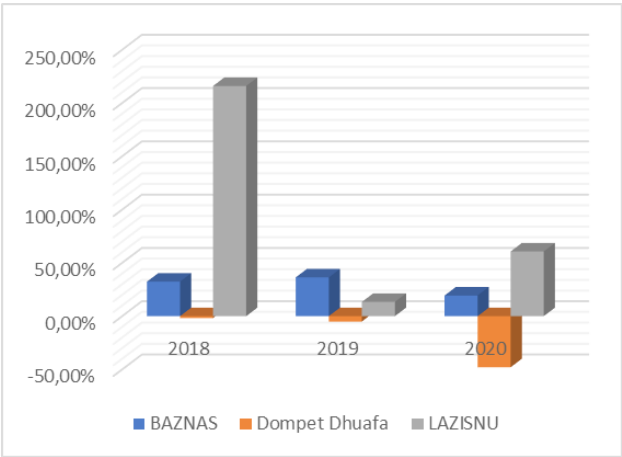


Source: data processed, 2021

The table and chart above show that the growth of zakat revenue in each institution has fluctuated and simultaneously experienced a decline in growth during the Covid-19 pandemic 2020. ZIS collection at BAZNAS from 2018 to 2019 grew by 22% and decreased by 16.9% in 2020. LAZISNU experienced a significant decline, where the primary revenue growth in 2019 increased to 81.4% and fell to 51.2% in 2020. On the other hand, LAZ Dompot Dhuafa experienced negative growth in 2020, in contrast to 2019 before the pandemic began which increased 8 times from the previous year.

The program expense growth ratio aims to see whether or not the realization of program expense expenditures experienced an increase. The large growth in program expenses indicates that there is an increase in the distribution of program funds for *mustahiq*. Along with the increase in program expense ratio, the amount of allocation for program distribution should increase.

Chart 6. Program Expense Growth

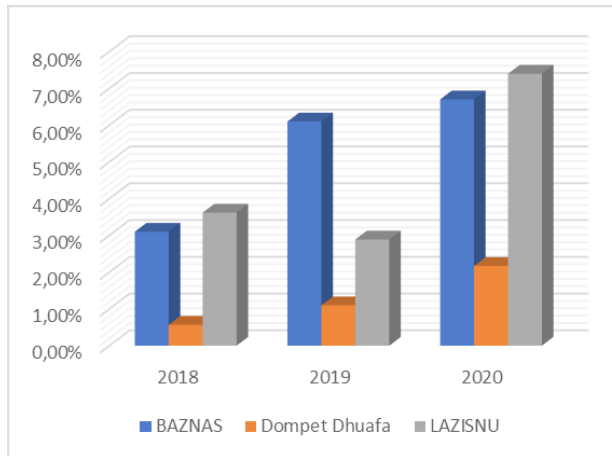


Source: data processed, 2021

Based on the graph above it is known that the program expense growth of BAZNAS and LAZISNU experienced fluctuating growth from year to year. Meanwhile, the ratio of Dompot Dhuafa from 2018 to 2020 continued to decline and grew at a negative rate, which indicates that the allocation of amil fund used for program expenses has decreased significantly in 2020 by -47.9%. LAZISNU has the highest program expense growth achievement during the Covid-19 pandemic of 60.7%.

The last measurement is the working capital ratio. The working capital ratio capacity is used to see the extent to which the working capital owned by the zakat institution is able to cover its expenses when the zakat institution does not generate new income (in this case the collection of new funds). Working capital can be reflected in the balance of the previous year's amil funds which then becomes the beginning balance of the current year's amil funds. The greater the result the better, indicating that the existing amil funds can cover the operational expenses of the zakat institution.

Chart 7. Working Capital Ratio



Source: data processed, 2021

Based on the calculation results show that each zakat institution has a relatively positive working capital ratio, which indicates that the zakat institution is still able to cover its operational expenses with the existing balance of amil funds without generating new revenues. Until the year 2020, LAZISNU has the best working capital ratio of 7.4%, followed by BAZNAS at 6.7% and Dompot Dhuafa at 2.17%.

## CONCLUSION

The massive spread of the Covid-19 virus has caused a decline in economic activity in Indonesia. The impact of this economic recession has a significant effect on people's lives. This phenomenon is marked by a decrease in job growth, a decline in production and an increase in unemployment rate, which has an impact on the tendency to give donations to people in need.

In general, the performance of zakat institutions during the 2020 Covid-19 pandemic has been quite good and efficient. BAZNAS and LAZISNU continuously show an increase in zakat receipts in 2020. Meanwhile, Dompot Dhuafa experienced a slight decrease in the number of donations and zakat receipts. ISZM financial performance ratio at each zakat institution is fluctuating, where LAZISNU has the most efficient ratio

of program expense and operational expense, and BAZNAS has the best efficiency level in the ratio of fundraising expense and fundraising efficiency.

Based on the capacity measurement result from 2018 to 2020, the primary revenue growth ratio of BAZNAS and LAZISNU tends to experience a positive growth. This shows that zakat institutions have carried out their operational activities well. On the other hand, Dompet Dhuafa is the zakat institution most affected by the pandemic, as indicated by the decline in revenue growth at negative numbers. In the working capital ratio, the calculation results show that each zakat institution has a relatively good and positive working capital, which indicates that the zakat institution is still able to cover its operational expenses with the existing balance of *amil* funds without generating new revenues at 2-7%.

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