

Increasing the Acceptance of Zakat based on Zakat Literacy and Good Corporate Governance

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Keywords: Muslim Entrepreneurs, Zakat Literacy, ICT, GCG, Acceptance of Zakat.

Abstract: Indonesia as the muslim majority country, but there is still have a gap between zakat acceptance and zakat potential. This study aims to test and analyze increasing the acceptance of zakat based on zakat literacy and Good Corporate Governance. The population in this study is all muslim entrepreneurs in Semarang. Sampling technique using purposive sampling with the criteria of muslim entrepreneurs who are members of the business community, namely Indonesian Islamic Business Forum (65 samples), Indonesian Muslim Entrepreneurs Network (35 samples) in Semarang. Data analysis used descriptive analysis and Multiple Regression Analysis. The results show that a). The level of zakat literacy for muslim entrepreneurs in Semarang is still middle, 2).The zakat institution had implemented of Good Corporate Governance, 3). The zakat literacy of Semarang muslim entrepreneurs and the implementation of Good Corporate Governance (GCG) of zakat institutions had no effect on the acceptance of zakat, but the Information Communication and Technology (ICT) is able to strengthen the influence of zakat literacy on the acceptance of zakat.

1 INTRODUCTION

Indonesia is a country with Muslim as the majority of the population of around 216.66 million people or 85% of the total population (Central Bureau of Statistics (BPS) 2015). This majority is supported by various potential sectors as sources of zakat, including agriculture, plantations, education, commerce, investment, as well as deposits in the form of gold, silver, or deposits. This huge potential of zakat can become a very cheap source of community and government funds with the aim of driving the economy, reducing social inequality and reducing poverty.

However, based on the results of IPB and Baznas research (2015), it shows that the potential for national zakat in Indonesia is Rp. 217 trillion / year, but only Rp. 2.8 trillion / year has been realized. This means that there are still 97.2% of the potential for national zakat unexplored and not yet reported to the amil zakat institutions. There is a gap between the potential for zakat with the reality of receiving zakat. Likewise in Central Java with the potential for zakat of Rp. 17 trillion / year, but only less than Rp. 1 trillion / year has been explored. Some reasons for not maximizing the potential of zakat, among others,

are because most of the muzakki distribute their zakat directly to mustahiq, even without written evidence (Lestari 2015), low awareness of the obligation of zakat (muzakki), low trust of muzakki towards the National Amil Zakat Institution and Amil Zakat Institutions (Nikmatuniayah & Marliyati 2015) and muzakki behavior that is still short-term oriented, and zakat explored is still concentrated in zakat fitrah and professional zakat (Outlook Zakat Indonesia 2010 2010), and the level of muzakki trust in amil zakat institutions is still concentrated low (Mubarok & Fanani 2014).

Therefore, it is necessary to optimize the amount of zakat acceptance, with the aim that zakat potential is well explored, so that the role of zakat for economic empowerment and poverty reduction can be realized. Factors that encourage the acceptance of zakat, among others: knowledge, understanding, beliefs and muzakki's skills in calculating zakat, types of zakat and nisob of zakat which is also called as zakat literacy. This concept is in accordance with the Financial Services Authority. Financial literacy is the level of knowledge, confidence, and skills of the public about financial institutions that influence attitudes and behavior to improve the quality of decision making, including non-bank financial institutions, namely amil zakat institutions ((OJK)

2016). A certain level of zakat literacy must be possessed by muzakki or the supply side approach of zakat literacy and the level of zakat literacy by amil zakat institutions or the demand side approach of zakat literacy. However, in this article only discusses the supply side approach of zakat literacy.

Besides the level of zakat literacy, there are still other factors that influence the level of zakat reception, namely Good Corporate Governance (GCG). In the management of zakat, there is a high potential for agency conflict due to asymmetric information between muzakki and amil zakat institutions. The existence of asymmetric information encourages amil zakat institutions as agents to make deviations that are detrimental to muzakki. Thus, good corporate governance is required. In general, Good Corporate Governance is a system, structure and mechanism to control and control moral hazard behavior of the management of amil zakat institutions as agents; with the aim that muzakki believes in amil zakat institutions. This will further increase zakat receptions.

In the current era of the digital economy encourages both muzakki and amil zakat institutions to use Information Communication and Technology (ICT) in paying and managing zakat. Through ICT, it is easier for muzakki to obtain zakat management information, to ask if muzakki has difficulties in paying zakat, to be more transparent, and even to ease muzakki in monitoring where the zakat is distributed.

The unexplored potential of zakat has an impact on economic empowerment and poverty reduction. This is shown by BPS data that poverty in 2015 is still 28.59 million people, up from 27.7 million people in 2014. Therefore, it encourages researchers to examine and analyze the role of ICT in moderating the effect of zakat literacy and good corporate governance on zakat reception.

This article is motivated by several things: a) The limited research on zakat literacy, b) GCG of zakat has been associated with muzakki's satisfaction and loyalty and not the influence of GCG on the acceptance of zakat, c) The limited research that focuses on the segment of Muslim entrepreneurs as potential zakat payers or muzakki.

2 LITERATURE REVIEW

Zakat has a strategic role in community economic empowerment, because the potential for national zakat in Indonesia is Rp 217 trillion / year. However, this potential has only been realized at Rp 2.8 trillion

/ year. Therefore it is necessary to manage zakat effectively and efficiently. In addition, it is necessary to identify factors that encourage the acceptance of zakat, including: knowledge, understanding, beliefs and muzakki's skills in calculating zakat, types of zakat and nisob of zakat called as zakat literacy. This concept is derived from the Financial Services Authority (2016) definition of financial literacy, namely: the level of knowledge, confidence, skills of the public about financial institutions that influence attitudes and behavior to improve the quality of decision making, including non-bank financial institutions, namely amil zakat institutions.

Besides the level of zakat literacy, there are still other factors that influence the level of zakat reception, namely Good Corporate Governance (GCG). In the management of zakat, there is a high potential for agency conflict due to asymmetric information between muzakki and amil zakat institutions. Thus, good corporate governance is necessary. The emergence of the concept of Good Corporate Governance from agency theory is initiated by Jensen & Meckling (1976). Corporate governance has many definitions and there is no single definition of corporate governance is acceptable in all situations, all countries and institutions ('The indonesia corporate governance manual' 2014). In general, Good Corporate Governance is a system, structure and mechanism to control moral hazard behavior of the management of amil zakat institutions as agents, with the aim that the acceptance of zakat can be increased, so as to reduce poverty and increase the economic empowerment of the people.

There are many definitions of financial literacy. According to (Zairani & Zaimah 2013), financial literacy refers to the level of understanding, awareness, and knowledge people have about the use of financial instruments. The purpose of financial literacy ((OJK) 2016) is to improve the quality of individual financial decision making and changes in attitudes and behavior of individuals in financial management for the better, so as to be able to determine and utilize financial institutions, products and services in accordance with the needs and abilities of consumers or the public in order to be prosperous. There are two financial service institutions, banks and non-banks. Therefore, amil zakat institutions are non-bank financial institutions. Thus, zakat literacy is knowledge, understanding, beliefs and skills in calculating zakat ratio, zakat related matters and zakat institutions. When muzakki has a high level of zakat literacy, it will encourage

muzakki to pay zakat properly, thereby increasing the acceptance of zakat. Therefore, the hypothesis is:

H1: Zakat Literacy has a significant positive effect on the acceptance of Zakat

In addition to zakat literacy, another factor influencing the acceptance of zakat is the implementation of GCG in zakat management. Various attempts to implement GCG have been carried out by the government, one of which is the issuance of Law Number 23 of 2011 concerning zakat management. Overall, Laws and Government Regulations have the aim of realizing zakat management that is trustworthy, professional, transparent, accountable and participatory. This means that the government encourages the realization of good corporate governance in the management of zakat. Good Corporate Governance in this research is muzakki's perception of zakat management which includes several principles, namely: transparency, accountability, fairness and responsibility. Good corporate governance is built on the basis of Agency Theory which shows that amil zakat institution as an agent can be trusted by muzakki as a principal to manage public funds with the aim of maximizing the interests of the principal and the community. But in reality, because there is asymmetric information where agents have more information than managers, agents will use their abilities to prioritize their interests over principal interests.

According to the Decree of the Minister of State-Owned Enterprises Number: Kep-117 / M-Mbu / 2002 Article 3 Regarding the Implementation of Good Corporate Governance Practices in State-Owned Enterprises (SOEs) states that there are 4 principles of Good Corporate Governance, namely: 1) Transparency, namely openness in carrying out the decision-making process and openness in presenting material and relevant information regarding the operation of amil zakat institutions. 2) Accountability, namely clarity of function, implementation and accountability of the amil zakat institution so that the performance results are as expected. 3) Responsibility, namely the suitability in the management of amil zakat institutions in accordance with applicable laws and principles of zakat management that are trustworthy and professional. 4) Fairness, namely justice and equality in fulfilling the rights of stakeholders, both muzakki, the manager of zakat, mustahiq, and the government based on the agreements and regulations of zakat.

Many studies on the application of good corporate governance in the management of zakat

are associated with muzakki's satisfaction and loyalty. For example, a research shows that the transparency and accountability of zakat has an influence on muzakki's satisfaction and loyalty (Jumaizi & Zainal 2011). There is an effect of Good Corporate Governance on muzakki's satisfaction in zakat management institutions, precisely at BAZNAS Sleman Regency. The implementation of good corporate governance encourages muzakki to pay zakat, so the hypothesis is:

H2: GCG has a significant positive effect on the acceptance of zakat

In addition, a study shows that Financial Statements are available in LAZ, except for Reports on changes in assets under management, yet the whole accounting system is 100% available, as well as the accountability of financial statements of amil zakat institutions (Nikmatuniyah & Marliyati 2015). There have been experiences of rapid development at this digital era, so that people's lifestyles occur in the network of business communities that use ICT, for example IIBF, Alisa, and JPMI.

In the era of the digital economy, ICT has an important role in the mechanism of payment of zakat. Through ICT, it is easier for muzakki to get information about zakat, to ask if muzakki has difficulty in paying zakat, more transparent, so that it encourages muzakki to pay zakat. In other words ICT plays a very strategic role in moderating zakat literacy towards the acceptance of zakat.

H3: The use of ICT moderates the effect of zakat literacy on the acceptance of zakat

The use of ICT makes it easy for muzakki to monitor zakat management without any area or time limit. In addition through the use of ICT, muzakki can get information's disclosure from amil zakat institutions, so the hypothesis is:

H4: The use of ICT moderates the effect of GCG on the acceptance of zakat

3 ANALYSIS MODEL

The populations in this study were all Muslim entrepreneurs in Indonesia who are members of the Indonesian Islamic Business Forum (IIBF) community, and the Indonesian Muslim Entrepreneurs Network (JPMI). The sampling technique in this study used purposive sampling, with the criteria of Muslim entrepreneurs in Indonesia who were members of the business community through ICT, so that it was obtained from IIBF 65 respondents and from JPMI as many

as 35 respondents, in other word the total as a whole is 100 respondents. Data collection techniques used questionnaires and interviews. The operational definition of the variable is as follows:

Table 1: Definition of Operational Variable and Indicator Variable.

Variable	Definition	Indicator
Zakat literacy	Conditions where muzakki have the knowledge, understanding, skills and confidence to pay zakat.	Knowledge of the essence and types of zakat, the amount of nisob and how to pay zakat. Understanding of the essence and types of zakat, the amount of nisob and how to pay zakat. Muzakki's skill in calculating nisob zakat. Muzakki's trust to pay zakat through amil zakat institutions.
Good Corporate Governance	Good and professional governance of zakat	Transparency, namely information disclosure in the management of zakat. Accountability, namely clarity of function, implementation and accountability of amil zakat institutions. Responsibility, which is the suitability in the management of amil zakat institutions to zakat laws and regulations. Fairness, namely justice and equality in fulfilling the rights of stakeholders (muzakki, mustahiq, government and society) which arises based on agreements and applicable laws and regulations.
Information Communication and Technology (ICT)	Application of information and communication technology used by muzakki to pay zakat and access to information about zakat management.	<ul style="list-style-type: none"> • ICT facilities for adequate communication • ICT facilities for information processing • ICT Update
Zakat acceptance	The amount of zakat that can be collected by amil of zakat institutions	<ul style="list-style-type: none"> • Amount of zakat acceptance • Number of muzakki • Type of zakat • Region of muzakki

Descriptive analysis is carried out to obtain a picture of muzakki's behavior in paying zakat, so that the model is expected to increase the acceptance of zakat. The results of the descriptive analysis will then be used as a basis for estimating the level of zakat literacy for Muslim entrepreneurs in Indonesia, to find out the implementation of good corporate governance institutions amil zakat, ICT implementation for muzakki and to find out the level of zakat acceptance. In addition, before testing the hypothesis, the validity test, the reliability test, the classic assumption test (normality test, heteroscedasticity test and multicollinearity test) are tested first. Data analysis uses Multiple Regression Analysis.

Results and Analysis

The results of this study include: respondent's identity, validity and reliability test, data normality test, multicollinearity test, heteroscedasticity test and hypothesis test conducted with Multiple Regression Analysis (MRA).

Identity of Respondent

Based on the results of the study showed that the male respondents have a greater number than the number of female respondents, namely the percentage of male respondents by 80%, while women by only 20%. Most respondents had the most recent tertiary education, especially S1 graduates, which amounted to 73%. This means that the greater the respondent has a high level of education and has enough knowledge to manage their business well. The majority of respondents' business in this study has been running for more than five years, which is equal to 40%. This means that most of the businesses run by respondents have survived and are able to survive well in the face of fierce business competition. A business can be said to be successful if the business can last more than 5 years and continue to experience growth.

Based on the result of analysis of the description of each variable, namely: financial literacy, good corporate governance, ICT and the level of acceptance of zakat, the results are as follows: The level of financial literacy of Muslim entrepreneurs in Indonesia as muzakki is related to the types of assets that must be accounted for zakat, the procedures for obtaining zakat services from amil zakat institutions using the internet, understanding the parties that must receive zakat (8 asnaf) and are skilled in calculating nisob zakat, as well as having confidence in making decisions regarding zakat payment, have not been maximized.

Amil zakat institutions always transparently submit performance reports, able to distribute zakat according to applicable regulations and right on target. Besides that the amil zakat institution has human resources in accordance with its functions and responsibilities, always complies with the procedures and ethics of the applicable legislation related to the distribution of zakat, but in fact it is not yet optimal and not as expected.

Muzakki has used Information Communication Technology (ICT) in paying zakat, accessing zakat reports, and always monitoring zakat management using Information Technology (ICT), but the results have not been as expected.

The results show that there is an increase in the amount of zakat acceptance every year, the number

of muzakki and types of zakat, and the scope of muzakki area is getting wider, but not yet optimal, and of course it needs an appropriate, effective and efficient strategy.

Validity and Reliability Test

Validity test is used to measure what you want to measure (accuracy). This analysis is done by correlating each item's score. An item is said to be valid when r counts in the Corrected Item Total Correlation table $>$ from r table that is 0.196. Reliability tests are used to measure repeatedly produce the same data (consistent). A variable is said to be reliable if the Cronbach's Alpha value $>$ 0.6 is thus, the right question item data is used in gathering the required data.

The validity test results for zakat literacy variable consisting of 5 question items (indicators) are all valid values, because it is above 0.1966 and all calculated r values are greater than the r table value. Good Corporate Governance test results consisting of 4 question items, the results are above 0.1966, the entire r count value is greater than the r table value. ICT Usage test results consisting of 5 question items, the results are above 0.1966, the entire r count value is greater than the r table value. Zakat Acceptance test results consisting of 5 question items, the results are above 0.1966, the entire r count value is greater than the value of r table. It also means that all question items from the four variables used in this study, which consist of: zakat literacy, GCG, ICT use and zakat acceptance are all valid.

The reliability test results can be seen that the Cronbach's Alpha values of all variables used in this study. Zakat literacy, its value is in Cronbach's Alpha 0.937 $>$ 0.60. Cronbach's Alpha for GCG value is 0.962 $>$ 0.60, ICT community networking Cronbach's alpha value is 0.921 $>$ 0.60, and Cronbach's alpha zakat acceptance value is 0.941 $>$ 0.60. It can be inferred that all question items (indicators) used by the zakat literacy variables, GCG, ICT use and the acceptance of zakat are all reliable, meaning that they can function as a reliable measurement tool.

The classic assumption test in this study uses data normality test, multicollinearity test and heteroscedasticity test. From the results of the classic assumption test, the normality test data shows that residuals are normally distributed; this is proven by the sign value $>$ 0.05 which is equal to 0.138. It can be concluded that the regression model of this study has fulfilled the normality assumption and is feasible to use a regression model in testing

its hypothesis. Based on the multicollinearity test table, it shows that the tolerance value is above 10% and the VIF of all variables are below 10. The tolerance value of zakat literacy is 0.318, GCG tolerance value is 0.488 and literacy* ICT tolerance value is 0.233. Zakat literacy value is VIF 3.148, GCG value is FIV 2.048, and ICT literacy is 4.298. This means that in this study multicollinearity did not occur. Based on the results of the heteroscedasticity test table, it shows that the results of Sig values are above 0.05 (zakat literacy = 0.778, GCG = 0.069, ICT = 0.403 and zakat acceptance 0.117) which shows that heterosidasticity does not occur and the regression model meets the requirements for regression analysis. From the results of the heteroscedasticity test showed in the picture above, it appears scatterplot point graphs spread randomly and spread both above and below the number 0 on the Y axis. It can be concluded that there is no heteroscedasticity model, which means that the regression model meets the requirements for regression analysis.

Results of Hypothesis Test

Table 2: Results of Hypothesis Test.

Dependent Variable	Independent Variable	B	t count	Sign.	Explanation
Zakat acceptance	Constant	1,974	3,890	,000	
	Zakat literacy	,256	1,493	,139	H_1 rejected
	GCG	-,152	-1,085	,281	H_1 rejected
	Zakat literacy* ICT	,073	2,302	,024	H_1 accepted

Source: Primary data processed, 2018.

From the above equation it can be explained that: a) A constant value of 1.974 means that if the independent variable is assumed to be zero, then the constant acceptance of zakat will be valued at 1,974; b) Literation (X1) has a positive but not significant effect on the acceptance of zakat (Y). This result shows that a) The level of knowledge and understanding possessed by muzakki, muzakki's skills in calculating zakat ratio and muzakki's belief in the obligation to pay zakat apparently could not encourage muzakki to pay zakat to amil zakat institutions. With these results, it becomes input for the government and religious leaders as well as Islamic higher education institutions to continue educating muzakki to have a high commitment to pay zakat to amil zakat institutions. The payment of zakat to amil zakat institutions on a regular basis will be able to increase the acceptance of zakat, so that the role of zakat for economic empowerment can be optimized. b). Good corporate governance (X2) has a negative but not significant effect on the

acceptance of zakat (Y). Regression coefficient of -0.152 inferred that the application of GCG by the zakat institution was not able to increase the acceptance of zakat.

It means that the principles of good corporate governance which include: transparency, accountability, responsibility and fairness that have been implemented by amil zakat institutions apparently do not encourage muzakki in paying zakat. These results are the basis for the future so that the implementation of good corporate governance can be reviewed in accordance with the characteristics of amil zakat institutions, so that it can be an attraction for paying zakat to amil zakat institutions. c) ICT has a strategic role in strengthening the influence of zakat literacy on the acceptance of zakat. These results indicate that with the application of information technology by amil zakat institutions to the maximum, it will turn out to be a solution in moderating zakat literacy and good corporate governance towards the acceptance of zakat. The existence of ICT, it will be able to reach muzakki in a wider area, muzakki who have a lot of busy activities such as Muslim entrepreneurs, so that the existence of ICT is ideal in increasing the acceptance of zakat.

Then based on the determination test, the results show that the adjusted R square value is 0.260, meaning that the acceptance of zakat is explained by zakat literacy and good corporate governance by 26%, while the remaining 74% is explained by other variables outside this research model.

4 CONCLUSION

Conclusion

Based on the results of statistical analysis and discussion, it can be concluded that: a) The level of zakat literacy of Muslim entrepreneurs in Semarang is in the medium category. This means that the knowledge, understanding, skills and beliefs of muzakki in the knowledge of zakat have not been maximized; b) The level of zakat literacy cannot increase the amount of zakat acceptance. This means that the level of knowledge, understanding, skills and beliefs of Semarang Muslim entrepreneurs as muzakki related to zakat knowledge cannot encourage an increase in zakat acceptance; c) The implementation of Good Corporate Governance principles applied by amil zakat institutions which include: transparency, accountability, responsibility and fairness apparently cannot encourage muzakki in paying / increasing the acceptance of zakat; d)

The use of ICT strengthens the effect of zakat literacy and Good Corporate Governance (GCG) on the acceptance of zakat. This means that the level of knowledge, understanding of zakat owned by muzakki, the skill of paying zakat and the belief in the existence of amil zakat institutions and the implementation of Good Corporate Governance will be able to increase the acceptance of zakat if it is strengthened by ICT properly.

Recommendation

Suggestions in this study are that: a) It is necessary to increase the level of literacy of Muslim entrepreneurs and the community in general; b) For future research it is necessary to increase the number of other independent variables, such as infrastructure, religiosity and demographic factors; c) Future research should expand the area of respondents and the number of respondents, so the results will be better; d) Future research should integrate financial literacy from both the supply side approach and the demand side approach.

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