

Efficiency Performance of Dompot Dhuafa Zakat Institutions: Using Data Envelopment Analysis Approach

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Keywords: Zakat, Efficiency, Performing, Data Envelopment Analysis.

Abstract: The purpose of this study is to see the efficiency of zakat institutions in the collection of funds and distribution. Dompot Dhuafa is one of the national zakat institutions which has branch offices spread across Indonesia. The problem is, how efficient is the institution of zakat when collecting zakat funds and channeling it. This research uses a Data Envelopment Analysis (DEA) method with two tests, that is a test for zakat funds and a test for non-zakat funds. Input variables consist of receipts obtained by zakat institutions, while the output variables consist of expenditures for 8 asnaf and other expenditures. Data is taken from Dompot Dhuafa financial statements from 2011 to 2015. The results of this study addressed in 2011, 2014 and 2015 show that Dompot Dhuafa in collecting and disbursing zakat funds and non-zakat funds has been efficient. Inefficiencies that occur in the year 2012 and 2013 are due to non-optimal channeling of funds from Dompot Dhuafa.

1 INTRODUCTION

Indonesia is a country with the largest Muslim population in the world. It is described in the Population Census of 2010 showing 87% of the population in Indonesia is Muslim. Zakat is one of the pillars of Islam and as Worship to Allah even aligned with Prayers. Zakat must be issued if it has been eligible for zakat, among others has reached nisab, has been owned for a year, the amount has been determined and other conditions have been met (Ryandono, 2008). Djagballou (2018) finds that total factor productivity has increased sharply for all zakat funds mainly due to a technical rather than efficiency change. Zakat institution is also obliged to distribute the funds.

The development of zakat institutions which continues to increase from year to year indicates that zakat has been accepted by Indonesian people. People can pay their zakat obligations by channeling them through zakat institutions. The problem is how efficient is the institution of zakat when collecting zakat funds and channeling it. From the article *Republika Online* on December 11, 2015 it is known that the achievement of National Zakat is 'Still One Percent'. The article claimed that the potential of Zakat reached Rp. 217 Trillion, but the achievement

is only Rp. 3.8 Trillion. This is caused by the distrust of society at Amil Zakat Institute, so the muzaki prefer to channel their own zakat funds.

Dompot Dhuafa is part of the National Institute of Amil Zakat that was established in 1993 and approved by the Ministry of Religious Affairs as an Amil Zakat Institution in 2001. The credibility of Dompot Dhuafa is no longer the case with branches spread across Indonesia and already having representative offices in foreign countries. Access provided by Dompot Dhuafa makes it easy to collect zakat funds of value more than the institution of National Amil zakat.

2 LITERATURE REVIEW

2.1 The basic concept of Zakat

Imam Qurtubi in Hafidhuddin (2002, 125) states that Al-Amil was commissioned (by the priest/government) for taking, writing, counting, and recording the zakat he took from the muzakki to be given to those who were entitled to receive it. The role of amil is currently run by the Agency Amil Zakat or Lembaga Amil Zakat. According to Ad

Dimasyqi (2005, 279), the definition of amil zakat according to the terminology of jurisprudence is the people appointed by the imam (government) to manage the zakat business, which covers the process of collecting, recording, distributing, and so forth. An economic system can only be efficient when it can produce more goods and services for society with the same or lower amount of resources (Wahab and Rahman, 2012).

2.2 Objectives and Benefits of Zakat Distribution

The benefits of zakat distribution, as delivered by Qardhawi (2011) can be divided into three, i.e. benefits for muzakki, mustahiq, and society in general. The benefit of zakat for muzakki is that it sanctifies the soul from the miserly nature, educates for infa and gives morals with noble character, it is a manifestation of gratitude for the favors of Allah, cures from the love of the world, develops inner wealth, attracts sympathy/love, and can develop treasure. The benefits of zakat for mustahiq (recipients of zakat), among others, is to help meet the necessities of life and mustahiq can eliminate the nature of hate and envy of the rich grubs. While the benefit of zakat for the community is that zakat has economic value, realizing the function of treasure as a means of struggle to uphold the religion of Allah (jihad fii sabilillah), and realize the social economic justice of society in general.

2.3 Zakat Institution Performance in Empowerment and Empowerment of Zakat

IZDR (2011, 96) measures the economic performance of zakat institutions or the Zakat Management Organization (OPZ) in several indicators, namely: first, the existence of criteria and identification mechanism of mustahik. Mustahik is the party entitled to receive zakat, it has been described in the QS. Al-Quran [9]: 60 that zakat is only distributed to 8 (eight) groups, namely: 1) the poor, 2) the poor, 3) the administrators of zakat, 4) the converts are persuaded, 5) to the free slaves (riqab), 6) the debtors (gharimin), 7) for the way of Allah (fisabilillah), and 8) for those who are on the way (ibn sabil).

Secondly, is the growth of the mustahik amount empowered by zakat. Increasing the number of mustahik and the distribution of the area which becomes the scope of the distribution of zakat institutions, either through direct distribution of

zakat funds or through the programs of utilization of zakat funds will be a parameter of the effectiveness of zakat institution performance in carrying out its functions. The parameters of the success of the zakat institution are the number of mustahik that are empowered or have "moved position" from mustahik to munfiq and eventually can become muzakki.

Third, is the growth of the number of muzakki. This third indicator can be measured from the growing number of muzakki who entrust their funds to the zakat institution. Fourth, is innovation of the zakat empowerment program. Zakat funds utilization program undergoes a developmental phase from the idea of the program until its implementation of the donation is transformed to community empowerment. Fifth, is extent of the zakat distribution area. Zakat institution performance can be measured from the size of the zakat fund distribution area reached by the zakat institution.

Sixth, is responsiveness to humanitarian emergency. Zakat institutions play a strategic role as an ummah institution that is responsive to humanitarian emergency. Seventh, is the utilization of zakat for productive economic activities. Zakat funds are expected not only for the purposes of caricature activities. Zakat institutions are required to manage each Rupiah of zakah funds more effectively. Most mustahik are classified as productive age, so they can be assisted by the utilization of zakat funds productively as well. And the eighth is the intensity of utilization of zakat for community development and empowerment activities.

Ahmad and Masturah Ma'in (2014) studied the efficiency of zakat collection and distribution of zakat by using 2-stage analysis describing the efficiency research of zakat institution Selangor in Malaysia. This research found that the collection and distribution of zakat involved a lagging resource which led to the existence of technical efficiency. Then the results of data processing concluded that the distribution has lower efficiency than its collection.

3 RESEARCH METHODOLOGY

This research uses a qualitative method with data test using the Data Envelopment Analysis Model. The DEA test will be done twice. The first test is to examine the efficiency of Zakat Fund Disbursement and Distribution, and the second test is to examine the effectiveness of Collection and Disbursement of non-Zakah funds. The input of the first Test is the Zakat Funds Collection taken from the Cash Flow

Statement, while the output is the distribution of funds for the 8 Asnaf groups. The second test of Input consists of funding of Infaq, Infaq bound and Waqf, while its output is channeling funds for education, health, societal societies, economics, humanity, advocacy and network development. The test is done twice because Zakat fund allocation is clearly for the group of 8 asnaf and should not be distributed other than to them.

The secondary data of this study is obtained from the financial statements of Dompot Dhuafa Financial Report which can be accessed at https://www.dompetdhuafa.org/media_file/media/laporan-keuangan.

Table 1: Input Variables and Output Variables for Zakat Fund Efficiency Test

Variabel	Source
Input Variables	
Zakat Fund	Activity Report
Output Variables	
Distribution for Fakir Miskin	Fund Changes Report
Channeling to Gharimin	Fund Changes Report
Distribution for Ibn Sabil	Fund Changes Report
Channels for Converts	Fund Changes Report
Distribution For Fisabilillah	Fund Changes Report
Distribution For Amil	Fund Changes Report

Table 2: Input Variables and Output Variables for Non-Zakat Fund Efficiency Test

Variabel	Source
Input Variables	
Infaq Fund	Activity Report
Infaq Funds Bound	Activity Report
Waqf Fund	
Output Variables	
Distribution of Education Program	Activity Report
Health Program Distribution	Activity Report
Social Community Program Distribution	Activity Report
Distribution of Economic Programs	Activity Report
Disbursement of Humanity Program	Activity Report
Distribution of Advocacy Programs	Activity Report
Distribution of Network Development Program	Activity Report

Sampling in this research is done by purposive sampling meaning that the sample selection method is based on judgment (sampling) which means the sample selection is not random and information is obtained by certain considerations. Analysis of the performance efficiency of Amil Zakat Institute Dompot Dhuafa is using DEA to measure efficiency performance.

Data Envelopment Analysis (DEA) is one of the nonparametric analysis techniques commonly used to measure the relative efficiency of both profit-oriented business organizations or organizations or non-profit oriented economic activities where the production process or activity involves the use of certain inputs to produce certain outputs. In particular, DEA is the development of linear programming techniques in which there are objective functions and function constraints. The following is a general equation in the Data Envelopment Analysis (DEA) method (Firdaus and Hosen, 2013: 172-175).

DEA is a linear programming non-parametric approach with the help of an efficiency software package, and this research will use OSDEA software.

4 RESULT

Existing data will be processed using Data Envelopment Analysis with twice test. The first test was conducted to see the effectiveness of zakat fund of Lembaga Amil Zakat Dompot Dhuafa, then the second test to see the effectiveness of the Non-Zakat Fund of Lembaga Amil Zakat Dompot Dhuafa. Data in the test is to confirm the overall efficiency of Dompot Dhuafa. Using DEA, if the results show the number 1 it indicates efficiency. While the number below 1 shows lower efficiency, the closer to the number 1 indicates better efficiency.

Table 3: Results of DATA Processing using ZAKAT funds

DMU Name	Objective Value	Efficient
2011	1	Yes
2012	0,824804907	
2013	0,801779633	
2014	1	Yes
2015	1	

Source: Processing Results

From the data table it is known that in 2011, 2014 and 2015 there is efficiency in processing the data of zakat in Dompét Dhuafa. It is marked with the objective value 1. Every year receipt of zakat funds always increased as well as the distribution for the group of 8 asnaf. But the increase in 2012 and 2013 leaves zakat funds. This indicates that in that year the distribution of zakat funds is less efficient. This is indicated by the objective value of 0.824804907 in 2012 and 0.801779633 in 2013. In 2011, 2014 and 2015 it is optimal because there is no remaining funds in the existing zakat funds experiencing the difference.

Table 4: Results of DATA Processing using non - zakat funds

DMU Name	Objective Value	Efficient
2011	1	
2012	0,577886072	
2013	0,742518551	
2014	1	
2015	1	Yes

Source: Processing Results

From the table on the processing of non-zakat data, i.e. Infaq, Infaq Bound and Waqf data collection and distribution for Education, Health, Social, Economic, Humanitarian, Advocacy and Networking activities, it is known that in 2012 it is not efficient because in the data processing DEA its objective value shows the value of 0.577886072. This value indicates the inefficiency of the collection and distribution of non-zakat funds in Dompét Dhuafa. In 2011, 2014 and 2015 from the DEA data processing there is efficiency of the performance of Dompét Dhuafa in collecting and disbursing the non-zakat funds.

5 DISCUSSION

From the results of the DEA data the performance of Dompét Dhuafa is tested twice to see the efficiency of the performance of collection and distribution of zakat funds as well as the performance of collection and distribution of non-zakat funds in the form of infaq, bound and waqf for 2011-2015. We know 2011, 2014 and 2015 are inefficient because the value of its objective value already shows the number 1.

In 2011, both data processing and zakat funds and non-zakat funds have been effective. In the

management of zakat funds it can be seen that in the year the value of efficiency in coming from the difference in zakat income and distribution. In 2011, the disbursement of zakat funds is larger than the collection.

In contrast to 2011, in 2012 and 2013 the objective value of the DEA processing results shows the number less than 1, indicating that in the year the activities of collection and distribution of its funds have not been efficient. Known from the cash flow statement that existed in 2012 and 2013 there is a bigger difference in the receipt and distribution of zakat funds in its receipts. The existence of the remainder or the excess of zakat funds indicates less efficient management of Dompét Dhuafa performance in that year.

As in 2011, in 2014 and 2015 the performance efficiency of Dompét Dhuafa showed efficiency with its objective value 1. It indicates that in that year the process of zakat fund management both in the collection and distribution has been efficient. The financial report in 2014 and 2015 shows the difference in the pernemiaan of zakat funds and distribution. Zakat receipts are less than the amount distributed, as happened in 2011.

Non-zakat data processing with DEA from 2011-2015 is not different from processing for zakat funds. In 2011, 2014 and 2015 on the management of non-zakat funds (Infaq, Infaq bound and Wakaf) has been effective with the objective value already menunjukan number 1. While in 2012 and 2013 it is still not effective because the objective value is still below the number 1, 0.577886072 and 0.742518551.

Efficiency in Dompét Dhuafa for the last two years indicates that Dompét Dhuafa as National Amil Zakat Institution already has more credibility and has gained more belief than masyarakat in Indonesia. Not yet optimal zakat institutions in 2012 and 2013 can already be dinetralisirkan with efficiency in the next year.

6 CONCLUSION

People can pay their zakat obligations by channeling them through zakat institutions. Zakat institution is also obliged to distribute the funds. The problem is how efficient is the institution of zakat when collecting zakat funds and channeling it. Dompét Dhuafa is one of the national zakat amil institutions that have good credibility.

From the data collected from the years 2011-2015, either zakat funds or non-zakat, it shows the performance of this amil zakat institution in the

years 2011, 2014 and 2015. While in 2012 and 2013 it has not been efficient due to several factors, one of which is the distribution of funds that have not been optimal. Efficiency in 2011, 2014 and 2015 is indicated by the objective value of DEA data processing that is worth 1.

Efficiency of Dompot Dhuafa during 2011, 2014 and 2015 show that the Dhuafa administration has become one of the national zakat amil institutions that have good credibility value. Dompot Dhuafa is already acceptable in society and can serve the community to distribute zakat. The efficiency that exists in the zakat fund of Dhuafa Amil Institution implies that channeling zakat in zakat institutions is better than channeling it yourself. Muzaki will feel peaceful in channeling his zakat funds which are distributed on target to mustahiq by the zakat institution. So that the potential for large zakat in Indonesia can be channeled properly.

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