

# The Model of Developing and Establishing Public Trust of Zakat-Paying Community in East Java

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## Abstract

Through government law and regulations, a decree has been issued regarding zakat management organization under the auspices of central and regional governments, but within several years the organization which was initially able to raise funds up to hundreds of billions of rupiah has failed to remain consistent in the past five years. Many muzaki (zakat payers) switch to channeling funds managed by private sector rather than those governed by the government. Therefore, it is imperative to study zakat management from the point of view of public administration, especially with regard to zakat management and public trust. The present study applied qualitative descriptive method through survey, 42 zakat managers and administrators of the *Badan Amil Zakat* (BAZ) and *Layanan Amil Zakat* (LAZ) as well as 180 respondents paying zakat chosen by random sampling. Data was collected through observation, interviews, and questionnaires, as well as documentation. The results of the study indicate that there are efforts considered quite optimal in building the trust of the community paying zakat by arranging the system with fine transparency and accountability that can be accessed by the public. Distribution patterns can also be obvious to the public. In addition, the ease of obtaining information regarding technical matters of payment and distribution of zakat can be accessible to the public through online media, as well as news bulletins and institutional wall magazines. Public trust itself is seen as quite positive towards zakat management institutions, so the decrease in zakat collection by related zakat management institutions (BAZ and LAZ) in the last few years has been influenced by the choice and convenience of zakat payers in private institutions that have become operative, coupled with the need for accreditation that assesses the competence of zakat management institutions.

**Keywords:** zakat management, organizational development, public trust

## 1. Introduction

Despite its late commencement, the implementation of Law no. 38 of 1999 concerning the management of zakat ratified on 23 September 1999 did not give new start to Moslems in actualizing strong economic order. However, as Indonesian citizens remain grateful with the new law, ambivalences between policy makers and people in relation to the law remain evident. This is exacerbated by the changes in the law concerning income tax no. 17 of 2000 passed on 2 August 2000, where zakat denotes a deduction of income tax.

Law no. 23/2011 serves as the basis for the implementation and management of zakat in Indonesia. This zakat management aims to "improve the effectiveness and efficiency of services in the management of zakat, and increase the benefits of zakat to establish community welfare and poverty alleviation" (Article 3). In this Act, BAZNAS is appointed as a non-structural government institution that is independent and responsible to the President through the Minister of Religion (Article 5). In general, BAZNAS has two main tasks, which include (1) managing the overall zakat system which includes planning, implementing, controlling the collection, distribution and utilization of zakat, reporting, and accountability in zakat management, and (2) carrying out the coordination function of all zakat management organizations (OPZ) in Indonesia (in Sumarno, 2014).

The large number of Indonesian population is Moslems, so Indonesia has a lot of zakat potentials, *zakat*, *infaq*, and *shodaqoh* (ZIS) in Indonesia shows that there is an increase in the amount of zakat collected from 2002 to 2015 Household Zakat (Individual) reaches Rp 82,10 marked by GDP 1,30 %, while Industrial Zakat which includes private companies and SOEs reaches 117,29 Trillion percentages of GDP 1,84 percent, and Saving Zakat reaches 17,01 Trillion percentage of GDP 0.27 percent. the results of the research found that the potential for national zakat in 2011 reached 3,4 percent of the total Gross Domestic Product (GDP), or in other words the potential for zakat in Indonesia every year is not less than Rp 217

trillion. Although there was an increase in zakat receipts to Rp 2,73 trillion in 2012, there was still a very substantial gap between the potential and actualization of national zakat collection. The description above shows that the management of zakat funds in Indonesia is far from optimal. So to overcome the problem possibly resulting from the gap between the potential and actual zakat, an effective zakat collection strategy is needed for optimal zakat collection. However, in achieving these objectives, of course, national cooperation between zakat managers and the government as regulators is vital.

The collection and distribution of zakat reported by the National BAZ in 2016 is presented in the following table.

Table 1. The Collection and Distribution of Zakat in 2016

Institutions	Collection		Distribution	
	Rupiah	%	Rupiah	%
BAZNAZ	111,690,914,428	2,23	80,252,586,454	5,74
BAZNAZ at Province Level	192,609,000,494	3,84	108,379,364,672	3,70
BAZNAZ at City Level	3,311,745,042,024	66,01	1,578,717,165,970	53,86
LAZ	1,401,248,170,005	27,93	1,163,861,023,514	39,71
Total	5,017,293,126,951		2,931,210,140,610	

Source: BAZNAZ report in 2016

As seen in Table 1, the difference between the collection and distribution of zakat indicates distribution at 58,42 percent, which means it is quite effective. However, according to Kasmaniar's research analysis (2016) and Faisal (2011), the collection of zakat in Indonesia is still lower than the annual achievement targeted at over 200 trillion. In addition, according to Astutik (2013), and Megawati and Fenny (2014), the optimal gains from zakat collection is also caused by mistrust of the community towards weak and non-transparent government institutions. It has now become obvious that BAZ formed by the government hardly complies with professional-productive principle. According to Astutik (2013), the Regional BAZ formed by the government only accepts collection from civil servants and professional zakat only. Most people prefer LAZ (*Amil* Zakat Institution) which is formed by non-government agencies because it is more trusted and more flexible for its collection.

Table 2. The Comparison of Zakat Collection between 2015 and 2016

Institutions	Zakat Collection in 2015		Zakat Collection in 2016	
	Amount of Fund	%	Amount of Fund	%
BAZNAZ	94,068,893,820	2,58	111,690,914,428	2,23
BAZNAZ at Province Level	1,528,106,684,692	41,86	192,609,000,494	3,84
BAZNAZ at City Level			3,311,745,042,024	66,01
LAZ	2,028,193,434,453	55,56	1,401,248,170,005	27,93
Total	3,650,369,012,965		5,017,293,126,951	

Source: BAZNAZ Report in 2016

The data in Table 3 shows that up to 2015 the public trust in LAZ as a zakat management institution was still relatively higher and was considered more practical than government-formed institutions (BAZ), which in 2016 BAZ began to gain high trust from the community, both at the national level and in the region.

According to Qadir (2001), collecting zakat properly can economically eliminate the level of striking wealth differences and, on the contrary, can create equitable redistribution. Proper handling of zakat can gradually create a balance in the economic order as desired. The procedure for collecting zakat must pay attention to the difference between the visible and invisible wealth. Meanwhile, Halide Islamic Economics Experts (in Istutik, 2013) say that the implementation of zakat in Indonesia from the beginning is indeed less effective than expected, especially in terms of distribution. However, along with the emergence of private zakat institutions at this time, zakat collection has begun to improve steadily. The phenomenon that is happening now is marked by the fact that many muzaki are turning to channeling funds to the private

sector rather than the government-managed institution. Many even opt for directly paying their zakat at this private institution. This happens because of problems concerned with public trust. Nevertheless, on the other side according to Faisal (2011) and Huda and Sawarjuwono (2013), the main obstacles obstructing zakat from exerting a significant influence in the economy and the existing *amil* zakat institutions are mainly related to the absence of an integrated zakat information system between *amil*.

So far, BAZNAS which is directly under the president will be less effective if it performs the role and functions stipulated by the government as an institution that synergizes zakat management organizations in Indonesia, because BAZNAS/BAZDA is one of the zakat collection institutions managed by the government. As such, institutional egoism will still emerge from the existing zakat management organization. An alternative that can be taken to ensure fine coordination and communication is by creating synergy in the management of *zisaf* funds in Indonesia and further forming a ministry of alms and endowments that serves as a shared home for all zakat management organizations in Indonesia to work together, which is managed by both the private-owned institution (LAZ) and government-owned one (BAZ). The Ministry of Zakat and Waqf will become regulators, coordinators and supervisors in managing *zisafah* funds in Indonesia. The establishment of the Ministry of Zakat and Waqf as a coordinator, regulator, and supervision function in the management of zakat funds in Indonesia will be a win-win solution for LAZ and BAZ to synergize by releasing institutional selfishness.

## 2. Research Objectives

The purpose of this study is to answer the questions portrayed in the background of the research problem, which includes the following.

- 2.1. Investigating the management model of zakat management organization in East Java, which includes LAZ and BAZ and the administration of its work.
- 2.2. Investigating the efforts of the organization and management in building trust in the zakat payer community.
- 2.3. Investigating the reasons and level of public trust and describing the quality of trust given to zakat management institutions.

## 3. Research Significance

Theoretically, this research is expected to enrich theoretical discussion about public policy regarding the collection of zakat. This research is expected to be used as a reference for conducting studies and similar studies that are more in-depth.

The practical benefit of this research is that the results of this study are expected to be used as input for the government in implementing policies concerning zakat management, especially in East Java Province. The results of this study can be used as a reference in increasing the acquisition and optimizing zakat management with a different approach model from the model used so far.

## 4. Theoretical Framework

### 4.1. Public Trust of Zakat-Paying Community

Trust is a form of desire to take risks in a social relationship that is based on a feeling of confidence that others will do something as expected and will always in the light of mutual support. Fukuyama (2001) posits that trust is an attitude of mutual trust in a united community and contributes to increasing social capital. This belief cannot simply be recognized by other parties, but must be built from the beginning and can be proven. In the world of economics, trust has been considered as the catalyst in various transactions between sellers and buyers so that customer satisfaction can be realized as expected (Yousafzai, 2003). According to Deutsch (in Yilmaz and Atalay, 2009), trust is the behavior of individuals, who expect someone to give positive benefits. Doney and Canon in Aydin and Ozer (2005) state that trust is a calculative process between costs incurred and the results obtained.

According to Kreitner and Kinicki (2008), with respect to trust in East Asian context, trust is a relational, rather than individual concept, that is not related to the personal interests or benefits of individuals. Trust is a concept that contains harmony, assurance, and prosperity for individuals and communities. Trust is developed starting from *family*, bound to parent-and-child relationships. Afterward, trust develops in the environment surrounding relatives and friends. Furthermore, Kreitner and Kinicki (2008) point out that building trust in others is not easy. Trust is formed through a series of behaviors between people who give trust and those who are entrusted. Trust arises from the experience of two parties who previously collaborated in an activity or organization. This experience gives a positive impression for

both parties, so they trust each other and do not betray one another, which can damage their commitment.

Lopez, Catarina and Tiago (2012) describe trust in general as trust to other parties because the party can be trusted. A person or company can be trusted because it has high integrity which is linked to positive qualities such as being consistent, competent, honest, fair, responsible, very helpful, and kind (benevolent). According to Sumarwan (2011), consumer trust is consumer knowledge about an object, its attributes, and its benefits.

According to Mowen and Minor (in Arwani, 2011), and Robison, Macelo, Songqing, (2011), in general the definition of trust relates to the belief by the first party (another party) that the second party will behave in a way which causes positive results to the first party. Mowen and Minor (in Widyawati, 2010) explain that consumer trust is all knowledge possessed by consumers and all conclusions made by consumers about objects, attributes and benefits. Owen further (in Ningsih, 2010), explains that objects can products, people, companies and everything to which someone has particular trust and attitude.

Pretty and Smith's (2003) research shows that the relationship between trust, reciprocity and exchange, ordinary rules, norms and sanctions and linkages with society are all important things to prevent individual actions to positively produce good outcomes. According to Frick et al. (2012) social capital is seen as a liaison in creating norms and beliefs in network structure.

According to McKnight, Kacmar, and Choudry (in Bachmann & Zaheer, 2006), trust is built between parties who do not know each other well in interaction and transaction processes. Shirazi, Khodaverdian, and Naeimi, (2013) state that there are two dimensions of community trust, explained as follow.

- a. Trusting Belief is the extent to which a person believes and feels confident about others in a situation. Trusting Belief covers aspects:
  - 1) Benevolence means how much a person believes in a manager to behave well to the community.
  - 2) Integrity is how much a person believes in the honesty of a seller to maintain and fulfill an agreement that has been made to the community.
  - 3) Competence is a person's belief in the ability of a manager to help a community in doing things according to what is needed by the community.
- b. Trusting Intention is a deliberate thing where someone is ready to depend on others in a situation. This happens privately and leads directly to others.
  - 1) Willingness to depend is the willingness of a community to depend on a manager in the form of accepting risks or possible negative consequences.
  - 2) Subjective probability of depending is the public's willingness to be objective in the form of giving personal information to the manager, making transactions, and being willing to follow the suggestions or requests from the manager.

As for the factors that influence trust according to Yilmaz and Atalay (2009) and Putnam (in Tranter and Skrbis, 2009), these include the followings.

- a. Rational factors are strategic and calculative. In other words, people can be trusted because they have special expertise or professional positions. The trustor can predict whether the trustee can carry out the trustor's demands. The view that the emergence of trust is generally derived from rational factors (Coleman, Gambetta, Hardin, Luhmann, Yamagishi, in Yilmaz and Atalay 2009; Masoumeh and Reza, 2015), and the assumption that to give trust (trust) to others must first be informed or knowledge of it.
- b. Relational factors are also called affective or moralistic factors. Relational trust is rooted through good ethics and based on one's good deed. Relational trust has a basic value agreed upon by a community, a move of the heart, and a common interest. A community has a consideration before giving trust and a change is not created by one person (Mishler & Rose in Job, 2005). Relational theory says trust is scaffold through culture and experience, beliefs about people who can work in political institutions.

According to Mayer (in Faturochman, et al. 2010) there are three factors that shape one's trust in others.

- a. Ability. Trust is a special domain, so individuals need confidence in how well someone shows their performance. Factors of experience and proof of their performance will underlie the emergence of other people's trust in individuals. Kim (in Faturochman, et al, 2010) states that abilities include competence, experience, institutional validation, and ability in science.
- b. Integrity. Integrity can be seen from the consistency between words and actions with one's own values. Honesty is not enough to explain integrity, but integrity requires determination in accepting pressure. Kim (in Faturochman, et al, 2010) argues that integrity can be seen from the fairness, fulfillment, loyalty, honesty, dependability, and reliability.

c. Kindness. Kindness is related to intention. There is interest in someone when interacting with others.

#### 4.2. Zakat Institution Management

Permono (2003), Syahatab (2005), Faisal (2014), and Shalehuddin (2016), explain that zakat is *al-ibadah al-maalayah al-ijtimaa'iyah* (worship in the field of property that has social value). Although classified as *mahdloh* worship in terms of the procedure of calculation and division, the social value in zakat is so robust, that in its implementation it is necessary to have a group in charge of managing all aspects of zakat, rather than being organized by individuals. The law of zakat which is obligatory requires that zakat is not merely a form of generosity, but a form of obedience to Allah the Almighty, so it is imperative to comply with the procedures for payment and distribution. Therefore, the *ulama* of *fiqh* then include zakat as *qadla'iy* (worship which, if not carried out, implies that other people's rights are taken), and not *dayyaniy* worship (worship which, if not carried out, implies no other person's rights taken), such as prayer. Because the nature of zakat is *qadla'iy*, the implementation of zakat cannot be done individually. Therefore, in the era of *Rosululloh* and *Khulafaurraasyidin*, the management of zakat is the duty and responsibility of the ruler, not the individuals.

Furthermore, zakat that has been collected is distributed according to the rules of zakat law, or given to the person who has the right to receive zakat or is often referred to as *mustahiq*. Zakat is, as Allah Almighty says in the Qur'an at-Tawbah verse 60, only for the poor, the zakat (*amilin*), and the *mu'allaf* who are persuaded by their heart. In addition, it is also meant to free slaves. Those who owe, for the way of Allah, and those who are on their way, as a statute that is obliged by Allah; and Allah is all-knowing and wise. "(Q.S At-Taubah: 60)

In Indonesia, zakat management is regulated by Law No. 38 of 1999 concerning Management of Zakat by Decree of the Minister of Religion (KMA) No. 581 of 1999 concerning the Implementation of Law No. 38 of 1999 and the Decree of the Director General of Islamic Community Guidance and Hajj Affairs No. D. D/291 of 2000 concerning Technical Guidelines for Zakat Management. In this Law, there are still many shortcomings, especially the absence of sanctions for muzakki who neglect their obligation not to pay zakat, but this Law encourages efforts to establish a charity that is trustworthy, strong, and trusted by community.

Good zakat management is a necessity. In the Law (UU) No.38 of 1999, it is stated that "the management of zakat is an activity of planning, organizing, implementing, and supervising the collection and distribution and utilization of zakat". In order for LPZ to be efficient, its management must run well. Management quality of a zakat management organization (Hafiduddin (2002) and Qadir (2001) must be measurable. For that purpose, there are three key words that can be used as a measuring tool. First, it is trust. Trustful nature is an absolute requirement that must be accrued and maintained by every *amil* zakat. In the absence of this trait, all the systems built are destroyed. Second essential is professional attitude. Trustworthiness alone is not enough, so it must be balanced with the professionalism of its management. The third is transparency. According to Abioye, Mohamad, and Adnan (2011), with the transparent management of zakat, we create a good control system, because it does not only involve the internal parties of an organization, but also involves external parties, and with this transparency the suspicion and distrust of community will be minimized.

According to Schermerhorn (2008), Hasibuan (2013), Terry (2014), and Robbins (2015), management can be a science and art, process, and profession. Robbins (2015) states that management requires other scientific disciplines in its application to achieve goals, such as economics, accounting, statistics and others. Hasibuan (2013), also states that management is a process more directed at managing and regulating the implementation of a job, or a series of activities in order to achieve goals. According to Schermerhorn (2008) these skills are obtained because they have met certain requirements or standards and are recognized by a community. Hasibuan (2013) explains that with this expertise one can obtain a status. A group of people who work in organizations using certain skills can be grouped in professional organizations.

## 5. Research Method

### 5.1. Type of Research

This research was conducted using descriptive research methods in the form of case studies to obtain a deep and comprehensive picture of BAZNAS. The research method applied qualitative and quantitative approaches. Qualitative approach using descriptive method was done by direct observation and interviews to obtain data, facts, and internal and external strategic factors of the organization. The quantitative approach was done by distributing questionnaire, the results of which were then were calculated and assessed. The strategic factors operative in the study were determined based on interviews and supported by

literature study.

## 5.2. Research Subjects

The target or object of this research was the National Zakat Agency, East Java Province, while the subjects in this study were the community of zakat payers in the organization or institution of zakat management. The subjects of the zakat management group are presented in the following table.

Table 3. Respondents from Zakat Management Institutions

Occupations	f	%
Secretary (Representative, and Secretary 1 – 2)	3	7%
Funding Division (Treasurer 1 – 2)	7	17%
Education and Religion Division	2	5%
Fund Raising Division	16	38%
Institution Development Division	8	19%
Allocation Division	6	14%
Total	42	100%

Afterward, subjects paying zakat were chosen randomly by snowball sampling, resulting in 180 people.

Table 4. Zakat-Paying Subjects

Place Where They Pay Zakat	f	%
YDSF	49	27%
LAZIS (Bank)	49	27%
Nurul Hayat	45	25%
BAZ Jatim	26	14%
Nearby orphans	11	6%
Total	180	100%

The data shows 27% of respondents paid zakat on YDSF, and 27% of respondents paid through LAZIS, and 25% of respondents paid in Yaysan Suasta. Respondents who paid in East Java BAZ are 14% and the rest pay at the nearest orphanage.

## 5.3 Data Collection

Data collection methods in this study used three techniques offered by Bogdan and Biklen (in Meleong, 2010), namely 1) conducting observation, 2) using questionnaires arranged according to the indicators under investigation, and 3) carrying out literature studies .

## 5.4 Data Validity and Reliability Test

To test the data in ordinal form collected through questionnaires and distributed in two subject groups, a content validity analysis was put at play. According to Azwar (2015), content validity is testing the validity of data without statistical norms, even though using statistical analysis.

Azwar (2015) further explains that the calculation of the content validity analysis of the researcher could determine the validity index limit according to the needs of data analysis. When the item was needed, then one that obtained a small value could be used as an analysis unit. The results of the Pearson validity test analysis on the management model variable indicate rx value ranging from 0.571 to 0.853 (rx greater than 0.30), and all items are proven valid. Similarly, the public trust variable indicates rx value ranging from 396 to 0.487 (rx greater than 0.30). Therefore, all items for the data collection are proven valid.

The results of reliability testing on institutional management model variable through alpha cronbach's calculation techniques indicate a value of 0.928 and on the community confidence scale a value of 0.674 is evident. Both scales can be said to be reliable or reliable.

## 5.5. Data Analysis

Data analysis applied in this research is qualitative descriptive analysis, meaning that the researcher describes the physical conditions and social conditions of the research results. The analysis was performed on data obtained from observation and another set of data derived from questionnaires. Data analysis was

carried out together with the collection of observation data and questionnaire data collected for descriptive statistical analysis to support data interpretation.

## 6. Research Findings and Discussion

### 6.1. Management Model of Zakat Institution

According to the report from the financial sector, BAZNAS of East Java Province, in distributing zakat funds, the portion for *amil* is 12.5% of the program, depending on the amount of collection obtained. However, the East Java provincial BAZNAS states that *amil* is given 10%. This is done in the light of safe point. Because according to the accounts of the financial section, the financial statements must be separated between the *amil* bank and the distribution bank. Also, it is also imperative that at the end of the year the balance of each bank be measured.

In the zakat institution there are three main activities, namely collection, management and utilization. All three are included in three main divisions, namely the collection division, financial division, and utilization division. The division that is closely related to Muzakki is the division of *zisafah* funds. Funds from Muzakki are not only individual but also from companies and institutions. The collection of funds from muzakki can expand the search for funds to foreign countries, domestic and foreign donor agencies. In carrying out fundraising from muzakki, various activities can be initiated, depending on the team's ability to develop the program. This program can be offered as a collaborative program with other companies and institutions. Muzakki management can be divided into two parts:

- a. Regular *Muzakki*, *muzakki* who have been formally registered in zakat and regularly deposit their zakat to zakat institutions both individuals and institutions
- b. Non-permanent (temporary) *muzakki* are *muzakki* who deposit temporary zakat, *infaq*, alms and endowments. It really depends on the moment and ability of *amil* to interact and communication with the *muzakki*.

### 6.2. Efforts to Build Public Trust

The management model of zakat institutions as an effort to build the trust of the zakat-payer community was assessed from several aspects, namely the management and development of human resources, and the distribution of zakat and the professionalism of the management or *amil* zakat. Efforts were made by the management of the charity organization, which according to respondents 31% of members or volunteers were trained by the management themselves. 24% of volunteer members regularly attended training activities every year or when there was an invitation for training. The activities to increase quality of human resources, especially volunteers or members of organizations in zakat management institutions, are considered vital to institution. This means that trainings become one of the important programs that must be done by every employee newly recruited in the organization. According to research by Mintarti *et al.* (2011), training programs play an important role as a supporting factor that plays an important role in various sectors, and also will prepare employees to be able to practice directly in the field, breakthrough testing and cooperation in a team, especially volunteers collecting zakat and shodaqoh.

In addition to the training activities, activities to improve the quality of volunteer human resources were also initiated in the form of consultation with administrators who had experience or with religious leaders who were deemed credible. 31% volunteers and administrators said they needed to bring in religious figures or figures who were credible to give lessons, discussions, and consultations to improve the capacity of the organization's capacity and the development of human resource potential, especially the administrators. With regard to this problem, BAZ and LAZ zakat management institution paid serious emphasis on supporting literature in optimizing human resource capabilities and educating the public. According to 26% of respondents, one vital literacy was concerned with the managerial experience from people who had extensive experience dealing various matters related to zakat. However, 21% respondents, BAZ or LAZ volunteers, used the resources available at the institution library. In addition, 21% of respondents were advised to ask for experts' opinions.

As a responses to the availability of supporting literature and education, it is also widely acknowledged that supporting activities related to the development of human resource potential hold important role. The findings showed that 24% of respondents stated that the seminar was included. Also, 19% of respondents stated that there was a regular discussion arranged by *Amil*, and 19% of respondents said the institution held regular discussions and invited important figures. 10% of respondents said there was an annual training. The respondent's statement explained that the management of the relative zakat management agency paid attention to the quality or quality of organizational members, especially volunteers (*Amil*) as the pillars of organizational development. The pattern of supporting activities as

mentioned above is classified as an HR development business. According to Bakar and Ghani (2011), human resource development can be interpreted as an effort to prepare people both as individuals and as community members with all their positions.

Furthermore, it is widely known that the zakat distribution model by BAZ and LAZ has the main tasks of collecting, distributing, and utilizing zakat by complying with religious conventions. In carrying out their duties, LAZ and BAZ are required to obey the government requirements (Article 8 and 9 of the Law, Article 1 KMA).

Table 5. Distribution Pattern of Zakat Fund

Distribution Pattern of Zakat Fund	%
Basic need aid and business capital	57%
Basic need aid and education	36%
Basic need aid, business capital, and housing	7%
Total	100%

Data shows that 57% of respondents stated that the zakat collected was mostly distributed to fulfill the basic needs and business capital, and 36% of respondents stated that the collected zakat was distributed to fulfill basic needs and aid for educational scholarships for the poor and orphans 7% of respondents stated that some of the zakat collected was distributed to meet the basic needs of zakat recipients, support business capital, and help renovate zakat recipient dwelling.

The zakat distribution method is based on the results of surveys and interviews. The distribution methods carried out by BAZ and LAZ managers varied. First, zakat was distributed directly to *mustahiq*, determined based on proposals submitted and approved by the heads of BAZ and LAZ. Also, the fund was distributed through education savings, administrators of TPQ or local *takmir*, education programs, training, social empowerment and community programs (education, health, business/independence, and environment). 75% of the collected zakat was distributed to the *family* classified into *mustahiq*, while 25% was distributed based on submission.

In relation to the distribution of zakat funds, knowing who receives zakat managed by BAZ and LAZ in East Java is pivotal. The distribution is shown in the following table.

Table 6. Zakat Recipient

Zakat Recipient	%
Eligible recipients	26%
Eligible recipients based on survey and proposal	14%
Orphans within the city	12%
Mualaf ( <i>Dhuafa</i> )	12%
The poor within the city	12%
Widow ( <i>Dhuafa</i> )	10%
<i>Fisabilillah</i> and <i>ibnu sabil</i>	7%
The poor in other cities	7%
Total	100%

Table 6 shows that 26% of respondents stated that zakat was distributed to people who were deemed eligible to receive zakat, and 14% of respondents stated that zakat was distributed to people who met the requirements and submitted proposals. In addition, these people were surveyed by *amil* and considered eligible as evaluated against the requirements. In addition, 12% of respondents stated that zakat was handed over to the poor (*dhuafa*), and 12% of respondents said they were handed over to mualaf (the poor). The respondent's statement is in line with the terms of distribution as regulated in the Qur'an and the Law on BAZ and LAZ. Besides, the pattern of distribution and management of zakat has been regulated in the Decree of the Governor of East Java No. 188/19/KPTS/013/2005 concerning Zakat *Amil* Agency (BAZ) of East Java Province, and Governor Instruction No.1 of 2004 concerning the Establishment of Zakat Collection Unit (UPZ) in the East Java Province Work Unit.

Furthermore, the professionalism of institution and manager were considered the most influential cause of the inability of BAZ or LAZ. For sure, it was their common performance which was obvious when managing the institution. That is, generally BAZ or LAZ have not been professionally managed.

In relation to this view, the competence of *amil* zakat in BAZ and LAZ in East Java is presented in the following table.

Table 7. The Ability in Explaining the Amount of Zakat

The Ability in Explaining the Amount of Zakat	%
Showing and explaining the formula	33%
Directly calculating income	29%
Teaching how to calculate each zakat	24%
Teaching how to calculate income and the reference	7%
Suggesting the search for online information	5%
Suggesting consultation with <i>ulama</i>	2%
Total	100%

The competence of BAZ/LAZ administrators, especially volunteers according to 33% of respondents was marked by the ability to explain the calculation formula and explain the problem of zakat as well as what must be paid by the obligatory zakat. Even 29% of respondents can calculate directly the obligatory zakat and the amount of zakat that must be paid when the obligatory zakat asks zakat, besides zakat fitrah. However, there were 5% of the respondents suggesting that zakat was obliged to search for information online through a website that published a simulation of zakat calculation related to the amount of zakat that must be paid. It is suggested that the zakat payer community can inform and calculate their own zakat or relatives at work. The magnitude of the number of suggestion providers to utilize online media is not an indication of the inability of *amil* to provide suggestions and calculations on compulsory zakat, as they have the freedom to look for online resources that can be accessed by anyone with the contents of simulation calculations and various zakat information on suggested website.

Simply put, that means that *Amil* also requires certainty of ability and capacity. According to Bakar and Ghani (2011), these abilities and capacities are then popular with the term competency. The competence itself in general according to Stoner (2005), Schermerhorn (2008), and Handoko (2009), is defined as a set of knowledge, skills, and behaviors that must be possessed, lived, mastered, and actualized by someone in fulfilling their duties. It means that competent *amil* are those who have consistent and clear character in behaving and deciding something on the basis of possessed abilities and adequate insight. In addition, several research reports as stated by Megawati and Trisnawati (2014) point out that the consequences of *amil* with low productivity will not only harm the organization or management institution of zakat, but can also affect the career of each *amil* throughout their duty. Again, this is the most powerful and rational reason for the need for *amil* to try to improve its competence.

With regard to competency, in addition to the ability to calculate the formulation of payment of certain types of zakat, regarding *amil* from BAZ or LAZ organizations in East Java, it is necessary to have communication competence, and the ability to explain and reason and positive impacts of proper zakat payments. This is important to build the trust of the zakat payer community, so that people continue to pay zakat regularly and there is an increase in the number of zakat payers each year.

### 6.3 Public Trust in Zakat Management Institution

The results of the research show that in general most respondents have a moderate level of trust in the zakat management institution where the respondent pays zakat. The data also shows that 27% of respondents who paid their zakat at BAZ had a very low level of trust, and 22% of respondents who paid their zakat at LAZ also had a very low level of trust in their zakat management institutions. By contrast, 40% of respondents who had high trust in zakat managers were zakat payers in LAZ Nurul Hayat, and 36% of respondents paid their zakat at the nearest orphanage. Furthermore, 29% of respondents paid zakat on YDSF. It can be said that the zakat management institution built by the private sector has a higher level of trust from the community than government-owned zakat management institution.

Based on the description of the data, it can be explained that the zakat management institutions both BAZ and LAZ and other zakat institutions managed by the community are essentially categorized as public institutions because they manage public funds. It is an obligation for public institutions to account for the

funds they manage to the public in a transparent manner. So every zakat management institution is required to be a trustable institution. According to Bakar and Ghani (2011) that the successful performance of zakat management is not only seen from the amount of zakat funds collected, but also on the impact of the distribution and utilization of zakat, namely to realize social welfare and justice in society, therefore zakat management institutions should be able to increase the quality of programs and services are more focused and have broad impact.

When viewed from the development of zakat institutions, especially after the enactment of Law Number 38 of 1999 (Law on the Management of Zakat), the zakat management institution starts to grow in Indonesia, both the Zakat Agency (BAZ) formed by the government and the *Amil* Zakat Institution (LAZ) formed by the community. No less than 31 Provincial BAZs, more than 300 regency / city BAZs, and 18 National LAZs. In addition to BAZ and LAZ, the number of unauthorized zakat management institutions in the community reaches hundreds. The rapid growth of zakat management institutions is still not accompanied by efforts to strengthen organizational capacity, so that capacity disparities are still quite high. The public in general still see the performance of the *Amil* Zakat institution is not optimal. Most zakat management institutions have not been effective in collecting and distributing zakat.

Based on reality in the field as research conducted by Anwar (2012), Sumarno (2014), and Kasmaniar (2016), there are three major problems faced by zakat management institutions. First, institutional problems. Most zakat management institutions belong to new parties, who are still looking for forms and institutional structures. Second, human resource problems contribute to the low trust (Sumarno, 2014). The quality of human resources managing zakat is still low because most do not make *amil* work as a profession or career choice, but as a side job or part-time job. According to Hafiduddin (2002), being a zakat or *amil* manager is only to fill spare time or fill old age for those who have retired. Third, the system problem, according to Anwar (2012), indicate that most zakat management institutions do not have or understand the importance of a system in the performance of the organization.

Basically there are four areas of work within the zakat management institution which should have a standard operating procedure, namely the management of fund raising, financial management and back office, human resource management, and management of the utilization or distribution of zakat funds. With the performance management system standard, zakat management functions in an *amil* institution are expected to run according to planning and control. Standardization of zakat management is a priority problem that must be done. Alms funds should have been managed with a professional work system with a modern organizational management approach, but rules according to sharia law should not be abandoned.

Regarding the need for a regulation on accountability and transparency, the idea of improving internal governance of zakat management institutions and increasing their credibility among zakat and public contingents, according to Shalihati (2010), that zakat management institutions need to have a self-regulation mechanism, starting from the application of the code of ethics for *amil* zakat until the certification and accreditation of institutions. According to Hafiduddin (2002) and Sudewo (2004), there are two forms of self-regulation mechanism. First, the efforts made by each of the *amil* zakat institutions need to be well maintained to regulate their organizations through institutional statutes or standard operating procedures (SOP). Secondly, the efforts of a group of *amil* zakat organizations involving members of associations such as the Zakat Forum (FOZ) to compile and agree on common rules of play that are practiced when interacting within the zakat community and with outsiders such as donors, the government and the wider community. In addition, to increase public trust, certification and accreditation of zakat management institutions in Indonesia is one of the efforts that need to be explored. Through this mechanism, zakat management institutions will be assessed by third parties, with certain criteria, ranging from financial accountability, openness or transparency, internal management, and so on. This effort can be started by applying a rating to the institutions of *amil* zakat in Indonesia. This rating has several objectives. First, to evaluate the performance of *amil* zakat institutions. Second, motivating the *amil* zakat institution to improve professionalism, accountability and transparency. Third, provide guidance for muzaki or donors in distributing funds. With this rating model, the public will know which institution is trustworthy and professional, and which is not.

## 7. Conclusion

Based on the results of the research and the discussion, the present study has drawn the following conclusion. The effectiveness of zakat management programs through zakat management organizations both within the government and by private sector refers to the Presidential Instruction No.3/2014

concerning BAZNAS in the form of an effective zakat fund collection strategy. The effectiveness aims to increase the collection of national zakat. This will also lead to the growth and maintenance of public trust and the increasing benefits of zakat for improving the welfare of the people and poverty reduction. The zakat management model is an activity of planning, organizing, implementing and supervising the collection and distribution and utilization of zakat.

Efforts to build trust in the zakat payer community are carried out by improving communication relations, and efforts to manage organizational management in a transparent manner and deliver distribution in an effective manner and can be accessed by general public. This effort is carried out by carrying out re-recruitment of *amil* who has formal competence, the ability to provide financial reports as a form of accountability and transparency of the institution, open-mindedness to management by including all elements in decision making, and the process of carrying out activities, having experts in their fields such as: Shariah experts, management experts, economists, etc.; all administrators have a high commitment to pursue work and comply with professional ethics; and has a diverse program that has great benefits for mustahiq and prioritizes empowerment programs (productive).

The level of trust of the zakat payer community (*muzaki*) is generally in the medium category, or simply trusts the zakat management institution and the *amil* who collect zakat. The reason for the community to believe is the performance of the *amil* and the board, the ease of accessing information to the institution concerned, and the ability of *amil* or the administrator to explain the calculation of zakat, and the performance of the existence of the institution.

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