
**THE MEASUREMENT OF THE EFFECTIVENESS LEVEL OF ZAKAT
DISTRIBUTION: A COMPARISON BETWEEN THE ZAKAT COLLECTION
CENTER IN MALAYSIA AND THE NATIONAL AMIL ZAKAT AGENCY
(BAZNAS) IN INDONESIA**

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Abstract

The Zakat management in Malaysia and Indonesia is experiencing rapid development. In Malaysia, the Zakat collection is performed by the Zakat Collection Center (PPZ). Meanwhile, the disbursement of Zakat is performed by Baitulmal. Furthermore, in Indonesia, the collection and distribution of Zakat are performed by one entity, namely the National Zakat Agency (BAZNAS). This study compares the effectiveness level of Zakat disbursement between PPZ and BAZNAS. This study uses a quantitative method with the Allocation to Collection Ratio formula approach. The data is sourced from the summary of PPZ Zakat reports and BAZNAS financial reports. Data was obtained from the website of each entity for 2019-2021. The results showed that the effectiveness level of the distribution of PPZ Zakat was 92%, and BAZNAS was 94%. It shows that the effectiveness of the disbursement of Zakat on PPZ and BAZNAS is in the Very Effective category. The effectiveness level of Zakat disbursement is higher in entities where the collection and disbursement of Zakat are performed by one entity. Zakat management entities worldwide need to respond to the results of this research to optimize the effectiveness of Zakat disbursement in the Highly Effective category. Thus, the benefits of Zakat are genuinely felt by Mustahiq.

Keywords: *Effectiveness of Zakat, Zakat Collection Center, BAZNAS, ACR.*

1. INTRODUCTION

Zakat management, which is done well, is the primary key to elevating the dignity of Muslims in every Islamic country (Hafidhuddin & Beik, 2010). Good *Zakat* management is performed to fulfill Sharia values (Amalia, 2018). *Zakat* management includes collecting and distributing *Zakat* (Bahri et al., 2021; Owoyemi, 2020). The *Zakat* management in Malaysia and Indonesia has become an example of trusted *Zakat* governance (Hasan, 2020; Razimi et al., 2016). In Malaysia, the *Zakat* collection is performed by the Federal Territory *Zakat* Collection Center (PPZ), while *Zakat* disbursement is performed by Baitul Maal (Rahman et al., 2012). Apart from PPZ, entities that collect *Zakat* in Malaysia include Selangor *Zakat* Institution, Pulau Pinang *Zakat* Management Center, Pahang *Zakat* Collection Center, Negeri Sembilan *Zakat* Center, and Melaka *Zakat* Center.

Furthermore, in Indonesia, the Zakat management is coordinated by the National Amil Zakat Agency (BAZNAS) (Amalia, 2018; Annahl et al., 2021; Asnaini, 2017). BAZNAS has two roles: the collection and disbursement of *Zakat* (Nasir et al., 2016). BAZNAS (2021) identified that the collection pillar is targeted to optimize the potential of national *Zakat*. Furthermore, the disbursement pillar contributes to reducing the poverty rate. Based on this explanation, there are differences in the *Zakat* management in Malaysia and Indonesia. In Malaysia, *Zakat* collection is performed by PPZ, while Baitulmal performs *Zakat* disbursement. Meanwhile, in Indonesia, the collection and disbursement of *Zakat* are performed by the same entity, namely BAZNAS.

In order to assess the performance of *Zakat* disbursement to *Mustahiq* (*Zakat* recipients), the National Board of *Zakat* of the Republic of Indonesia (BAZNAS) and the Central Bank of the Republic of Indonesia, compiled *Zakat* Core Principles, which serve as a reference in increasing the effectiveness of *Zakat* disbursement and increasing compliance Sharia in *Zakat* management (Bahri & Arif, 2020; Beik et al., 2014) —the more influential the disbursement of *Zakat*, the greater the benefits that *Mustahiq* will receive. Therefore, the effectiveness level of *Zakat* disbursement needs to be the concern of all parties, primarily *Zakat* management entities.

The effectiveness of *Zakat* disbursement is related to the achievement of *Zakat* disbursement in specific periods (short-term, medium-term, long-term) (Bahri & Arif, 2020). According to Beik et al. (2014), for *Zakat* to effectively alleviate poverty, the state must have an established *Zakat* policy framework. Therefore, Beik et al. (2014) emphasize that the *Zakat* that has been collected must be distributed immediately in the right way. One of the instruments used to control disbursement risk is the Allocation to Collection Ratio (ACR) formula. This ACR consists of five criteria, namely 1. Highly Effective (if $ACR \geq 90$ percent) 2. Effective (if ACR reaches 70-89 percent) 3. Somewhat Effective (if ACR reaches 50-69 percent) 4. Below Expectation (if ACR reaches 20-49 percent) 5. Ineffective (if $ACR < 20$ percent) (Bahri & Arif, 2020).

The effectiveness of *Zakat* disbursement refers to the Sharia Enterprise Theory initiated by Triyuwono (2001). Triyuwono (2001) states that a Sharia entity recognizes accountability vertically to Allah SWT and horizontally to humans and the natural environment. It is supported by various recent studies, e.g. Abdullah (2021), Bahri, Zam-zamiyah, and Nasution (2022), Hermawan & Rini (2018), Hidayati & Tohirin (2019), and Risal (2022). Thus, the higher the effectiveness level of *Zakat* disbursement, the more following the Sharia Enterprise Theory.

However, an overview of the comparative effectiveness of the *Zakat* disbursement between PPZ and BAZNAS still needs to be completed. This condition is due to the need for

a comprehensive picture of the comparative effectiveness of the *Zakat* disbursement between PPZ and BAZNAS. It leads to a need for more information about the effectiveness of *Zakat* disbursement in PPZ and BAZNAS. A comparative description of the effectiveness of *Zakat* disbursement between PPZ and BAZNAS is needed by *Zakat* management entities to optimize the achievement of *Zakat* benefits in this century by *Zakat* institutions in various countries. One effort must be made to compare the effectiveness level of the *Zakat* disbursement between PPZ and BAZNAS.

Various analyzes of the effectiveness of *Zakat* disbursement at PPZ and BAZNAS have been performed, e.g., Bahri & Khumaini (2020), Haq & Wahab (2017), Meerangani (2019), Nazri, Rahman, and Omar (2012), and Ninglasari & Muhammad (2021). However, the analysis (Bahri & Khumaini, 2020) is related to the effectiveness of *Zakat* disbursement only at BAZNAS. Furthermore, research conducted by Haq & Wahab (2017) identified obstacles in implementing an effective *Zakat* disbursement in Kedah Malaysia.

Subsequent research conducted by (Meerangani, 2019) relates to assessing the potential of *Zakat* in developing the quality of Muslims in Malaysia by using the Islamic Religious Council (IRC) approach in distributing *Zakat* to *Mustahiq*. Another study by Nazri et al. (2012) is a conceptual study related to the role of *Zakat* in alleviating poverty in Malaysia. In the end, the latest research by (Ninglasari & Muhammad (2021) discusses digitalization's role in managing *Zakat* during the Covid-19 pandemic.

Meanwhile, a discussion on the comparative effectiveness of *Zakat* disbursement between PPZ and BAZNAS still needs to be completed. In line with this information, research on the comparative effectiveness of *Zakat* disbursement between PPZ and BAZNAS needs to be performed because it can provide information about the effectiveness level of *Zakat* disbursement between PPZ and BAZNAS. In addition, the findings can be the basis for research on developing the effectiveness of *Zakat* disbursement in all *Zakat* management entities worldwide. Furthermore, the results can also be used by the World *Zakat* Agency and *Zakat* management entities that wish to increase the effectiveness of *Zakat* disbursement. Therefore, this study aims to compare the effectiveness level of the *Zakat* disbursement between PPZ and BAZNAS.

2. METHODOLOGY

This research uses quantitative methods. Measuring the effectiveness level uses the Allocation to Collection Ratio (ACR) formula adopted from the *Zakat* Core Principle (ZCP). The ACR formula compares the amount of *Zakat* disbursement and *Zakat* collection. The ACR

assessment category comprises five criteria: 1. Highly Effective (if ACR ≥ 90 percent) 2. Effective (if ACR reaches 70-89 percent) 3. Somewhat Effective (if ACR reaches 50-69 percent) 4. Below Expectation (if ACR reaches 20-49 percent) 5. Ineffective (if ACR < 20 percent (Bahri & Arif, 2020). Thus, the higher the ACR value, the better the effectiveness of the *Zakat* disbursement.

Data were obtained from the PPZ and BAZNAS websites. The data used in this study is the period 2019-2021. BAZNAS data is explicitly used for the collection and disbursement of *Zakat*. Meanwhile, data on the collection and disbursement of *Infaq/Alms* is not used. Furthermore, ACR measurement is performed for each entity. Ultimately, the value of the effectiveness of PPZ and BAZNAS is compared, and the category is determined.

3. RESULT AND DISCUSSION

In this study, data collection was performed on PPZ and BAZNAS. During 2019-2021, PPZ's performance in collecting *Zakat* has continued to increase. Furthermore, the disbursement of *Zakat* performed by Baitulmal during the 2019-2021 period has also increased. In detail, these are described in Table 1.

Table 1. Development of Collection and Disbursement of *Zakat* PPZ and Baitulmal in Malaysia (RM)

No	Year	Collection	Disbursement
1	2019	682.277.217,51	651.220.000,00
2	2020	756.004.918,93	707.968.418,00
3	2021	821.740.348,85	725.144.752,88
	Total	2.260.022.485,29	2.084.333.170,88

Source: PPZ (proceed)

Based on Table 1, *Zakat* collection by PPZ from 2019-2021 has continued to increase from RM688 million (2019), RM756 million (2020), and RM821 million. It shows that the *Zakat* collection by PPZ has grown by 20%. Furthermore, the disbursement of *Zakat* performed by Baitulmal has also increased from RM651 million (2019), RM707 million (2020), and RM725 (2021). It shows that the disbursement of *Zakat* in the 2019-2021 period by Baitulmal grew by 11 percent.

Table 2. Development of Collection and Disbursement of BAZNAS in Malaysia (IDR)

No	Year	Collection	Disbursement
1	2019	248.342.677.327	225.702.309.429
2	2020	305.347.256.942	290.141.453.285
3	2021	448.110.950.330	425.613.391.858
	Total	1.001.800.884.599	941.457.154.572

Source: BAZNAS (proceed)

Based on Table 2, the *Zakat* collection by BAZNAS from 2019-2021 has continued to increase from IDR248 billion (2019), IDR305 billion (2020), and IDR448 billion. It shows that the *Zakat* collection by BAZNAS has grown by 80%. Furthermore, the disbursement of *Zakat* by BAZNAS has also increased from IDR225 billion (2019), IDR 290 (2020), and IDR425 (2021). As a result, it shows that the disbursement of *Zakat* in the 2019-2021 period by BAZNAS grew by 89%.

In the next stage of this study, measurement of the effectiveness level of *Zakat* disbursement at PPZ and BAZNAS has been performed. In detail, the measurement results can be seen in Table 1.

Table 3. Results of Measuring the Effectiveness Level of *Zakat* Disbursement in PPZ and BAZNAS for the 2019-2021 Period

Entity	ACR Value	Category
PPZ	92%	Highly Effective
BAZNAS	94%	Highly Effective

Source: PPZ and BAZNAS (proceed)

The BAZNAS ACR value is 94%, higher than the PPZ ACR value. Furthermore, the effectiveness level of PPZ and BAZNAS *Zakat* disbursement is in the same category: Highly Effective.

Based on the Sharia Enterprise Theory, the results of measuring the effectiveness of *Zakat* disbursement by PPZ and BAZNAS in the Highly Effective category show that the two entities have provided good accountability. Vertically, the results of this measurement show that PPZ and BAZNAS have provided accountability to Allah SWT. Furthermore, horizontally, PPZ and BAZNAS have provided accountability to humans and the natural environment. Accountability to humans is related to accountability to the government, *Muzaki*, and *Mustabiq*. Ultimately, accountability to the natural environment that the disbursement of *Zakat* has become a blessing for all of nature. This study's results show that the effectiveness of the disbursement of *Zakat* on PPZ and BAZNAS is in the Very Effective category. The effectiveness level of *Zakat* disbursement is higher in entities where the collection and distribution of *Zakat* are performed by one entity. *Zakat* management entities worldwide need to respond to the results of this research to optimize the effectiveness of *Zakat* disbursement in the Highly Effective category. Thus, the benefits of *Zakat* are genuinely felt by *Mustabiq*.

This study's results reinforce previous research (Bahri & Khumaini, 2020) that the effectiveness level of BAZNAS disbursement in the Highly Effective category in the 2001-2018 period can also be maintained for the 2019-2021 period. Furthermore, this study shows that the

disbursement of *Zakat* collected by PPZ can be performed by Baitulmal correctly. The results of this study also provide a message to the World *Zakat* Agency and *Zakat* management entities to follow the example of *Zakat* disbursement by PPZ in Malaysia and BAZNAS in Indonesia. It is a *Zakat* contribution in providing services to *Muzaki* and channeling it to *Mustahiq* in an accountable manner.

4. CONCLUSION

This study has compared the effectiveness level of *Zakat* disbursement between PPZ and BAZNAS. The measurement uses a quantitative method with the Allocation to Collection Ratio formula approach. The results showed that the effectiveness level of the disbursement of PPZ *Zakat* was 92%, and BAZNAS was 94%. Therefore, it shows that the effectiveness of the disbursement of *Zakat* on PPZ and BAZNAS is in the Very Effective category. Thus, the effectiveness level of BAZNAS is higher than PPZ. Therefore, *Zakat* management entities worldwide need to respond to the results of this research to continue optimizing the effectiveness of *Zakat* disbursement in the Very Effective category.

Furthermore, The effectiveness level of *Zakat* disbursement is higher in entities where the collection and disbursement of *Zakat* are performed by one entity. The more effective the disbursement of *Zakat*, the greater the benefits of *Zakat* are felt by *Mustahiq*. Thus, the accountability of PPZ and BAZNAS vertically to Allah SWT and horizontally to humans and the natural environment is acceptable.

5. REFERENCES

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