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 Baitulmaal. 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 Bailtulmal 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 Mustabiq (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 Mustabiq 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 ≥ 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), Hudayati & 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
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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 Ration (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)

<table>
<thead>
<tr>
<th>No</th>
<th>Year</th>
<th>Collection</th>
<th>Disbursement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2019</td>
<td>682,277,217,51</td>
<td>651,220,000,00</td>
</tr>
<tr>
<td>2</td>
<td>2020</td>
<td>756,004,918,93</td>
<td>707,968,418,00</td>
</tr>
<tr>
<td>3</td>
<td>2021</td>
<td>821,740,348,85</td>
<td>725,144,752,88</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>2,260,022,485,29</td>
<td>2,084,333,170,88</td>
</tr>
</tbody>
</table>

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)

<table>
<thead>
<tr>
<th>No</th>
<th>Year</th>
<th>Collection</th>
<th>Disbursement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2019</td>
<td>248,342,677,327</td>
<td>225,702,309,429</td>
</tr>
<tr>
<td>2</td>
<td>2020</td>
<td>305,347,256,942</td>
<td>290,141,453,285</td>
</tr>
<tr>
<td>3</td>
<td>2021</td>
<td>448,110,950,330</td>
<td>425,613,391,858</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>1,001,800,884,599</td>
<td>941,457,154,572</td>
</tr>
</tbody>
</table>
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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

<table>
<thead>
<tr>
<th>Entity</th>
<th>ACR Value</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>PPZ</td>
<td>92%</td>
<td>Highly Effective</td>
</tr>
<tr>
<td>BAZNAS</td>
<td>94%</td>
<td>Highly Effective</td>
</tr>
</tbody>
</table>

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 Entreprise 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, Muzakki, 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 Mustabiq 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 Mustabiq. 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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