

Analysis of Financial Performance, Efficiency and Growth of Zakat Management Organizations for Zakat Collection in Indonesia

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ABSTRACT

This study examines the financial performance, efficiency, and growth of Zakat Management Organizations (ZMOs) in Indonesia, focusing on zakat collection and distribution. Zakat, a form of almsgiving in Islam, plays a crucial role in wealth redistribution and reducing income inequality in Muslim-majority Indonesia. The study observes a significant growth in zakat collection, particularly during natural disasters and the Covid-19 pandemic, reflecting increased public income and economic growth. The research emphasizes the importance of good governance in ZMOs, ensuring trustworthiness, transparency, and professionalism. According to Law Number 23 Tahun 2011, ZMOs are responsible for the collection, distribution, utilization, reporting, and accountability of zakat funds. This study quantitatively measures the performance of ZMOs using financial statement analysis to understand their efficiency and financial health. The study investigates the influence of liquidity ratio, amil fund ratio, and activity ratio on zakat distribution, using efficiency and growth ratios as control variables. It analyzes secondary data from financial reports of eight ZMOs in Indonesia for the period 2016-2020. The study employs various econometric tests, including panel data regression, to evaluate the relationships between these financial metrics and zakat distribution. The results indicate that while the liquidity ratio and activity ratio do not significantly impact zakat distribution, the amil fund ratio does. The study also finds that control variables, efficiency and growth ratios, significantly influence zakat distribution. These findings suggest that efficient management and growth of ZMOs positively affect zakat distribution, highlighting the need for effective financial governance in these organizations. In conclusion, the study underscores the critical role of ZMOs in managing zakat funds. It contributes to understanding how financial performance and efficiency of these organizations impact their ability to distribute zakat effectively, thereby aiding in wealth redistribution and economic development in Indonesia

Keywords: Financial Performance Analysis, Zakat Management Efficiency, Zakat Collection Growth

INTRODUCTION

The existence of zakat, especially in Indonesia, aims to ensure equal distribution of wealth, improve the quality of life of the community,

especially for mustahiq (zakat recipients) and reduce the level of income inequality. Over time, the development of zakat in Indonesia itself is quite rapid, as can be seen in the following table:

Table 1.1 Growth of Zakat in Indonesia

Tahun	ZIS (Milyar rupiah)	Pertumbuhan (%)
2002	68,39	0,00
2003	85,28	24,70
2004	150,09	76,00
2005	295,52	96,90
2006	373,17	26,28
2007	740	98,30
2008	920	24,32
2009	1200	30,43
2010	1500	25,00
2011	1729	15,27
2012	2212	27,94
2013	2639	19,30
2014	3300	25,05
2015	3650	10,61
2016	5017,29	37,46
2017	6224,37	24,06
2018	8.117,60	30,42
2019	10.227,94	26,00
2020	12.429,25	42,16
Rata-rata		34,75

Source: (BAZNAS, 2022)



In the table above it can be seen that the collection of zakat in 2020 has grown by 42.16% compared to 2019. This growth trend of zakat collection is very interesting when seen in 2005 and 2007 where the growth of Zakat and Infaq/Alms (ZIS) reached more than 95%, due to the Tsunami in Aceh in 2005, and the Earthquake in Jogja in 2007. This made the events that occurred one of the factors in increasing the total collection when it was caused by a natural disaster that befell and occurred in Indonesia.

Likewise during the Covid pandemic, economic growth in Indonesia was getting better, this also applies to the growth of zakat in Indonesia. Positive economic growth illustrates that there has been an increase in the majority of people's incomes in Indonesia. Zakat collection in 2021 will reach Rp. 11.5 trillion obtained from LAZ reports (zakat institutions) at the Provincial/District/City level (BAZNAS, 2022). This makes the financial reporting of zakat institutions a concern among the public. The community wants to know how zakat institutions obtain funds and distribute zakat funds according to sharia or not.

To properly manage zakat and infaq/alms, zakat institutions must apply the principles of good governance. Organizations can do so while holding on to the principle of making zakat institutions trustworthy (trustworthy), transparent and professional. If this principle can be implemented properly in Indonesia, where the majority of the population is Muslim, then zakat and infaq/alms should be benefits that can be felt by the wider community.

Regarding the management of zakat in (Undang-Undang_Nomor_23_Tahun_2011, 2011), zakat institutions have the task of planning, collecting, distributing and using zakat in accordance with applicable regulations, and reporting and being accountable for the implementation of zakat and infaq/alms fund management. This zakat organization should be able to show good performance to support financial reports, especially good financial performance.

Measuring the performance of a zakat institution organization, this is done quantitatively by using relationship analysis techniques such as analyzing which can be used to find out how the items in the financial statements are related to the items in the income statement (Kasmir, n.d.).

The reason behind this research is the emergence of several opinions that the distribution

of zakat in Indonesia is not evenly distributed and does not match the right target. The existence of the implementation of good governance in accordance with sharia principles so as to minimize the uneven distribution of zakat. In testing the research using the ratio indicator by Baznas (BAZNAS, 2019).

This research relates to previous research from (Rahmadani et al., 2018) who in his research considers that zakat institutions from the point of view of recognition, measurement and presentation of BAZNAS financial reports in the city of Kotamobagu have not fully implemented or fully implemented in accordance with PSAK Syariah 109 the performance of zakat institutions is not efficient enough. This is supported by research (Pamuncak et al., 2021) where in the results of his research there were no significant changes in the application of PSAK Syariah 109, and zakat institutions have not complied with zakat for productive purposes. Research conducted (Auliani et al., 2022) said that the activity ratio and liquidity ratio did not affect the distribution of zakat. Furthermore, research conducted by (Amri, 2021) that in the Activity Ratio test it was obtained from three zakat institutions that have been effective in achieving activity ratios, even though one of the zakat institutions experienced a decrease in achieving its activity ratio. Differences from previous research This is of course very directly related to the performance of financial reports and the efficiency of a zakat institution if the operations and reports are not in accordance with predetermined regulations. The growth that will occur in a zakat institution also participates if a zakat institution has implemented financial reports in accordance with sharia PSAK 109. The difference between the research described above and this research lies in the number of zakat institutions taken for data processing, namely 8 zakat institutions,

Based on the description above, research related to the financial performance, efficiency and growth of zakat institutions on the distribution of zakat in Indonesia must be carried out as a very important element for zakat institutions that can affect the collection and distribution in the context of equal distribution of distribution so that it is in accordance with the sections that have been regulated in the PSAK 109. In this study using the independent variables liquidity ratio, amyl fund ratio, activity ratio. Efficiency and growth ratios are the control variables in the distribution of zakat in Indonesia. The purpose of the research to be

conducted is to be able to (1) analyze how the influence of the liquidity ratio on the distribution of zakat, (2) analyze the effect of the ratio of amil funds on the distribution of zakat, (3) analyze the effect of the ratio of activity on the distribution of zakat.

Zakat Management Organization

At first, zakat administration in Indonesia was traditional, distributed and managed by the ulema at the nearest mosque. Currently there are two models of zakat and infaq/alms management (ZIS), namely ZIS managed by the government through the National Amil Zakat Agency (BAZNAS) and the private sector through the Amil Zakat Institution (LAZ). The establishment of a zakat management organization is based on zakat orders in the Koran including QS At-Taubah verse 103 which reads: "Take zakat from some of their (human) assets, then clean and purify them with this zakat. Pray for them, verily your prayer is a spirit for them, and Allah is All-Knowing." Zakat management organization originates from (Undang-Undang Nomor 23 Tahun 2011, 2011) Zakat is property transferred by a Muslim or community/business entity to those entitled to receive it, according to the provisions of Islamic law. In this case, the community can not only channel zakat funds directly, but also through the Amil Zakat Institution, a unit established for cooperation in the collection, distribution and use of zakat funds.

Along with the regulations regarding distribution as explained above, in Indonesia there are no established regulations regarding the obligation to pay zakat. This can be seen how zakat institutions can achieve a collection target if there is a regulation that obliges people to pay zakat (Cokrohadisumarto et al., 2020). Until now, zakat institutions only accept zakat collection from the understanding of people who already have the knowledge that the payment of zakat for Muslims is an obligation with conditions set by the Al-Quran and applicable regulations. With the regulations set, collection and distribution are mandatory. Then the contribution of zakat to growth will be higher, especially in the economic field (Ben Jedidia & Guerbouj, 2021)

As a zakat manager, his obligation is to be accountable to be able to present reports on all transactions that occur in the operation process. Responsibility in a community or institution is often associated with the interests of shareholders and management. Liabilities also include accounting in

the form of liabilities. In Islam, accountability also involves human relations, where accountability is not only to stakeholders and management, but accountability to Allah SWT.

Zakat Management

Management is a series of activities that include planning, organizing, implementing, and controlling the functions of an entity/company to achieve certain goals. This is closely related to the absence of proper management in an entity/company that will find it a big challenge to achieve goals (Widiastuti et al., 2021). According to zakat management in (Badan Amil Zakat Nasional, 2011) organizing zakat institutions in the management of zakat is the activity of planning, implementing, and coordinating the collection, distribution, and utilization of zakat. It is intended that in practice the distribution of zakat can be carried out in a professional and appropriate manner, in order to improve the quality of life of the recipient of the zakat. In the management of zakat by (Hasan et al., 2019) revealed that the organizational management of zakat institutions can ensure that the strategy in determining human resources (HR) or in this case amil must be able to work in harmony with the objectives of the zakat institution in collecting and distributing strategic zakat.

Agency Theory

Agency Theory or agency theory is a theory that can explain how the working relationship between shareholders and management works. This theory states that the value of a company or business cannot be maximized in running a business if the controls are not effective enough to prevent business or business management from engaging in practices designed to maximize personal gain. In agency theory, this indicates the delegation of principals (shareholders) to business leaders to run the company. (Prastya et al., 2021). This is closely related to the financial performance, efficiency and growth of a zakat institution. With the existence of an agency theory within the zakat institution that links information from the management of the zakat institution with the owner, it can produce transparent financial reports.

Financial performance

Financial performance is the activity level of an industry. Financial efficiency is a formal effort to consider the efficiency and effectiveness of the

industry in generating profits in a certain liquidity position. By measuring financial performance, we can understand the prospects for the development and growth of the financial industry (Nur Pertiwi & Wahyuni, 2022). At zakat institutions in Indonesia during the current year it will be disclosed in the zakat institution's financial statements through financial performance ratios that are measured using a ratio scale where the report is in the zakat institution's financial statements.

The achievement of financial performance in a zakat institution organization can also be seen from how the zakat institution has or makes financial reports. The importance of zakat institutions in financial reporting can increase the accountability of a zakat institution which can later encourage people to have a belief or trust that the collection and distribution of zakat has been properly managed by the zakat institution organization (Rini et al., 2021)

Distribution of Zakat

The distribution of zakat to zakat institutions is the process or method and act of channeling the rightful zakat (mustahiq). This is in accordance with QS. At-Taubah verse 60 which reads "indeed zakat is for the poor and needy, amil zakat, converts who believe in their hearts to free slaves, people who are in debt, and for travelers (people who are on their way)) in the form of a law required by Allah SWT, and Allah is All-Knowing, All-Wise" (Sura at-Taubat: 60). Compliance with sharia makes zakat institutions have to adjust the distribution of zakat according to the asnaf described in the Qur'an and supported in PSAK 109.

The suitability of zakat distribution with the principle of making zakat institutions trustworthy by the community and true in the eyes of sharia.

In his research (Zakaria & Mohamad, 2019) argues that in the distribution of zakat, the value distributed must be large in number. So that this distribution can improve the standard of living of recipients to a higher level. This is reflected in the large number of zakat institutions in Indonesia that allow distribution of large amounts. This study needs to be reviewed by zakat institutions, especially regarding distribution.

Benefit liquidity ratio according to (BAZNAS, 2019) is to measure how well zakat institutions are able to meet their short-term obligations. Where the result is that the higher the value of the zakat liquidity ratio of an institution, the higher the level of distribution

of zakat. This is directly proportional to the ratio of liquidity in the distribution of zakat and allows the distribution of large zakat receipts in a timely manner (Auliani et al., 2022).

H1: The Liquidity Ratio has a positive effect on the distribution of zakat

In zakat there are other people's property rights over their own property. Assets distributed to those who are entitled according to sharia principles and in accordance with the provisions stipulated in PSAK 109. Blessings in zakat are defined as the payment of zakat on assets. Zakat can also mean growth because by giving some of the assets we know that there will be a turnover of assets in society which leads to the development of the operation of these assets in the economic life of society (Bastiar & Bahri, 2019).

Zakat institutions require the calculation of the ratio of amil funds in carrying out their operational functions as an institution that collects and distributes funds. According to MUI Fatwa No. 8, most of the operational costs incurred for each zakat organization that does not receive a share from the government in the form of the state budget will be paid by the amil fund by the zakat institution which is part and part of the zakat fund - Infaq/ alms fund (Baznas, 2022)

H2: The ratio of Amil Funds has a positive effect on the distribution of zakat

In measuring amil funds, the ratio used is the ratio of amil rights, the aim of which is to be able to measure the proportion of amil for Zakat Infaq/Alms (ZIS) in the collection received after deducting the ZIS placement (Auliani et al., 2022). With this report on changes in amil funds, the differences between the financial statements of zakat institutions and business financial reports become clear. The measurements taken aim to measure the efficiency of a zakat institution in using its amil funds for ongoing operational activities.

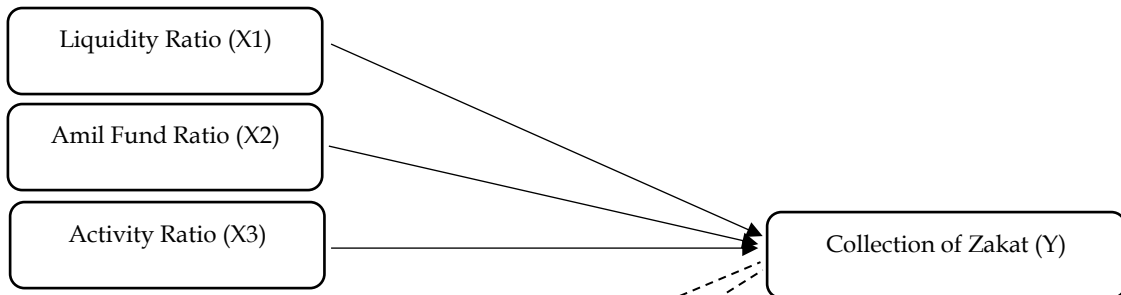
The activity ratio is a ratio that measures the performance of an organization of zakat institutions in terms of how zakat funds are circulated and how long zakat funds are still kept in the report, before being distributed to those who are entitled to own it, to find out the average distribution that occurs in zakat and infaq/alms. Or it can be interpreted that this activity ratio represents the success of an activity in achieving the goals set by the zakat organization (Bahri & Arif, 2020).

H3: Activity ratio has a positive effect on the distribution of zakat

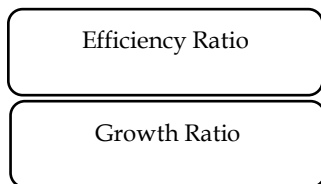
If the measure of the level of activity has a significant value, it can be interpreted that the level of activity increases which results in a decrease in the distribution of zakat. This is possible because the allocation of managed funds is still quite high, which in turn can lead to a decrease in the proportion of funds to be distributed as assets to beneficiaries based on Sharia provisions (Auliani et al., 2022).

Efficiency and Growth of Zakat Management Organizations

Dependent Variable



Independent Variable



Control Variables

RESEARCH METHODS

The research method used in this study is a quantitative method, in the data population, namely all zakat institutions in Indonesia. Meanwhile, the selection of the research sample to be used is the purposive sample method, namely according to (Sugiyono, 2008) that the purposive sampling technique is a technique in determining a sample by taking into account several considerations. Selection is not random, in this case

In the Big Indonesian Dictionary, it is stated that efficiency means an accuracy in doing something that does not waste a lot of time, effort and money. In its management at zakat institutions, efficiency can be measured from the operational costs of zakat institutions that have been incurred in efforts to raise or distribute funds. This dal is closely related to the growth of a zakat institution. This means that the more efficient a zakat institution is, the zakat institution will grow over time because the efforts made in collecting and distributing it are very precise. (Nur Pertiwi & Wahyuni, 2022).

The following is a framework for thinking and developing hypotheses:

must be able to meet the criteria that are tailored to the objectives and problems of a study. The criteria are:

1. The sample is Zakat Institutions that are registered on the BAZNAS website at the national and provincial levels.
2. The zakat institution publish financial reports related to research available on the National and Provincial BAZNAS websites in 2016-2020.

Table 3.1 Determination of Research Sample

NO	KRITERIA SAMPEL	JUMLAH
1	Sampel merupakan Lembaga Zakat yang terdaftar di website BAZNAS (Nasional dan Provinsi)	49
2	Lembaga zakat yang mempublikasikan laporan keuangan yang menyangkut penelitian yang terdapat di website BAZNAS pada tahun 2016-2020	8
3	Lembaga zakat yang tidak mempublikasikan laporan keuangan di website pada tahun 2016-2020	(27)
	Jumlah Sampel Penelitian	8
	Periode Penelitian	5
	Jumlah Akhir	40

Source: Processed data (2022)

Panel data is used in this study. Panel data regression is a regression specification that can combine time series data with cross-sectional data. According to (Hidayat & Miftahurrahman, 2021) The estimation method used in the panel data regression model is implemented in three approaches, namely the common effect model (CE model), the fixed effect model (FE model), and the random effect model (RE) approach. And for the best model to predict panel data results, there are three events: using the chow test, housman test, and LM test. It is said that the chow test in this study can choose a model between the common effect or the fixed effect. In addition, the method of comparing significant values with chi-square cross-section probabilities can be used to determine which model to choose. If the value exceeds >0.05 , then the common effect is selected. If <0.05 the fixed effect is the model to be selected. The Housman test chooses between the fixed effect model and the random effect model and decides which model is most appropriate to use in this study. Meanwhile, the LM test aims to find out which model is better between the random effect model and the common effect model. In the classic assumption test that must be met by this study is panel data regression, which is panel data regression using multicollinearity test, autocorrelation test and heteroscedasticity test. The test conducted is a hypothesis test of panel data analysis data, which consists of the F test, t test and test of the coefficient

of determination. The regression equation model used in this study is formulated as follows:

$$Y_{it} = c + B_1X_{1it} + B_2X_{2it} + B_3X_{3it} + B_4X_{4it} + B_5X_{5it}$$

Information:

- Y : Distribution of Zakat
- c : Constant
- X1 : Liquidity Ratio
- X2 : Amil Fund Ratio
- X3 : Activity Ratio
- X4 : Efficiency Ratio
- X5 : Growth Ratio
- i : cross section
- t : time series

This research was conducted with the aim of being able to analyze the financial performance, efficiency and growth of amil zakat institutions on the distribution of zakat in Indonesia. Use of secondary data in the form of financial reports from the official websites of zakat institutions, such as BAZNAS, zakat houses, Indonesian zakat initiatives, lazis NU, Indonesian Islamic da'wah councils, orphanages & poor people, Indonesian orphanages, PPPA for the 2016-2020 period. The parts that are used as a source of financial report data are balance sheets (financial reports), reports on changes, and reports on changes in assets under management.

RESULTS AND DISCUSSION

Table 4.1 Descriptive Statistics Test

	Y	Likuiditas	Dana Amil	Aktivitas	Efisiensi	Pertumbuhan
Mean	1.247941	8.179412	1.797647	817.6379	40.07765	10.66412
Median	0.940000	3.780000	0.845000	694.0400	9.400000	1.430000
Maximum	8.830000	45.40000	8.720000	3812.710	539.8400	234.4300
Minimum	0.590000	-0.270000	0.060000	204.4900	5.220000	-1.210000
Std. Dev.	1.385354	10.05973	2.187175	592.3888	116.8922	40.36999
Observations	34	34	34	34	34	34

Source: Processed Data (2022)

In this test the value of zakat distribution (Y) the lowest is 0.59000 and the highest is 8.83000. a standard deviation that is greater than the average value in the test shows that there are high fluctuations in the value of the zakat distribution data (Y). Fluctuations in the value of zakat distribution to zakat institution organizations can be seen with the highest ratio value of 8.83 found in NU in 2019 and the lowest value of 0.55 found in the Indonesian Zakat Initiative (IZI) in 2016. The value of this ratio of zakat distribution shows that zakat institution organizations are still lacking. good in distributing zakat to 8 asnaf in accordance with sharia principles. The Liquidity Ratio (X1) has the highest ratio value of 45.40 found in zakat houses in 2019 and the lowest value is found in zakat houses in 2018 with a ratio value of -0.27.

The Amil Funds Ratio (X2) has the highest value of 8.72 in zakat homes in 2018 and the lowest value is found in Indonesian orphanages with a ratio value of 0.06 in 2019. The value of this amil fund ratio can measure the outlay of amil funds in its operating activities. This shows the value of the effectiveness of amil funds used by zakat institutions for company operations in collecting and distributing zakat and infaq/alms funds. This becomes less effective, because most of the amil funds are in operational activities. Organizations of zakat institutions can further review the share of amil funds for zakat and infaq/alms collection.

The Activity Ratio (X3) has the lowest value found in Indonesian orphanages in 2020 with a ratio value of -129.49. The collection and distribution of zakat, infaq/alms in less than 1 year

is quite good at the Indonesian orphanage zakat institution in 2020 indicating that operational activities are quite good, also supported by the covid-19 outbreak that occurred in 2020 so that collection and distribution are distributed quickly .

The Efficiency Ratio as a control variable has the highest ratio value of 626.50 in NU in 2016 and the lowest value is found in PPPA in 2017 with a ratio value of 5.07. This shows that the organization is not good enough to measure the effectiveness of all operational costs incurred by zakat institutions in the collection and distribution of funds.

The growth ratio as a control variable with the highest ratio value is 234.43 at the NU zakat institution in 2017 and the lowest value is at the PPPA zakat institution in 2016 with a value of -1.64. This shows that from the previous year the fund growth rate was not good. Where the growth ratio is the ratio that is considered very important to be able to measure the extent to which the development of the collection and distribution of funds obtained from zakat, infaq/alms every year.

Classic assumption test

The multicollinearity test determines the linear relationship between the regression models for each dependent variable. If the correlation coefficient between these variables gets results of more than 0.8, then this study experiences multicollinearity problems, whereas if the correlation coefficient is less than 0.8, then the data contained in this study is free from multicollinearity problems. The following is a multicollinearity test.

Table 4.2 Multicollinearity Test

	Likuiditas	Dana Amil	Aktivitas	Efisiensi	Pertumbuhan
Likuiditas	1.000000	0.493554	0.142339	-0.168480	-0.147989
Dana Amil	0.493554	1.000000	-0.102954	-0.199830	-0.180200
Aktivitas	0.142339	-0.102954	1.000000	-0.093921	-0.025865
Efisiensi	-0.168480	-0.199830	-0.093921	1.000000	0.664540
Pertumbuhan	-0.147989	-0.180200	-0.025865	0.664540	1.000000

Source: Processed Data (2022)



Based on the table above, it can be proven that all correlation coefficients obtain a value of less than 0.8. Therefore, it can be said that there is no multicollinearity problem in this research data.

Autocorrelation Test

Test autocorrelation can be used to test whether there is a correlation between the variables used in this study. If the variables in this study show a correlation, it means that the model is experiencing inefficiency, according to (Pamuncak et al., 2021). Based on the tests performed, the

autocorrelation value in this study was $0.78 > 0.05$, so there was no autocorrelation problem.

Heteroscedasticity Test

In heteroscedasticity testing, this test is carried out whose purpose is to determine whether there is a difference between the variance of the residual value of one observation in another observation test. The results of this study, researchers used the white method in detecting the presence and absence of heteroscedasticity in the regression model, as follows:

Table 4.3 Heteroscedasticity Test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.301300	0.434222	0.693885	0.4962
Likuiditas	-0.019601	0.057265	-0.342280	0.7359
Dana Amil	0.708764	0.282891	2.505429	0.0215
Aktivitas	-0.000852	0.000754	-1.129947	0.2726
Efisiensi	0.029616	0.033063	0.895770	0.3816
Pertumbuhan	-0.006125	0.056158	-0.109070	0.9143

Source: Processed Eviews10 data

Based on the table above, the probability values for all independent variables have two ratios, namely the liquidity ratio and the growth ratio, which have a value of more than 0.05, meaning that there is no heteroscedasticity, and three ratios, namely the ratio of amyl funds, activity ratio, efficiency ratio, have a value of less than 0.05, so in this ratio there is heteroscedasticity.

Hypothesis testing

According to (Sekaran, 2011), the hypothesis is defined as a logically predictable relationship between two or more variables and expressed as a proposition to be tested in research. Thus obtained consistent estimation results in research. The following are the results of the estimation in panel data regression.

Table 4.4 Hypothesis testing

Dependent Variable: Penyaluran Zakat
 Method: Panel Least Squares
 Date: 07/13/22 Time: 16:48
 Sample: 2016 2020
 Periods included: 5
 Cross-sections included: 8
 Total panel (unbalanced) observations: 34

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.097116	0.163212	6.722030	0.0000
X1	-0.010210	0.009212	-1.108396	0.2771
X2	0.023462	0.042608	0.550638	0.5862
X3	-0.000129	0.000137	-0.936951	0.3568
X4	0.014920	0.000909	16.40855	0.0000
X5	-0.028184	0.002608	-10.80830	0.0000

R-squared	0.910341	Mean dependent var	1.247941
Adjusted R-squared	0.894330	S.D. dependent var	1.385354
S.E. of regression	0.450335	Akaike info criterion	1.401135
Sum squared resid	5.678443	Schwarz criterion	1.670493
Log likelihood	-17.81929	Hannan-Quinn criter.	1.492994
F-statistic	56.85885	Durbin-Watson stat	1.635338
Prob(F-statistic)	0.000000		

Distribution of Zakat = $1.097116 - 0.010210\text{LIK} + 0.023462\text{DA} - 0.000129\text{AK} + 0.014920\text{EF} - 0.028184\text{PER}$

Information

Y	:Distribution of zakat
c	:Constant
X1	:Liquidity ratio
X2	:Amil fund ratio
X3	:Activity ratio
X4	:Efficiency ratio
X5	:Growth ratio

Explanation:

1. Constant value ($c = 1.0971160$)
Based on the equation above, the constant is 1.0971160 and has a positive value, which means that if LIK, DA, AK, AF and PER are equal to 0 (zero), the level of zakat distribution will increase by 1.097116.
2. The coefficient value of the X1 liquidity ratio is -0.010210 and is negative, which in this case means that for every 1% increase in the liquidity ratio, the amount of zakat distribution decreases by -0.010210.
3. The coefficient value of the Amil Fund Ratio X2, which is 0.023462 and is positive, indicates that an increase in the Amil Fund Ratio by 1% means that the amount of zakat distribution will increase by 0.023462
4. The coefficient value of the activity ratio X3 is -0.000129 and is negative in this case, meaning that every 1% increase in the activity ratio reduces the amount of Zakat distribution by -0.000129.
5. The coefficient value of the X4 efficiency ratio is 0.014920 and is positive. This shows that there is an increase in the efficiency ratio of 1%, meaning that the level of distribution of zakat will increase by 0.014920.
6. The coefficient value of the X5 growth ratio is -0.028184 which is negative, which in this case means that for every 1% increase in the growth ratio, the level of distribution of zakat decreases by -0.028184.

The Effect of Liquidity Ratio on Zakat Distribution

The first hypothesis proposed is that the X1 value of the Liquidity Ratio is $0.2771 < \alpha 0.05$ and the regression coefficient value is -0.010210. Thus the Liquidity Ratio has no significant effect on Zakat Distribution, which means that H1 is rejected.

Based on the results of data processing in the study, it shows that the Liquidity Ratio has no effect on Zakat Distribution. This is obtained from the calculation of the Current Ratio, Quick Ratio, Cash to Zakat Ratio, Cash to ZIS Ratio. While the reason for the liquidity ratio does not affect the distribution of zakat seen from the total assets under management, the fact that in this study is less than 1 indicates that the solvency of zakat institutions cannot cover the total short-term liabilities in a period. These results are in line with research (Auliani et al., 2022) where the liquidity ratio has a negative effect.

Effect of Amil Fund Ratio on Zakat Distribution

The first hypothesis proposed is that it states that the probability level is $0.5862 < \alpha 0.05$, and is obtained at 0.23462 from the regression coefficient value in the test. Partly because the probability level is greater than 0.05, it does not have a significant effect on the distribution of zakat, so H2 is rejected.

Based on the results of data processing in this study, it shows that the Amil Fund Ratio affects Zakat Distribution. The following is from the ratio of amil funds to zakat distribution, the ratio of amil funds to infaq/alms, the ratio of amil funds to CSR, which in this study shows that the ratio is ≤ 12.5 . It can be seen that the zakat institution is able to measure its effectiveness in using amil funds in the zakat institution's operational activities. This is in accordance with the provisions that apply to the calculation of the performance reports of zakat institutions at BAZNAS (BAZNAS, 2019).

Effect of Activity Ratio on Zakat Distribution

The first hypothesis states that the probability level is $0.3568 < 0.05$ and the regression coefficient is -0.000129. Because the probability level of the test results performed is greater than 0.05, the activity ratio does not have a significant effect on zakat distribution, so H3 is partially rejected.

Based on the results of data processing in the research conducted, it shows that the value obtained is less than 45% (BAZNAS, 2019). Then it can be less effective in the operation of zakat institutions when using assets at zakat institutions.

This is in line with research by (Auliani et al., 2022) and (Amri, 2022) that the activity ratio has no effect.

The effect of applying the control variable to the Efficiency Ratio and Growth Ratio on Zakat Distribution

On the results of the control variable used produce a probability level for the Efficiency Ratio of 0.0000 and the Growth Ratio gets a value of 0.0000 less than 0.05, therefore the control variable has an influence on the distribution of zakat.

The efficiency ratio affects the distribution of zakat. From the calculation of the cost of collection ratio, the ratio of operational costs and the ratio of personnel costs (HR). The results of this study do not agree with (Auliani et al., 2022) who found that the size of the efficiency ratio did not have a significant effect on the distribution of zakat. And (Pamuncak et al., 2021) the growth rate has a positive effect on the distribution of zakat.

CONCLUSION

Based on the analysis of hypothesis testing, the following information and discussion is obtained:

1. Based on the results of research testing, the independent variable shows that the liquidity ratio partially has no significant effect on the distribution of zakat at zakat institutions in Indonesia for the 2016-2020 period (Hypothesis 1 is rejected).
2. Based on the test results in the study, the independent variable shows that the ratio of amil funds does not have a significant effect on zakat distribution in zakat institutions in Indonesia for the 2016-2020 period, partially so (Hypothesis 2 is rejected).
3. Based on the results of the independent variable research, it shows that the level of activity ratio partially has no significant effect on the distribution of zakat in zakat institutions in Indonesia for the 2016-2020 period (Hypothesis 3 is rejected).
4. Based on the research results, it is known that the control variables in this study, namely the efficiency ratio and growth ratio partially have a significant effect on the distribution of zakat in zakat institutions in Indonesia for the 2016-2020 period partially.

The research conducted has limitations that should be used as material for further research to achieve better results in the future. Another concern of zakat institutions is the need to periodically publish financial reports through the existing official website, so that the public is aware

of the progress of the funds that have been distributed.

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