

CHAPTER I

INTRODUCTION

1.1 Background

In terms of fund management, performance measurement is one of the important activities to be considered by organizations, including by non-profit organizations, such as Zakat Management Organizations (OPZ) as the organization authorized to manage zakat funds (Fadillah et al., 2017). According to Whittaker (in Moeheriono, 2012), performance measurement is a management tool that functions to assess the achievement of goals and objectives, as well as improve the quality of decision-making and accountability. This performance measurement is important to be applied to institutions and organizations. As Saputra (2018) argues, performance measurement aims to increase employee motivation, both in complying with predetermined behavioral standards and in achieving organizational goals, so that the organization can get results and actions in accordance with what is expected. Based on Law No. 23 of 2012, Zakat Management Organizations (OPZ) is divided into 2 organizations, namely National Amil Zakat Agency (BAZNAS) and Amil Zakat Institution (LAZ). There are differences between the two organizations. According to Law no. 23 of 2011, BAZNAS is a non-structural government institution authorized to manage zakat nationally, is independent, and is responsible to the President through the Minister of Religion. Meanwhile, LAZ is an institution in charge of the collection, distribution, and utilization of zakat, the formation of which is made by the community, then ratified by the ministry of religion.

Zakat is one of the obligations that must be carried out by every Muslim who can afford it. Article 1 paragraph 2 of Law No. 23 of 2011 concerning Zakat Management explains that "Zakat is a property that must be issued by a Muslim or business entity to be given to those who are entitled to receive it in accordance with Islamic law" (Mualimah & Kuswanto, 2019). In addition, the Shafi'i school also says that zakat is a name for something that is issued from property or body in a certain way (Furqon, 2015). For Muslims, this zakat obligation has been listed in the QS. At-Taubah verse 103 which means, "Take zakat from some of their wealth, then with that zakat you cleanse and purify them". The verse is then interpreted by the Ministry of Religion

which explains that by paying tithe, it means that someone has taken some of his wealth to help others and cleanse and purify himself of the nature of love for property. Zakat has many benefits. In addition to being useful as a means to clean assets, zakat is also useful as a source of funds in the construction of infrastructure for Muslims, such as religious, health, educational, social, economic facilities, as well as developing Muslim human resources (Sabiq, 2015). Thus, zakat can promote business ethics properly, because zakat is not cleaning dirty assets, but removing part of the rights of others from the assets that we have worked properly and correctly in accordance with the provisions of Allah SWT. Based on the pillars of zakat, there are 3 elements that must be present in its implementation, including people who pay zakat (muzaki), people who receive zakat (mustahik), and assets subject to zakat. People who are entitled to receive zakat (mustahik) based on QS At-Taubah verse 60 consist of several groups, including the indigent, the poor, amil (zakat administrators), converts (people who are persuaded by their hearts to remain in Islam), riqab (slaves), gharim (people who are in debt), fi sabilillah, and ibn sabil (Saleh, 2018).

In measuring performance, there are 2 types of methods that have been used to measure the efficiency of the performance of the BAZNAS, namely: the Balanced Scorecard (BSC) method and the Data Envelopment Analysis (DEA) method. BSC method is a method that allows one to get an accurate and comprehensive view of the business including financial measures and operational measures by producing outputs regarding customer satisfaction, internal processes and employee innovation and operations that can spur future financial performance (Sedarmayanti, 2014). However, this method is more suitable for private companies that prioritize profit aspects compared to non-profit institutions such as BAZNAS. Meanwhile, according to the Sterling Committee for the Review of Commonwealth/State Service Provision. 1997, DEA method is a linear programming method designed to measure unit efficiency in decision making using inputs and outputs. This method is suitable for researching the efficiency of the performance of public sector institutions, such as BAZNAS and LAZ. The DEA method is indicated to be used as a performance evaluation tool in organizational activities called the Decision Making Unit (DMU). Based on the research that has been done, the inputs used are

salary expenses and depreciation of fixed assets. As for the output used, namely: receipt of zakat funds and distribution of zakat funds (Afida, 2017).

There are several studies that use the DEA technique in measuring the efficiency of BAZNAS performance, such as the research of Siti Nurhasanah and Deni Lubis (2017) entitled "PERFORMANCE EFFICIENCY OF BAZNAS BOGOR AND SUKABUMI: DATA ENVELOPMENT ANALYSIS APPROACH". This research uses the DEA method, which data processing is carried out using DEAP version 2.1 software and Microsoft Excel. The input variables used in the intermediation approach are collected funds and operational costs. The output variable used in the intermediation approach is channeled funds. The results of this study indicate that the performance of BAZNAS Bogor City and Sukabumi City experienced a decrease in efficiency scores on the Constant Return to Scale (CRS) assumption. Bogor Regency National Amil Zakat Agency was efficient in 2015, and experienced a decrease in efficiency in 2016 with the assumption of CRS. The National Amil Zakat Agency of Sukabumi Regency is 100 percent efficient with the assumption of CRS and Variable Return to Scale (VRS).

Alfi (2014) conducted a study on FINANCIAL PERFORMANCE EFFICIENCY OF LOCAL AMIL ZAKAT AGENCY (BAZDA): DATA ENVELOPMENT ANALYSIS (DEA) APPROACH. The object under study is the financial statements of BAZDA of East Lombok Regency for the period 2012-2014. The method used is the DEA method with the assumption of CRS using input and output variables. The input variables used are the collected ZIS funds, fixed assets and employee salaries. Meanwhile, the output variables are the distributed ZIS funds and operational costs. The results of this study indicate that the BAZDA of East Lombok Regency experienced efficiency in 2012-2014, which was 100 percent. Efficiency occurs because the actual value is not the same as the target value set by the DEA.

Lutfiyah (2022) conducted a research on BAZNAS EFFICIENCY IN BANTEN PROVINCE USING DATA ENVELOPMENT ANALYSIS (DEA) METHOD. The object of this research is the financial report of BAZNAS Banten Province. The research method uses a quantitative approach through the DEA method which is a non-parametric statistical calculation method to measure the level of efficiency in an institution. The input variables used are total assets and operational

costs and the output variables used are the amount of collection and distribution of ZIS funds. The result of this research is that the Banten Province BAZNAS experienced efficiency in 2019 and 2020. South Tangerang City BAZNAS and Serang Regency BAZNAS experienced efficiency in 2020. The Tangerang City BAZNAS has not yet achieved efficiency in 2018. Especially for Cilegon City BAZNAS in the 2016-2020 period. does not achieve efficiency and continues to decline every year. The inefficiency that occurred in BAZNAS in Banten Province during the 2016-2020 period was due to three factors, namely, first, excessive, ineffective and productive use of assets could cause the performance of the institution to be inefficient. Second, spending on operational costs that are not in line with the target causes an increase in expenses. Third, the amount of collection and distribution of ZIS funds has not been maximized.

Aulia (2022) conducted a study on the Efficiency Analysis of the National Amil Zakat Agency (BAZNAS) Using Data Envelopment Analysis (DEA): A Case Study of BAZNAS in Agam Regency. The object of this research is the Agam Regency financial report from 2018-2021. using the DEA method is a paramagtic method to measure the efficiency of an institution's performance. This method has input variables in the form of salaries and depreciation of fixed assets. Meanwhile, for the output variable in the form of receipts and distribution of zakat funds. The results showed that the Agam Regency BAZNAS in 2018, 2019 and 2021 experienced efficiency. Meanwhile, in 2020 the performance of BAZNAS in Agam Regency is close to perfect efficiency, which is 97.9%. In 2020, it is in an inefficient condition due to a lack of salary expenses and depreciation of fixed assets and this condition affects the receipt and distribution of zakat funds.

From the results of previous research, it can be concluded that the efficiency analysis of the BAZNAS uses the DEA method in several provinces, cities, or regencies in Indonesia such as: BAZNAS in Bogor and Sukabumi, BAZNAS in East Lombok Regency, BAZNAS in Banten Province, and BAZNAS in Agam Regency. . the opportunity for researchers to make BAZNAS the object of research for researchers to measure efficiency performance using the DEA method. There are 514 BAZNAS spread across Indonesia. However, many that have been studied come from the island of Java. This can be a reference for researchers outside Java to study the efficiency

analysis of BAZNAS's performance using the DEA method, especially in the West Sumatra area. Since in West Sumatra there is only one researching the efficiency analysis of BAZNAS using the DEA method, the authors are interested in analyzing the efficiency of BAZNAS using the DEA method in Padang City, Pariaman City, and Padang Pariaman Regency. The reason the author takes the object of the 3 areas is because, the 3 areas are close to each other. So that later the results can be a reference for other researchers in measuring the efficiency of BAZNAS in other areas.

In the management of zakat, not all Provincial and City/Regency BAZNAS are transparent in receiving or distributing funds from the public. When the domicile research site survey suggested several transparent City/Regency BAZNAS places and finally the author chose research in 3 cities/regencies, namely, Padang City, Pariaman City, Padang Pariaman Regency. The author is interested in researching the title of BAZNAS Efficiency Analysis of Padang City, Pariaman City, and Padang Pariaman Regency Using the DEA Method. Because the three areas have a close distance, the researcher is interested in measuring the efficiency of performance in this agency, whether it is efficient based on the DEA method.

1.2 Problem Formulation

From the background that has been explained, the author formulates the problem into several, including:

1. How is the level of efficiency at BAZNAS Padang City, Pariaman City, and Padang Pariaman Regency using the DEA method in 2018-2021?
2. What are the causes that affect the level of efficiency at BAZNAS Padang City, Pariaman City, and Padang Pariaman Regency in 2018-2021?
3. How is the comparison of the level of efficiency in each year at BAZNAS Padang City, Pariaman City, and Padang Pariaman Regency in 2018-2021?

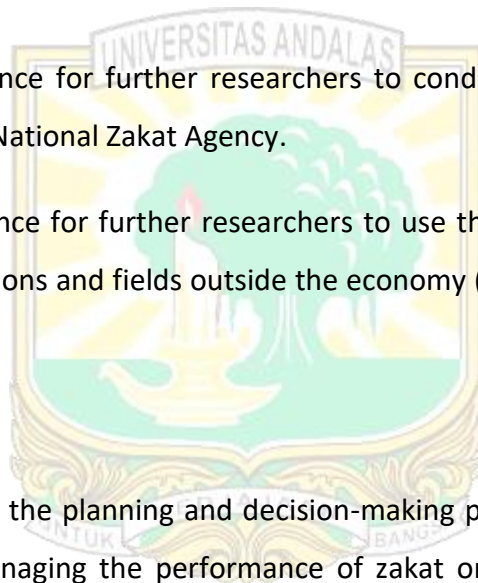
1.3 Research Objectives

Based on the formulation of the problem above, the purpose of this research is to find out how the level of efficiency and causes that affect the level of efficiency at BAZNAS Padang City, Pariaman City, and Padang Pariaman Regency using the DEA method in 2018-2021.

1.4 Research Benefit

The expected benefits of this research are as follows:

1. Theoretically
 - a. Become a reference for further researchers to conduct research on performance efficiency at the National Zakat Agency.
 - b. Become a reference for further researchers to use the DEA method in research in agencies, institutions and fields outside the economy (such as industry, government and other fields).
2. Practically
 - a. As a reference in the planning and decision-making process of BAZNAS and OPZ in the future in managing the performance of zakat organizations better and more effectively.
 - b. Become a source of information for donors and potential donors to understand the level of efficiency of the OPZ, which will affect donor trust in the organization.



1.5 Writting Systematic

Systematics in writing this thesis consists of five chapters, namely as follows:

CHAPTER I : INTRODUCTION

The introductory chapter describes the background of the problem, the formulation of the problem, the objectives and benefits of the research, a review of previous studies, and the systematics of writing.

CHAPTER II : THEORY BASIS

The literature review and theoretical foundation chapter consists of three parts: First, it contains documentation and a review of the results of research conducted in the same field. Second, it contains the theories used to solve the problems to be studied. The basis of this theory includes the theory of library research. The theory obtained will be the basis for writing discussions and conclusions about the choice of the title of the book chosen by the author. Third, includes the formalization of assumptions. The hypothesis is a temporary answer to the expression of the question, so the hypothesis proposed is a statement of the answer to the question phrase.

CHAPTER III : RESEARCH METHOD

The research methods chapter introduces the analytical methods used in research, the data used and the sources of research data.

CHAPTER IV : RESULTS

The results chapter contains all the research findings. Provides an overview of the research data and an explanation of the results of the analysis, causes and comparisons.

CHAPTER V : CONCLUSIONS

The conclusion chapter contains several things, namely the researcher's conclusions, implications for a party, limitations from researchers, and researcher suggestions for the further development of this research.

