



## IS NON-FINANCIAL HEALTH RELATED TO FINANCIAL HEALTH IN ZAKAT INSTITUTIONS?

Erny Arianty✉, Iin Indrawati

Politeknik Keuangan Negara STAN, Tangerang Selatan, Indonesia

✉ernyarianty@pknstan.ac.id

<https://doi.org/10.46367/jas.v8i1.1801>

Received: Mar 09, 2024 Revised: May 21, 2024 Accepted: May 24, 2024 Published: Jun 21, 2024

### ABSTRACT

This research aims to analyze the financial and non-financial health levels of one of the Zakat institutions, Rumah Amal Salman ITB. The method used is explanatory research with a descriptive quantitative approach. The data used is secondary and primary in financial reports from Rumah Amal Salman ITB and questionnaires from 20 respondents. The research results show that the health level of the Rumah Amal Salman ITB is excellent, both in terms of financial and non-financial health, which is effective and efficient. The level of financial health includes the health of activity performance, operations, liquidity, and growth. The level of non-financial health includes general management health, risk, and Sharia compliance. The results of this research can provide a reference to the relationship between financial and non-financial performance in zakat institutions. This can inform other zakat institutions on performance elements that must be improved to realize organizational health values, which will impact increasing ZIS fund receipts.

Keywords: financing, non-financing, healthy, value, zakat institution.

### INTRODUCTION

Zakat has a goal, namely to achieve socio-economic justice and achieve beneficial effects on several dimensions such as aggregate consumption, savings and investment, the aggregate supply of labor and capital, poverty alleviation, and economic growth (Wahab and Rahman 2011; Angraeni, Pangemanan, and Rondonuwu 2016). The benefits of distributing zakat can also lift people from among the *mustahik* towards a better life, and they are even expected to become positions as *muzakki* (volunteer giving zakat); in this case, the benefits of zakat can have an increasing effect (Razak 2020). This is also supported by researchers other than zakat becomes a solution to alleviating poverty (Khan 2007; Atabik 2015; Anwar and Malifah 2021). Zakat became a solution to overcome the poverty level in society and provide prosperity to the people. Ideally, understanding and believing about things related to religiosity will impact and influence the public to invest in finance social and zakat, *infaq* and *shadaqah* (ZIS) (Lili Wang and Graddy 2008).

By looking at the benefits provided by this mechanism for distributing wealth through zakat, ideally, the problem of poverty in Indonesia can be resolved, the gap between the rich and the poor no longer exists, and justice can be realized. However, until now, the poverty level in Indonesia has not seen a downward trend. The poverty percentage is still above 9%. This can be seen from information from the Central Statistics Agency on the percentages of poverty for five years, which is still above 9 % of the residents of Indonesia (BPS 2021). This shows that within 5 years, the benefits of zakat have been insignificant, which



could be due to one of the reasons being that the receipt of zakat could have been more optimal, or it could also be due to the uneven distribution process.

Another problem is that the growth in zakat receipts has yet to reach the expected potential (Batubara et al. 2023). Zakat receipts are still far from the expected value (Ramadhan, Sari, and Ramashar 2021). The chairman of the National Zakat Amil Agency has also stated that the potential for zakat in Indonesia could reach IDR 327 trillion per year, according to data compiled from his institution's strategic research center (Ditzawa 2023). Potency originated from zakat in income, agriculture services, plantations, livestock, and other sectors. However, this awareness and understanding still need to be increased, considering that some people still believe more in channeling part of their wealth to individuals because they think the resulting benefits are more visible, and there is still an attitude of distrust if the distribution is through an agency (Setiaware 2013). Ramadhan, Sari, and Ramashar (2021) also conveyed that there was an attitude of lack of trust from *muzakki* if the zakat was distributed through zakat institutions, it was feared that the funds would not be equal to the *muzakki*. This is because transparency and accountability practices in zakat institutions still need to be higher, so the public cannot know the distribution of zakat funds managed by zakat institutions (Rahmah, Aslindar, and Pujiastuti 2023).

Based on this existing phenomenon, the zakat institution is improving its performance to grow public trust by channeling part of its assets to *muzakki* through zakat managers. This is a challenge for the zakat institutions in addition to the zakat revenue target in 2023, which is experiencing a significant increase of 33.8 trillion rupiahs. Zakat institutions must implement efficient and accountable management of ZIS funds from collection to distribution. Efficiency, in this case, shows the efforts of the zakat institution in using the resources they must achieve goals. At the same time, accountability is part of good governance, which is supported by other governance elements so that good accountability and transparency practices are realized. The health of the zakat institution is not only healthy from a financial perspective but can also be seen from the health of management or what we know as the implemented governance.

The Rumah Amal Salman ITB Foundation is one of the zakat institutions located in Bandung. It is also required to take part in the zakat institution's role as a professional ZIS fund manager. The Rumah Amal Salman ITB Foundation must also create a healthy organization that includes health from a financial and non-financial (managerial) perspective. Latifah, Abidin, and Sulthonie (2017) state that Rumah Amal Salman ITB has carried out several zakat management strategies, and the results show that the management is running effectively. Rumah Amal Salman ITB also partners in publishing Cash Waqf Linked Sukuk (CWLS), but only in some publications. As is known, the criteria for becoming a distribution partner must have good performance (Lingyun Wang and Kess 2006; Kafa, Hani, and El Mhamedi 2018).

Research related to analysis-level health zakat administrators has been done in several studies previously. researched five zakat institutions to analyze the level of health organizations from side performance finance with the use method explanatory research and produce zakat institutions health level is sufficient healthy as well as factor affecting the level health is efficiency and other financial ratios; namely the activity ratio, amil funds, liquidity, and growth do not affect



financial performance. Research by Djaghballou et al. (2018); Handayani, Ainun, and Fahmi (2020) on the same topic give information that some zakat institutions have a ratio of enough activity. Research by Wahab and Rahman (2011) developed a framework for the analysis of efficiency and governance of zakat institutions using a literature review method. Zakiy, Falikhatun, and Fauziah (2023) researched the influence of Sharia governance on the performance of zakat institutions using quantitative methods. Research by Nahar (2018) about the level of health from the non-financing perspective or health management zakat institutions has also been done using a spread questionnaire. The difference between the previous study and this is the level of health of the zakat management unit analyzed and data in the research. This research not only analyzes the health level of Zakat from a financial health perspective but also from a non-financial health perspective. Then, this research also analyzes whether there is a relationship between financial health and non-financial health, namely whether good financial health is followed by good non-financial health or whether there is no relationship. Therefore, this research aims to analyze the financial and non-financial health levels of Rumah Amal Salman ITB.

## LITERATURE REVIEW

### Stakeholder Theory

Stakeholder theory is a strategic management concept aimed at helping corporations strengthen relationships with external groups and develop competitive advantages (Freeman 1984). Stakeholder theory says that a company is not an entity that only operates for its interests but must provide benefits to its stakeholders. Thus, the existence of a company is greatly influenced by the support provided by stakeholders. The company's survival depends on stakeholders' support, so the company's activities seek this support; the more influential the stakeholder, the greater the company's efforts to adapt (Gray, Kouhy, and Lavers 1995). Stakeholders are groups or individuals who can influence and be influenced by achieving specific goals, stakeholders in terms of their critical position and influence (Grimble and Wellard 1997). From this definition, stakeholders are attachments based on specific interests. Thus, talking about stakeholder theory means discussing matters related to the interests of various parties.

The first thing about stakeholder theory is that stakeholders are a system that is explicitly based on a view of an organization and its environment regarding the complex and dynamic nature of the mutual influence between the two stakeholders and organizations influence each other; this can be seen from their social relationships in the form of responsibility and accountability (Deegan 2004). Therefore, the organization has accountability towards its stakeholders. The basic premise of stakeholder theory is that the stronger the corporate relationship, the better the corporate business will be (Dmytriiev, Freeman, and Hörisch 2021). On the other hand, the worse the corporate relationship, the more difficult it will be (Lin-Hi and Blumberg 2018). Strong relationships with stakeholders are based on trust, respect and cooperation (Bundy, Vogel, and Zachary 2018).



## Zakat

Zakat is interpreted as plants and growing. Zakat complies with *syara* and can interpret several condition-specific properties given to a group. So that is what it means: riches will grow and increase because of blessing because the zakat is their prayer from the recipient zakat (Abubakar 1993). Base law obliged Zakat payments to Muslims exist in the Al-Quran Surah At-Taubah verse 103, Meaning: "Take zakat from part treasure them, with the zakat you clean and purify them, and pray for them. Truly your prayers (cultivates) peace soul for them, Allah Almighty listen, ma'am known". Zakat payments included a worship category, so law paying zakat is necessary for Muslim men and women. There are some types of zakat are: zakat *nafs* (soul) or zakat fitrah and zakat *maal* (treasures) (Zaenal et al. 2023).

## Financial and Non-Financial Health the Amil Zakat Institution

The amil zakat institution is a form of a non-profit entity, namely an entity where the business process does not aim to make a profit, and the main activities include collecting ZIS funds and distributing them to parties according to the provisions of Islamic rules (Widodo and Kustiawan 2001). The indicators used to measure zakat institution health are financial and non-financial health. Evaluation health institutions are non-profit, specifically zakat institutions, and they still need to have regulations governing them. It is just new. There are several studies. The national zakat amil agency library created the tool zakat institution assessment, which is suitable for both finance and non-financial. Financial health includes activity health, operational health, liquidity health, and growth health. An analysis of the health value of each financial ratio is used to determine the health value. A financial ratio analysis was carried out to compare the zakat institution's performance. The financial performance depicted from calculating financial ratios reflects the zakat institution's compliance with Sharia rules or regulations (Puskasbarnas 2019). Financial performance is presented as a form of responsibility for managing funds, which is carried out efficiently in carrying out the zakat institution program in managing people's funds and will automatically increase the trust of *muzakki* to pay zakat to the zakat institution concerned (Noor et al. 2012).

Ratio activity is used to measure activity operations of ZIS funds collected by zakat institution along with distribution in one of the years concerned (Rahmawati and Septiarini 2021). Ratio efficiency measures the efficiency of cost operations issued by zakat institutions in the activity collection and distribution of ZIS funds (Al-Ayubi, Ascarya, and Possumah 2018). The more efficient the zakat institution in the collection, the more good governance the zakat institution (Sawmar and Mohammed 2021). The amil fund ratio measures the effectiveness of internal amil funds activity collection and distribution of ZIS funds (Puskasbarnas 2019). Ratio liquidity measures the zakat institution's ability to quickly pay off an obligation period. Measurement ratio liquidity This functioned to find out which funds still need to be deposited channeled and to know deep zakat institution capabilities distribute ZIS funds to those entitled to accept. Ratio growth is illustrative ratio growth collection and distribution of ZIS funds to zakat institutions from years previously (Puskasbarnas 2019). Health management uses



general management health indicators, risk management, and Sharia compliance management.

The measurement of the health index for zakat institutions in this study consists of: (1) Activity Performance - Allocation to Collection Ratio (ACR): Gross Allocation Ratio (GAR), Non-Amil Gross Allocation Ratio (NAGAR), Net Allocation Ratio (NAR), Non-Amil Net Allocation Ratio (NANAR), Zakat Allocation Ratio (ZAR), Zakat Allocation Ratio Non-Amil (ZARNA), *Infaq* and *Shadaqah* Allocation Ratio (ISAR), *Infaq* and *Shadaqah* Allocation Ratio Non-Amil (ISARNA). (2) Activity Performance - Turn Over Ratio (TOR): Zakat Turnover Ratio (ZTR), Average of Days Zakat Outstanding (ADZO), *Infaq Shadaqah* Turn Over Ratio (ISTOR), Average of Days *Infaq Shadaqah* Outstanding (ADISO), ZIS Turn Over Ratio (ZISTOR), Average of Days ZIS Outstanding (ADZISO). (3) Activity Performance - Ratio Distribution of Funds (RDF): Ratio Receivables Distribution (RRD), Activity Down Payment Ratio (ADPR), Zakat Asset Management Ratio (ZAMR).

(4) Operational Performance - Efficiency Ratio (ER): Collection Expenses Ratio (CER), Operational Expenses Ratio (OER), Human Resources Expenses Ratio (HRER). (5) Operational Performance - Amil Fund Ratio (AFR): Amil Rights Ratio (ARR), Ratio of Amil's Rights to Zakat (RARZ), Top Amil Rights Ratio *Infaq / Shadaqah* (TARRIS), Ratio of Amil's Rights to CSR (RARCSR). (6) Liquidity Performance (LP): Current Ratio (CRR), Quick Ratio (QUR), Cash Ratio (CHR). (7) Growth Performance - Growth of Collection (GC): Growth Collecting Zakat Funds (GCZF), Growth Collecting *Infaq Shadaqah* Funds (GCISF), Growth Collecting ZIS Funds (GCZISF). (8) Growth Performance - Growth of Allocation (GA): Growth Distribution of Zakat Funds (GDZF), Growth Distribution of *Infaq Shadaqah* Funds (GDISF), Growth Distribution of ZIS Funds (GDZISF). (9) Growth Performance - Growth of Operational Expenses (GOE). All formulas and criteria for the ratio can be seen at Puskasbaznas (2019). Standards are used to determine the health level of zakat institutions; the measurements used are according to the national zakat amil agency standard, as shown in Table 1.

**Table 1 List of Criteria for Effectiveness of ZIS Fund Management**

Ratio (%)	Rank	Wight	Score	Criteria
≥ 2.0	1	0.17	0.17	Very effective
1.5 – 2.0	2	0.17	0.33	Effective
1.0 – 1.5	3	0.17	0.50	Effective enough
0.5 – 1.0	4	0.17	0.67	Less effective
< 0.5	5	0.17	0.83	Ineffective

Source: (BAZNAS 2022)

## METHOD

The research method uses a descriptive quantitative approach, namely by using secondary and primary data. The quantitative approach uses quantitative data collected through structured questions in the form of numbers (Bougie and Sekaran 2016). The data used is the financial report data of the Rumah Amal Salman ITB for 2020-2021 and information regarding profiles presented on the



Rumah Amal Salman ITB website. To fulfil the need to measure managerial health, the researcher also used primary data in the form of questionnaire results from several respondents who were stakeholders of the Zakat institution, as well as data from previous research that examined the governance of the Zakat institution. The questionnaire material is related to risk managerial health and Sharia compliance using a Likert scale of 1-5 (Sugiyono 2013). Sampling was carried out using a purposive sampling technique. Purposive sampling is a sampling technique using specific considerations. The number of respondents in this study was 20 respondents. Respondents are alumni who have been managers and permanent members (*muzakki*). The questionnaire was distributed to 50 respondents, but only 20 respondents filled out the questionnaire. The questionnaire distributed to respondents contained questions related to non-financial health, which consisted of three indicators: general management health indicators, risk management, and sharia compliance management. Processing uses the Microsoft Excel application, and the analysis is done by comparing the results of the processed data with the health index criteria. The formula used to determine the health value of each health category, dimension, and indicator (Puskasbaznas 2019).

## RESULTS AND DISCUSSIONS

### Financial Health of the Rumah Amal Salman ITB

Before presenting the results of calculating the Zakat Institution Health index from a financial health perspective, the following is the financial report data for Rumah Amal Salman ITB, which consists of a balance sheet report and fund change reports ZIS for 2020 and 2021. The purpose of selecting this period is to see the effectiveness of performance produced by Rumah Salman ITB in 2020 and 2021 so that 2022 it meets the criteria as a CWLS distribution partner issued by the government. The fund change report discussed in this research includes changes in zakat funds, changes in non-restricted donations/alms funds, changes in related donations/alms funds, and changes in amil funds. The financial data taken from financial reports is needed to calculate health ratios; the researcher summarized each receipt and expenditure of funds, which can be seen in Table 2.

**Table 2 Recapitulation of ZIS (in million)**

Fund Resources	Beginning Balance 2021			Fundraising		Distribution of Fund 2021			Distribution of Fund 2020 Include Amil
	Net	For Amil	Gross	2021	2020	Net	Amil	Gross	
Zakah Fund	6,002	1,420	7,423	10,481	11,726	12,658	1,293	11,366	8.707
<i>Infaq</i> funds - use is limited	742	164	906	1,054	842	575	210	365	354
<i>Infaq</i> funds - use is not limited	2,494	1,627	4,121	10,996	18,979	10,882	973	9,908	17,643
Total	9,238	3,211	12,450	22,531	31,547	24,115	2,476	21,639	26,704

Source: secondary data (processed)

Based on the account information presented in the financial statement of Rumah Amal Salman ITB in 2020 and 2021 (Table 2), financial health calculations are produced, including activity health, operational health, liquidity health, and growth health, which can be seen in Table 3, Table 4, Table 5, Table 6, and Table 7.



**Table 3 Results of Financial Health Measurement - Activities**

Nu	Dimensions	Indicators	Calculation Result	Ranking	Indicator Weight	Score	Indicator Total	Dimensions Weight	Score
1	Allocation to Collection Ratio (ACR)	GAR	0.76	2	0.13	0.26	1.56	0.50	0.78
2		NAGAR	0.62	3	0.13	0.39			
3		NAR	1.07	1	0.13	0.13			
4		NANAR	0.92	1	0.13	0.13			
5		ZAR	1.21	1	0.13	0.13			
6		ZARNA	1.08	1	0.13	0.13			
7		ISAR	0.95	1	0.13	0.13			
8		ISARNA	0.85	2	0.13	0.26			
9	Turn Over Ratio (TOR)	ZTR	1.38	3	0.17	0.51	2.72	0.3	0.82
10		ADZO	8.7	3	0.17	0.51			
11		ISTOR	1.5	2	0.17	0.34			
12		ADISO	8	3	0.17	0.51			
13		ZISTOR	1.52	2	0.17	0.34			
14		ADZISO	8	3	0.17	0.51			
15	Ratio Distribution of Funds (RDF)	RRD	0.00117	1	0.33	0.33	0.99	0.2	0.2
16		ADPR	0.00	1	0.33	0.33			
17		ZAMR	0.03	1	0.33	0.33			

Variable composite ranking 2

Rumah Amal Salman ITB could efficiently distribute funds

Source: secondary data (processed)

**Table 4 Results of Financial Health Measurement - Operational**

Nu	Dimensions	Indicators	Calculation Result	Ranking	Indicator Weight	Score	Indicator Total	Dimensions Weight	Score
1	Efficiency Ratio (ER)	CER	1.19	1	0.33	0.33	2.31	0.5	1.16
2		OER	1.26	1	0.33	0.33			
3		HRER	63.02	5	0.33	1.65			
4	Amil Fund Ratio (AFR)	ARR	10	1	0.25	0.25	1.00	0.5	0.5
5		RARZ	12.34	1	0.25	0.25			
6		TARRIS	9.82	1	0.25	0.25			
7		RARCSR	0.00	1	0.25	0.25			

Variable Composite ranking 2

Rumah Amal Salman ITB has efficient capabilities in collecting and managing ZIS funds

Source: secondary data (processed)

**Table 5 Results of Financial Health Measurement - Liquidity**

Nu	Indicators	Result Indicator	Ranking	Weight	Score	Final Score
1	CRR	1.28	1	0.33	0.33	0.33
2	QUR	1.26	1	0.33	0.33	0.33
3	CHR	1.26	1	0.33	0.33	0.33

Variable composite ranking 1

Rumah Amal Salman ITB has excellent capabilities in managing short-term liabilities

Source: secondary data (processed)



**Table 6 Results of Financial Health Measurement - Growth**

Nu	Dimensions	Indicators	Calculation Result	Ranking	Indicator Weight	Score	Score Total	Dimension Weight	Score Final
1	Growth of	GCZF	-0.11	5	0.33	1.65			
2	Collection	GCISF	-0.39	5	0.33	1.65	4.95	0.50	2.48
3	(GC)	GCZISF	-0.45	5	0.33	1.65			
4	Growth of	GDZF	0.45	1	0.33	0.33			
5	Allocation	GDISF	-0.36	1	0.33	0.33	2.31	0.30	0.69
6	(GA)	GDZISF	-0.10	5	0.33	1.65			
7	Growth of Operational Expenses (GOE)	GOE	1.07	4	1	4	4	0.2	0.8

Variable composite ranking 4

Rumah Amal Salman ITB has had poor growth in collecting and distributing ZIS funds

*Source: secondary data (processed)*

Measuring financial health/activity performance will use the following primary financial ratios: Allocation to Collection Ratio (ACR) with a weight of 0.50, Turn Ratio (TOR) with a weight of 0.30, and Ratio Distribution of Funds (RDF) with a weight of 0.20. Each primary ratio consists of several indicator ratios, with measurement results in Table 3. Based on the results in Table 3, the score for each primary financial ratio for activity health is obtained, namely ACR with a score of 0.78, TOR with a score of 0.82, and RDF with a score of 0.20. The total score for these three main ratios is 2. This shows that Rumah Amal Salman ITB has efficiently carried out its ZIS fund distribution activities.

The level of effectiveness for activity performance is due to the activities carried out by Rumah Amal Salman ITB, which have been carried out efficiently. The first activity is related to the ratio of the value of distributing funds compared to collecting funds. The greater the resulting ratio, the more the funds collected, and the more the manager immediately distributed the funds, and it can be said that the manager has been effective. For this activity, as seen in Table 3, the ratio shows a value above 60%, and the majority received ratings 1 and 2. These results support the effectiveness of activity performance in the zakat institution. In Table 3, a value for the effectiveness of zakat institution activities in actively disbursing ZIS funds collected from fund collection to distribution is also produced. The results of active activities in circulating ZIS funds are generally categorized as quite effective, with three activities in the effective category.

The final dimension of activity performance is the value dimension of distribution receivables. This shows that of the number of funds determined to be distributed, what percentage is still being retained by the manager, or in the accounting language are distribution receivables. The scale used is that the smaller the ratio between receivables and total funds collected, the more effective the zakat institution can be. Based on the calculation results for the distribution dimension, there is only one ratio, namely the comparison between distribution receivables and total funds collected with a gain of 0.0017 or less than 5%, with very effective criteria. The Zakat institution did not hold back the ZIS funds, which should have been distributed for a long.

Based on the support from the results of measuring the effectiveness of these three dimensions, Rumah Amal Salaman ITB obtained effective criteria in





its ZIS fund collection and distribution activities, both effective in terms of the value of the funds distributed compared to the funds collected, actively circulating the funds collected or in other terms, funds from the donors were distributed immediately back, it does not linger in the hands of the manager, and finally the activity of disbursing and distributing the funds that have been decided will be distributed.

The results of measuring the financial health of operational variables can be seen in Table 4. It shows the efficiency of Rumah Amal Salman ITB in managing operational expenses which originate from amil portion revenues. Measuring operational financial health consists of two dimensions: the efficiency ratio and the amil fund's ratio. In the efficiency ratio dimension, two indicators of the ratio of collection expenses and operational costs yield very efficient results because they obtain the minimum value required. The calculation results for the HR cost ratio obtained a ratio of 63.02%, more than 25%, the maximum limit for the efficient category. This shows that Rumah Amal Salman ITB charges too many HR costs to its employees, or the number of employees needs to be more significant to manage ZIS funds. For the amil fund ratio dimension, all indicators are in the rank one category, which shows that the zakat institution is efficient. Based on the efficiency of these two dimensions, in general, Rumah Amal Salma ITB has been efficient in managing operational expenses and achieving goals ranging from collecting funds to distributing funds.

The results of measuring financial health in terms of liquidity are presented in Table 5. Based on the results of calculating the level of liquidity, all dimensions, namely the current ratio, quick ratio, and cash to ZIS ratio, show results above 90% or 0.9. This shows the current assets' value relative to the current assets' value, which only consists of cash and cash equivalents. ZIS can cover existing funds, which is the zakat institution's obligation to disburse these funds in the future. This shows that Rumah Amal Salman ITB has an excellent ability to fulfil its short-term obligations.

The results of calculating the financial health of the growth variable can be seen in Table 6. Based on the calculation results in Table 6, the zakat institution has experienced poor growth in collecting and distributing its ZIS funds. This is due to all dimensions of growth in ZIS fund receipts and expenditure allocations except for growth in the distribution of zakat funds, which have decreased results or results of less than 0. This means that in 2021, zakat institutions will experience a decline in fund receipts and distribution activities, except for funds zakat. Apart from that, seen from the operational growth dimension, the growth percent results have increased compared to last year. zakat institution needs to be more efficient in managing its operational costs.

Based on the health level of activity performance, operational variables, liquidity and growth, the results of zakat institutions' financial health level are presented in Table 7. The assessment results are presented in Table 7. In general, Rumah Amal Salman ITB has good financial performance, namely the ability to manage ZIS funds with good effectiveness and efficiency and to increase revenues and distribution. The results of financial performance are like several elements of previous research. Elements of activity, operational variables, and level of liquidity, Rumah Amal Salman ITB has been effective with rankings 1 and 2; in this regard, also provided information that the five zakat institutions that were the



object of their research had effective financial health performance (Djaghballou et al. 2018; Handayani, Ainun, and Fahmi 2020; Anwar and Malikah 2021).

**Table 7 Result of Finance Health**

Nu	Variables	Ranking	Weight	Score
1	Activity	2	0.45	0.81
2	Operational	2	0.25	0.50
3	Liquidity	1	0.15	0.15
4	Growth	4	0.15	0.60

Composite financial factor ranking 2

Rumah Amal Salman ITB has good financial performance

Source: secondary data (processed)

### Non-Financial Health (Management) of the Rumah Amal Salman ITB

Health assessment from the management side includes general management health, risk management health, and sharia compliance health, which can be seen in Table 8, Table 9, Table 10, Table 11, and Table 12.

**Tabel 8 Result of Health of General Management**

Nu	Dimensions	Result	Ranking	Average	Dimensions Weight	Score
1	Vision and Mission	5	1	1	0.13	0.13
2	Strategic Plan	5	1	1	0.13	0.13
3	Annual Budget Work Plan	5	1	1	0.13	0.13
4	Organization Structure	5	1	1	0.13	0.13
5	Division of tasks	5	1	1	0.13	0.13
6	Standard Operating Procedures	5	1	1	0.13	0.13
7	Reporting	5	1	1	0.13	0.13

Variable composite ranking 1

Rumah Amal Salman ITB has good and consistent general management of ZIS

Source: primary data (processed)

**Table 9 Results of Health of Risk Management**

Nu	Dimensions	Indicators	Skala Likert	Rank	Dimensions Weight	Score
1	Strategic Risk	Zakat institution is not yet optimal in carrying out its function as a ZIS manager	4	2	0.25	0.5
		It is not yet optimal for zakat institution to become a trusted institution	4			
2	Educational Risk	Zakat institution lacks resources	5	1.5	0.15	0.23
		Zakat institution is not yet known to the public	4			

Source: primary data (processed)



**Table 10 Results of Health of Operational Risk**

Nu	Dimensions	Result	Ranking	Average	Dimensions Weight	Score
1	Operational Risk	2-5	1-3	2.18	0.16	0.34
2	Reporting Risk	5	1	1	0.15	0.15
3	Compliance Risk	4-5	1-2	2	0.15	0.30

Variable composite ranking 2

Rumah Amal Salman ITB has committed immaterial violations of sharia principles and applicable regulations

Source: primary data (processed)

**Table 11 Results of Health of Sharia Compliance Risk Management**

Nu	Dimensions	Result	Ranking	Average	Dimensions Weight	Score
1	Sharia Policy	5	1	1	0.15	0.15
2	Sharia Supervisor	5	1	1	0.50	0.50
3	Code of Ethics	5	1	1	0.35	0.35

Variable composite ranking 1

Rumah Amal Salman ITB strictly follows applicable regulations

Source: primary data (processed)

**Table 12 Ranking Value – Non-Financial Health Factor**

Nu	Dimensions	Rank	Weight	Score
1	General Management	1	0.3	0.3
2	Risk Management	2	0.4	0.92
3	Sharia Management	1	0.3	0.3

Variable composite ranking 1.52 (2)

Rumah Amal Salman ITB has excellent management quality

Source: primary data (processed)

Determine the results of the general management health assessment using a 1-5 Likert scale ranging from strongly disagree to agree with the following assessment criteria strongly: rating 1 = Likert scale 5, rating 2 = Likert scale 4, rating 3 = Likert scale 3, rating 4 = Likert scale 2, rating 5 = Likert scale 1. The results of general management health are presented in Table 8. Based on the assessment results, the zakat institution has fulfilled all general management dimensions and indicators for each dimension. Overall, it shows excellent results in its management from input to outcome. The reference source in providing this assessment the researcher obtained from the results of previous research, audited financial reports by obtaining an Unqualified Opinion (UO), and information from the Rumah Alam Salman ITB website, such as educational programs, fund distribution programs, togetherness programs with the community, organizations, profiles and other information.

Risk management health measurements use a 1-5 Likert scale assessment, with measurement information level probability (likelihood): 1. almost certain to happen, 2. very possible happen, 3. maybe happen, 4. rarely happen, 5. It almost certainly will not happen. Measuring the health of risk management consists of 4 risk dimensions: strategic risk, educational risk, operational risk, reporting risk,



and compliance risk. The results of the health assessment of risk management are presented in Table 9.

When providing assessments and rankings, the author uses reference data from previous research, which also examines the governance of Rumah Amal Salman ITB, references from the zakat institution website, results of analysis of financial report figures, and results of zakat institution's financial health. As an example of strategic risk assessment number 1, zakat institution's ability to carry out its functions, the author gives a score of 4 based on the financial health results of growth in ZIS fund revenues in 2021, which has decreased. This shows that the zakat institution needs to be more optimal in providing education, conveying information, consulting, and collecting funds. Another example is the assessment of educational risk indicator number 3. Zakat institution needs more resources/funds to introduce itself to the public; the author gives a score of 5 because the expenditure data for salary costs is a huge percentage compared to the amount of mail fund receipts. This means the zakat institution has the resources/funds to carry out this activity and other examples related to giving assessment scores based on the references mentioned above.

The zakat institution health assessment results for Rumah Amal Salman ITB received an excellent category with a ranking range of 1-2. This shows that zakat institutions manage risks arising from strategies by collecting and distributing funds to mitigate them appropriately. Apart from that, zakat institution has also carried out mitigation related to the impact of educational risks; in this case, zakat institution has an educational program aimed at the community to increase awareness of zakat payments and zakat institution has also assured public confidence that management has been carried out effectively. Operational risk health measurements and reporting are presented in Table 10.

The health assessment results for operational risks, in general, show that the zakat institution has carried out good operational risk management, as shown by indicator values in the range 3-4. However, several indicators still need improvement; namely, using many bank accounts will cause public confusion, often raising many questions. Apart from that, the zakat institution still has a conventional bank account to collect and distribute its ZIS funds. This shows that zakat institution management still needs to understand Sharia principles comprehensively. For reporting risks, zakat institution managers have managed to report risks very well. This can be seen on the zakat institution website which provides financial report data for each period with UO opinions. Finally, regarding compliance risk, the assessment results with a score of 4-5 show that the risk management and mitigation are good.

The results of the health assessment of Sharia compliance risk management at Rumah Amal Salman ITB are presented in Table 10. The health dimensions of Sharia compliance risk management include Sharia policies, supervisors, and codes of ethics. The assessment results show that zakat institution Rumah Amal Salman ITB is very good at mitigating risks related to Sharia compliance. The results of the health assessment of non-financial or management factors, which include general management, risk management, and sharia compliance, are presented in Table 12. The non-financial health assessment of Rumah Amal Salman ITB shows excellent governance results, management in mitigating risks, and compliance with Sharia principles with a score of 1.52.



The results of the non-financial health assessment at Rumah Amal Salman ITB, which show good governance, have similarities with the research of Nahar (2018); Zakiy, Falikhatun, and Fauziah (2023), who examined zakat institution performance from the non-financial side by producing effective performance to get a good perception from stakeholders. This non-financial performance includes Sharia governance from the collection process and distribution to reporting. This non-financial performance includes Sharia governance, starting from the collection, distribution, and reporting processes. These results also have similarities with the research of Latifah, Abidin, and Sulthonie (2017), with the results of Rumah Amal Salman ITB already having good strategic management in increasing effective zakat collection. This strategy includes planning, implementation, and evaluation. The results of this study prove that when non-financial performance is effective, it will produce excellent and efficient financial performance. Based on the health assessment results for each category using the Zakat Institutions health index reference formula reviewed by the research strategy center, National Zakat Amil agency, the health values are produced in Table 13.

**Table 13 The Factor Composite Ranking Rumah Amal Salman ITB**

Nu	Factors	Rank
1	Financial	2
2	Management	2
Composite ranking		2

*Source: secondary and primary data (processed)*

Based on Table 13, the health of the financial and non-financial categories of the Rumah Amal Salman ITB was declared good with a rating of 2. This shows that the zakat institution has effectively and efficiently managed its main activities as a zakat manager and has sharia compliance. These results also prove the success of stakeholder theory. Good financial performance is the result of good non-financial performance as well. When Rumah Amal Salman ITB implemented effective governance, namely having effective organizational components, managing risks well, and implementing compliance values in managing ZIS funds, the trust of external parties increased. The community will entrust their funds to be managed by the zakat institution to realize the collection and distribution process well. This will also affect the zakat institution's financial performance better.

## CONCLUSIONS

Based on the financial report of Rumah Amal Salman ITB for 2020 and 2021, as well as the results of analysis of the data processed and discussed, it is concluded that Rumah Amal Salman ITB's health performance, both financial performance and non-financial performance, is excellent health. The financial performance of the Rumah Amal Salman ITB Waqf Foundation shows an excellent level of efficiency and effectiveness. Regarding non-financial performance, management and governance performance are also excellent. These



results show that when a zakat institution produces good financial health, it will also have a good level of non-financial health.

The results of this research can provide a reference to the relationship between financial and non-financial performance in zakat institutions. This can inform other zakat institutions on performance elements that must be improved to realize organizational health values, which will impact increasing ZIS fund receipts. This research has several limitations, namely, the number of respondents still needs to be increased, and the financial reporting period used as data for this research is only two years, 2021 and 2020. Therefore, further research needs to be conducted with more respondents and a more extended observation year.

## REFERENCES

- Abubakar, Imam Taqiyuddin. 1993. *Kifataul Akhyar Fii Halli Ghayatil Iktishar*. 1st ed. Surabaya: Bina Iman.
- Al-Ayubi, Solahuddin, Ascarya Ascarya, and Bayu Taufiq Possumah. 2018. "Examining the Efficiency of Zakat Management: Indonesian Zakat Institutions Experiences." *International Journal of Zakat* 3 (1): 37–55. <https://doi.org/10.37706/ijaz.v3i1.66>.
- Angraeni, Elvinda Febry, Sifrid S. Pangemanan, and Sintje S. Rondonuwu. 2016. "Penerapan Akuntansi Zakat Dan Infak/Sedekah Berdasarkan PSAK 109." *Jurnal EMBA : Jurnal Riset Ekonomi, Manajemen, Bisnis Dan Akuntansi* 4 (4): 1191–99. <https://ejournal.unsrat.ac.id/v3/index.php/emba/article/view/15257>.
- Anwar, Siti Aminah, and Anik Malikhah. 2021. "Tingkat Kesehatan Keuangan Organisasi Pengelola Zakat Di Indonesia." *JAS (Jurnal Akuntansi Syariah)* 5 (2): 142–54. <https://doi.org/10.46367/jas.v5i2.434>.
- Atabik, Ahmad. 2015. "Peranan Zakat Dalam Pengentasan Kemiskinan." *ZISWAF: Jurnal Zakat Dan Wakaf* 2 (2): 339–61. <https://journal.iainkudus.ac.id/index.php/Ziswaf/article/view/1556>.
- Batubara, Zakaria, Faruq Baihaki Muhammad, Decky Hendarsyah, Ali Ambar, and Akhmad Affandi Mahfudz. 2023. "Determinant Factors of Intention to Pay Zakat Profession Among Government Civil Servant." *International Journal of Zakat* 8 (1): 77–94. <https://ijazbaznas.com/index.php/journal/article/view/439>.
- BAZNAS. 2022. "Statistik Zakat Nasional 2022." BAZNAS. 2022. [https://baznas.go.id/assets/images/szn/statistik\\_10.pdf](https://baznas.go.id/assets/images/szn/statistik_10.pdf).
- Bougie, Roger, and Uma Sekaran. 2016. *Research Methods For Business: A Skill Building Approach*. 7th ed. New York: John Wiley & Sons.
- BPS. 2021. "Persentase Penduduk Miskin September 2021 Turun Menjadi 9,71 Persen." Badan Pusat Statistik. 2021. <https://www.bps.go.id/id/pressrelease/2022/01/17/1929/persentase-penduduk-miskin-september-2021-turun-menjadi-9-71-persen.html>.
- Bundy, Jonathan, Ryan M. Vogel, and Miles A. Zachary. 2018. "Organization–Stakeholder Fit: A Dynamic Theory of Cooperation, Compromise, and Conflict between an Organization and Its Stakeholders." *Strategic Management Journal* 39 (2): 476–501. <https://doi.org/10.1002/smj.2736>.



- Deegan, Craig. 2004. *Financial Accounting Theory*. Sydney: McGraw-Hill Book Company.
- Ditzawa. 2023. "Potensi Mencapai 327 T, Ini Tiga Fokus Kemenag Dalam Pengembangan Zakat." Kementerian Agama Republik Indonesia. 2023. <https://kemenag.go.id/nasional/potensi-mencapai-327-t-ini-tiga-fokus-kemenag-dalam-pengembangan-zakat-LobJF>.
- Djaghballou, Chams-Eddine, Mohamed Djaghballou, Mousa Larbani, and Azhar Mohamad. 2018. "Efficiency and Productivity Performance of Zakat Funds in Algeria." *International Journal of Islamic and Middle Eastern Finance and Management* 11 (3): 474–94. <https://doi.org/10.1108/IMEFM-07-2017-0185>.
- Dmytriyev, Sergiy D., R. Edward Freeman, and Jacob Hörisch. 2021. "The Relationship between Stakeholder Theory and Corporate Social Responsibility: Differences, Similarities, and Implications for Social Issues in Management." *Journal of Management Studies* 58 (6): 1441–70. <https://doi.org/10.1111/joms.12684>.
- Freeman, R. Edward. 1984. *Strategic Management: A Stakeholder Approach*. Boston: Pitman Publishing.
- Gray, Rob, Reza Kouhy, and Simon Lavers. 1995. "Corporate Social and Environmental Reporting." *Accounting, Auditing & Accountability Journal* 8 (2): 47–77. <https://doi.org/10.1108/09513579510146996>.
- Grimble, Robin, and Kate Wellard. 1997. "Stakeholder Methodologies in Natural Resource Management: A Review of Principles, Contexts, Experiences and Opportunities." *Agricultural Systems* 55 (2): 173–93. [https://doi.org/10.1016/S0308-521X\(97\)00006-1](https://doi.org/10.1016/S0308-521X(97)00006-1).
- Handayani, Lusiana, Basyirah Ainun, and M. Yassir Fahmi. 2020. "Analisis Aktivitas Amil Pada Organisasi Pengelola Zakat." *Jurnal INTEKNA: Informasi Teknik Dan Niaga* 20 (2): 100–110. <https://ejournal.poliban.ac.id/index.php/intekna/article/view/1017>.
- Kafa, Nadine, Yasmina Hani, and Abederrahman El Mhamedi. 2018. "Evaluating and Selecting Partners in Sustainable Supply Chain Network: A Comparative Analysis of Combined Fuzzy Multi-Criteria Approaches." *OPSEARCH* 55 (1): 14–49. <https://doi.org/10.1007/s12597-017-0326-5>.
- Khan, M. Fahim. 2007. "Integrating Faith-Based Institutions (Zakah and Awqaf) in Poverty Reduction Strategies (PRS)." *Islamic Research and Training Institute (IRTI)* 31: 1–31. <https://baitalzakat.com/files/english-files/baitalzakat.com-E100043.pdf>.
- Latifah, Erlin, Yusuf Zaenal Abidin, and Ahmad Agus Sulthonie. 2017. "Manajemen Strategik Rumah Amal Salman Dalam Meningkatkan Fundraising Zakat." *Tadbir: Jurnal Manajemen Dakwah* 2 (1): 68–85. <https://doi.org/10.15575/tadbir.v2i1.152>.
- Lin-Hi, Nick, and Igor Blumberg. 2018. "The Link Between (Not) Practicing CSR and Corporate Reputation: Psychological Foundations and Managerial Implications." *Journal of Business Ethics* 150 (1): 185–98. <https://doi.org/10.1007/s10551-016-3164-0>.
- Nahar, Hairul Suhaimi. 2018. "Exploring Stakeholders' Views on a Corporatized Zakat Institution's Management Performance." *International Journal of Ethics and Systems* 34 (4): 608–31. <https://doi.org/10.1108/IJOES-08->

- 2018-0115.
- Noor, Abd. Halim Mohd, Mohamed Saladin Abdul Rasool, Rashidah Abdul Rahman, Rozman Md. Yusof, and Siti Mariam Ali. 2012. "Assessing Performance of Nonprofit Organization: A Framework for Zakat Institutions." *British Journal of Economics, Finance and Management Sciences* 5 (1): 12–22. [http://www.ajournal.co.uk/EFpdfs/EFvolume5\(1\)/EFVol.5 \(1\) Article 2.pdf](http://www.ajournal.co.uk/EFpdfs/EFvolume5(1)/EFVol.5 (1) Article 2.pdf).
- Puskasbaznas. 2019. *Rasio Keuangan Organisasi Pengelola Zakat: Teori Dan Konsep*. Jakarta: Pusat Kajian Strategis - Badan Amil Zakat Nasional (Puskas BAZNAS). <https://puskasbaznas.com/images/Book/Rasio-Keuangan-Organisasi-Pengelola-Zakat---puskasbaznas.pdf>.
- Rahmah, Aqilla, Dwi Astarani Aslindar, and Arum Pujiastuti. 2023. "Accessibility And Competence Toward Zakat Financial Accountability Moderate By Internal Control." *JAS (Jurnal Akuntansi Syariah)* 7 (2): 253–67. <https://doi.org/10.46367/jas.v7i2.1566>.
- Rahmawati, Dwi Rizka, and Dina Fitriasia Septiarini. 2021. "The Factors That Affect Zis Fundraising On Zakat Management Organization In 2016-2019." *Jurnal Ekonomi Syariah Teori Dan Terapan* 8 (5): 559–69. <https://doi.org/10.20473/vol8iss20215pp559-569>.
- Ramadhan, Nurul, Dian Puji Puspita Sari, and Wira Ramashar. 2021. "Faktor-Faktor Yang Mempengaruhi Akuntabilitas Keuangan Pada Organisasi Pengelolaan Zakat Kota Pekanbaru." *ECOUNTBIS: Economics, Accounting and Business Journal* 1 (1): 353–64. <https://jom.umri.ac.id/index.php/ecountbis/article/view/137>.
- Razak, Shaikh Hamzah Abdul. 2020. "Zakat and Waqf as Instrument of Islamic Wealth in Poverty Alleviation and Redistribution." *International Journal of Sociology and Social Policy* 40 (3/4): 249–66. <https://doi.org/10.1108/IJSSP-11-2018-0208>.
- Sawmar, Abdulsalam Ahmed, and Mustafa Omar Mohammed. 2021. "Enhancing Zakat Compliance through Good Governance: A Conceptual Framework." *ISRA International Journal of Islamic Finance* 13 (1): 136–54. <https://doi.org/10.1108/IJIF-10-2018-0116>.
- Setiaware, Andi Metari. 2013. "Analisis Penerapan Akuntansi Zakat, Infak Dan Sedekah Pada LAZ (Lembaga Amil Zakat) Dompot Dhuafa Cabang Makassar." Universitas Hasanuddin Makassar. <https://publikasi.dompotdhuafa.org/download/analisis-penerapan-akuntansi-zakat-infak-dan-sedekah-pada-laz-lembaga-amil-zakat-dompot-dhuafa-cabang-makassar>.
- Sugiyono, Sugiyono. 2013. *Metode Penelitian Kuantitatif, Kualitatif, Dan R&D1*. 19th ed. Bandung: Alfabeta.
- Wahab, Norazlina Abd., and Abdul Rahim Abdul Rahman. 2011. "A Framework to Analyse the Efficiency and Governance of Zakat Institutions." *Journal of Islamic Accounting and Business Research* 2 (1): 43–62. <https://doi.org/10.1108/17590811111129508>.
- Wang, Lili, and Elizabeth Graddy. 2008. "Social Capital, Volunteering, and Charitable Giving." *VOLUNTAS: International Journal of Voluntary and Nonprofit Organizations* 19 (1): 23–42. <https://doi.org/10.1007/s11266->





008-9055-y.

- Wang, Lingyun, and Pekka Kess. 2006. "Partnering Motives and Partner Selection." Edited by Remo I. van Hoek. *International Journal of Physical Distribution & Logistics Management* 36 (6): 466–78. <https://doi.org/10.1108/09600030610677410>.
- Widodo, Hertanto, and Teten Kustiawan. 2001. *Akuntansi Dan Manajemen Keuangan Untuk Organisasi Pengelola Zakat*. Jakarta: Institut Manajemen Zakat.
- Zaenal, Muhammad Hasbi, Abdul Aziz Yahya Saoqi, Ihsanul Ikhwan, Herlin Harmaini, Siti Maulida Adhiningsih, Mutiara Sakinah, and Yuke Fatihaturrehman. 2023. *Kajian Pemodelan Ekonomi Zakat: Perspektif Ekonomi Mikro, Makro, Dan Ekonomi Pembangunan*. Jakarta: Pusat Kajian Strategis - Badan Amil Zakat Nasional (Puskas BAZNAS).
- Zakiy, Faris Shalahuddin, Falikhatun Falikhatun, and Najim Nur Fauziah. 2023. "Sharia Governance and Organizational Performance in Zakat Management Organization: Evidence from Indonesia." *Journal of Islamic Accounting and Business Research*, November. <https://doi.org/10.1108/JIABR-06-2023-0188>.

