

Research.

## The Efficiency of Zakat Management and Its Impact on the Improvement of Mustahik Welfare

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**Abstract.** This study investigates the impact of zakat management efficiency on the welfare of beneficiaries, using Indonesia's National Zakat Agency (BAZNAS) as a case study. It analyzes BAZNAS's efficiency across three key dimensions: fundraising, program implementation, and administration. Data on zakat collection, distribution, and beneficiary welfare indicators (including income, health, education, and housing) were gathered from the BAZNAS website and analyzed using ANOVA. The study reveals that fundraising efficiency significantly influences beneficiary welfare, demonstrating a strong link between effective zakat collection and tangible improvements in the lives of beneficiaries. While program and administrative efficiency showed a less direct impact, they remain crucial for optimal zakat management and maximizing its poverty alleviation potential. This research underscores the importance of enhancing BAZNAS's fundraising efforts through collaborative strategies with various stakeholders, increased transparency to build public trust, and diversified collection methods to reach wider audiences. Furthermore, it highlights the need to improve administrative efficiency by streamlining processes and reducing operational costs. Finally, it emphasizes the importance of designing targeted programs that address the specific needs of beneficiaries and ensure that zakat funds are utilized effectively to improve their overall well-being.

**Keywords:** BAZNAS, Efficiency, Welfare

### INTRODUCTION

#### Background

Zakat is a fundamental pillar of Islamic teachings, playing a crucial role in promoting social justice and the welfare of the community. As an economic instrument rooted in spiritual principles, zakat serves not only as a form of worship but also encompasses significant social and economic dimensions. Economically, zakat functions as a wealth distribution mechanism aimed at reducing economic disparities and enhancing the living standards of society, particularly for the underprivileged (mustahik).

The importance of zakat within the Islamic economic system is underscored by various studies, including research conducted by Saputra & Sutopo (2024), which indicates that zakat possesses substantial potential for alleviating poverty and improving community welfare. This study reveals that zakat can positively impact income, health, education, and the social conditions of mustahik. Furthermore, Karim et al. (2022) emphasize that zakat not only provides direct financial assistance but also empowers mustahik through sustainable productive programs.

In Indonesia, the management of zakat is governed by Law Number 23 of 2011 concerning Zakat Management. This legislation mandates the establishment of the National Zakat Agency (BAZNAS) as a non-structural government body responsible for the national management of zakat. BAZNAS plays a vital role in collecting, managing, and distributing zakat to eligible mustahik.

**Rizki Ahmad Fauzi; Yuli Anwar; Indar Khaerunnisa.** The Efficiency of Zakat Management and Its Impact on the Improvement of Mustahik Welfare)

The effectiveness of BAZNAS in fulfilling its mandate is significantly influenced by the efficiency of zakat management. In this context, efficiency refers to BAZNAS's ability to optimize the use of available resources to achieve the objectives of zakat management, which is to enhance the welfare of the mustahik (Hafidhuddin & Hidayat, 2020). Efficient zakat management ensures that zakat funds are optimally distributed to the mustahik, thereby having a substantial impact on their welfare.

Asmadi et al. (2023) emphasize that the efficiency of zakat management can be assessed through various indicators, including fundraising efficiency, program efficiency, and administrative efficiency. Fundraising efficiency evaluates BAZNAS's capability to collect zakat funds effectively while minimizing collection costs. Program efficiency reflects how efficiently BAZNAS allocates zakat funds to the mustahik by reducing distribution costs. Administrative efficiency assesses BAZNAS's effectiveness in managing administrative and operational expenses.

Numerous studies have indicated a positive correlation between the efficiency of zakat management and the improvement of mustahik welfare. Purnamasari & Zaki (2022) found that BAZNAS, which exhibits a high level of zakat management efficiency, tends to have a more significant impact on enhancing the welfare of mustahik. This finding aligns with research by Rizki et al. (2020), which demonstrated that BAZNAS's program efficiency positively influences the income and quality of life of the mustahik.

However, on the other hand, there are still several challenges in achieving efficient zakat management in Indonesia. Various factors may hinder the efficiency of zakat management, including:

1. There is a lack of public awareness regarding the payment of zakat through BAZNAS. Many individuals still prefer to distribute their zakat directly to beneficiaries or through private zakat management organizations (LAZ).
2. There is a shortage of competent human resources in the field of zakat management. BAZNAS requires personnel who possess adequate knowledge and skills to manage zakat in a professional manner.
3. There is insufficient transparency and accountability in zakat management. It is essential to assure the public that the zakat funds entrusted to them are managed with integrity and transparency.
4. The utilization of information technology in zakat management has not yet reached its full potential. Leveraging information technology can enhance the efficiency and effectiveness of zakat management.

The challenges must be addressed to enhance the efficiency of zakat management and to maximize its impact on the welfare of beneficiaries. BAZNAS should continuously strive to improve fundraising efficiency, program efficiency, and administrative efficiency to ensure that zakat funds are managed optimally and provide the greatest possible benefits to the beneficiaries.

This research aims to analyze the efficiency of zakat management and its influence on the improvement of beneficiaries' welfare, using BAZNAS as a case study. The focus of this study is to:

1. To analyze the efficiency of zakat management at BAZNAS by employing indicators such as fundraising efficiency, program efficiency, and administrative efficiency.
2. To examine the impact of zakat management efficiency on the improvement of mustahik welfare through indicators including income, health, education, and housing.
3. To identify the factors that influence the efficiency of zakat management at BAZNAS.

It is expected that this research will contribute to the improvement of knowledge in the areas of Islamic economics, zakat management, and Islamic accounting. Additionally, it is anticipated that the results of this study will offer suggestions to BAZNAS to improve beneficiary welfare and the effectiveness of zakat administration, allowing zakat to play a more ideal role in attaining social justice and communal well-being. In Indonesia, BAZNAS has implemented a program called Zakat Community Development (ZCD) which focuses on empowering mustahik communities through economic and social development initiatives (Rahmat & Nurzaman, 2019). A study by

Fadilah et.al, 2019), analyzed the ZCD program in West Java and found that its success was heavily reliant on fundraising efficiency. By utilizing technology and collaborating with local leaders, BAZNAS was able to increase zakat collection, leading to greater funding for the ZCD program and subsequently, improved economic outcomes for the mustahik community. Conversely, in West Sumatera, a study Putriana (2021) revealed that despite substantial zakat collection, the impact on mustahik welfare was limited due to inefficiencies in program implementation. High administrative costs and a lack of targeted distribution resulted in minimal improvement in the mustahik's quality of life. These contrasting cases highlight the crucial role of both fundraising and program efficiency in translating zakat funds into tangible improvements in mustahik welfare.

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### **Problem Statement**

Based on the aforementioned background, the research problem can be formulated as follows:

1. What is the level of efficiency in the management of zakat at BAZNAS, assessed through the indicators of fundraising efficiency, program efficiency, and administrative efficiency?
2. Is there a significant impact of zakat management efficiency on the improvement of the welfare of mustahik, measured by indicators such as income, health, education, and housing?
3. What factors influence the efficiency of zakat management at BAZNAS?

## **LITERATURE REVIEW**

### **Zakat**

Zakat is one of the fundamental pillars of Islam, playing a crucial role in promoting social and economic welfare within the community. Linguistically, the term "zakat" signifies concepts such as "growth," "development," "purity," and "cleanness" (Qardhawi, 2021). In a technical sense, zakat refers to a specific portion of wealth that a Muslim is obligated to distribute to eligible recipients (mustahik) once certain conditions are met.

**Rizki Ahmad Fauzi; Yuli Anwar; Indar Khaerunnisa.** The Efficiency of Zakat Management and Its Impact on the Improvement of Mustahik Welfare)

The law of zakat.

The obligation to pay zakat is mandatory for every Muslim who meets the specified conditions. This duty is grounded in the teachings of the Al-Qur'an and the Hadith, as exemplified by the verse from Surah At-Taubah, verse 103, in which Allah SWT emphasizes this requirement:

"Take, [O, Muhammad], from their wealth a charity by which you purify them and cause them to increase, and invoke [Allah's blessings] upon them. Indeed, your invocations are reassurance for them. And Allah is Hearing and Knowing." (QS. At-Taubah: 103)

Types of Zakat

Zakat is classified into two primary categories:

1. Zakat Fitrah: This is a mandatory almsgiving that every Muslim must pay before the celebration of Eid al-Fitr.
2. Zakat Maal: This type of zakat is imposed on wealth that has reached the minimum threshold (nisab) and has been held for a full lunar year (haul). The various forms of zakat maal include zakat on gold and silver, zakat on trade, zakat on agriculture, zakat on livestock, zakat on buried treasures and mines, as well as zakat on professional income. (Farizi, 2023).

Principles of Zakat Management

The management of zakat should adhere to the principles of Sharia, which include:

1. Trustworthiness: Zakat funds must be managed with utmost responsibility and integrity.
2. Transparency: The process of zakat management should be conducted openly and be accountable to the public.
3. Professionalism: Zakat management should be carried out by individuals who possess the necessary skills and integrity.
4. Efficiency: The management of zakat should be effective and efficient to ensure that the funds are optimally distributed to the eligible recipients (mustahik).
5. Justice: The distribution of zakat must be conducted fairly and equitably among those entitled to receive it. (Hasan, 2020)

### **The National Amil Zakat Agency (BAZNAS)**

The National Amil Zakat Agency (BAZNAS) is a non-structural government institution responsible for the national management of zakat. BAZNAS was established in accordance with Law Number 23 of 2011 concerning the Management of Zakat.

The Role and Functions of BAZNAS

BAZNAS serves the following roles and functions:

1. Collection of Zakat: BAZNAS is responsible for collecting zakat from the community, both directly and through zakat collection units (UPZ).
2. Management of Zakat: BAZNAS is tasked with managing the collected zakat funds, which includes planning, distribution, and utilization of zakat.
3. Distribution of Zakat: BAZNAS is responsible for distributing zakat to eligible recipients (mustahik) in accordance with Islamic law.
4. Utilization of Zakat: BAZNAS may utilize zakat for productive programs aimed at enhancing the sustainable welfare of mustahik.
5. Oversight of Zakat Management: BAZNAS is tasked with overseeing the zakat management conducted by private zakat institutions (LAZ). (BAZNAS, 2022)

BAZNAS is accountable to the President through the Minister of Religious Affairs. In fulfilling its responsibilities, BAZNAS is required to adhere to the principles of Sharia and the applicable laws and regulations.

**Rizki Ahmad Fauzi; Yuli Anwar; Indar Khaerunnisa.** The Efficiency of Zakat Management and Its Impact on the Improvement of Mustahik Welfare

## **Efficiency**

Efficiency is a crucial concept in management that pertains to the optimal use of resources to achieve specific objectives (Hasibuan, 2021). In the context of zakat management, efficiency refers to BAZNAS's ability to manage zakat funds effectively by minimizing operational costs while maximizing the collection and distribution of zakat.

Islam encourages its followers to practice efficiency in all matters, including the management of wealth. The principle of efficiency in Islam is reflected in various teachings, such as the prohibition of wastefulness and the encouragement to utilize resources optimally (Shihab, 2020).

### **Indicators and Methods for Measuring Efficiency**

The efficiency of zakat management can be assessed through various indicators, including:

1. Fundraising efficiency: The ratio of the total zakat collected to the total costs incurred in the fundraising process.
2. Program efficiency: The ratio of the total zakat distributed to beneficiaries to the total costs associated with the distribution of zakat.
3. Administrative efficiency: The ratio of total administrative and general expenses to the total zakat collected. (Widodo, 2023)
4. Methods that can be employed to measure the efficiency of zakat management include:
5. Ratio analysis: Comparing relevant financial ratios to evaluate efficiency.
6. Data Envelopment Analysis (DEA): A non-parametric method used to assess the relative efficiency of decision-making units (DMUs). (Anwar, 2021)

## **Welfare of Mustahik**

Welfare refers to a condition in which individuals or communities can meet their basic needs and enjoy a good quality of life. From an Islamic perspective, welfare encompasses not only material aspects but also spiritual dimensions (An-Nabhani, 2020). Islam teaches that welfare should be achieved through lawful means and grounded in principles of justice and blessings (Qardhawi, 2021). Zakat serves as a crucial instrument in Islam for realizing social and economic welfare for the community.

Mustahik zakat refers to individuals who meet the criteria to be eligible for receiving zakat assistance from both the community and zakat institutions (whether governmental or private). According to Surah At-Taubah, verse 60, there are eight categories of mustahik eligible to receive zakat, whether in the form of zakat fitrah or zakat on wealth, including the following:

### **1. Fakir**

A fakir is defined as an individual belonging to a group that faces significant challenges in sustaining life. This classification includes those who lack wealth and other resources necessary for daily living.

### **2. Miskin**

A miskin is characterized as a person who encounters difficulties in life. This term refers to individuals who do not possess wealth but still have access to some resources that support their daily existence.

### **3. Amil**

An amil is defined as an official responsible for receiving and distributing zakat to eligible recipients. Amil is entitled to a portion of the zakat as compensation for their role in managing the collection and distribution process.

### **4. Muallaf**

A muaf is described as an individual who has recently embraced Islam and possesses a relatively weak faith. Muaf is eligible to receive zakat as they require assistance to strengthen their belief in Islam.

#### 5. Gharim

A gharim is defined as a person facing financial difficulties related to their debts. This classification includes individuals with legitimate debt issues who are entitled to receive zakat to alleviate their financial burdens and support their daily needs

#### 6. Riqab

A riqab refers to an individual who has recently gained freedom from slavery. Riqab is entitled to receive zakat due to the injustices they faced while in bondage.

#### 7. Fi Sabilillah

Fi Sabilillah is defined as individuals who are engaged in efforts for the sake of Allah. Those in this category are eligible to receive zakat in recognition of their commitment to spreading and dedicating their lives to the welfare of the community.

#### 8. Ibnu Sabil

Ibnu Sabil is defined as a traveler who is on a journey to a specific destination. Due to the challenges encountered during their travels, Ibnu Sabil is entitled to receive zakat to help alleviate their hardships and support their livelihood while on the road.

The well-being of beneficiaries can be assessed through various indicators, including the following:

1. **Income:** The total earnings received by beneficiaries to meet their living necessities.
2. **Health:** The physical and mental health status of beneficiaries.
3. **Education:** The level of education attained by beneficiaries.
4. **Housing:** The condition of the beneficiaries' living environment, encompassing access to clean water, sanitation, and electricity.
5. **Social:** The ability of beneficiaries to engage in social life and interact with the community. (BPS, 2023)

## RESEARCH METHODOLOGY

This research employs a quantitative approach utilizing both descriptive and inferential methods. The quantitative approach has been selected due to the study's objective of measuring and analyzing the relationship between the efficiency of zakat management and the improvement of the welfare of beneficiaries at BAZNAS. The data utilized in this study consists of secondary data sourced from BAZNAS financial reports, the number of beneficiaries, zakat distribution program data, the Welfare Index of Beneficiaries published by BAZNAS, and socio-economic statistical data from the Central Statistics Agency (BPS).

Research Variables and Their Measurement:

This study involves two variables, namely:

1. **Independent Variable (X): Efficiency of Zakat Management.** This variable is assessed using three indicators, namely:
  - a. **Fundraising Efficiency:** This is assessed by the ratio of the total amount of collected zakat to the total costs incurred in the collection of zakat.
  - b. **Program Efficiency:** This is evaluated by the ratio of the total zakat distributed to the total costs associated with the distribution of zakat.
  - c. **Administrative Efficiency:** This is measured by the ratio of total administrative and general expenses to the total zakat collected.

**Rizki Ahmad Fauzi; Yuli Anwar; Indar Khaerunnisa.** The Efficiency of Zakat Management and Its Impact on the Improvement of Mustahik Welfare

2. Dependent Variable (Y): Welfare of Beneficiaries. This variable is assessed using four indicators, namely:
  - a. Income: Assessed by the average monthly income of beneficiaries after receiving zakat assistance. Data is sourced from surveys or BAZNAS records.
  - b. Health: Evaluated based on access to healthcare services and the nutritional status of beneficiaries. Data is obtained from surveys or BAZNAS records.
  - c. Education: Measured by the level of formal education completed by beneficiaries. Data is collected from surveys or BAZNAS records.
  - d. Housing: Assessed through the adequacy of living conditions and access to basic facilities (clean water, sanitation, electricity). Data is derived from surveys or BAZNAS records.

Data yang telah dikumpulkan akan dianalisis dengan menggunakan program SPSS. Tahapan analisis data meliputi:

1. Descriptive Analysis: This is employed to describe the characteristics of the data, such as mean, median, mode, standard deviation, and frequency distribution.
2. Classical Assumption Testing: This is conducted prior to regression analysis to ensure that the data meets the necessary assumptions, including normality, heteroscedasticity, multicollinearity, and autocorrelation.
3. Multiple Linear Regression Analysis: This is utilized to examine the impact of zakat management efficiency (X) on the welfare of beneficiaries (Y). The regression model applied is as follows:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + e$$

In this context, the variables are defined as follows:

\* Y = the Welfare of Mustahik

\* a = constant

\* b<sub>1</sub>, b<sub>2</sub>, b<sub>3</sub> = regression coefficients

\* X<sub>1</sub> = Fundraising Efficiency

\* X<sub>2</sub> = Program Efficiency

\* X<sub>3</sub> = Administrative Efficiency

\* e = Error term

1. Hypothesis Testing: This process is conducted to assess the significance of the influence of independent variables on dependent variables. The hypothesis tests employed include the t-test and the F-test.
2. Result Interpretation: This involves interpreting the results of the data analysis and relating them to existing theories and previous research.

By utilizing quantitative research methods and comprehensive data analysis, this study aims to provide a clear and accurate depiction of the relationship between the efficiency of zakat management and the enhancement of the welfare of beneficiaries at BAZNAS.

## RESULTS AND DISCUSSION

### Results

The data analysis results reveal several significant findings that warrant further discussion. Firstly, the descriptive analysis indicates a positive trend in the collection and distribution of zakat by BAZNAS during the period from 2019 to 2023. This suggests an increasing level of public trust in BAZNAS as a zakat management institution. The rise in zakat collection aligns with the findings of Sulaiman (2023), which assert that public trust and transparency in management are crucial factors in enhancing zakat collection.

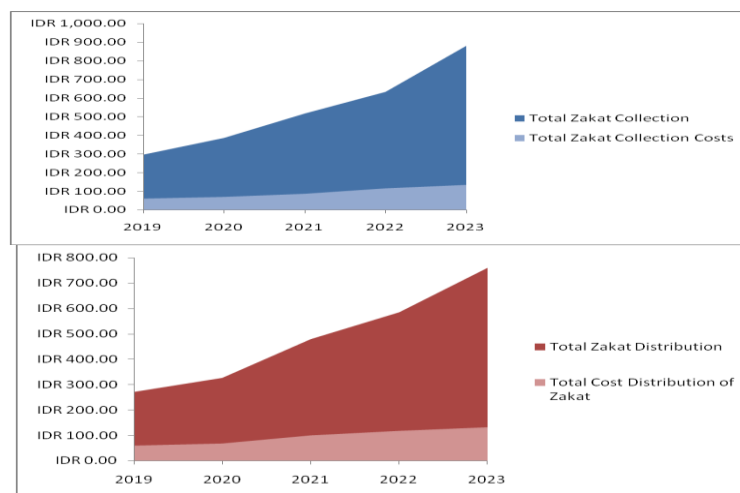


Figure 1. Chart of Zakat Collection and Distribution for the Period 2019-2023.

Based on Figure 1, there is a positive trend in the management of zakat from 2019 to 2023. Significant increases have been observed in both the total collection and distribution of zakat. This indicates a growing awareness and participation among the community in fulfilling their zakat obligations, as well as the efforts of zakat institutions to optimize the collection and distribution of zakat funds. The rise in total zakat collection reflects the public's trust in the zakat management institutions. Meanwhile, the increase in total zakat distribution demonstrates the commitment of these institutions to effectively and accurately allocate zakat funds to the beneficiaries. Although the costs associated with the collection and distribution of zakat have also risen, their proportion remains relatively small.

Table 1. Results of the ANOVA Test

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7498.138	3	2499.379	59.19692	.0213 <sup>b</sup>
	Residual	4222.144	1	4222.144		
	Total	11720.28	4			

a. Dependent Variable: welfare of the beneficiaries

b. Predictors: (Constant), Administrative Efficiency, Fundraising Efficiency, Program Efficiency

The results of the ANOVA analysis indicate a significant impact of administrative efficiency, fundraising efficiency, and the programs implemented by zakat institutions on the welfare of beneficiaries ( $F(3, 14996) = 59.19692$ ;  $p = 0.0213$ ). The p-value, being less than the significance level of alpha 0.05, allows us to reject the null hypothesis, which posits that there is no effect of the independent variables on the dependent variable. The

**Rizki Ahmad Fauzi; Yuli Anwar; Indar Khaerunnisa.** The Efficiency of Zakat Management and Its Impact on the Improvement of Mustahik Welfare



magnitude of the F value suggests a strong influence of the three independent variables collectively on the welfare of beneficiaries.

These findings underscore the importance of efficient zakat management and targeted programs in enhancing the welfare of zakat recipients. Administrative and fundraising efficiencies enable zakat institutions to optimize resource utilization and reach a larger number of beneficiaries. Well-designed and appropriately targeted programs ensure that zakat funds are directed to those in genuine need, thereby creating a significant positive impact.

Table 2. Results of the T-Test

Model				Standardized Coefficients Beta	t	Sig.
1	(Constant)	-0.97621	515.9181		-0.00189	0.0210
	Fundraising Efficiency	105.659	159.4648	1.208925	0.662585	0.0000
	Program Efficiency	-75.8114	228.5954	-0.64055	-0.33164	0.0296
	Administrative Efficiency	-2.35965	3.101116	-0.74838	-0.7609	0.0586

a. Dependent Variable: welfare of the beneficiaries

Based on Table 2, the results of the regression analysis illustrate the impact of Fundraising Efficiency, Program, and Administrative Efficiency on the Welfare of Mustahik. The analysis indicates that Fundraising Efficiency has a positive and significant effect on the Welfare of Mustahik ( $t = 159.4648$ ;  $p = 0.0000$ ). This suggests that any increase in fundraising efficiency will enhance the welfare of mustahik. Conversely, both Program and Administrative Efficiency do not exhibit a significant influence on the Welfare of Mustahik ( $p > 0.05$ ). Although the coefficient for Program is negative, the p-value exceeding 0.05 indicates that this effect is not statistically significant. Similarly, Administrative Efficiency does not significantly affect the Welfare of Mustahik. These findings suggest that, within the context of this study, fundraising efficiency is the dominant factor influencing the welfare of mustahik. Zakat institutions should concentrate their efforts on improving fundraising efficiency to collect more zakat and distribute it to mustahik, thereby enhancing their welfare.

## Discussion

This study examines the efficiency of zakat management by the National Zakat Agency (BAZNAS) and its impact on enhancing the welfare of beneficiaries. The findings indicate a positive trend in zakat management by BAZNAS from 2019 to 2023, characterized by a significant increase in both total collection and distribution of zakat. This aligns with the research conducted by Rachman et al. (2022), which highlights a national rise in zakat collection, reflecting a high level of public trust in zakat management institutions, particularly BAZNAS. The increase is driven by several factors, including heightened public awareness of zakat obligations, confidence in zakat institutions, and improved accessibility for fulfilling zakat duties. Furthermore, BAZNAS actively engages in outreach and education regarding zakat through various channels, both offline and online, contributing to increased awareness and community participation in zakat (Hafidhuddin & Hidayat, 2020).

The rise in zakat collection and distribution is a tangible reflection of BAZNAS's commitment to optimizing zakat fund management. The primary objective of this optimization is to enhance the welfare of beneficiaries, those entitled to receive zakat. BAZNAS's commitment is manifested through various strategic efforts encompassing multiple aspects. A crucial aspect is the enhancement of the capacity of zakat managers, the individuals responsible for managing zakat funds. By improving the competence and

**Rizki Ahmad Fauzi; Yuli Anwar; Indar Khaerunnisa.** The Efficiency of Zakat Management and Its Impact on the Improvement of Mustahik Welfare)

professionalism of zakat managers, BAZNAS ensures that zakat funds are managed with integrity, transparency, and accountability (Arifin, 2019).

BAZNAS is also dedicated to developing an integrated and modern information management system. This system enables BAZNAS to effectively and efficiently record, monitor, and evaluate the entire process of zakat management. Additionally, the innovation of poverty alleviation programs is a priority for BAZNAS. These programs are designed to empower beneficiaries, providing not only consumptive assistance but also facilitating their sustainable exit from the cycle of poverty (Hidayat, 2021). BAZNAS recognizes that collaboration is essential for success. Consequently, BAZNAS actively engages in partnerships with various institutions, both governmental and private. This collaboration aims to expand the reach of programs, enhance efficiency, and maximize the positive impact of zakat management (Putra, 2023). Thus, BAZNAS focuses not only on collecting zakat funds but also on their optimal distribution and utilization to improve the welfare of beneficiaries.

To clarify the above description, let us further elaborate on BAZNAS's efforts to optimize zakat management:

1. **Capacity Building for Zakat Administrators.** BAZNAS regularly conducts training and certification programs for zakat administrators. These training sessions cover a wide range of topics, including understanding zakat jurisprudence, financial management, and effective communication (BAZNAS, 2022). As a result, zakat administrators are equipped with the necessary knowledge and skills to perform their duties professionally. The enhancement of their capacity also encompasses integrity and ethics. BAZNAS emphasizes the importance of trustworthiness, honesty, and transparency in managing zakat funds. Zakat administrators are expected to serve as role models for the community in adhering to Islamic law and demonstrating dedication in serving the public (Hassan, 2020).
2. **Development of an Integrated Information Management System.** BAZNAS has established an integrated information system to manage zakat data digitally. This system enables BAZNAS to accurately record each zakat transaction in real-time. Furthermore, this information system facilitates the monitoring and evaluation of zakat programs (Kurniawan, 2023). With a reliable information system, BAZNAS can optimize the use of zakat funds and ensure they are distributed effectively. Transparency and accountability in zakat management can also be enhanced through this information system, allowing the public to easily access information regarding the collection and distribution of zakat.
3. **Innovative Poverty Alleviation Programs.** BAZNAS not only provides consumptive assistance to beneficiaries but also develops empowerment programs. These initiatives are designed to help beneficiaries enhance their capacities and achieve self-sufficiency. Examples of empowerment programs implemented by BAZNAS include vocational training, business capital assistance, and business mentoring (BAZNAS, 2021). Additionally, BAZNAS actively develops innovative programs that cater to the beneficiaries' needs in the digital age, such as empowerment initiatives through digital platforms and skills training.
4. **Collaboration with Various Institutions.** BAZNAS actively engages in collaboration with a range of institutions, both governmental and private, to enhance the effectiveness and efficiency of zakat management. Partnerships with government entities aim to align poverty alleviation programs and expand service reach to beneficiaries (Kementerian Agama RI, 2022). Concurrently, collaborations with private organizations are pursued to secure funding, technology, and expertise necessary for developing innovative zakat programs. Additionally, BAZNAS works alongside other zakat management organizations to foster synergy and optimize zakat management nationally.

The ANOVA analysis indicating a significant impact of administrative efficiency on the welfare of beneficiaries underscores the importance of implementing Islamic accounting principles in managing zakat. Islamic accounting, with its emphasis on transparency, accountability, and adherence to Sharia principles, serves as an ideal framework for the efficient and effective management of zakat funds (Harahap, 2018).

The application of Islamic accounting in zakat management enables BAZNAS to record and report all zakat transactions in a detailed and accurate manner. This aligns with the accountability principle in Islamic accounting, which mandates that every transaction must be justifiable both in this world and the hereafter (Karim, 2015). Furthermore, Islamic accounting emphasizes the principle of transparency, requiring BAZNAS to provide clear and open information to the public regarding zakat funds management (Suaryana, 2020).

Consequently, the community can easily monitor and evaluate zakat funds utilization, thereby enhancing public trust in BAZNAS. Additionally, Islamic accounting stresses the principle of prudence in managing zakat funds. This principle obliges BAZNAS to manage zakat funds with integrity, avoid unnecessary risks, and ensure that the funds are entirely utilized for the beneficiaries' benefit (AAOIFI, 2017).

The following are several examples of how sharia accounting can enhance BAZNAS's administrative efficiency:

1. **Detailed Transaction Recording.** Every zakat transaction, from receipt and management to distribution, must be recorded in a detailed and accurate manner following sharia accounting standards (PSAK 109). This facilitates BAZNAS in tracking the flow of zakat funds and ensures that these funds are utilized for their intended purposes.
2. **Preparation of Sharia Financial Statements.** BAZNAS should prepare sharia financial statements periodically to provide a comprehensive overview of the financial condition and performance of zakat management. These financial statements must be prepared following applicable sharia financial accounting standards (PSAK 101, PSAK 102, PSAK 103, and PSAK 109) to ensure that the information presented is relevant, reliable, and comparable.
3. **Sharia Audit.** BAZNAS should undergo periodic sharia audits conducted by competent sharia auditors. The purpose of the sharia audit is to ensure that zakat management adheres to sharia principles and complies with the relevant laws and regulations (Minister of Religious Affairs Regulation Number 31 of 2022).

The implementation of sharia accounting in zakat management offers several advantages, including:

1. **Enhanced Accountability and Transparency.** Sharia accounting aids BAZNAS in managing zakat funds in an accountable and transparent manner, thereby increasing public trust.
2. **Improved Efficiency in Zakat Management.** Through accurate record-keeping and effective reporting systems, sharia accounting can enhance the efficiency of zakat management.
3. **Reduction of Misappropriation Risks.** The application of sharia principles in zakat accounting can help minimize misappropriation and misuse of zakat funds risks.
4. **Increased Trust Among Donors.** Donors will feel more confident in contributing their zakat through BAZNAS when they observe that the funds are managed according to sharia principles and are accounted for transparently.

By implementing the principles of Islamic accounting in zakat management, BAZNAS can enhance administrative efficiency, boost public trust, and ensure that zakat funds are allocated effectively to improve the welfare of beneficiaries. The efficiency in fundraising enables BAZNAS to reach a larger number of donors and collect greater zakat contributions, thereby expanding the scope of assistance and increasing its impact on the welfare of beneficiaries. Effective and innovative fundraising strategies, such as utilizing digital platforms, collaborating with financial institutions, and optimizing social media, can significantly enhance the efficiency of zakat collection. Furthermore,

improving service quality and facilitating access to zakat payment can encourage the community to contribute through BAZNAS (Widodo et al., 2020).

Regression analysis results indicate that only fundraising efficiency positively and significantly impacts beneficiaries' welfare. This finding suggests that, within the context of this study, BAZNAS's ability to raise zakat funds is the dominant factor influencing beneficiaries' welfare. This aligns with the findings of Widodo et al. (2020), which state that optimizing zakat collection significantly contributes to improving the welfare of beneficiaries. BAZNAS should continue to enhance fundraising efficiency through innovative strategies and the use of information technology to reach more potential donors. Additionally, developing loyalty programs for donors, improving service quality, and empowering zakat collection units (UPZ) can also be pursued to optimize zakat collection.

Although the programs and administrative efficiency did not demonstrate a significant impact on the welfare of beneficiaries in this study, it does not imply that these two factors are unimportant. Well-designed and targeted programs remain essential to ensure that zakat funds are distributed effectively and yield a substantial positive impact. As noted by Syakir (2021), effective zakat programs should focus on empowering beneficiaries and addressing the real issues they face. Continuous evaluation and development of programs are necessary to ensure their relevance and effectiveness in tackling the challenges faced by beneficiaries. Economic, educational, health, and social empowerment programs should be designed in an integrated and sustainable manner to enhance the independence of beneficiaries and alleviate poverty. This aligns with the perspective that zakat is not merely a form of consumptive aid but also a tool for economic and social empowerment (Cizakca, 2011).

Administrative efficiency must also be prioritized to ensure transparency and accountability in zakat management. Implementing sound management systems, rigorous internal audits, and open reporting will enhance public trust and encourage community participation in fulfilling their zakat obligations. Maulana et al. (2023) indicate that transparency and accountability are critical factors influencing public confidence in zakat management institutions. The utilization of information technology in administrative processes and reporting can improve the efficiency and transparency of zakat management. Consequently, BAZNAS can optimize resource use and effectively distribute zakat funds to beneficiaries, thereby enhancing their welfare.

An effective zakat program plays a vital role in achieving the objectives of zakat, alleviating poverty, and enhancing the beneficiaries' welfare. The following are several characteristics of an effective zakat program:

1. **Targeted Approach.** The zakat program must be directed towards beneficiaries who are genuinely in need and meet the criteria established by Islamic law.
2. **Sustainability.** The zakat program should not solely focus on short-term assistance; it must also be designed to create long-term impacts for beneficiaries. Sustainable empowerment initiatives will assist beneficiaries in breaking free from the cycle of poverty and achieving economic independence.
3. **Integration.** Zakat programs need to be integrated with other initiatives, whether from the government or other organizations, to create synergy and maximize positive outcomes for beneficiaries.
4. **Innovation.** Zakat management institutions must continuously innovate in developing creative and relevant zakat programs that align with contemporary developments and the beneficiaries' needs.

By designing and implementing effective zakat programs, BAZNAS can ensure that zakat funds are allocated appropriately and provide optimal benefits for the welfare of beneficiaries..

## **CONCLUSION AND RECOMMENDATIONS.**

This research indicates that the efficiency of fundraising plays a crucial role in enhancing the welfare of beneficiaries, addressing the first research question by

**Rizki Ahmad Fauzi; Yuli Anwar; Indar Khaerunnisa.** The Efficiency of Zakat Management and Its Impact on the Improvement of Mustahik Welfare

demonstrating that the level of zakat management efficiency at BAZNAS, evaluated through indicators of fundraising efficiency, program efficiency, and administrative efficiency, is at a satisfactory level. Furthermore, in response to the second research question, there is a significant impact of zakat management efficiency on the improvement of beneficiaries' welfare, measured by indicators such as income, health, education, and housing. Therefore, BAZNAS must continue to strive for enhanced zakat management efficiency by optimizing fundraising efforts, improving administrative efficiency, and developing targeted programs. In doing so, BAZNAS can maximize the benefits of zakat in alleviating poverty and enhancing community welfare.

Based on the findings of this study, it is recommended that BAZNAS concentrate on optimizing zakat management by increasing fundraising efficiency through the diversification of methods, collaboration with various stakeholders, and ensuring transparency and accountability. Additionally, enhancing administrative efficiency through the implementation of integrated information systems, improving human resource competencies, and conducting ongoing evaluations is essential. Developing targeted programs should involve conducting needs assessments for beneficiaries, prioritizing sustainable empowerment initiatives, monitoring and evaluating programs, and strengthening partnerships with various organizations. With a focused and comprehensive strategy, BAZNAS can maximize the benefits of zakat in combating poverty and improving community welfare.

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