The Relationship of Organizational Culture and Management Policy in the Utilization of Social and Economic Value of Zakat

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Abstract—The purpose of this research is to see the correlation of organizational culture and management policy in the utilization of social and economic value of zakat. The role of zakat intermediation will be related to management policy, especially in achieving the objectives of zakat distribution program, namely the utilization of the social and economic value of zakat. One of the factors associated with management policy is organizational culture. This research method uses survey and descriptive analysis research with a qualitative approach. Data collection techniques used is questionnaires, interviews and documentations. The research population is the Amil (zakat collector) of zakat institutions in Great Bandung. The results of the research revealed that there is a correlation of the organizational culture and management policy in the utilization of the social and economic value of zakat. The research implications are expected to be used as inputs for zakat management to increase the utilization of socio-economic value of zakat.

Keywords—organizational culture; management policy; zakat

I. INTRODUCTION

Act 23 of 2011, Zakat Management is an umbrella act for zakat management in Indonesia [1]. The act requires Government to give a zakat institution the authority to manage zakat. The regulation encourages the larger achievement of zakat potential to 217 trillion, but the funds that can be collected by zakat are still very small, about 3-4 trillions [2]. This means that the zakat funds that can be collected are approximately 3%. This condition shows that the performance of zakat institutions is still very low. Of the zakat funds that can be collected in accordance with the potential, the funds could be used as a source of revenue for the government to alleviate poverty through the use of social and economic value of zakat.

The operation of zakat institutions must be accordance with Islamic values, especially in applying their role of zakat intermediation that is receiving zakat from the muazzaki and distributing zakat to the recipients [3, 4]. The performance of zakat institutions in distributing zakat funds to mustahik is viewed from the social and economic benefits of zakat [5] [6]. This is in line with the accurate zakat distribution which cannot be separated from the two definitions of charity, to purify wealth of the muazzaki (the rich) and to distribute it to the poor (mustahik) in order to help the poor surviving and having livelihood [7]. One variable that has the possibility of influencing the improvement of zakat institution performance is management policy. Management policies are usually associated with the social reporting aspect [8]. Associated with the needs for zakat distribution as proposed by Hartanto Widodo [9]. The management policy is also associated with the allocation of zakat funds that is distributed the situations and conditions of problems in the working area and the Mustahiq who will receive the funds [10]. The forms of zakat fund distribution can be consumptive or productive [9].

Of the many factors that influence management policy of the utilization of zakat social and economic values that is associated with their role in distributing and utilizing zakat is organizational culture. Organizational culture is important for zakat institutions because it will give colors to their operational activities [11]. Organizational culture as a value, trust and practices that create the same understanding among members of the organization [12]. Organizational culture can improve the organization competitiveness in winning the competition by improving their organizational performance [11, 13, 14]. Organizational culture consists of 7 characteristics: Innovation and Risk-Taking, Attention to Details, Outcome Orientation, People Orientation, Team Orientation, Aggressiveness, and Stability [12]. One of the performances of a zakat institution can be viewed from its utilization of social and economic value of zakat [6, 15]. Widuri showed a strong correlation between organizational culture and a good application of Good Corporate Governance (GCG), particularly related to management [16]. The role of organizational culture as a tool for determining the direction of the organization, directing what can be done and should not be done, how to allocate and manage organizational resources and as a tool to deal with problems and opportunities from the internal and external environment.

Based on the background above, the research questions are: What is the correlation between organizational culture and the management policy of zakat institution in the social and economic value of zakat utilization.
II. METHOD

The research method used is survey method. The type of research conducted is descriptive analysis research and qualitative approach. The operational variable of the organizational culture consists of 7 characteristics: Innovation and Risk-Taking, Attention to Details, Outcome Orientation, People Orientation, Team Orientation, Aggressiveness, and Stability. The management policy variable includes: Time, Form and nature of distribution, scope of distribution and recipients of zakat. Data collection techniques used in the research is questionnaires; Interviews; and documentations.

This research questionnaire uses Semantic Differential Scales, followed by the validity test (product moment correlation) and instruments reliability (Sperman-Brown correlation). The target population consists of 15 Zakat Institutions (BAZ and OPZ) in Greater Bandung with 43 respondents.

III. RESULT AND DISCUSSION

A. Organizational Culture

The description of the research results can be used to enrich the discussion through the responses of respondents. Furthermore, the score of the respondents’ response is categorized. Organizational culture is measured using 7 (seven) dimensions. Table shows the categorization of the average score of respondents’ answers to each dimension of the organizational culture variable.

<table>
<thead>
<tr>
<th>No</th>
<th>Indicators</th>
<th>Mean Score</th>
<th>Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Innovation and Risk Taking</td>
<td>7.73</td>
<td>Moderate</td>
</tr>
<tr>
<td>2</td>
<td>Attention to detail</td>
<td>8.08</td>
<td>High</td>
</tr>
<tr>
<td>3</td>
<td>Outcome orientation</td>
<td>8.35</td>
<td>High</td>
</tr>
<tr>
<td>4</td>
<td>People orientation</td>
<td>7.93</td>
<td>High</td>
</tr>
<tr>
<td>5</td>
<td>Team orientation</td>
<td>7.95</td>
<td>High</td>
</tr>
<tr>
<td>6</td>
<td>Aggressiveness</td>
<td>7.85</td>
<td>High</td>
</tr>
<tr>
<td>7</td>
<td>Stability</td>
<td>8.15</td>
<td>High</td>
</tr>
<tr>
<td>8</td>
<td>Organizational Culture</td>
<td>8.00</td>
<td>High and Conducive</td>
</tr>
</tbody>
</table>

Table 1 shows the results of calculation of respondents grand mean score of organizational culture is 8.0 and is in the interval of 7.75 – 10.00. It can be concluded that organizational culture of the majority of zakat institutions in Greater Bandung is high / conducive.

B. Management Policy

The description of the research results can be used to enrich the discussion through the responses of respondents. Furthermore, the respondents’ answers scores are categorized. Management policy is measured using 3 (three) dimensions. The following are the results of the categorization of the average score of respondents' responses to each dimension in the management policy variable.

C. The Relationship of Organizational Culture and Management policy in the Utilization of The Social and Economic Value of Zakat

Organizational culture consists of seven manifest variables, namely: Innovation and Risk Taking, Attention to Details, Outcome Orientation, People Orientation, Team Orientation, Aggressiveness and Stability. The seven manifest variables that are obtained show that the dimension of organizational culture is valid and reliable in reflecting latent variables.

Management policy consists of three manifest variables, namely; time, types and nature of distribution, scope of distribution of zakat funds to recipients. These three manifest variables are used to measure the validity and reliability of management policy in reflecting latent variables.

The scores show the suitability level of the indicators in forming latent construct of Organizational culture that shows nearly all dimensions are in the high score category, except the dimensions of Innovation and Risk Taking which has a moderate score. Overall, all dimensions can describe organizational culture variable. Likewise, the scores show the level of suitability of the indicator in forming a latent construct of the management policy variable that shows that the information contained in the manifest variable (the two dimensions) is moderate and only the dimensions of the recipient of zakat funds is moderate. Therefore, overall all dimensions can describe the management policy variable.

The results of the research are in accordance with the results of the research of Qurdawi who stated that the accuracy of zakat distribution cannot be separated from the two definitions of zakat, which are purifying wealth of the mustahik (the rich) [7]. Zakat funds are distributed to mustahik with the aim to help the mustahik to survive and eradicate poverty. The recipients of zakat according to sharia (Islamic law) consist of eight groups (asnaf) which become a social and economic target of zakat distribution. The density of zakat distribution must be in accordance with the social and economic goals and objectives of zakat distribution. The goals are the important aspects of accountability of a zakat institution.

Organizational culture is the manifestation of the assumption held and implicitly accepted by the group to determine how these groups feel, think and react to its environment diversity. Organizational culture is important in an organizational life, where it functions as a means of uniting
members of the organization, which consists of a group of individuals with different backgrounds. On the other hand, according to Apfelthaler et al., organizational culture can improve the excellence in winning competition by improving organizational performance [13]. In a zakat institution, performance can be seen from the effectiveness of the collection and distribution of zakat funds. Organizational culture impacts organizational performance by viewing the utilization of the socio-economic value of zakat. Also the organizational culture can improve the organizational performance through their competitive excellence and good zakat governance.

The most distinctive thing that relates organizational culture and management policy in the utilization of the social and economic value of zakat is that of a manager of a zakat institution, who must have knowledge and competence related to the intermediary role of the zakat institution in collecting zakat from muzuakk and distributing the funds to mustahik.

Management policy will be colored with (1) The components of Time, shape and nature of the distribution to see the distribution or utilization of zakat funds; (2) The scope of distribution will be associated with distribution programs and (3) the components of zakat recipients are related to what will be prioritized.

Innovations and creativities are necessary to construct the programs of collecting and distribution and utilization of zakat. The program that has been designed is certainly not free from the risk of failure or ineffective (Innovation and Risk Taking). A zakat institution is an institution that serves community, especially mustahik, so that there is a great demand to hire an Amil (People Orientation, Team Orientation). To be able to create creative and innovative distribution and utilization programs, it is necessary to conduct practice and try things related to the effectiveness and have the value of utilizing the social and economic value of zakat. (Attention to Detail, Outcome Orientation). Considering that a zakat institution is an institution that cannot be separated from environmental changes, for the speed and adjustment of various programs and governance tools such as the use of technology are necessary (Aggressiveness and stability) In the end, the indicator of the success of the distribution and utilization of zakat program will be viewed from the usefulness of zakat which is the utilization of the social value of zakat (Outcome Orientation). Therefore, the correlation between organizational culture and management policy in achieving organizational performance through the use of social and economic values of zakat in a zakat institution is viewed from each contribution to the dimensions (characteristics) of the organizational culture variable.

However, there are still obstacles in implementing organizational culture, namely a different understanding in deciding the intermediation programs of zakat funds, for that, as an effort to improve the utilization of social and economic value of zakat is to improve the understanding of leaders and Amil in the provisions of the law of sharia-jurisprudence because, designing and creating an intermediation program for zakat funds needs to be studied and must be accordance with fiqh / sharia law.

IV. CONCLUSIONS AND RECOMMENDATIONS

Based on result and discussion, the conclusions of the research are (1) Organizational culture of most zakat institutions in Greater Bandung is conducive. (2) The management policy in most zakat institutions in Greater Bandung is appropriate. And (3) The organizational culture, with its characteristics (Innovation and Risk Taking, Attention to Detail, Outcome Orientation, and People Orientation, Team Orientation, Aggressiveness and stability) has correlation with management policy in fulfilling the indicators. And recommendation of this research is necessary to have a better understanding of zakat fiqh, especially contemporary zakat fiqh, so that it will have an impact on a more appropriate and more effective management policy, especially related to the policy of determining the zakat funds intermediation program.

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The author is a lecturer in Accounting Department, Faculty of Economics and Business, Bandung Islamic University. Competencies held are financial accounting, management accounting and public finance. The professions of the author are lecturers, trainers, researchers, research and journals reviewers, and consultants. The authors become administrators in several professional organizations namely IAI, IAEI, ISEI, BWI Jabar and BAZNAS West Java. Experience writing on accredited national journals and reputable international journals.

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