

THE IMPACT OF TRANSPARENCY, ACCOUNTABILITY AND SERVICE QUALITY ON THE LEVEL OF TRUST OF MUZAKKI TO PAY ZAKAT TO THE NATIONAL ZAKAT AGENCY (BAZNAS) OF RIAU PROVINCE

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Abstract

The purpose of this study is to test the hypothesis and produce evidence regarding the influence of Financial Report Transparency, Accountability and Service Quality on the level of Muzakki's Trust to Pay Zakat at the National Zakat Agency (BAZNAS) of Riau Province. The study used primary data, namely distributing questionnaires to the Pekanbaru community who had paid zakat in the last three years at BAZNAS Riau Province. The sampling used in this study was the purposive sampling method. The number of muzakki who were sampled in this study was 100 respondents. The analysis method used to test the hypothesis was SmartPLS 3. The result of this study indicate that Financial Report Transparency, Accountability and Service Quality have an influence and are significant on the level of trust.

Keyword: *Transparency of Financial Report; Accountability; Service Quality and Level of Trust*

A. INTRODUCTION

Zakat is one of the pillars of Islam, and is an obligation for every able and eligible Muslim. Therefore, in accordance with applicable Islamic law, all Muslims who are legally capable must pay zakat. (Istikhomah & Asrori, 2019). Zakat management regulations in Indonesia are regulated by Law Number 23 of 2011 and Financial Accounting Standards Regulation (PSAK) Number 109 Adjusting the financial reporting format of the zakat transaction itself (Alfitriah et al., 2021). Zakat Management Law No. 23 of 2011's Clause 3 declares that "The purpose of zakat management is to increase the effectiveness and efficiency of zakat management services and increase the benefits of zakat for the welfare of society and poverty alleviation" (Istikhomah & Asrori, 2019). Zakat can be a major source of revenue for the government as a whole. If the country's predominantly Muslim population pays zakat as needed and receives support from an amil that ensures a fair, transparent, and intelligible zakat administration system, this can be achieved. Indonesia has a population of 275,361,267 people and 86.8% of the population is Muslim. One of Indonesia's fastest growing economic provinces is Riau (Rapindo et al., 2021). The following table displays BAZNAS Riau Province's zakat fund collection:

Table 1.1 Financial Report of BAZNAS Riau Province

Year	Zakat Fund Collection
2017	2.220.830.375
2018	4.506.055.358
2019	12.150.186.862
2020	14.523.256.085
2021	15.789.022.086
2022	38.742.032.078

Source: *Audited Annual Financial Report of BAZNAS Riau Province*

Based on the table above that researchers obtained from the National Amil Zakat Agency (BAZNAS) Riau Province, the amount of zakat collection in 2017-2022 has increased every year. Judging from the amount of funds collected in 2017 of Rp 2,220,830,375, it increased by Rp 4,506,055,358 in 2018, then

experienced an increase of Rp 12,150,186,862 in 2019. Furthermore, there was another increase in 2020 to IDR 14,523,256,085. Likewise, in 2021 there was an increase of IDR 15,789,022,086. and in 2022 there was a significant increase to IDR 38,742,032,078. Improving cooperation among zakat institutions in zakat management in Indonesia is a challenge for zakat management in the future. If the Zakat Management Organization can eliminate muzakki's concerns about professionalism in upholding the values of accountability and transparency, it will succeed in optimizing zakat collection. As a result, muzakki are forced to calculate their own zakat and hand it over to mustahik due to distrust of zakat managers. Accountability and transparency practices carried out by zakat managers are recognized to contribute to the low level of trust of muzakki towards zakat management companies.

Based on the results of the researcher's interview with Mrs. Desi Susanti, a respondent (muzakki) who has made zakat payments to BAZNAS Riau Province, trust is the main motivation in paying zakat. This means that I have seen for myself how BAZNAS Riau Province manages its zakat funds transparently and responsibly. They always provide clear and detailed financial reports, so that I feel confident that the zakat that I pay is well managed and distributed to the rightful. This means that the trust of Muzakki should be the main concern of BAZNAS. Because Muzakki has a big impact on BAZNAS, meaning that if Muzakki continues to pay zakat to BAZNAS, the use of zakat money in BAZNAS will increase. Increase public trust in zakat governance by implementing good zakat governance, such as providing transparent and accurate financial reports

B. LITERATURE REVIEW

1. Agency Theory

Agency theory is characterized by Jensen and Meckling (1976) who define it as an agreement between shareholders and agents or other managers to provide services in the interests of the owners (Rapindo et al., 2021). According to this view, mistrust between parties is common in business. There is inconsistency in cooperative behavior, which involves mutual benefit without coercion. All this ultimately leads (encourages) each party to add tools to be more confident that the contract is not detrimental. In other words, mutual trust agreements are made on the basis of mutual distrust.

2. Zakat

The term zaka, which implies blessing, growth, and goodness, is the root of the word zakat. Zaka is a term that implies blessing, progress, purity, and praise in Arabic. Zakat is defined by Sharia law as the amount of wealth that Allah SWT requires from those who are eligible to receive it (mustahiq), as stated in the Al-Quran (Febi et al., 2017). Zakat, according to the Shafi'i school of thought, is a particular means to release riches or body (Abdullah, 2016).

3. Trust

According to Ikhwanda, (2018) trust is defined as the knowledge and inferences made by buyers about an item, its characteristics, and its benefits. A muzakki's trust in zakat organizers depends on what they know and think about zakat organizers, Muzakki who have trust in zakat organizers will continue to pay zakat to them (Alfitriah et al., 2021). There are two main reasons why trust is crucial. First, because the relationship will be a long one and each party must have a commitment based on loyalty and integrity. For the second reason, clients should want to disclose personal information at the conceptual stage, as this has an impact on future planning (Suryadi & Rimet, 2023).

4. Transparency of Financial Reports

Transparency means that an organization presents information that is relevant, understandable, and easily understood by its stakeholders. Because transparency in zakat management applies to internal departments and external parties, it can help build an effective control system. The purpose of transparency is to provide accurate financial information to the public as they have the right to know fully and transparently how the government manages the resources entrusted to them (Musarofah, 2022).

5. Accountability

In accountability, all parties and stakeholders are entitled to an explanation of the actions that have been taken.. Furthermore, accountability is an important part of the zakat management system, accountability has the same meaning as responsibility or trust (Junjuran et al., 2020). The disclosure of correct accounting of work is also referred to as accountability. However, the moral and spiritual aspects indicate that the organization is accountable to Allah SWT, and they strive to conduct their operations in a manner that is in accordance with sharia ethics (Cahyani, 2023).

6. Service Quality

Wycof says that service quality is excellence that is expected and managed to meet customer expectations. Quality encourages actions that aim to provide long-term satisfaction and comfort for customers (Marsela, 2023). According to Kotler and Armstrong, service quality is the collection of

attributes that underpin a product or service's capacity to directly or indirectly meet needs. Naturally, a significant factor in determining customer happiness is the provision of high-quality service products. The better the product or service offered, the more satisfied the customer will be (Saffai, 2022).

C. RESEARCH METHODOLOGY

This study makes use of quantitative research. The study's population consisted of 19,763 muzakki who had paid zakat as of March 2024. Population refers to every aspect of the research area or research object as a whole. This study uses the Purposive Sampling method, where the sample is based on the total population in Pekanbaru City, which amounts to 100 muzakki, for sampling addressed to Muzakki at the National Amil Zakat Agency (BAZNAS) Riau Province. The variables used include: Financial Statement Transparency (X1), Accountability (X2), Service Quality (X3) and Level of Trust (Y). This research uses the SmartPLS application to answer questions from the problem formulation. Where the test tool used in SmartPLS consists of validity test, reliability test, R-Square test to hypothesis testing.

D. RESULTS AND DISCUSSION

1. Descriptive Statistics

Descriptive analysis was carried out to determine the distribution of each research variable used. Standard deviation, maximum value, minimum value, and average (mean) comprise the distribution of study variables.

2. Evaluation of the Measurement Model (*Outer Model*)

a. Validity Test

1. Convergent Validity

For the validity test, the Average Variance Extracted (AVE) > 0.5. An indicator is considered valid if the variable's AVE value is greater than 0.5.

Table 1.2 Value of Average Variance Extracted (AVE)

VARIABEL	AVE
X1 (Transparency of Financial Reports)	0.630
X2 (Accountability)	0.613
X3 (Service Quality)	0.653
Y (Level of Trust)	0.605

Source: Management of Smart PLS 3

All variables in table 1.2 data already have an Average Variance Extracted (AVE) value > 0.5, which indicates that the variable is qualified or valid.

2. Discriminant Validity

Examining the loading cross value demonstrates how to determine the discriminant validity test's results. Every variable must meet the same criteria, which include having a higher cross loading value than other variables. The Fornell-Larcker approach can be used to determine each variable's loading cross value. The outcomes of this study's analysis of its discriminant validity are as follows:

Table 1.3 Fornell Larrcker

Variabel	X1	X2	X3	Y
X1 (Transparency of Financial Reports)	0.794			
X2 (Accountability)	0.554	0.783		
X3 (Service Quality)	0.666	0.659	0.808	
Y (Level of Trust)	0.651	0.639	0.669	0.778

Source: Management of Smart PLS 3

b. Realibility Test

The variables in this study each have component reliability values and Cronbach's alpha as follows:

Tabel 1.4 Cronbach's Alpha and Composite Reliability

Variabel	Cronbach's Alpha	Composite Reliability
X1 (Transparency of Financial Reports)	0.916	0.932
X2 (Accountability)	0.909	0.927
X3 (Service Quality)	0.924	0.938
Y (Level of Trust)	0.907	0.924

Source: Management of Smart PLS 3

Each variable in this study shows a composite reliability and Cronbach's alpha value of more than 0.7, as shown in Table 1.4. Therefore, all variables in this study have an appropriate level of reliability.

3. Evaluation of the Measurement Model (*inner Model*)

a. Value of R-Square

The R-squared values for this study are as follows:

Table 1.5 Value of R-Square

	R-Square
Y (Level of Trust)	0.569

Source: Management of Smart PLS 3

Table 1.5, R-Square data processing findings indicate that the R-Square value for Y (level of trust) is 0.569. Thus, the variables of accountability, service quality, and financial statement transparency may be said to account for 56.9% of the factors influencing the degree of trust in paying zakat in Baznas Riau Province, with other variables accounting for the remaining 43.1%.

b. Path Coefficient

Using the T-statistic value and P-values in the Path Coefficient section, significance and hypothesis testing can be carried out. When T-statistic value exceeds T-table value (1.96), then exogenous variables have a significant impact on endogenous variables. The hypothesis of the study can be accepted if the P-values are less than 0.05.

Table 1.6 Value of Path Coefficient

Variabel	Original Sample (O)	T Statistic (O/STDEV)	P Values
X1 (Transparency of Financial Reports) -> Y (Level of Trust)	0.310	2.848	0.005
X2 (Accountability) -> Y (Level of Trust)	0.286	2.850	0.005
X3 (Service Quality) -> Y (Level of Trust)	0.274	2.624	0.009

Source: Management of Smart PLS 3

4. Discussion

a. The Effect of Transparency of Financial Statements on the Level of Trust of Muzakki

In this study, it was found that Transparency of Financial Statements has a positive and significant influence on the Level of Trust in Baznas Riau Province. Table 1.7 displays these findings, indicating that the P-Values of 0.005 are less than 0.05 and the T-Statistics value is 2.848, which is higher than the T-Table (1.960). The initial sample value of 0.310 means that the Trust Level will rise by 0.310 for every 1% increase in the Financial Statement Transparency variable. Which means that when the Transparency of the Financial Statements of Baznas Riau Province increases, it will increase the Trust Level of muzakki to pay zakat at Baznas Riau Province. Conversely, if the Transparency of the Financial Statements of Baznas Riau Province decreases, the level of trust of muzakki to pay zakat in Baznas Riau Province will also decrease. The findings of this investigation are in line with research conducted by (Rapindo et al., 2021), (Walidah & Anah, 2020), (Junjuna et al., 2020), (Marsela, 2023) which states that the quality of transparent reports can be seen from each report made; fund information is reported clearly so that it can be trusted and not changed; and report information can also be accessed freely by the public without any restrictions. This suggests that the transparency of financial statements has a major influence on the level of muzakki faith in making zakat payments to Baznas Riau Province.

b. The Effect of Accountability on the Level of Trust of Muzakki

In this study, it was found that accountability has a positive and significant influence on the level of trust of muzakki in Baznas Riau Province. Table 1.7 displays these findings, indicating that the P-Values of 0.005 are less than 0.05 and the T-Statistics value is 2.850, which is higher than the T-Table (1.960). The original sample value of 0.286 indicates that if the accountability variable increases by 1%, the level of trust of muzakki will increase by 0.286. Which means that when the accountability of Baznas Riau Province increases, it will increase the trust of muzakki to pay zakat to Baznas Riau Province. Conversely, if the

accountability of Baznas Riau Province decreases, the level of trust of muzakki to pay zakat at Baznas Riau Province will also decrease. The findings of studies by (Rapindo et al., 2021), (Walidah & Anah, 2020), (Hasrina et al, 2018) demonstrate that accountability significantly and positive affects muzakki's level of trust in paying zakat to Baznas Riau Province. Therefore, accountability is the need to report and be accountable for the organization's mission execution in reaching preset results through accountability media that are published on a regular basis..

c. The Effect of Service Quality on the Level of Trust of Muzakki

This study found that service quality has a positive and significant effect on the level of trust in Baznas Riau Province. The T-Table (1.960) is less than the T-Statistics value of 2.624, and the P-Values are less than 0.05, indicating these findings. The original sample result of 0.274 means the degree of trust will rise by 0.274 for every 1% increase in the service quality variable. Which means that when the quality of service of Baznas Riau Province increases, it will increase the trust of muzakki to pay zakat to Baznas Riau Province. On the other hand, muzakki's trust in Baznas Riau Province to get zakat will likewise decline if the province's level of service excellence declines. These findings support research by Husna dan Farid, (2020) dan (Saffai, 2022) that found a positive and significant relationship between service quality and muzakki trust. Good service quality will encourage muzakki's trust to pay zakat, so it is very important, especially for institutions to measure the extent of services provided to muzakki

E. CONCLUSION

Based on testing by researchers and has been described in the discussion can be concluded : Financial statement transparency significantly and positively affects muzakki's level of trust in paying zakat to Baznas Riau Province. Because of this, muzakki are more likely to trust Baznas Riau Province to pay zakat if the province's financial statements are more transparent. Accountability significantly and positively affects muzakki's level of faith in Baznas Riau Province's zakat payment. This implies that the more accountable Baznas Riau Province is, the more muzakki will be inclined to give zakat to the province. Service quality significantly and positively affects muzakki's faith in Baznas Riau Province's zakat payment. Accordingly, muzakki are more likely to trust Baznas Riau Province to receive zakat payments when the province provides higher-quality services.

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