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## *Designing Shariah Governance Standard for Zakat Management Organization: Indonesia Experience*

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**BAZNAS**  
Badan Amil Zakat Nasional

# **Designing Shariah Governance Standard for Zakat Management Organization: Indonesia Experience**

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## **ABSTRACT**

*As the largest muslim population country in the world, Indonesia has a great potential in terms of zakat collection which about IDR. 217 trillion. However, according to the outlook of Zakat 2019, Zakat Management Organizations can only collected by about IDR. 6 Trillion. This condition indicates that there is a gap between potential collection and real collection by about IDR. 211 trillion. There are some studies explored the causes of the gap of zakat collection in Indonesia. One of the cause is missmanagement in Zakat Management Organization. To overcome the situation, The Central Bank of Indonesia, The National Board of Zakat of Republic of Indonesia along with 8 representatives of islamic countries have conducted a global initiative by launching Zakat Core Principles (ZCP) which provides the minimum standards for good zakat governance. The 15<sup>th</sup> standard of ZCP is encouraged ZMO to implement Shariah Governance. Hence, by reffering to the document the study attempts to explore and design Shariah Governance Standard (SGS) for Zakat Management Organization. The study also used Content Analysis technique, Survey Method and Delphi Method as methodological approach. By involving 13 experts as our respondents, the study successfully designed 6 main standards and 57 sub-standards of SGS for Zakat Management Organization. The study also reveals that the majority of respondents of this research expressed their agreement on the designed SGS for ZMO. Nevertheless, The Delphi test shows that the p-value of rater agreement achieved less than 0.5 means that the consensus among the respondents regarding the SGS for ZMO is significantly robust.*

Key words : Shariah Governance, Zakat Management Organization

JEL : L31, M42

KAUJIE : E14, E15

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## **1. Introduction**

The existence of Zakat is very necessary in alleviating the poverty problems. Indonesia as the largest muslim population in the world has a huge potential in Zakat fund collection. According to the study by Asfarina *et al* (2018) found that the biggest potential of zakat fund collection in Indonesia reached Rp.217 Trillion. However, the achievement of successful zakat collection by Zakat Management Organizations (ZMOs) is only Rp.6.2 Trillion in 2017 (Zakat Outlook, 2019) which there still a gap between the potential and collection.

Ascarya and Yumanita (2018) conducted a comprehensive study which analyzes the causes of low collection of zakat fund in Indonesia and its solution. The study found that one of the problems is mismanagement of Zakat. Currently, the management of Zakat Management Organizations (ZMO) are still largely managed informally, so some pivotal matters such as good governance, credibility, accountability and professionalism are not so given much attention. In fact, ZMO must also be professionally managed as well as management practices in Islamic commercial financial institutions, including the implementation of Shariah Governance Standard (SGS) in ZMO. One of the effort to implement SGS in ZMO is by issuing the Zakat Core Principle (ZCP) document.

The Zakat Core Principle (ZCP) which is formed by Bank Indonesia, the National Board of Zakat (BAZNAS), Islamic Development Bank and representatives from 8 Islamic countries was launched at the World Humanitarian Summit of United Nations in Istanbul, Turkey on May 23, 2016. The purpose of the ZCP document is to provide a minimum standard for ZMO so that ZMO can operate with a good level of governance by referring to the document. One of the principles in the ZCP document is that the ZMOs are recommended to have adequate SGS in their operations. Otherwise, ZMOs will facing risk reputation systematically (Ginena & Hamid, 2015).

According to its best practice, currently ZMOs in the jurisdiction of Indonesia region have already their own Sharia Supervisory Board (SSB) in accordance with the provisions of zakat Act. number 23 of 2011 which regulates ZMO to have their own SSB and willing to be regularly Shariah audited by Zakat regulator. However, another pillar is needed by ZMOs to make a robust, structured and effective supervision system by having SGS. Therefore, in the absence of the standard, the study would like to explore and design various possibilities of the SGS for ZMO and propose the applicable Shariah Governance Standard for ZMO.

## **2. Literature Review**

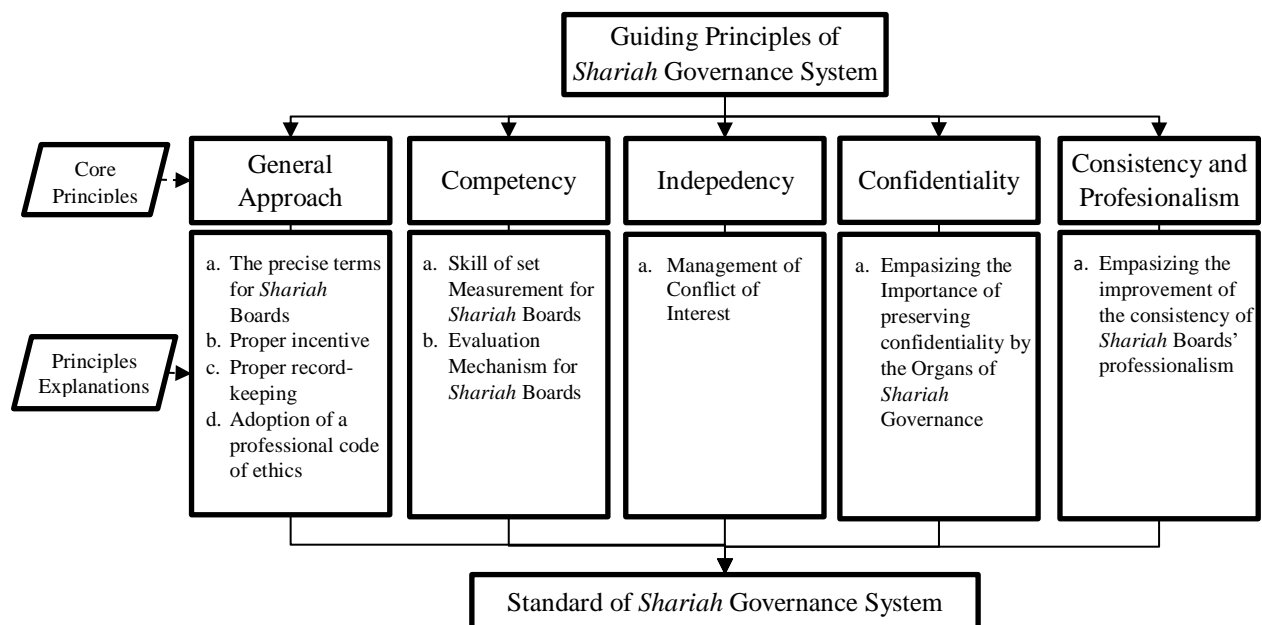
### **2.1. Shariah Governance System**

One of the principles of zakat management written in the Zakat Core Principles (ZCP) is that ZMO must have a good sharia governance system with the aim of overseeing and ensuring that all ZMO activities in accordance with sharia provisions. Therefore the existence of a sharia governnace system is very important in order to minimize all of risks that related to sharia governance (ZCP, 2017). From the literature review that has been collected, currently

there are no concepts and theories which directly address to the sharia control system at ZMO. So, the literature review will refer to several international standards on sharia governance systems in Islamic financial institutions.

Ginena & Hamid (2015) defines the shariah governance system as a system that promotes prudential values towards sharia law in all operations in Islamic banking in accordance with applicable rules, regulations, policies, guidelines and governance. Moreover, the sharia governance system was also defined by the Islamic Financial Service Board (IFSB) in the IFSB-10 standard on SGS (2009) with the following definitions:

*"Shari'ah Governance System refers to the set of institutional and organizational arrangements through which the Institution for Offering Islamic Financial Services (IIFS) ensures that there is an effective independent oversight of Shariah compliance over each of the structures and processes in IIFS"*



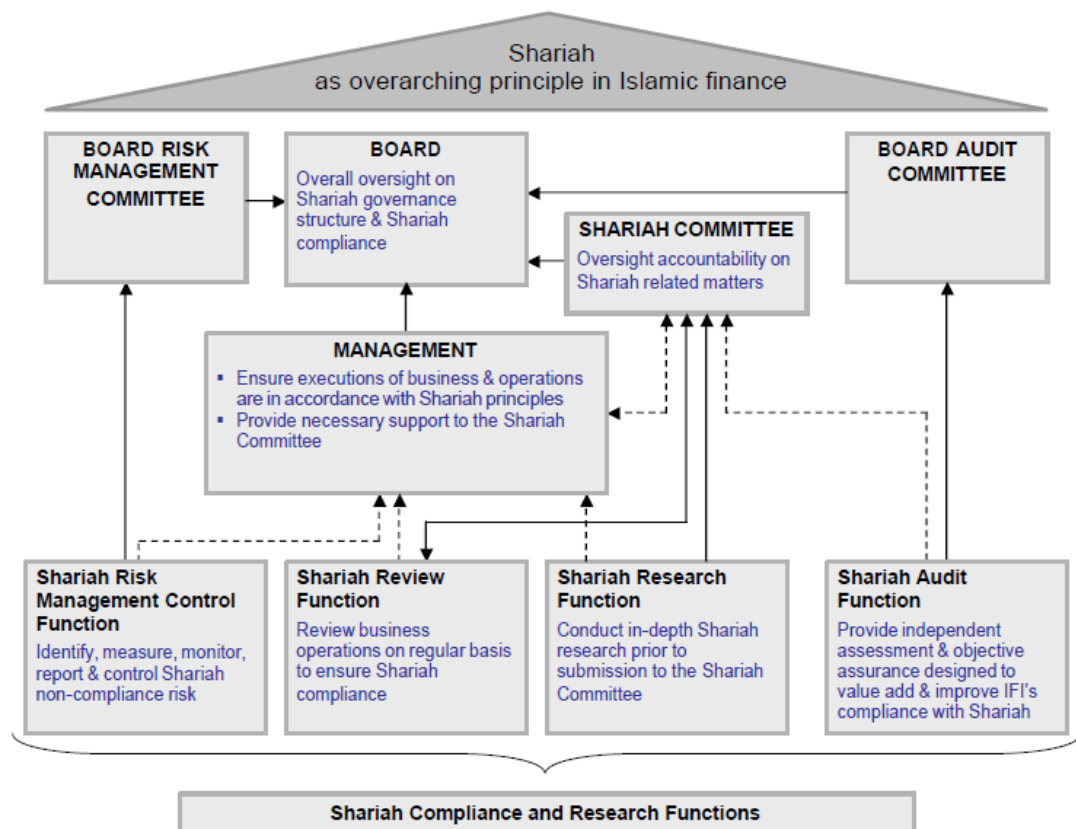
**Figure 1.1: Guiding Principles of Shariah Governance System**

*Source: IFSB (2009) drawn by Author*

The SGS standard which is issued by the IFSB consists of 5 (five) main standards. The five main standards of SGS comprise of the general SGS approach which covers the complexity of the SGS structure, the duties and responsibilities of *Shariah* Supervisory Board (SSB) generally, the mechanism for recording the results of discussions and the code of conducts. The second principle emphasizes the level of competency standard that must be possessed by SSB and the importance of assessment mechanism for SSB in order to ensure that SSB's performance in its best level whether as a group and individually. Moreover, the third principle of SGS stresses that Islamic financial institution should manage all of forms of conflict (Conflict of Interest) which will influence the independency of SSB's sharia views or opinions. The fourth principle of the SGS also emphasizes the importance for SSB to

preserve the confidentiality of information which is not intended to be published, and the last the SGS also includes standards of consistency and professionalism.

Furthermore, in 2010 the central bank of Malaysia also launched the Shariah Governance Framework (SGF) for Islamic financial institution as depicted at figure 2.2. SGF emphasizes that there are four key elements that have important role in preserving Islamic financial institutions in order to make them in line with the corridor of sharia law, namely the function of sharia audit, sharia research, shariah review and the function of risk control and sharia management. However, just like the SGS IFSB, the object of SGF is only intended for Islamic commercial financial institutions, Islamic insurance and other financial institutions that have similar schemes like Islamic banking.



**Figure 1.2: Shariah Governance Framework**

Source: Bank Negara Malaysia (2010)

## 2.2. Current Practice of SGS in ZMO

According to its best practice many ZMOs in Indonesia already have their own Shariah Supervisory Board (SSB) that is included in their organization structure. In Indonesia itself, the government requires each ZMO in the Indonesian jurisdiction to have SSB as stated in the Indonesian Zakat Act number 23 year 2011 and Presidential Regulation No. 14 year 2014.

**Table 2.1. List of number of SSB in ZMOs in Indonesia**

No	Name of ZMO	Number of SSB
1	DT Peduli	3

2	Rumah Zakat Indonesia	1
3	Dompot Dhuafa Republika	3
4	LAZ Baitul Maal Hidayatullah	5
5	Nurul Hayat	3
6	Inisiatif Zakat Indonesia	1
8	Lembaga Manajemen Infaq Ukhuwah Islamiyah	2
9	Muhammadiyah	6
10	Global Zakat	3
11	Dana Sosial Al Falah Surabaya	3
12	Pesantren Islam Al Azhar	2
14	Dewan Da'wah Islamiyah Indonesia	2

*Source: Official Website of ZMOs*

Table 2.1 shows the number of SSB which is owned by most biggest ZMOs in Indonesia. This circumstance indicates that several ZMOs in Indonesia already practiced SGS by including SSB in their organizations to supervise and guide the operation accordance with Sharia law. However, the lack of standard on how supervision is carried out makes supervision become not objective, effective and efficient. Thus, the precise standard of Sharia Governance System for ZMO is required.

### *2.3.Previous Studies*

Generally, the study regarding zakat has been carried out quite a lot, but the research related to SGS in ZMO has not been found both conceptually and empirically. However, there are several studies which intersect with the topic of SGS in ZMO.

Amalia (2017) discussed the Shariah Governance Framework (SGF) for Zakat Management Organizations. Through in-depth interviews with experts, Amalia divides the SGF into several dimensions, namely the Islamic Moral Ethics, Shura Decision making, Hisbah concept, Book Keeping and Final Accounts, and Religious Audit. Furthermore, from these five dimensions Amalia transforms the five dimensions of SGF into 5 (five) principles, namely Sharia Governance, The Function of Coordination, Shariah Supervision, Reporting, and Shariah and Financial Audit, which in general the five principles have been summarized in the Indonesian Zakat Act No.23 year 2011. However, Amalia found that in practice, the implementation of the SGF could not be implemented properly due to the absence of a national standard on how the SGF implements in ZMO.

Moreover, Mediawati and Fitrijanti (2016) discussed the effects of implementing internal supervision and the role of sharia supervisory boards on financial performance at ZMO. They found that the implementation of internal supervision and the role of the sharia supervisory board had a strong and positive relationship to the quality of financial statements at ZMO. Rusydiana and Firman (2017) conducted research related to the selection of criteria in the Zakat Core Principles. The research shows that the Shariah Control and Internal Audit standards get the highest value from the experts in evaluating the audit dimension and

transparency groups. So that Shariah Control and Internal Audit are very important standards for Zakat Management Organizations.

Hasan (2011) examined the practice of implementing five elements of sharia governance system in Malaysia, UK and GCC countries. The five elements include independence, competence, transparency, openness and consistency. From these countries, Malaysia has become the most consistent country in implementing Shariah Governance practices in Islamic financial institutions. This condition is influenced by the role of authorities in Malaysia who continuously pay attention to the implementation of the Shariah Governance system in all of sharia financial institutions in the country by issuing specific rules and guidelines related to the practices of Shariah Governance.

Furthermore, Grassa (2014) conducted the study regarding the implementation of Shariah supervision system in numerous Islamic financial institutions in OIC countries. This research is aimed to discuss the different practices and regulations of Shariah Governance among 25 countries of OIC members. The results of the study found that there was still inequality among the OIC countries in implementing Shariah Governance in Islamic financial institutions. Some countries has been implemented Shariah Governance System in their islamic financial institution due to strong regulation. Conversely, some countries do not have regulations related to sharia financial institutions and the lack of the role of the sharia supervisory board in playing their role in Islamic financial institutions.

### **3. Data and Methodology**

#### **3.1. Data**

Primary data is used in this study by involving several respondents from practitioners and experts. The practitioner respondents were chosen from ZMO who had legally obtained operating licenses at the national level. The chosen practitioners were respondents who have a minimum position as chairman of division up to the level of president director. The selected experts come from various universities and government institutions.

To gather information related to the design of the SGS for ZMO, we conducted content analysis of several SGS related documents issued by the Islamic Financial Service Board (IFSB), Bank Negara Malaysia (BNM) and Zakat Acts in Indonesia. The results of content analysis are discussed in a Focus Group Discussion (FGD) or In-depth Interview with the experts and practitioners to obtain the ideal SGS for ZMO. In the next stage, the experts and practitioners were asked to fill out a Linkert Scale questionnaire and rater agreement for the Delphi method.

#### **3.2. Methodology**

This study employs two methods namely the Content Analysis method (qualitative) and the Delphi method (quantitative).

##### *3.2.1. Content Analysis Method*

Content Analysis is a qualitative research method that carries out the interpretation techniques of the related documents or media or other sources which relates to the context of the research (Krippendorff, 2018). The practice of using Content Analysis has a long history. Since 4000 years ago, Content Analysis techniques have been used by the ancient Romans in translating symbols. Moreover, Aristotle also used the Content Analysis technique in his rhetorical conception (Neuendorf, 2017). The use of Content Analysis techniques as a scientific method was carried out in 1948 by Harold D. Lasswell, a professor of communication science from Yale University, in his article entitled Structure and Function of Communication in Society He involved Content Analysis research method using symbol coding techniques by interpreting symbols or messages systematically (Laswell, 2007) (Aminoto, 2011)

### 3.2.2. *Delphi Method*

In the 1960s, the Delphi research method was first used and developed by Norman Dalkey and Olaf Helmer at a research institute in Santa Monica, the Rand Corporation located in California, United States (Dalkey & Helmer, 1963). This method is a survey based method in two or more stages to find out expert opinions on a problem using a decision making approach. The Delphi methodology is technically designed as a communication group consisting of experts and practitioners with the aim of reaching an agreement on certain issues.

This method can also be used in various studies such as program planning, assessment, policy determination, exploration of certain assumptions and determination of correlations on certain issues in different fields (Hsu and Sanford, 2007). In general, the stages in the Delphi process include: (i) Determination of expert panels (expert panels); (ii) Preparation of a questionnaire; (iii) Submission of questionnaires and feedback; and (iv) analysis of results.

Furthermore, in order to see the consensus level of experts on the given questionnaires, it can also be seen from the rater agreement calculation using Kendall's Coefficient of Concordance. Geometric mean calculation is employed in determining the statistical consensus of several expert's opinions regarding certain issues as follows:

$$(\prod_{i=1}^n a_i)^{1/n} = \sqrt[n]{a_1 a_2 \dots a_n} \quad (3.1)$$

Whilst, to assess the agreement level among the experts, the rater agreement is used. The rater agreement is a non-parametric statistic measurement which measures the level of consensus among repondents (R1-Rn) as raters of certain issue on certain cluster. It also known as Kendall's Coefficient of Concordance (W:  $0 < W \leq 1$ ), whereby  $W = 1$  shows complete agreement among respondents, meanwhile  $W=0$  indicates no agreement among them. Before calculate Kendall's Coefficient of Concordance (W), firstly we should rank every given answer and sum them up.

$$R_i = \sum_{j=1}^m r_{i,j} \quad (3.2)$$

The total rank average value is:



$$\bar{R} = \frac{1}{n} \sum_{i=1}^n R_i \quad (3.3)$$

The total sum of squares of deviation (S), can be determined as follows:

$$S = \sum_{i=1}^n (R_i - \bar{R})^2 \quad (3.3)$$

Hence, the Kendall's Coefficient of Concordance (W) valuation can be determined as follows:

$$W = \frac{12S}{m^2(n^3 - n)} \quad (3.4)$$

Eventually, to see the significant level of W, the Chi-Squared test is used and it can be determined as follows:

$$\chi^2 = \left[ \frac{\sum (f_o - f_e)^2}{f_e} \right] \quad (3.5)$$

## 4. Findings and Discussion

This chapter would like to discuss the results of the research. The study conducted a survey to practitioners and experts from the private ZMO, public ZMO, Zakat regulator and academicians from various Universities totaling 13 respondents. 1-5 Likert scales were also used in this study, scale of 1 to 2 shows disagreement, scale 3 shows neutral, and a scale of 4 to 5 shows agreement. In addition, the ranking method is used in this study to calculate the rater agreement or known as the Kendall's Concordance (W) test. In this section, there are 6 main standard criteria for SGS ZMO as follows<sup>6</sup>:

**Table 4.1 The Survey Results on Main Standard of SGS in ZMO**

<b>1</b>	<b>General Approach of SGS for ZMO</b>	<b>Agree</b>	<b>Neutral</b>	<b>Disagree</b>	<b>Rank (Delphi)</b>
1.1	The structure of SGS on ZMO must be commensurate with the complexity of ZMO.	12	1	0	2
1.2	The SSB of ZMO must have a clear framework	13	0	0	1
<b>2</b>	<b>Competency Standard of SGS for ZMO</b>	<b>Agree</b>	<b>Neutral</b>	<b>Disagree</b>	<b>Rank (Delphi)</b>
2.1	The supervisory board of SGS should meet eligible criteria	13	0	0	1
2.2	ZMO should facilitate a professional development for SSB and units below	13	0	0	2
2.3	There must be a formal assessment to evaluate SSB as a group or individually	12	1	0	3
<b>3</b>	<b>Independency Standard of SGS for ZMO</b>	<b>Agree</b>	<b>Neutral</b>	<b>Disagree</b>	<b>Rank (Delphi)</b>
3.1	The Sharia Supervisory Board at OPZ must play a strong and independent supervisory role, with sufficient capacity to conduct an objective assessments of sharia matters. No individual or group permitted to dominate the decision of the Board.	13	0	0	1

<sup>6</sup> Please refer to the appendix to see the whole results of SGS sub-standards survey

3.2	To fulfill their responsibilities, the SSB must be provided with complete, adequate and timely information by the ZMO before all meetings are held and this must be carried out on an ongoing basis.	13	0	0	2
<b>4</b>	<b>Confidentiality Standard of SGS for ZMO</b>	<b>Agree</b>	<b>Neutral</b>	<b>Disagree</b>	<b>Rank (Delphi)</b>
4.1	SSB of ZMO members must preserve the confidentiality of internal information which is obtained during conduct their duties and obligations in ZMO	13	0	0	1
<b>5</b>	<b>Confidentiality Standard of SGS for ZMO</b>	<b>Agree</b>	<b>Neutral</b>	<b>Disagree</b>	<b>Rank (Delphi)</b>
5.1	ZMO must understand the national legal and regulatory framework for the issuance of decisions and fatwas, while promoting SGS in the national zakat system.	11	2	0	1
<b>6</b>	<b>The Importance of Sharia Compliance Culture</b>	<b>Agree</b>	<b>Neutral</b>	<b>Disagree</b>	<b>Rank (Delphi)</b>
6.1	The importance of openness standards on SGS for ZMO as part of the ZMO sharia compliance culture.	13	0	0	2
6.2	The importance of professionalism and fairness standards at SGS ZMO as part of the Shariah compliance culture.	13	0	0	1

Table 4.1 depicts the survey result As depicted by table 4.1, the result of the survey shows that the majority of respondents (12) agreed that the adopted structure of the SGS shall propositionate with the complexity of the ZMO. Whilst, all of respondents (13) depicts their agreement toward a clear framework and procedures standard of SSB in ZMO. Furthermore, the survey on competency standard of SGS depicts that all of respondents show their agreement on the standards, except for the standard which states that there is must a formal assessment to evaluate SSB (1 neutral). This situation is a common thing in Indonesia particularly for Organizational-based ZMOs, they are facing difficulties in carrying out formal assessments to their SSB which consist of senior Islamic scholars.

In the third standard regarding independency standards at SGS ZMO, it emphasizes that SSBs are required to have a strong and independent and objective supervisory role when evaluating matters relating to sharia issues. All of respondents agree on the third standard of SGS for ZMO. Likewise with the 3.2 standard related to fulfilling the responsibilities of the ZMO in providing complete information related to the duties and responsibilities of the SSBs, all respondents stated their agreement too. In addition, as we can see at section 3.1 the average respondent gives 1 of Delphi Ranking which indicates that the strong and independent supervisory role of SSB at ZMO become top priority. Moreover, in section 4 related to confidentiality standards at SGS ZMO, all respondents also expressed their agreement. Thus, it can be concluded that the standards 3 and 4 which are proposed in this study can be accepted by all respondents.

In the fifth standard there are 2 respondents who gave neutral answer about the necessity of SSB in understanding the national legal and regulatory framework for issuing decisions and fatwas as well as promoting SGS in the national zakat system. Likewise in the principle of professionalism and fairness in fulfilling internal and external rights. all respondents also agreed that an equal treatment without discrimination is part of sharia principles and applicable regulations (standard 6.2), and in this section the respondents gave rank 1 for standard 6.2 which indicates that the standards of professionalism and fairness are more important rather than sharia compliance cultural standard.

**Table 4.2 The Result of Rater Agreement Valuation on SGS of ZMO**

No	Main Standards of Shariah Governance (SG) for ZMO	Rater Agreement (W) of Delphi Result	
		Expert	p-value
1	General Approach of SG	0,160	0,12531
2	Competency Standard of SG	0.258	0.01777**
3	Independency Standard of SG	0.361	0.00917***
4	Confidentiality Standard of SG	0.361	0.00917***
5	Shariah Compliance Standard of SG	0.053	0.40538
6	The importance of Shariah Culture Standar	0.290	0.05220**
No	Sub-standards of SGS ZMO	Expert	p-value
1.1	The structure of SGS which is adopted by ZMO should be commensurate with the complexity of the Organization.	0.347	0.00001***
1.2	Every ZMO must ensure that Shariah Board has: a clear term and reference regarding their responsibilities in ZMO; b. clear operation procedure; c. clear reporting line.	0.249	0.00639***
2.1	ZMO has to ensure that everyone who mandated to oversee the SGS should meets the appropriate criteria.	0.094	0.28955
2.2	ZMO must facilitate professional development of the Sharia Supervisory Board, as well as the Internal Sharia Control unit	0.304	0.00787***
2.3	There must be a formal assessment of the effectiveness of the Shariah Supervisory Board and the contribution of each member to the effectiveness of the Shariah Supervisory Board.	0.344	0.00379***
3.1	The Shariah Supervisory Board must play a strong and independent supervision role, with sufficient capacity to carry out an objective assessment of shariah-related matters at ZMO. No individual or group is permitted to dominate the decision of the Sharia Supervisory Board.	0.392	0.00159***
3.2	To fulfill the responsibilities, the Shariah Supervisory Board must be provided with complete, adequate and appropriate information regarding the time of the meeting continously.	0.507	0.00003***
4.1	Members of the Sharia Supervisory Board must ensure that the internal information obtained during their duties is kept confidential.	0.209	0.01825**
5.1	The ZMO must fully understand the legal and regulatory framework for the issuance of shariah opinions/ fatwas in accordance with the jurisdictions at the place of operation. Furthermore, the ZMO must ensure that the Sharia Supervisory Board carefully observes the legal and regulatory framework, and if possible, the ZMO can promote SGS within its legal and regulatory framework.	0.247	0.02183**
6.1	The importance of openness standards on SGS ZMO as part of the ZMO shariah compliance culture.	0.432	0.00364***
6.2	The importance of professionalism and fairness standards at SGS ZMO as part of the Shariah compliance culture.	0.347	0.00363***

\*\*\*significant at level 0.01; \*\*significant at level 0.05; \*sgnificant at level 0.1

Table 4.2 depicts the rater agreement test among the experts. The expert column represents the percentage of the experts who gave similar judgment on SGS ZMO while the p-value column represents the significant test of the judgment. The result of the rater agreement test shows that majority of the experts gave the similar assessment to the SGS for ZMO. It can be seen from the p-value which obtained below 0.05 means that the expert's assessment on SGS for ZMO is significantly robust. Despite, there are 2 main standards and 1 sub-standard gained p-value bigger than 0.10 due to some debatable standards on SGS ZMO by the experts.

## **5. Conclusion and Recommendation**

### **5.1. Conclusion**

Zakat Management Organization has a pivotal role in supporting government in eradicating poverty problems. In addition, Indonesia as the largest muslim population country in the world has a great potential in terms of zakat collection which reached IDR. 217 trillion (optimistic scenario). However, according to the outlook of Zakat 2019, Zakat Management Organizations can only reach IDR. 6 Trillion. This condition indicates that there is a gap between potential collection and real collection by about IDR. 211 trillion. There are some studies explored the causes of the gap of zakat collection in Indonesia. One of the cause is missmanagement in Zakat Management Organization. To overcome the situation, The Central Bank of Indonesia, The National Board of Zakat of Republic of Indonesia along with 8 representatives of islamic countries have conducted a global initiative by launching Zakat Core Principles (ZCP) which provides the minimum standards for good zakat governance.

The 15<sup>th</sup> standard of ZCP is encouraged ZMO to implement Shariah Governance. Hence, by reffering to the document the study attempts to explore and design Shariah Governance Standard (SGS) for Zakat Management Organization. The study also used Content Analysis technique, Survey Method and Delphi Method as methodological approach. By involving 13 experts as our respondents, the study successfully designed 6 main standards and 57 sub-standards of SGS for Zakat Management Organization. The study also reveals that the majority of respondents of this research expressed their agreement on the designed SGS for ZMO. Nevertheless, The Delphi test shows that the p-value of rater agreement achieved less than 0.5 means that the consensus among the respondents regarding the SGS for ZMO is significantly robust.

### **5.2. Recommendation**

Shariah Governance Standards are very important for ZMOs to have a better level of good governance particularly in Shariah aspects so that the public trust will increase along with collection of Zakat fund. Therefore, in the absence of Shariah Governance Standards for ZMO, this research encourages all of relevant stakeholders, especially Zakat Authority and ZMOs itself to make the results of this study as an initial reference in developing further of SGS standards more comprehensively at national scale.

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## Appendix

**Tabel 1.2 The Sub-standard of SGS in ZMO**

<b>1.1</b>	<b>The structure of SGS on ZMO must be commensurate with the complexity of ZMO.</b>	<b>Agree</b>	<b>Neutral</b>	<b>Disagree</b>	<b>Rank (Delphi)</b>
1.1.1	SSB must ensure that the ZMO complies with all sharia rules and principles in carrying out Zakat collection, distribution and utilization.	13	0	0	1
1.1.2	The SSB of ZMO may decide to expand the responsibilities of sharia governance rules that not only cover the SGS structure but can include the other structures.	12	1	0	6
1.1.3	SSB has an important role in monitoring ZMO health as well as the other supporting professions such as lawyers, accountants and economists.	13	0	0	3
1.1.4	The zakat authority should have its own SSB that serves to issue well-standardized zakat fatwa, and harmonize policies and regulatory frameworks that are relevant to sharia aspects.	12	0	1	4
1.1.5	ZMO must implement appropriate policies in choosing sharia governance structures that guarantee the fulfillment of ZMO obligations to all stakeholders.	12	1	0	5
1.1.6	SGS structures and systems can accommodate various needs and complexity of ZMO	8	4	0	9
1.1.7	The SGS structure developed by ZMO must ensure that there is an internal discussion and analysis process which can be accounted for every product development, both collection and distribution products, before being offered to the public	6	5	1	7
1.1.8	The ZMO must to ensure the things like the following: a) Appoints SSB and Internal Sharia Auditors who have excellent reputation and credibility; b) SSB can delegate part of its duties and functions to the Internal Sharia Auditor; c) SSB members and Internal Sharia Auditors are required to have an educational background in the field of sharia or at least have a sharia competency certificate; d) SSB members must have a comprehensive understanding in field of zakat and have basic knowledge of Islamic economics and finance; e) The number of SSB members is adjusted to the capabilities of each ZMO; f) It is necessary to develop cooperation between existing SSB from the other ZMO.	13	0	0	2
1.1.9	The sharia governance system developed by the ZMO must be evaluated regularly in order to improve the system sustainably.	9	3	0	10
1.1.10	ZMO must be able to do the following matters: a) Ensure that SSB members can allocate their time in carrying out their duties effectively and prevent conflicts of interest; b) To carry out a planned and continuous process of regenerating SSB and Internal Sharia Auditors; c) in optimizing the functions and roles of the SSB, ZMO can involve other supporting professions, such as lawyers, accountants and economists, according to the needs and interests of the ZMO.	10	2	0	8

<b>1.2</b>	<b>The SSB of ZMO must have a clear framework</b>	<b>Agree</b>	<b>Neutral</b>	<b>Disagree</b>	<b>Rank (Delphi)</b>
1.2.1	The SSB of ZMO must has a clear chain of command and accountability that can be accounted to stakeholders, hence the DPS must be equipped with: a) Mandate to carry out its roles and functions; b) Operational procedures and documentation of decision making that can be implemented effectively; and c) SSB code of ethics that guarantees the integrity, professionalism and credibility of SSB members.	12	1	0	1
1.2.2	The appointment of SSB in ZMO must go through clear mechanisms and procedures based on good governance principles.	13	0	0	2
1.2.3	The authority of the SSB needs to be clearly regulated in the provisions of the ZMO regulation based on a nationally developed sharia supervisory system.	10	2	1	3
1.2.4	ZMO is required to develop the SSB operational procedure standards that guarantee the SSB accountability, which includes decision-making procedures, preparation of reports, and mechanisms for SSB accountability.	12	1	0	4
1.2.5	ZMO is required to improve the quality and competency of Internal Sharia Auditors based on adequate standards of supervisory qualifications.	12	1	0	5
1.2.6	ZMO must establish a code of ethics that becomes the SSB compliance standard in carrying out their duties and functions.	12	0	1	6
<b>2.1</b>	<b>The supervisory board of SGS should meet eligible criteria</b>	<b>Agree</b>	<b>Neutral</b>	<b>Disagree</b>	<b>Rank (Delphi)</b>
2.1.1	The ZMO supervisory authority must ensure that ZMO leaders and management comply with applicable regulations in order to maintain transparency, accountability and credibility of ZMO.	13	0	0	1
2.1.2	ZMO must has performance appraisal standards for SSB members and Internal Sharia Auditors.	12	1	0	2
2.1.3	ZMO must have a recruitment mechanism for SSB members based on aspects of integrity, competence, credibility and morality.	12	1	0	6
2.1.4	Members of the SSB in ZMO must understand the technical aspects of zakat management, risk management of zakat, and other operational aspects in order to ensure the operation of ZMO run effectively and efficiently for the shake of zakat stakeholders interest .	12	1	0	5
2.1.5	ZMO must ensure the effectiveness of SSB members and Internal Sharia Auditors along with the institutional infrastructure below them in carrying out their duties and responsibilities, and have appropriate knowledge and skills.	13	0	0	4
2.1.6	SSB members must at least understand: a) ZMO rules and sharia principles in ZMO activities; b) Legal and regulatory framework related to SSB functions; and c) The program impact of collecting, distributing and utilizing zakat towards the community in terms of aspects of Maqashid Shariah.	12	1	0	3
2.1.7	SSB members of ZMO must have knowledge and experience in education and research in the fields of zakat, infaq, alms and other social religious funds.	9	3	0	7



<b>2.2</b>	<b>Continuous Development for SSB members and Internal Sharia Auditors of ZMO.</b>	<b>Agree</b>	<b>Neutral</b>	<b>Disagree</b>	<b>Rank (Delphi)</b>
2.2.1	ZMO is encouraged to provide professional education and training for SSB members and the Internal Sharia Auditor.	12	1	0	4
2.2.2	ZMO must has an orientation and an introduction program regarding the duties and responsibilities from the beginning to the end for all members of the SSB and the Internal Sharia Auditor.	13	0	0	2
2.2.3	ZMO is encouraged to allocate resources for SSB members and Internal Sharia Auditors to take part in intermediate and advanced training as part of continuous improvement in their quality and capacity.	12	0	1	3
2.2.4	ZMO must develop a system that guarantees information exchange, knowledge and experience among SSB members and Internal Sharia Auditors with ZMO leaders and management to create common vision, perception and management of ZMO.	13	0	0	1
<b>2.3</b>	<b>There must be an assessment and evaluation of the overall the SSB performance and individually.</b>	<b>Agree</b>	<b>Neutral</b>	<b>Disagree</b>	<b>Rank (Delphi)</b>
2.3.1	ZMO must has specific assessment methods in order to evaluate the effectiveness of the performance of SSB's tasks as a whole and individually, so that SSB members have same understanding with ZMO's expectations.	10	2	1	1
2.3.2	ZMO is required to develop appropriate and effective SSB's performance evaluation criteria, which are produced through a process of dialogue and communication with SSB members vis a vis to the best practices of zakat management nationally.	10	3	0	3
2.3.3	ZMO can give authority to SSB members to conduct self-assessments based on determined criterias, which aims to assess the commitment and effective contribution of SSB members in carrying out their duties.	12	1	0	2
2.3.4	The SSB's performance appraisal report is submitted to the director of ZMO which afterwards, He gives an authority to follow-up the report.	10	3	0	4
<b>3.1</b>	<b>SSB must have sufficient capacity to conduct sharia supervision independently, objectively and responsibly based on the principle of equality in decision making.</b>	<b>Agree</b>	<b>Neutral</b>	<b>Disagree</b>	<b>Rank (Delphi)</b>
3.1.1	To maintain the integrity and credibility of the SSB, each SSB member is required to conduct an objective and independent assessment without any pressure and influence from other parties.	12	1	0	1
3.1.2	ZMO must ensure that SSB members are able to eliminate conflicts of interest in carrying out supervision.	9	4	0	4
3.1.3	SSB members must submit a statement that the supervision process carried out is free from conflicts of interest and its accordance with applicable rules and regulations.	10	3	0	3
3.1.4	When a SSB member has several responsibilities/ work agreements with other ZMOs, he must ensure that he provide sufficient time and attention equally for each ZMO.	12	1	0	2

<b>3.2</b>	<b>To be able to carry out their duties properly, SSB must be given access to the latest information in a complete, adequate and continuous manner.</b>	<b>Agree</b>	<b>Neutral</b>	<b>Disagree</b>	<b>Rank (Delphi)</b>
3.2.1	The management of ZMOs must provide information to SSB members in full, accurate, complete and timely manner, and provide access to SSB members to obtain information from various institutional instruments of ZMO as a form of confirmation and investigation if indications of sharia violations are found.	13	0	0	1
3.2.2	SSB members have the right to request specific information from the management of ZMO in order to conduct analysis and decision making on various sharia issues in the ZMO.	11	2	0	3
3.2.3	SSB has a right to have special access to the Internal Sharia Auditors and the institutional organs of the ZMO which are responsible for carrying out internal controls and compliance procedures for sharia aspects.	11	2	0	2
3.2.4	SSB have a privilege to own a secretariat established by the ZMO, the secretariat appointment and dismissal must be consulted with the members of the SSB	8	4	1	5
3.2.5	ZMOs must have procedures for SSB as a whole and individual which carry out activities that can support the implementation of their duties, such as legal, accounting and financial consultations, which are financed by ZMOs.	11	2	0	4
<b>4.1</b>	<b>SSB members must preserve the confidentiality of internal information which they obtain during carrying out their duties and obligations.</b>	<b>Agree</b>	<b>Neutral</b>	<b>Disagree</b>	<b>Rank (Delphi)</b>
4.1.1	During their carrying out their duties, SSB members have a privilege to access all ZMO's information, including the confidential one, while preserving the confidentiality of the information as well as avoiding misuse of such information for the benefit of SSB members and other parties.	9	4	0	1
4.1.2	ZMOs must have general information criterias that are not confidential and can be accessed publicly which accordances with the provisions of zakat authority regulations.	11	2	0	4
4.1.3	ZMOs must have criteria for confidential information that cannot be accessed by public unless it is in a force majeure condotion, and the SSB has an obligation to preserve a such information.	13	0	0	2
4.1.4	SSB members must preserve the confidentiality of ZMO information even though they are not already members of the SSB at that ZMO, except in a force majeure circumstance, or on court orders, or stated by the ZMO as non-confidential information.	10	3	0	5
4.1.5	ZMOs must be able to mitigate the risk of leaking confidential information which is caused by SSB members and ZMO must have procedures to minimize the impact of damage caused by the leakage of information.	11	2	0	3
4.1.6	The DPS decision-making mechanism must be based on a consensus mechanism, which if it is not achieved, it can be resolved through the majority voting mechanism while taking into account the aspects of sharia law comprehensively.	12	1	0	6

<b>5.1</b>	<b>ZMO must understand the national legal and regulatory framework for the issuance of decisions and fatwas, while promoting efforts to implement SGS in the national zakat system.</b>	<b>Agree</b>	<b>Neutral</b>	<b>Disagree</b>	<b>Rank (Delphi)</b>
5.1.1	SSB members should follow the standard operational procedure in issuing fatwas and shariah opinions.	12	0	1	1
5.1.2	SSB members are required to inform to the public related to the permitted and which are not permitted in the management of zakat.	9	3	1	3
5.1.3	SSB members are responsible for conveying information related to sharia aspects of zakat management to the public through various media and other communication facilities, both direction and two-way, in a clear and transparent manner, including conveying information about the process of issuing sharia decisions and opinions.	13	0	0	2
5.1.4	The ZMO must ensure that the SSB has the methods and mechanisms to change sharia fatwa and opinions that have been issued, which laterly, it is conveyed to all ZMO stakeholders.	11	2	0	4
<b>6.1</b>	<b>The importance of openness standards on SGS ZMO as part of the ZMO sharia compliance culture.</b>	<b>Agree</b>	<b>Neutral</b>	<b>Disagree</b>	<b>Rank (Delphi)</b>
6.1.1	Information disclosure includes vision, mission, program and activity goals, collection and empowerment strategies, financial conditions, management structure, and sharia supervision.	10	3	0	3
6.1.2	Implementation of the principle of transparency that allows all interested parties in accordance with their rights to see how ZMO is managed, how to make decisions, and how to implement accountability made by ZMO.	12	1	0	2
6.1.3	Information disclosure does not reduce the obligation of the ZMO to protect confidential information about ZMO, Muzakki, Mustahik and other parties that need to be protected from their confidential rights.	13	0	0	1
<b>6.2</b>	<b>The importance of professionalism and fairness standards at SGS ZMO as part of the Shariah compliance culture.</b>	<b>Agree</b>	<b>Neutral</b>	<b>Disagree</b>	<b>Rank (Delphi)</b>
6.2.1	Units in the ZMO may not interfere with each other in the implementation of duties, obligations and authority, except if this has been regulated in the internal provisions of ZMO	12	1	0	4
6.2.2	Board of Directors and Management of ZMO will always be objective in making decisions and avoid conflicts of interest so that the objectives of zakat management can be achieved properly.	13	0	0	1
6.2.3	ZMO must concerns to the principles of justice and fairness in fulfilling internal and external rights arising from the existence of agreements and cooperation with other parties based on applicable laws and regulations.	13	0	0	3
6.2.4	ZMO guarantees that all parties concerned will receive equal treatment without discrimination in accordance with sharia principles and applicable laws and regulations.	13	0	0	2