

Performance Management in Indonesia Zakat Institutions:
Balanced Scorecard and Fuzzy DEMATEL Framework

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ABSTRACT

Zakat management in Indonesia has developed significantly after establishment of BAZNAS (Indonesia National Board of Zakat). Number of zakat fund collected always rise each year even though it has not fulfilled the total potential of zakat collection. In order to escalate it, BAZNAS constructed National Zakat Index (NZI) to measure the macro dan micro development of zakat in Indonesia. Micro aspect deliberates institutional variables; however, there has no strategic objectives guidelines for zakat institution manager to contribute in NZI improvement. Therefore, this research applies Balanced scorecard (BSC) and Fuzzy DEMATEL approach to develop strategic objectives as well as the relationship.

This exploratory research develops strategic objectives with BSC approach with aiming to help LAZs' managers focusing on specific outcomes and reach better institutional aspect performance of NZI. The developed strategic objectives are fundraising, cost control, fund distribution, muzaki-mustahik satisfaction, muzaki-mustahik growth, community building, partnership, understanding zakat, sharia-based programs, institutional reporting, technology, knowledge management, and amil's well-being. Furthermore, the relations are also explained in this research. Stakeholders perspective is the final aim of zakat institutions while Learning & Growth perspective become fundamental for the institutional development. Future researches can apply other data collection method and develop performance measurement which consists of outcome measure and performance drivers.

Keywords: Zakat Management, Strategic Objectives, Balanced Scorecard, Fuzzy DEMATEL

INTRODUCTION

Zakat is one of the Islamic pillars and often defined as mandatory alms (Kuran, 2019). Its main objective is supporting less fortunate group in the society to meet their basic needs as well as building the economy, social, and moral of a society (Nadzri *et al.*, 2012). In terms of economic, zakat brings favourable effects achievement on various dimensions such as aggregate consumption, savings and investment, labour and capital aggregate supply, eradication of poverty, and economic growth (Wahab and Rahman, 2011). Indeed, an organisation that should manage the collection and distribution of

zakat funds is zakat institution (Taha *et al.*, 2017). The government organises the institutions in some Muslim countries (Ahmed, 2004), which is also applied in Indonesia as the largest Muslim country.

National Zakat Agency or *Badan Amil Zakat Nasional* (BAZNAS) is a government-appointed institution to organise zakat management in Indonesia. The provincial and regency/city level serve in each region within national BAZNAS coordination. Private institutions are also able to participate as registered zakat institutions to collect and distribute zakat from *Muzaki* (zakat donors) to *Mustahik* (zakat beneficiaries). Furthermore, as an

effort to develop better management of zakat institutions, BAZNAS constructed measuring tool namely National Zakat Index (NZI) to evaluate zakat management.

NZI projects zakat recipients' welfare, zakat institutions' internal development, community participation, and government support (BAZNAS, 2019). The scope of NZI covers micro and macro aspects. The former concerns about institutions while the latter considers regulation, the government supports, and zakat database (Nurzaman *et al.*, 2017). The implementation of NZI is going well, demonstrated by the provisional score in BAZNAS (2020). However, this index has not provided manageable objectives that can be implemented by zakat institutions manager. For example, managers may focus to satisfy muzaki needs regarding fund donation to boost zakat collection. Besides, the index has not assigned the relation among variables. Consequently, appropriate methods to comprehensively manage zakat institution's performance is required. The management system should consider non-financial performance to complement current system (Kasri, 2016), which can be accomplished by applying Balanced Scorecard (BSC) approach.

BSC emphasises on people empowerment to drive knowledge in an organisation, which in line with Islamic economy value of creating a process of human-centred development (Sharma, 2009; Asutay, 2013). Zakat institution, as a non-profit organisation, can consider using BSC to maximise financial and non-financial output (Tajuddin *et al.*, 2014; Zulkifli *et al.*, 2014). Thus, the implementation of BSC in zakat institutions is highly possible and can be done with light of Islamic values. It is important to note that BSC connects a series of strategic objectives which is displayed in a strategy map (Kaplan and Norton, 1996a). This means that BSC suggests the importance of modelling connection among objectives to establish activities that can adequately help

poor people (Kasri and Ahmed, 2015). The connection can be described with Fuzzy DEMATEL, which is a proper framework for strategy mapping as a decision-making model to create structural relationship among objectives (Jassbi *et al.*, 2011). This framework combines fuzzy environment with experts' knowledge to deal with judgments inherent ambiguities (Lee *et al.*, 2008). The experts' judgement shows a human-centric process that also shares similar value with Islamic economy (Asutay, 2013; Jassbi *et al.*, 2011). Hence, this research applies the framework of Fuzzy DEMATEL in order to inspect the relationship of objectives in Indonesia Zakat Institutions.

This research aimed to develop and examine perspectives and strategic objectives in a strategy map with BSC approach as an effort to enhance better zakat management in Indonesia Amil Zakat Institutions (LAZ). The objective of this research was exploring implementable strategic objectives in general for LAZ and the relation among objectives as well as NZI. Based on these, the research questions are constructed as follows.

1. What are the strategic objectives that can be developed in Indonesia Zakat institutions based on Balanced Scorecard approach?
2. How is the cause-effect relationship among those strategic objectives based on Fuzzy DEMATEL framework?
3. What are the possible impacts of developed strategic objectives to the established National Zakat Index?

LITERATURE REVIEW

Zakat Management in Indonesia

BAZNAS has a vision of "become the best and most trusted zakat manager in the world" with six aspects or strategies of realising the rise of national zakat (BAZNAS, 2016). First, legal aspect which

aims for zakat institutions in obtaining permits. Second, sharia compliance and accountability aspect which targets audited financial reports as well as sharia audit. In order achieving this, continuous guidance and supervision from BAZNAS to zakat institutions is necessary. Third, IT and system aspect which integrates data of zakat so the stakeholders can receive the information. Fourth, distribution aspect which evaluates zakat distribution to the collection. Fifth, education to Muzaki about benefits of zakat by providing convenience in paying zakat as well as accountability of funds channelled to Mustahik. Sixth, Amil development aspect which proposes an improvement of Amil competence by accomplishing training. These vision and strategies are essential for later analysis in this research.

According to the Republic of Indonesia Constitution Number 38 of 1999 about zakat management, there are two types of zakat institutions in Indonesia. First, Amil zakat board (BAZ) is an institution established by the government to operate in national, provincial, and regency/city level (Hafidhuddin, 2002). Second, Amil Zakat Institutions (LAZ) is an institution organised by society to support BAZ in collecting and distributing zakat. LAZ is required to register in BAZNAS, which later is categorised as Zakat Collection Unit (hereafter, UPZ) and Amil Zakat Institutions (LAZ) (Hafidhuddin *et al.*, 2015). This research analyses LAZ (society-organised institutions) as the unit of study since it has collection, management, and distribution function.

In doing analysis, it is essential to know what type of business LAZ is by comparing its characteristics with some pieces of literature. LAZ has primary incomes come from zakat, infaq and shodaqoh which are religious alms that come from Muzaki or donators with the purpose of poverty alleviation and realising community welfare (Ahmed, 2004;

Hafidhuddin *et al.*, 2015). A non-profit organisation can be functionally defined as an organisation which its main income is not from sales activities but donations or contributions of its members or supporters to serve public purposes (Salamon & Anheier, 1992). By definition, LAZ can be categorised as non-profit by its nature that provides service without hoping return or rewards (Wahab & Rahman, 2011; Zulkifli *et al.*, 2014; Tajuddin *et al.*, 2014). Therefore, it can be indicated that LAZ is both public and non-profit organisation which this research develops analysis with the mentioned perspectives.

In its 18 years journey, BAZNAS has displayed promising growth of zakat collection as well as distribution. However, institutional problem emerged in the process especially relates to its governance and management (Huda, 2014). Related to the collection, Muzaki has low confidence in paying zakat through institutions which are shown when Muzaki tends to donate zakat directly to Mustahik as recipient instead donate it through institutions (Huda *et al.*, 2014). This phenomenon caused by several zakat institutions are not operating professionally and transparently since lack of financial or accounting system and also lack of qualified human resources (Muhammad, 2016; Mukhlis & Beik, 2013; Firmansyah & Devi, 2017).

To tackle these problems, BAZNAS established National Zakat Index (NZI). NZI helps managers focus on solving several issues related to zakat management and measuring institutions' performance (Nurzaman *et al.*, 2017; Beik *et al.*, 2015). The overall score of NZI in 2017 was 0.48 and rose to 0.55 in 2018. Macro dimension was still developing even though it was increased from a score of 0.28 in 2017 to 0.40 in 2018. Meanwhile, the micro aspect was higher, presented by performance score of 0.59 in 2017 increased to 0,67 in 2018. The performance was commendable, still, it is able to be escalated to be higher. In order to increase the index nationally, managers

should manage the performance with applicable objective. In addition, NZI has not considered human or amil aspect, which able to help an organisation to deliver value in the process and also to stakeholders (Kaplan & Norton, 1996a; Asutay, 2007). Thus, the improvement of performance management in LAZ is necessary.

Balanced Scorecard

Balanced Scorecard (BSC) is a performance management and measurement tool, consisted of financial and non-financial aspects (Kaplan & Norton, 1996b). Initially, the BSC brings four perspectives that important in business or for-profit organisation (Kaplan & Norton, 1992). These perspectives are developed based on the vision and strategy of the organisation, which in the context of zakat management in Indonesia comes from BAZNAS.

BSC strategy map optimises a top-down approach, which vision and strategy create the perspectives with question to be answered and objectives (Kaplan & Norton, 2001). The definition of objectives, measures, targets and initiatives can be described as follows (Kaplan & Norton, 1996b; Kaplan, 2001). It is worth to note that zakat institutions require performance indicators for assuring well-functioned institutions as they should be (Beik *et al.*, 2015). This research, therefore, develops perspectives and strategic objectives as an initial implementation of BSC in LAZ.

BSC in Non-profit and Public Sector Organisations

In a recent development, non-profit organisations face a dynamic environment that pushes them to adopt strategies to be able to deliver services efficiently and effectively (Weerawardena *et al.*, 2010). BSC is possible to be used in non-profit as well as public sector organisations with some modifications (Kaplan, 2001). In most of non-profit, top perspective is customers or stakeholders since they have

accountability between them and society. Meanwhile, a business organisation has to fulfil its shareholders' expectation, so the financial perspective is generally at the top. Moreover, it is vital in a non-profit organisation to define their customers, whether they are donors or the recipient in order to know whom they should serve. Therefore, modifications of BSC are essential to adjust with characteristics of LAZ.

Several pieces of research discussed BSC implementation in non-profit or public institutions. First, a conceptual effort to adopted BSC has been made by Somers (2005) in UK social enterprises which come up with modifications of top strategy to be the stakeholders. In the research, social goals are at the top over financial goals while financial perspective more intended as the organisation's monetary sustainability. Second, New Zealand's public sector organisations are empirically proven to apply BSC successfully (Greatbanks & Tapp, 2007). BSC approach brings positive impact to organisations' achievement, which they strive excellence goals related to customer service delivery. Moreover, the local government got increasing demand of stakeholders which emphasises outcome effectiveness with relevant indicators (Kloot & Martin, 2000). This demand can be conceptually tackled by BSC, which develops a strategic framework with long-term strategies related to innovation and learning. Third, in a religious organisation, Keyt (2001) modified original BSC perspectives to church-related perspectives. The perspective of customers becomes "members/attendees", and the internal process becomes "internal ministry", the financial becomes "ministering" while learning growth is still the same which shows the importance of the perspective.

Proposing Strategic Objectives with BSC in LAZ

There are several pieces of research related to BSC in zakat institutions which can be deliberation to establish modified BSC. It is preferable to adopt BSC and be modified based on the Islamic value system and knowledge (Kaplan, 2001; Ahmed, 2012). First, a conceptual paper by Kasri (2016) discusses the performance of zakat institutions based on maqashid sharia that can use BSC approach. Highlighted points are how zakat institutions performance measurement can create a link of specific objectives with specialised performance indicators, sorting of allocations according to principles of maqashid sharia which fulfilling needs and their fundamental human rights of poor and needy.

Second, Zulkifi *et al.* (2014) developed theoretical BSC in Malaysian Zakat institutions which argued that BSC could be chosen as a performance measurement tool because it is considered to be more accurate rather than using only financial measures. Interestingly, the research come up with the idea of fifth perspective establishment, which is religiosity perspective. It is an effort to evaluate management performance to enhance zakat payers and recipient's satisfaction. However, the other four perspectives are not changed, although it is more suitable for business or for-profit organisation rather than the non-profit one (Keyt, 2001).

Third, BSC is developed in the waqf institution, which is similar to zakat (Ramli, 2019). Most of the perspectives are still same, except customers become waqf stakeholders and additional perspective of sharia. It puts the importance of highest overall satisfaction ratings for waqf as both public and non-profit organisation as stakeholders are considered more critical rather than financial (Kaplan, 2001). The sharia perspective is vital because waqf institutions have to comply with their practice and actions with Islamic law.

These identified researches are deliberated in this research; however, there is no evidence of using method for establishing a relationship among objectives. Hence, by developing the proposed strategic objectives and analysing causal-effect relationship can fill the gap of researches in performance management of LAZ.

Table 1. Proposed Perspectives Based on Balanced Scorecard

Perspectives	The Question to be Answered
Financial	“How do we approach financial sustainability?”
Stakeholders	“How do we create value for our zakat donors and beneficiaries?”
Sharia Internal Process	“How do we ensure operations with the sharia principle?”
Learning & Growth	“How can we continuously improve and learn to serve our stakeholder in a better and efficient way?”

Source: Author's Own

The perspectives will be discussed with BSC approach, which translated from vision and strategies of BAZNAS (Kaplan & Norton, 1996a). Financial perspective in LAZ answers question of financial sustainability since non-profits has to maintain delivering financial services to the poor by keeping access to funds (Somers, 2005; Ahmed, 2013). To achieve access to funds, institutions must build the trust of stakeholders who entrust activities or mandates to them by providing sound financial stewardship (Weerawardena *et al.*, 2010; Wisniewski & Olafsson, 2004). In connection with it, Customers perspective becomes Stakeholders perspective which answers value creation to zakat donators and recipient. It is important to note that in public institutions, financial perspective might not be the final goal which can be Customers or Stakeholders perspective since the perspective is the aim of most public organisations (Northcott & Taulapapa, 2012). The value is delivered in

sharia way, which sharia value is internalised or embedded in the organisation to achieve social goals (Asutay, 2007; Asutay 2012). Sharia Internal Process perspective ensures sharia principles can be operated well in the organisations to deliver values in Islamic way to stakeholders. All those processes are supported by infrastructure and people as well as culture and knowledge which shaping the institutions (Kaplan, 2001; Ahmed, 2012). Therefore, the perspectives

bring managers of LAZ to manage from four critical perspectives (Table 1).

Based on these perspectives, strategic objectives are limited to a number of 15-20 so managers of LAZ can optimally manage their limited resources and focus to the set of objectives (Kaplan, 2001; Kaplan & Norton, 2000). Thus, this research proposed four perspectives and 11 strategic objectives which can be described in Figure 1.

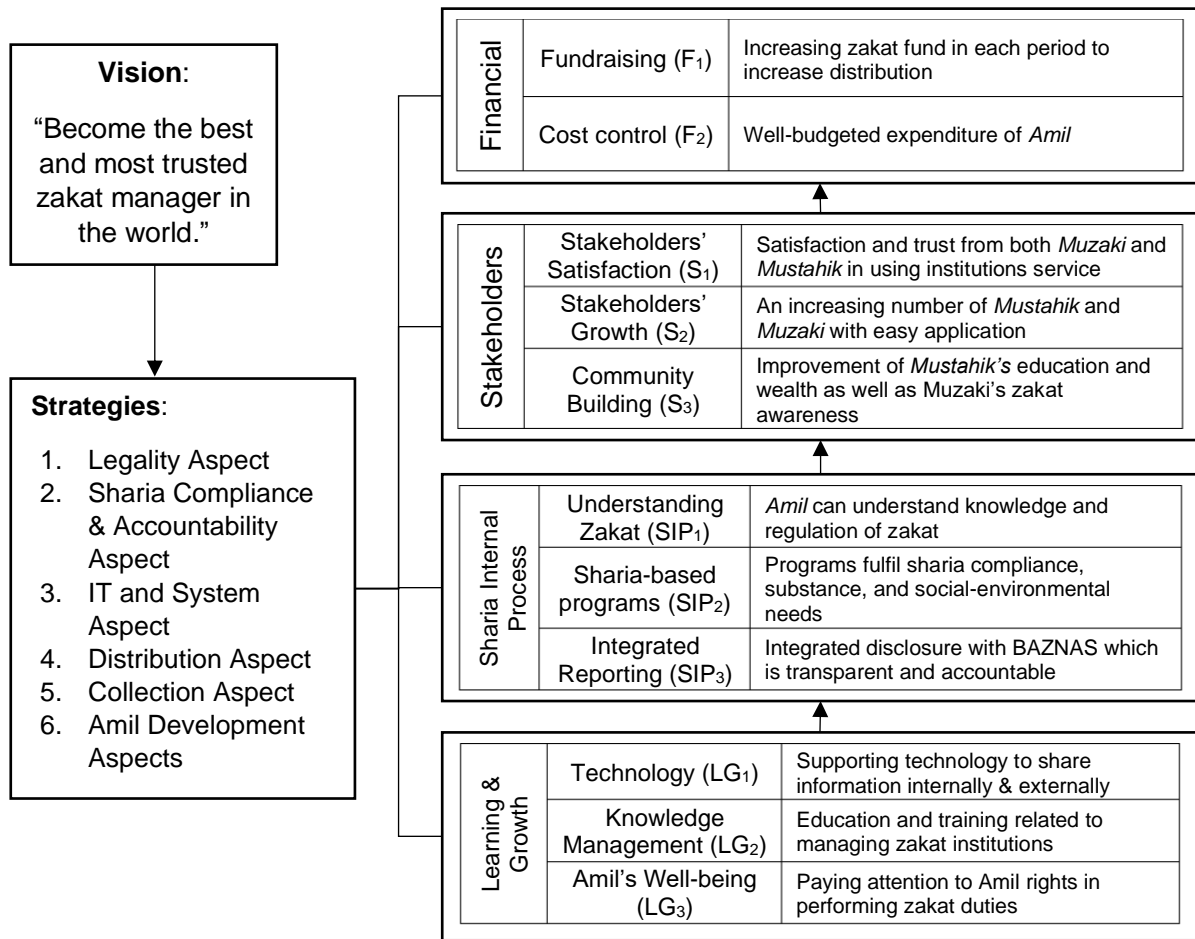


Figure 1. Proposed Strategic Objectives Based on Literatures

Sources: Author's own

Fuzzy DEMATEL

Decision-Making Trial and Evaluation Laboratory (DEMATEL) is a comprehensive method aiming to analyse a structural model of complicated relationship of criteria, conducted in

Geneva Research Centre (Wu & Lee, 2007; Wu, 2012). It can display the criteria's cause-effect relationship by gathering collective knowledge in capturing the relationship (Jassbi *et al.*, 2011). The model visualises practically with matrices or diagraphs, which influence strength is

presented by numeral represents become Fuzzy DEMATEL. Fuzzy linguistic is useful to tackle uncertainty or ambiguity in human decision-making to prevent misleading by the fuzzy numbers (Lee *et al.*, 2008). The result of Fuzzy DEMATEL is an illustration of criteria interrelation which examines their central role and effect of each criterion (Chen *et al.*, 2011). Based on searched kinds of literature, there is no research related to zakat management that uses this process. Therefore, this research contributes to the application of Fuzzy DEMATEL in LAZ, which examines the relationship of alternatives based on the BSC approach.

RESEARCH METHODOLOGY

This qualitative research applies combination of qualitative (questionnaire) with a quantitative tool (Fuzzy DEMATEL). The deductive approach is applied, which is linking research with existing knowledge and providing an initial analytical framework to help getting started (Saunders *et al.*, 2003). This research integrates two frameworks. First, BSC framework for non-profit organisations by Kaplan (2001) to develop perspectives and strategic objectives of LAZ. Second, Fuzzy DEMATEL to establish the relationship among perspectives and inner dependence of strategic objectives in their perspective by Jassbi *et al.* (2011) and Chen *et al.* (2011). The unit of this research is LAZ which is zakat institutions organised by community with tasks of collection and distribution zakat funds.

Data Collection

This research collected both primary and secondary data. Primary data is designed as an online questionnaire with closed and open-ended questions to experts through e-mail while secondary data comes from literature studies regarding BSC in Islamic, zakat, non-profit, or public institutions. The questionnaires are translated with Direct

Translation technique, which pays attention to meaning so minimise discrepancies (Saunders *et al.*, 2003). The questionnaires consist of two phases, which are: (1) asking for feedback of constructed strategic objectives based on works of literature and (2) giving a score of the relationship among strategic objectives and also between strategic objectives and National Zakat Index.

The questions will be limited in order to maximise response rate (Northcott & Taulapapa, 2012) and as a subsidiary method instead of a typical phase of brainstorming in determining the strategic objectives. In Jassbi *et al.* (2011), an intensive brainstorming session was done to acquire strategic objectives. Nevertheless, since this research is accomplished far located from the experts, the questionnaires are adopted to acquire desired results (Chen *et al.*, 2011). The experts as respondents are from BAZNAS, Forum Zakat (FOZ, grass-root zakat institutions association), National Sharia Board MUI, Central Bank, and Islamic economics academicians, directors or managers of LAZ and National Committee of Islamic Finance as experts.

Data Analysis

This research used literature study to develop proposed strategic objectives which were included in the questionnaire. This research applied deductive approach with both explanation building and pattern matching (Saunders *et al.*, 2003; Yin, 2013). Application of explanation building in this exploratory research was developing ideas for further researches about zakat management based and development of strategic objectives to become measurement, such as outcome measures and performance drivers.

There are three-level analysis in perspectives and strategic objectives. First, experts give feedback and commentary about the possibility of proposed strategic objectives implementation based on their experience and knowledge. The application

of binary option has a purpose of saved respondents' time since they have high profile and in top management level, and more straightforward (Dolnicar *et al.*, 2011). Second, after getting feedback and additional strategic objectives, the proposed strategic objectives become developed strategic objectives, which is also developed by literature review. Third, perspectives and developed strategic objectives are deployed in the second step questionnaire to the same experts who fill the first step one. After linguistic scale data are collected, the Fuzzy DEMATEL process is executed. The process in transforming normalised direct-relation fuzzy matrix to total-relation fuzzy matrix involves MatLab 2016. In doing defuzzification, this research uses weighted average method which is used in (Acuña-Carvajal *et al.*, 2019) as follows.

$$\tilde{r}^{def} = \frac{1}{3} (l + m + u)$$

In analysing the link between strategic objectives and NZI, this research examines it by adopting Fuzzy DEMATEL process until normalised direct-relation matrix phase. The process remains the same until normalised direct-relation fuzzy matrix. The logic develops from the way matrix assessed by “how column side

(strategic objectives) affects the row side (NZI)”. After the matrix is found, this research looks on \tilde{D}_i as the sum of the row demonstrates which strategic objectives that have the most significant influence on NZI while \tilde{R}_i is the sum of columns which illustrates which NZI gets most influence from strategic objectives. This logic is developed since the table assesses “how column side affect the row side”. The numbers in the findings are not presenting the power of influence but illustrates possible degree of influence. For example, the strategic objective with the highest value implies that the objective is highly possible to affect NZI.

FINDINGS

This research developed perspectives and strategic objectives based on the BSC approach. The questionnaire was sent to the experts in period of July-August 2019. Seventeen experts of zakat in Indonesia have been contacted, and 15 experts were willing to participate in this research which later the experts are presented as “E”. There were ten questionnaires delivered back. It is worth to note that these experts are top management, which have a high profile and tight schedule.

Table 2. Feedback of Proposed Strategic Objectives

Perspectives	Strategic Objectives	E1	E2	E3	E4	E5	E6	E7	E8	E9	E10
Financial	Fund raising (F ₁)	1	1	1	1	1	1	1	1	1	1
	Cost control (F ₂)	1	1	1	1	1	1	1	1	1	0
Stakeholders	Stakeholders' Satisfaction (S ₁)	1	1	1	1	1	1	1	1	1	1
	Stakeholders' Growth (S ₂)	1	1	1	1	1	1	1	1	1	1
	Community Building (S ₃)	1	1	1	1	0	1	1	1	1	1
Sharia Internal Process	Understanding Zakat (SIP ₁)	1	1	1	1	1	1	1	1	1	1
	Sharia-based programs (SIP ₂)	1	1	1	1	0	1	1	1	1	1
	Integrated Reporting (SIP ₃)	1	1	1	1	0	1	1	1	1	0
Learning and Growth	Technology (LG ₁)	1	1	1	1	1	1	1	1	1	0
	Knowledge Management (LG ₂)	1	1	1	1	1	1	1	1	1	1
	Amil's Well-being (LG ₃)	1	1	1	1	1	1	1	1	1	1

Source: Author's own

First Level Analysis: Developing Strategic Objectives

Based on the table 2, it can be stated that most of the experts answered “1” to the proposed strategic objectives, which implied the proposed strategic objectives are possible to be applied in LAZs. However, some objectives might have difficulties in the implementation which will be explained in this level with some critical deliberations from experts.

It could be argued that the strategic objectives are possible to implement in LAZ. Besides, there are several suggested strategic objectives by experts. The considered additional strategic objectives

are Stakeholders’ Spirituality, Regulation Compliances, Audited Reporting, Internal Sharia Audit, Disbursement, and Partnership.

First, stakeholders’ spirituality has been deliberated in community building which strategic objectives attempt to improve basic needs such as spiritual, wealth, and knowledge. Second, Regulation Compliances is included in objective understanding zakat which not only the knowledge of zakat that has to be understood but also the applicable regulation of zakat.

Table 3. Developed Strategic Objectives

Perspectives	Strategic Objectives	Description
Financial	Fundraising (F ₁)	Increasing zakat fund in each period
	Cost Control (F ₂)	Budgeted expenditure of <i>Amil</i> with appropriate proportions
	Fund Distribution (F ₃)	Increasing distribution of zakat fund in each period
Stakeholders	Muzaki & Mustahik Satisfaction (S ₁)	Level of satisfaction and trust from both <i>Muzaki</i> and <i>Mustahik</i> in using the institution’s service
	Muzaki & Mustahik Growth (S ₂)	An increasing number of <i>Mustahik</i> and <i>Muzaki</i> with easy application
	Community Building (S ₃)	Fulfilment of <i>Mustahik</i> ’s basic needs as well as improvement of <i>Muzaki</i> ’s awareness in donating zakat
	Partnership (S ₄)	Cooperation with other zakat institutions and parties for collection and distribution
Sharia Internal Process	Understanding Zakat (SIP ₁)	<i>Amil</i> can understand knowledge and regulation of zakat in Indonesia
	Sharia-based programs (SIP ₂)	Products that fulfil sharia compliance, substance, and social needs
	Institutional Reporting (SIP ₃)	Financial report is audited and gives informative activities report
Learning and Growth	Technology (LG ₁)	Technology that supports information can be shared effectively for internal & external
	Knowledge Management (LG ₂)	Education and training related to managing zakat institutions
	<i>Amil</i> ’s Well-being (LG ₃)	Paying attention to <i>Amil</i> rights in performing zakat duties

Source: Authors’ Own

Third, the benefits of applying audit in public institutions are the same as the private one which able to tackle agency problem and provide better information (Hay & Cordery, 2018). However, value for money of auditing is a constraint, especially for small-sized LAZ. Based on those conditions, this research proposes that BAZNAS incorporate with a public accounting firm to perform an audit for well-established LAZ while small-sized or infant LAZ can be audited financially or operationally by BAZNAS. One of the possible approaches taken in making LAZ financial statements is Rivenbark *et al.* (2009), which financial report provides primary information from the defined financial condition with consideration of comparability, manageability, comprehensiveness, flexibility, and systematic. Fourth, disbursement becomes important since zakat fund has to be distributed in the same year of its collection to prevent “corporation” of zakat institutions and the fund can be used for public purposes (Hafidhuddin *et al.*, 2015).

Fifth, a partnership is deliberated as essential objective due to the cooperation of Islamic financial institutions can bring better impact to poverty eradication (Ahmed, 2004). Hence, this research appends two additional strategic objectives which are Fund Disbursement and Partnership. The proposed strategic objectives become developed strategic objectives that can be described in Table 3.

Second level analysis: Fuzzy DEMATEL

After developing strategic objectives based on recommendations and pieces of literature, the second step questionnaire was deployed to the experts. Determined experts are the same as the one who filled the first step questionnaire to keep the information of research connected. The number of experts that send back the second step questionnaire is five experts. Linguistic terms of the experts for both perspectives and strategic objectives are collected and then translated into the fuzzy linguistic value, which consists of fuzzy numbers. It is essential to note that according to experts, all strategic objectives has relation among others. Subsequently, fuzzy p matrices are being averaged to become initial direct-relation fuzzy matrix. Afterwards, normalisation is done by looking for the r -value from the maximum computed value in the row. Fuzzy numbers in both perspectives and strategic objectives initial direct-relation fuzzy matrix are divided by 3 and 11.95, respectively, which produce normalised direct-relation fuzzy matrix. After that, the matrix is processed by Matlab to produce total-relation fuzzy matrix. From total-relation fuzzy matrix, $\tilde{D}_i + \tilde{R}_i$ and $\tilde{D}_i - \tilde{R}_i$ are calculated and defuzzified using weighted average method. The final step is resulting $(\tilde{D}_i + \tilde{R}_i)^{def}$, $(\tilde{D}_i - \tilde{R}_i)^{def}$.

Table 4. Perspectives' Values of \tilde{D}_i , \tilde{R}_i , $\tilde{D}_i + \tilde{R}_i$, $\tilde{D}_i - \tilde{R}_i$, $(\tilde{D}_i + \tilde{R}_i)^{def}$, $(\tilde{D}_i - \tilde{R}_i)^{def}$

Perspectives	D	R	D+R	D-R	D+R def	D-R def
Financial	(1.75, 7.33, 66.00)	(1.82, 7.53, 66.00)	(3.57, 14.86, 132.00)	(-0.07, -0.20, 0.00)	50.14	-0.09
Stakeholders	(1.71, 7.20, 66.00)	(1.79, 7.45, 66.00)	(3.50, 14.65, 132.00)	(-0.08, -0.25, 0.00)	50.05	-0.11
Sharia Internal Process	(1.61, 6.88, 65.50)	(1.64, 6.93, 65.50)	(3.25, 13.81, 131.00)	(1.61, 6.88, 65.50)	49.36	24.66
Learning & Growth	(1.75, 7.33, 65.50)	(1.57, 6.83, 65.50)	(3.32, 14.16, 131.00)	(1.75, 7.33, 65.50)	49.49	24.86

Source: Author's Own

Fuzzy DEMATEL results for perspectives are shown in Table 4. It can be seen that financial is the most influential perspective with 50.14 in total sum $(\tilde{D}_i +$

$\tilde{R}_i)^{def}$, followed by Stakeholders (50.05), Learning & Growth (49.49), and Sharia Internal Process (49.36), respectively. It could be indicated that the financial

perspective has the most prominent relation with other perspectives. Furthermore, the value of $(\tilde{D}_i - \tilde{R}_i)^{def}$ from Financial and Stakeholders perspective is negative, which implies these perspectives are categorised as “Effect”. Stakeholders are the most influenced perspective shown by the lowest value of $(\tilde{D}_i - \tilde{R}_i)^{def}$ which means it is the final aim perspective in LAZ. Meanwhile, Sharia Internal Process and Learning & Growth are considered in the cause group which influence others. It is worth to note that Learning & Growth perspective has the highest value of $(\tilde{D}_i - \tilde{R}_i)^{def}$, which means it dramatically affects other perspectives. Based on these findings, learning & growth perspective is the perspective with the highest value of $(\tilde{D}_i - \tilde{R}_i)^{def}$, which influences three

others followed by sharia internal process, stakeholders, and financial. Therefore, managers can set priority to the learning & growth perspective improvement in order to get positive results of other perspectives with the final aim of financial perspective.

After identifying the relationship of perspectives, inner dependence relationship of strategic objectives is examined. In analysing strategic objectives, Total-Relation Fuzzy Matrix is categorised for strategic objectives in each perspective. Afterwards, the sum of \tilde{D}_i and \tilde{R}_i are calculated. Finally, $(\tilde{D}_i + \tilde{R}_i)^{def}$ and $(\tilde{D}_i - \tilde{R}_i)^{def}$ can be demonstrated in Table 9 which describes the impact of each strategic objectives within their perspective.

Table 5. $\tilde{D}_i + \tilde{R}_i, \tilde{D}_i - \tilde{R}_i, (\tilde{D}_i + \tilde{R}_i)^{def}, (\tilde{D}_i - \tilde{R}_i)^{def}$ of Strategic Objectives

Strategic Objectives	D+R	D-R	D+Rdef	D-Rdef
Financial				
Fundraising (F ₁)	(0.67, 2.35, 29.02)	(0.00, 0.00, 0.26)	10.68	0.09
Cost Control (F ₂)	(0.59, 2.14, 28.05)	(0.01, 0.02, -0.22)	10.26	-0.06
Fund Distribution (F ₃)	(0.65, 2.29, 28.73)	(-0.01, -0.02, -0.04)	10.56	-0.02
Stakeholders				
Muzaki & Mustahik Satisfaction (S ₁)	(0.84, 2.97, 38.45)	(-0.00, -0.02, -0.03)	14.00	-0.02
Muzaki & Mustahik Growth (S ₂)	(0.84, 2.97, 38.53)	(-0.02, -0.03, 0.06)	10.01	0.00
Community Building (S ₃)	(0.81, 2.88, 38.39)	(-0.01, -0.01, -0.09)	10.13	-0.04
Partnership (S ₄)	(0.79, 2.85, 38.36)	(0.03, 0.06, 0.06)	9.88	0.05
Sharia Internal Process				
Understanding Zakat (SIP ₁)	(0.51, 1.92, 27.61)	(0.04, 0.08, 0.25)	10.21	0.12
Sharia-based programs (SIP ₂)	(0.53, 1.98, 27.88)	(-0.02, -0.04, -0.11)	10.32	-0.05
Institution's Reporting (SIP ₃)	(0.48, 1.88, 27.28)	(-0.03, -0.04, -0.14)	9.99	-0.07
Learning & Growth				
Technology (LG ₁)	(0.50, 1.97, 28.15)	(-0.00, -0.00, 0.12)	14.09	0.04
Knowledge Management (LG ₂)	(0.53, 2.00, 28.44)	(0.02, 0.06, 0.08)	14.11	0.05
Amil's Well-being (LG ₃)	(0.46, 1.85, 27.67)	(-0.02, -0.06, -0.20)	14.03	-0.09

Source: Author's Own

First, in Financial perspective, Fundraising (F₁) has the highest value for both central role level and type of influence with 10.68 and 0.09, respectively. This objective is the only one with positive value of $(\tilde{D}_i - \tilde{R}_i)^{def}$ which implies it is the cause group among strategic objectives in

perspective. Every fluctuation in (F₁) is highly possible affecting other objectives. This objective is followed by Fund Distribution (F₃) and Cost Control (F₂). It can be denoted that Cost Control (F₂) is the most affected by other objectives.

Second, in Stakeholders perspective, there are two objectives in cause group which are Partnership (S₄) and Muzaki & Mustahik Growth (S₂). For Partnership (S₄), it has the highest value of $(\tilde{D}_i - \tilde{R}_i)^{def}$ with 0.05 which indicates it affects all strategic objectives in the perspective even though it has the weakest relation with others. Furthermore, Muzaki & Mustahik Satisfaction (S₁) has the highest value of $(\tilde{D}_i + \tilde{R}_i)^{def}$ with value of 14.00, which presents the most substantial relation with other strategic objectives in Stakeholders perspective.

Third, in Sharia Internal Process perspective, Understanding Zakat (SIP₁) is the only objective in the cause group with positive value of $(\tilde{D}_i - \tilde{R}_i)^{def}$ with 0.12 while Sharia-based Programs (SIP₂) and Institution's Reporting (SIP₃) is in the effect group. Sharia-based Programs (SIP₂) has the strongest relation to other objectives. Furthermore, Institution's Reporting (SIP₃) is the weakest as well as the most easily affected objective in Sharia Internal Process perspective.

Finally, findings in Learning & Growth perspective display Knowledge Management (LG₂) has the highest value of $(\tilde{D}_i + \tilde{R}_i)^{def}$, $(\tilde{D}_i - \tilde{R}_i)^{def}$ in the Learning and Growth Perspective, followed by Technology (LG₁) and Amil's Well-

being (LG₃), respectively. There are two objectives in the cause group while only one objective in the effect group. These three objectives significantly affect each other, shown by the high value of $(\tilde{D}_i + \tilde{R}_i)^{def}$.

Third level Analysis: Linking Strategic Objectives and National Zakat Index

The relationship between developed strategic objectives and National zakat Index will help zakat institutions to increase performance of NZI micro dimension. The matrix examines strategic objectives influence to NZI using linguistic terms and converted to fuzzy linguistic value. According to most experts, all strategic objectives have relation with NZI in range of Low to Very High. Consequently, fuzzy p matrices become initial direct-relation fuzzy matrix. Normalisation then is done by dividing the fuzzy numbers with 9.90 as r -value which is resulting normalised direct-relation matrix and defuzzified with weighted average method. Calculated $(\tilde{D}_i)^{def}$ points which strategic objectives have the highest possibility to affect NZI while $(\tilde{R}_i)^{def}$ indicates which NZI will be most affected by the strategic objectives.

Table 6. Relationship between Strategic Objectives and National Zakat Index

Strategic Objectives	Ddef	Rank	NZI	Rdef
Fund Distribution (F ₃)	0.855	1	Growth of zakat fund collection (YoY) (NZI ₁)	1.1229
Fundraising (F ₁)	0.852	2	Distribution to Economic Program (NZI ₅)	1.07744
Sharia-based programs (SIP ₂)	0.805	3	Distribution to Social Program (NZI ₄)	1.07407
Community Building (S ₃)	0.796	4	Allocation budget to Da'wah Program (NZI ₆)	1.07407
Knowledge Management (LG ₂)	0.793	5	Financial reporting (NZI ₇)	1.05051
Technology (LG ₁)	0.790	6	Prosperity Index CIBEST (NZI ₈)	1.00505
Muzaki & Mustahik Growth (S ₂)	0.785	7	Availability of SOP, strategic planning, ISO, and annual working program (NZI ₂)	0.99832
Cost Control (F ₂)	0.779	8	Allocation to Collection Ratio (NZI ₃)	0.96801
Muzaki & Mustahik Satisfaction (S ₁)	0.778	9	Modified HDI (NZI ₉)	0.91414
Amil's Well-being (LG ₃)	0.764	10	Independency of zakat beneficiaries (NZI ₁₀)	0.86869
Understanding Zakat (SIP ₁)	0.732	11		
Institution's Reporting (SIP ₃)	0.726	12		
Partnership (S ₄)	0.699	13		

Source. Author's Document

Table 6 illustrates strategic objectives and NZI relationship which is displayed in $(\tilde{D}_i)^{def}$ and $(\tilde{R}_i)^{def}$. From strategic objectives, Fund Distribution (F_3) is the most influencing objective with 0.855, followed by Fundraising (F_1), Sharia-based Programs (SIP_2), and Community Building (S_3) with value of 0.852, 0.805, and 0.796, respectively. These four objectives, by definition, are similar with some indices and have similar ranking in NZI side which are Zakat Collection Growth (NZI_1), Economic Program Distribution (NZI_5), Social Program Distribution (NZI_4), and Allocation Budget to Da'wah Program (NZI_6). Moreover, some unconsidered variables in NZI such as Knowledge Management (LG_2), Technology (LG_1), Muzaki & Mustahik Growth (S_2), Cost Control (F_2), and Muzaki & Mustahik Satisfaction (S_1) moderately influence NZI. For other strategic objectives such as Amil's Well-being (LG_2), Understanding Zakat (SIP_1), and Institution's Reporting (SIP_3) have a slight influence on NZI. At last, Partnership (S_4) has the lowest influence among strategic objectives.

On NZI side, Growth of zakat fund collection (NZI_1) as collection aspect in NZI is the most influenced index, followed by indices in distribution aspect which are distribution to economic (NZI_5), social (NZI_4), and Da'wah programs (NZI_6). Interestingly, two indices have the same value which are Social Program Distribution (NZI_4) and Allocation Budget to Da'wah Program (NZI_6). Financial reporting in the reporting aspect is adequately affected by strategic objectives, followed by one index from the impact aspect, namely Prosperity Index CIBEST (NZI_8). Management aspect which are the availability of SOP, Strategic Planning, ISO, and Annual Working Program (NZI_2) and Allocation to Collection Ratio (NZI_3), is in between impact aspect. The two other indices from impact aspects of NZI are Modified HDI (NZI_8) and Independencies

of Zakat Beneficiaries (NZI_{10}) which are the lowest affected indices by strategic objectives among NZI. Therefore, these findings denote that strategic objectives can help the performance of national zakat index.

DISCUSSION

Strategic Objectives in LAZ

This research develops proposed strategic objectives based on the literature review, which got feedback from experts. It could be argued that the strategic objectives are possible to implement in LAZ. However, there are several recommendations related to strategic objectives.

First, the financial perspective deliberates source of fund, budgeting treatment, and immediate distribution. Source of fund has to be come from zakat maal which LAZs ensure fund mobilisation from Muzaki through institutions (Rahman and Dean, 2013). This mobilisation leads to sustainability which can be achieved by implementing strategies (Weerawardena *et al.*, 2010). Furthermore, budgeting in LAZ has to be seen from institutions objectives and be monitored periodically, which the use of either Amil or Fii Sabilillah fund can consider the objectives (Tajuddin *et al.*, 2014). Finally, the collected zakat has to be received immediately by priority scale of Mustahik in LAZ (Hafidhuddin, 2002).

Second, the stakeholders perspective considers method for conducting satisfaction survey, fulfilment of Mustahik needs, and cooperation among institutions. Before conducting survey, LAZs' managers firstly define Muzaki & Mustahik definition and what they are expected (Greatbanks & Tapp (2007). Subsequently, LAZ has to fulfil basic and urgent needs of Mustahik based on their capabilities. For instance, job opportunity promotion can reduce unemployment and provide a better living (Kasri, 2016). At last, integration between BAZ and LAZ

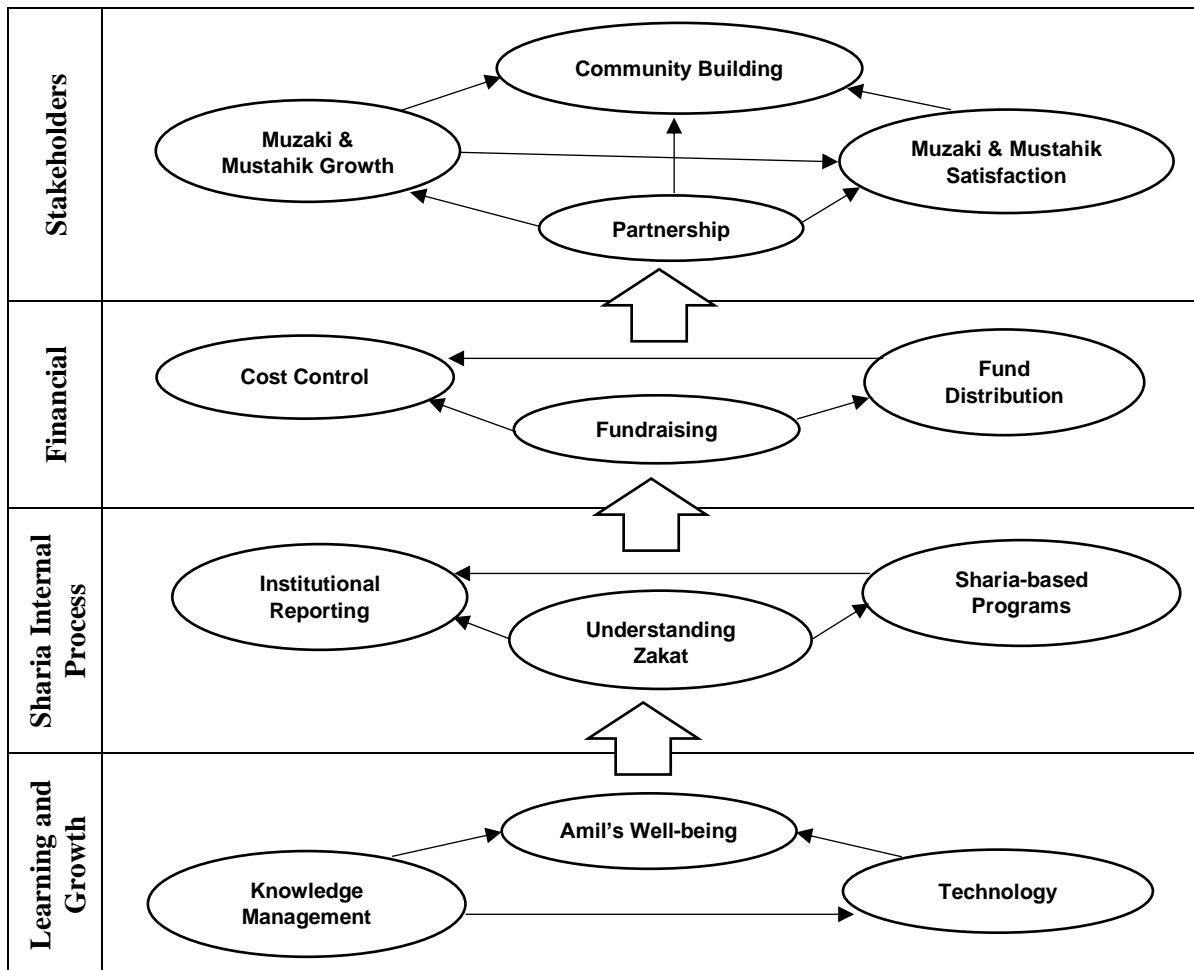
must aim to create more significant impact, which can be also helped by moderation of the third party (Ahmed, 2004; Huda, 2014).

Third, sharia internal process contemplates LAZ programs and reporting. The programs ultimately bring impact not only for people but also environment since Islamic values has to emphasise more on whole *maslahah* of all creatures (Ahmed *et al.*, 2015; Asutay, 2012). Moreover, reporting in LAZs is essential to be presented transparently and accountably, but constraints emerge, namely: (a) reluctance of LAZs and BAZs integration (b) unaudited financial statement, and (c) consideration of characteristics and condition of LAZs. Based on those limitations, performance and financial audit

can be accomplished by adjusting with the capabilities of LAZ (Rivenbark & Pizzarella, 2002). It is crucial to produce reports that can be understood by Muzaki by giving interpretation of financial indicators (Rivenbark *et al.*, 2009).

Fourth, learning and growth devises documentation of knowledge and optimised technology. Combination of knowledge management and technology can create digitalised and transferred tacit knowledge (Wu, 2012). The resources are utilised to pursue LAZs objectives, which bring several impacts to poverty alleviation and welfare protection (Kong, 2007; Zakaria *et al.*, 2014). These discussions, thus, are deliberation for future researches.

Figure 2. Strategy Map of LAZ



Source: Author's Own

Relationship of Perspectives and Strategic Objectives

This research also examined the relation of perspectives and strategic objectives. The findings are in line with Kaplan & Norton (1996a), which Learning & Growth perspective influences other perspectives. Besides, Stakeholders perspective is considered as the top perspective since they have accountability between them and society. This argument justifies the application of BSC in most of the non-profit and public institutions (Kaplan, 2001; Northcott & Taulapapa, 2012). This research also examines the relation of strategic objectives in each perspective. By combining findings in perspectives and objectives, strategy map can be demonstrated in Figure 2.

As Kaplan & Norton (1996a) stated that BSC is more than just a collection of critical indicators but also linked a series of objectives and measures which tell the story of the strategy, this research has developed the story as follows.

1. Managers of LAZ emphasise knowledge management (LG₃) which have objectives to enable Amil to do more effective works by shared knowledge (Wu, 2012).
2. Amil is expected to able to use technology (LG₁) to supports information to be shared effectively for internal & external of the institution (Kaplan, 2001). The information is useful for the manager to make decisions and know the current condition while social media holds essential role to provide information about programs to external.
3. By applying these Knowledge Management (LG₂) and Technology (LG₁), managers are expected to motivate their employees by determining the minimum wage (Huda, 2014).
4. After strengthening strategic objectives in Learning & Growth,

managers accentuate zakat and regulation understanding (SIP₁). By knowing this, Amil can deliver desired value to Muzaki and Mustahik (Kaplan & Norton, 1996a). For example, well explanation of zakat and its benefits can raise zakat awareness of Muzaki.

5. In delivering service, the programs are sharia-based (SIP₂) which consider of sharia compliance and substance as well as giving positive impact socially and environmentally. The contracts in distributing zakat should fulfil sharia requirements, social needs and capabilities well (Ahmed, 2011). For instance, in distributing zakat fund for poor elderly, LAZ can give money or basic groceries so they can fulfil their basic needs instead of giving productive capital.
6. These programs are informed so Muzaki knows for which purposes the fund is used and Mustahik can register to LAZ according to their needs. Publishing audited financial and activities (SIP₃) information with modification is preferable (Hay & Cordery, 2018; Rivenbark *et al.*, 2009). To facilitate LAZ on a small scale, BAZNAS can do financial, operational, and compliance audit.
7. The disclosure is expected to increase the trust of Muzaki to donate in LAZ (Samargandi *et al.*, 2018). Fundraising (F₁) will be escalated, hence, maximisation of fund distribution (F₃) to promote the welfare and prevent harmfulness as well as poverty alleviation (Ahmed, 2011; Zakaria *et al.*, 2014). The budget of LAZ has to be deliberated in Cost Control (F₂).
8. To press the budget of LAZ, Partnership (S₄) is necessary since LAZs have specialisation in delivering their services (Hafidhuddin *et al.*, 2015). For example, in distributing fund for the

orphan, LAZ can ask help for LAZ with the specialisation since they have data and experience.

9. By optimally delivering service, trust of institutions is raised so satisfaction (S_1) as well as growth (S_2) of Muzaki & Mustahik increased (Sharma & Gadenne, 2011). The final aim is how LAZ can contribute to community building (S_3) which social motives drive organisation (Somers, 2005).

Strategic Objectives and National Zakat Index Connection

This research identified that strategic objectives could give impact to the National Zakat Index, which several implications are can be discussed. First, this research suggests that strategic objectives mostly affect the collection and distribution aspect of NZI. These findings to some extent in line with objectives of BAZNAS which deliver effectively and efficiently zakat service to Mustahik as well as realising social welfare and eradication of poverty (Hafidhuddin *et al.*, 2015). Application of BSC approach in this research is also aiming to solve collection and distribution problems which is in line with the findings. Second, it could be argued that NZI's reporting aspect is relatively getting impact from strategic objectives, which might get influence from learning and growth (Kaplan & Norton, 1996a).

Third, it could be arguably indicated that management aspect is arguably affected by strategic objectives. BSC if implemented successfully in public institutions, can bring positive impacts such as striving excellence goals and emphasising outcome effectiveness (Greatbanks & Tapp, 2007; Kloot & Martin, 2000). Finally, impact aspect of NZI is slightly influenced by strategic objectives. Kasri (2016) and Zakaria *et al.* (2014) suggested that zakat builds community. Strategic objectives can help LAZs' managers to focus on specific

outcomes; hence, the impact is expected to be reached optimally (Kaplan, 2001). Therefore, the application of strategic objectives can complement NZI and help LAZs perform better to achieve its social objectives.

CONCLUSION

Key Findings

This research aimed to develop and examine perspectives and strategic objectives in a strategy map to enhance better zakat management in Indonesia Amil Zakat Institutions (LAZ). To do so, Balanced Scorecard and Fuzzy DEMATEL framework are applied in order to solve collection, distribution, and managerial issues and fill the gap of current measurement of zakat management, namely National Zakat Index. BSC brings several benefits and better management to non-profit and public institutions. However, the application of BSC as performance management in mentioned institutions has not optimally utilised since BSC is treated as merely performance measurement. BSC implementation, especially in zakat institutions, has not discussed the relationship which Fuzzy DEMATEL is possibly used.

This research translated vision and strategies of BAZNAS become four perspectives which are financial, stakeholders, sharia internal process, and learning & growth. This research suggests that Stakeholders perspective is the final aim while learning & growth and sharia internal process can arguably influence other perspectives. Financial perspective is the essential perspective, which shows managers how good the institution is. Furthermore, strategic objectives as expected long-term outcome are developed as an initial phase of implementing BSC in LAZ. There are thirteen strategic objectives developed from literature studies, confirmation, and recommendations from

experts which are knowledge management, technology, Amil's well-being, understanding zakat, sharia-based programs, institution's reporting, fundraising, fund distribution, cost control, partnership, Muzaki & Mustahik growth and satisfaction, and community building. The strategy map established in this research which helps managers getting a visualisation of strategic objectives relation in LAZ. Moreover, the strategic objectives likely affect National Zakat Index, which are collection, distribution, reporting, management, and impact, respectively. These strategic objectives also fill the gaps of NZI which is feasibly implemented in all size of LAZ, and the impacts to NZI is analysed.

Theoretical and Managerial Implications

This research gave several contributions to existing literature. First, BSC approach is applied as performance management analysis instead of performance measurement. Second, this research fostered discussion related to National Zakat Index evaluation. Third, the strategy map has not been produced in zakat-related literature which this research tried to fill the gap. Hence, this exploratory research builds a foundation to further researches related to zakat management.

The findings provide essential information for LAZ managers about how they should focus on enhancing the performance. First, managers can focus on knowledge management which provides training, education and documentation of knowledge related management of LAZ. Second, technology can effectively and efficiently enhance the operation and sharing information for internal and external organisation. Third, understanding zakat and its regulation will fundamentally deliver value to Muzaki and Mustahik. Fourth, the partnership will help managers to minimise budget spending in order to increase the effectiveness of zakat distribution to Mustahik. By focusing on

these strategic objectives, therefore, managers can achieve better management and National Zakat Index performance.

Limitations and Recommendations of the Study

This research has achieved its aim and objectives, but some limitations are existed. First, experts who participate in this research are the one with high profile and have tight schedule. Thus, the number of experts is not as many as most research using Fuzzy DEMATEL framework. Second, this research deploys questionnaire in asking feedback since long distance between author and experts. Application of interview or focus group discussion might bring different results.

Vision and strategies of BAZNAS have been translated to set of perspectives and strategic objectives that can be implemented in LAZ using BSC approach. As Kaplan & Norton (1996a) states that BSC is consist of objectives, measurement, targets, and initiatives, hence, the future study can make measurement by exploring strategic objectives that have been developed. For example, from Muzaki & Mustahik's Satisfaction, the indicators might be Muzaki's Satisfied Survey and Mustahik's spiritual, social, and economy improvement.

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