

THE POTENTIAL OF ZIS FUND AS AN INSTRUMENT IN ISLAMIC ECONOMY: ITS THEORY AND MANAGEMENT IMPLEMENTATION

Budi Budiman

Faculty of Dakwah, State Institute for Islamic Studies (IAIN) Sunan Gunung Djati Bandung

Abstract

Zakah, infaq and shadaqah (ZIS) are proven to have significant roles in the development of Islam and Moslems in Indonesia. This fact can be seen among others from the number of mosques in all scale, schools and madrasah, Islamic boarding schools, orphanages, universities, hospitals, and public health clinics, as well as public meeting rooms which are built with funding from zakah, infaq, shadaqah and waqf, beside from governmental aids.

However, the more important fact is that zakah needs to be positioned as a source of public revenue with which impecunious people's esteem can be promoted. It is not easy, of course. Many things should be done in ZIS fund management, from arranging legislations to preparing human resources that are not only comprehending zakah management but also having trustworthiness as organizers of ZIS fund.

Many factors causing contradiction between the potential of zakah and the number of impecunious people in Indonesia, among others, the inability of zakah management bodies (i.e. BAZ or LAZ according to the Act No. 38 Year 1999 concerning Zakah Management) to attain the expected level of service quality. Though in the last ten years Indonesian Moslems begin to realize the obligation to pay zakah, but the condition of the poor and the needy is still practically unchanging.

INTRODUCTION

Besides on Islamic banking, recent discussion concerning Islamic economics in Indonesia focuses also on the concept and application of *zakah*, both in term of a private religious practice and in term of a manageable public finance component.

Before the enactment of Act No. 38 Year 1999 concerning Zakah Management, the institution of *zakah* is perceived generally as a mere realization of religious institution. *Zakah* is none but an effort to implement the five pillars of Islam. *Zakah* is a personal matter, and hence, can only help *mustahiq* (people who receive zakah) provisionally.

It is tragic, while Moslem scholars – especially those who concern on Islamic economics– idolize the potential of *zakah* to promote impecunious people's esteem, the potential of *zakah* itself is practically utopian.

This is proven at least in the World Bank annual report stating that, in 1999, there are still 66,1% (136,8 millions) people in Indonesia categorized as poor (and/or needy).

Zakah is potential and strategic. In 1990-es, ZIS fund has been collected in Indonesia was IDR 11 billions, whereas in 2000, it reaches IDR 250 billions. Significant amount to push down the number of impecunious people in Indonesia.

This ZIS fund will be more significant compared to government's ability to fulfill society's needs. For example, expenditures used to finance human resource development in 2000 National Budget (APBN) are very small, i.e. 3.7% (whereas people expect up to 20%), and consequently, not all regions have proper education facilities and many people cannot reach education services.

Thereby, it is clear that zakah should be positioned as a source of public revenue with which impecunious people's esteem can be promoted. It is not easy, of course. Many things should be done in ZIS fund management, from arranging legislations to preparing human resources that are not only comprehending zakah management but also having trustworthiness as organizers of ZIS fund.

THE DEFINITION OF ZAKAH, INFAQ AND SHADAQAH (ZIS)

Zakah, infaq and *shadaqah* (ZIS) are proven to have significant roles in the development of Islam and Moslems in Indonesia. This fact can be seen among others from the number of mosques in all scale, schools and *madrasah*, Islamic boarding schools, orphanages, universities, hospitals, and public health clinics, as well as public meeting rooms which are built with funding from *zakah, infaq, shadaqah* and *waqf*, beside from governmental aids.¹

Zakah is an observance related to wealth. Islam insists the wealthy to help the poor and the needy in meeting their needs and to implement the public interests. *Zakah* is obligatory for the capable, from their abundant wealth exceeding their own and dependents' basic needs. This wealth includes money, trading goods, cattle and other livestock, and crops with certain proportion recognized by Moslems. Collected *zakah* is further distributed to meet the basic needs of the poor and the needy and to fulfill public interests. While *zakah* of money and trading goods is bestowed once a year, *zakah* of crops is bestowed in every harvest.

It is important to note that *zakah* and *shadaqah* have the same meaning in the Qur'an and Sunnah, at least in their essence. Even, *zakah* that must be distributed to the

¹ M. Dawam Rahadjo, *Kesimpulan dan Rekomendasi Pertemuan Nasional I Badan Amil Zakah Infak dan Shadaqah*. Bunga rampai, Jakarta, no date, pp. 5.

eight channels is not stated as *zakah*, but *shadaqah*.²

Etymologically, the root (*masdar*) of word "*zakah*" is "*zaka*", means "favor", "grow-up", "clean", and "good". Something is "*zaka*" means that it is "growing" and "expanding", and someone is "*zaka*" means that he or she is "good" (kind). According to *Lisan al-Arab*, the basic meaning of "*zaka*" is "to increase" and "to grow". So if we say that a crop is "*zaka*", means the crop is "growing", and everything that grows is referred as "*zaka*". When a crop grows without handicap, the word "*zaka*" means "clean".³

The soul and heart of people who bestow *zakah* will be clean.⁴ Besides, their wealth will also be clean. From such an explanation, it is drawn that *zakah* bestowed by *muzaki* will clean and sanctify human soul, means that it has no longer greed to the wealth. *Zakah* can be said as a religious service concerning wealth and functioning as a social mean. *Zakah* has a very long history and was recognized in divine religions brought by earlier Messengers before Islam.⁵ However, the obligation of *zakah* for Moslems has just been commanded clearly in verses (*ayah*) revealed in Madinah. This obligation later strengthened by Prophet Muhammad, regarding the *nisab*, the amount of *zakah*, the requisites, and the type of *zakah*, the kinds of properties that are liable for *zakah*, as well as the concrete execution processes. Historically, *zakah* is obliged in year two *Hijriyah*, though many scholars dispute this statement.⁶ As a law specified by religion, *zakah* has specific orders in its execution, among others are its requisites

² M. Dawam Rahardjo, *Op. Cit.* See also at-Taubah: 60

³ Yusuf Qardhawi, *Fiqhuz Zakah*, Indonesian translation by Salman Harun et al., Mizan, Bandung, 1996, pp. 34.

⁴ Qur'an 9: 103

⁵ Qur'an 21: 73

⁶ Hafidz Dasuki, et al, *Ensiklopedi Islam. (Book I, IV and V)*, PT Icthar Baru van Hoeve, Jakarta, 1993, pp. 224.

such as full possession, growth, fulfilling the *nisab*, fulfilling one's normal basic needs, free from debts (perfect ownership), and the lapse of a full year. The kinds of *zakah* themselves are *zakah* of wealth (*zakah al-maal*) and *zakah* of body (*zakah al-fithr*).

In term of fiqh, *zakah* is a name or mention for certain properties obliged by Allah to be bestowed to rightful channels (*mustahiq*).⁷

Infaq comes from the root of word "*nafaqa*" meaning "to spend money for maintenances" and "to expend". When people giving money for their family's maintenances, it means that they give "*nafaqa*", and the deed itself is considered as "to *infaq*". In the Qur'an, we find many verses (*ayah*) using word of "*nafaqa*", in the form of *fiil madi*, *fiil mudari*, *fiil amar*, and *masdar*. Allah commands human being to expend money in the right ways.⁸ The word "*infaq*" is also used to mention expenditure in a wrong way.⁹ However, since the use of money in an erroneous way is prohibited in Islam, then Moslem scholars agree that "*infaq*" means the use of money in the ways permitted by Allah.

According to the Qur'an, to *infaq* well and correctly is one measure and indicator of human obedience to Allah.¹⁰ People who expend money well and correctly mean that they have planted investment for themselves. Hence, religion teaches human being to *infaq* their money in an open or secret way, at the time of hard or easy. Further, religion advises human being not to be motivated by proud, expecting praise or other earthy motivation in doing *infaq*. Execution of *infaq* that is required by religion is one being done sincerely because of hoping the favor of Allah.¹¹

The field of *infaq* is wide. Since to *infaq* means to expend money according to religious teaching, then to donate money to the poor and the needy and to pay *zakah* are also considered as *infaq*. Likewise, the use of money for social activities is belonging to *infaq*. It is usual in Indonesia that *infaq* is connoted with voluntary donation for religious activities, such as to build mosque, Islamic hospitals, schools, etcetera managed by religious organizations.¹² Since to *infaq* means expending money without repayment, to expend money with repayment is not considered as *infaq*.¹³

Islam goes through the way, and hence, determines the orders to *infaq*. Islam does not let the owners of wealth with absolute rights to utilize their money. Islam on the contrary determines the ways people should use the money both in their lifetime and after their death.¹⁴

Infaq can be executed when the owner of the properties is still alive, such as donations, alms and *shadaqah*, or the owner is died, such as bequests. Islam intervenes this usage of wealth, and prohibits individual to present their properties to enemy in a state of war. Islam also prohibits individual to present his wealth, except those exceeding his own and his family's basic needs. If an individual presents wealth he needs (or his family need), then the giving is canceled.¹⁵

The definition of *shadaqah* is a giving given by a Moslem to others spontaneous and voluntarily without limited by certain quantity and time; a giving given by someone as a benevolence hoping merely the favor and reward of Allah. *Shadaqah* in this term is referred by jurists (*fuqoha*) as *shadaqah at-tatawwu'* (alms that are given

⁷ Ibid.

⁸ Qur'an 2: 195, 254 and 267

⁹ Qur'an 9: 34

¹⁰ Qur'an 2: 2-3; Qur'an 3: 133-134

¹¹ Qur'an 2: 261

¹² Hafidz Dasuki, et al, *op. Cit.*

¹³ Samih Athif az-Zain, *Syariat Islam*. Indonesian translation by Mudzakir As. Husaini, Bandung, 1988, pp. 144

¹⁴ Ibid. pp. 145

¹⁵ Ibid. pp. 146

spontaneous and voluntarily). According to jurists, *shadaqah* may have the same meaning with *zakah*, i.e. certain properties must be bestowed by a Moslem at a certain quantity and time determined by Islamic law. It is this reason is explaining why jurists often mentions *zakah al-fitrh* as *shadaqah al-fithr*.¹⁶

In this position, according to Mawardi as cited by Yusuf Qardhawi, the word “*shadaqah*” is “*zakah*” and “*zakah*” is “*shadaqah*”; they differ in name but are same in meaning.¹⁷

Jurists agree that the law of *shadaqah* is *sunnah*. Besides, they agree that in certain conditions, *shadaqah* becomes forbidden, such as in a case when the Moslem offering *shadaqah* knows exactly that the receiver will benefit the giving for immoral activities. *Shadaqah* becomes obligatory when a Moslem meets someone being in a serious famine so that his soul is threatened, whereas the Moslem is the first person coming and having food exceeds his own needs. *Shadaqah* also becomes obligatory when a Moslem promising that he will give *shadaqah* for a person or an organization.

According to Islamic jurists, *shadaqah at-tatawwu'* differs from *zakah*. *Shadaqah* given in secret is better than that given in open or that given with notice to other people. In Hadist reported by Abu Hurairah is explained that one of seven people Allah will shade on the day when there will be no shade except His is a person who practices charity so secretly that his left hand does not know what his right hand has given. Likewise, *shadaqah* is better when given in the month of *Ramadhan*. Muhammad the Messenger is reported by at-Tirmidzi to has said, “The most excellent *shadaqah* is that given in *Ramadhan*, because in this month, the poor and the needy are really in difficult to look for income and meet basic necessities as they are fasting; besides, because in this

month, every good deed will be compensated with multiplied reward by Allah.” It does not mean that *shadaqah* in other months is rewarded less, as *shadaqah* itself is suggested to do in every time. *Shadaqah* is also better when given to family or relatives before to other people. *Shadaqah* should be given to those really in need. Here, goods better used to *shadaqah* are those with quality and liken by the owner.¹⁸

THE DEFINITION AND HISTORY OF ZAKAH, INFAQ, AND SHADAQAH MANAGEMENT

Before the enactment of Act No. 39 Year 1999 concerning Zakah Management, the management of *zakah*, *infaq*, and *shadaqah* is carried out by a body known as BAZIS. Formerly, BAZIS was a semi-governmental body or institution within the Government of DKI Jakarta assigned to collect and distribute *zakah* according to the Islamic law. This body formed by the Government of DKI Jakarta on 5th December 1968 through the Decree of Governor No. B-14/8/18/68. This body was based on Islamic law and operated in DKI Jakarta province. Its structure was centered in provincial level, down to municipal, district, and sub-district. The main task of this body was to collect *zakah al-maal* in all DKI Jakarta, and then distribute it to those who deserve, i.e. the poor and the needy as priorities.¹⁹ In later development, some provinces took the same action including the Provincial Government of West Java that established BAZIS in 1974.

The establishment of *zakah* management bodies actually began from former President Soeharto's recommendation, in his speech in *Isra' Mi'raj* celebration in Presidential Palace, 26th October 1968.²⁰

¹⁶ Hafidz Dasuki, et. al, *op. Cit.* pp. 259.

¹⁷ Yusuf Qardhawi, *op. Cit.* pp. 36. See also Quran 9: 58, 60 and 103.

¹⁸ Qur'an 3: 92

¹⁹ Hafidz Dasuki, et al, *op. Cit.* pp. 209

²⁰ There are eleven leading and influent Moslem Scholars who set forth the important and hysteric proposal

This recommendation followed by the formation of BAZ in some provinces pioneered by the Government of DKI Jakarta. In the same year, Department of Religious Affairs passed the Decree of Minister of Religious Affairs No. 4/1968 dated 15th July 1968 concerning the establishment of *Baitulmaal* (treasury) in the national, provincial and municipal level.

In 1967, government had actually prepared a regulation draft concerning *zakah* and consulted the draft to the Indonesian House of Representatives (DPR-GR 1959-1973), hoping that it would receive support from the Minister of Social Affairs and Minister of Finance. However, Minister of Finance, in his response, argued that *zakah* legislation was not necessarily in the form of an Act rather than stand in the form of Ministerial Decision. Based on this consideration, Minister of Religious Affairs passed an instruction No. 1/1970 which was meant to postpone the implementation of instruction No. 4 and 5 year 1968.

In subsequent development, the legal base for the BAZIS expressed by the Decision of Indonesian People's Consultative Assembly (MPR RI) No. II/MPR/1978 concerning Guidance for the Comprehension and Practice of Pancasila (P4). One of its articles requires that Indonesian people are devout nation. Devotion requires the implementation of religious doctrines, the *sakh-*

siyah duties (prayers, fasting, and pilgrimage) as well as *ijtimaiyah maliyah* (*zakah*, *infaq*, and *shadaqah*). Following this regulation was the Joint Decision of Minister of Religious Affairs and Minister of Internal Affairs No. 01/BER/MDN.MAG/1969 dated 13th September 1969. This regulation outlines duties of government apparatus in assuring the orderliness and smooth of development and conduct of religious duties. Article 1 asserts that regional heads give chances for religion spread and religious practices, as long as the activities do not violate the law and do not disrupt public safety and order. The head of Local Office of Department of Religious Affairs gives guidance and monitor the spread of religions and practice of religious doctrines without giving rise for potential conflicts, free from intimidation, compulsion, threat, avoid law breaking and enhance public safety and order.

Next was the Instruction of Minister of Religious Affairs No. 2 Year 1986 on the collection of IDR 1,000.00 every *Ramadhan*. This instruction was meant as actual manifestation of free will and spirit to succeed the national development. Moslem government officers were expected to pioneer this movement.

To make the legal basis for BAZIS explicit, in 1991, Minister of Religious Affairs issues Regulations No. 29 and No. 47 concerning BAZIS Training, whereas Minister of Internal Affairs issues Instruction No. 5 concerning Guidance for BAZIS Technical Training. The latter also served as guidance and reference for BAZIS practices from national to lower levels. Exceptionally, in West Java, BASIS is regulated through Instruction of Governor No. 51 Year 1998 concerning Basic Guidance, Organizational and Personnel Structures of West Java Provincial BAZIS.

Nowadays, *zakah* management is expressed in Act No. 38 Year 1999 concerning *Zakah Management and the Instruction of*

reminding president on the importance of *zakah* for every Moslem as religious and social obligation, and the importance of *zakah* for Islam, Moslem community and nation as a whole in order to attain the social justice and national development in all aspects. They are Prof. Dr. Hamka, KH. Ahmad Azhari, KH. Moh Syukri, and KH. Taufiqurrahman, KH. Moh Saleh Sungaidi, Ust M. Ali Alhamidy, Ustadz Muhtar Luthfy, and KH. A Malik Ahmad, Abdul Kadir RH, as well as MA. Zamawi. Besides, former President Suharto commanded to establish the *amilin zakah* with his remark, "... as the first step to mobilize the fund of *zakah*, I pronounce here to all Indonesian Moslems that I am personally ready to do the collection of *zakah* in large amount."

Minister of Religious Affairs No. 581 Year 1999, concerning the Execution of Act No. 38 Year 1999 on Zakah Management.²¹

ON THE ACT NO. 38 YEAR 1999 CONCERNING ZAKAH MANAGEMENT

Act No. 38 Year 1999 concerning Zakah Management agreed by Indonesian House of Representatives (DPR RI) on 14th September 1999 and validated by the President of Republic of Indonesia on 23rd September 1999. As a new Act, it is understandable that Zakah Management Act is unheard-of. Dissemination of the Act has been being done both by government and non-government organizations, but despite the knowledge of the title, many people have still not comprehend substances of the Act.

When reading the substances of Act No. 38 Year 1999, we will have actually questions on whether the Act able to function as a protecting law for *zakah* management. The questions arise since the Act itself makes people hesitant, among others by uncovering punishments for individual Moslem refusing to pay *zakah*. Punishments are, on the contrary, considered for only *zakah* management bodies (BAZ and LAZ).

By uncovering punishments for Moslems refusing to pay *zakah*, this Act is unbinding to *muzaki*. Whereas, logically an Act is a positive law having power to bind and punish its breakers, including both *zakah* management bodies and Moslems refusing to pay *zakah*.

Besides, *zakah* management bodies can also be said to only have authority in receiving *zakah*, not in levying it. Although

zakah management bodies are authoritative in collecting *zakah*, but their authority is based on *muzaki*'s notification. Therefore, if a *muzaki* makes no notice, then *zakah* management bodies cannot levy it. Meanwhile, it is readily ascertainable that several Moslems who refuse to pay *zakah* despite their abilities.

Moreover, Zakah Management Act will lead to problem when it is implemented in areas where *zakah* deposit system (from a low to a higher *zakah* management body) was previously applied, such as deposit from sub-district to district, from district to region/municipality, and from region/ municipality to province. It is considered as problem because Zakah Management Act does not mention such a deposit system.

This condition is true in several areas. For example, in West Java, provincial BAZ has only coordinating functions for regional/municipal BAZ. Here, regional/municipal BAZ have no obligation to deposit *zakah* they collected to provincial BAZ.

Hence, we need not only an implementation guidance as enacted in the Decree of Minister of Religious Affairs No. 581 Year 1999 concerning the Execution of Zakah Management Act No. 38 Year 1999, but more important, also Government Regulation covering the lacks.

ZAKAH AS A STARTING POINT FOR THE DEVELOPMENT OF ISLAMIC ECONOMY

Many factors causing contradiction between the potential of *zakah* and the number of impecunious people in Indonesia, among others, the inability of *zakah* management bodies (i.e. BAZ or LAZ according to the Act No. 38 Year 1999 concerning Zakah Management) to attain the expected level of service quality. Though in the last tens years Indonesian Moslems begin to realize the obligation to pay *zakah*, but the condition of the poor and the needy is still practically unchanging. According to Dawam Rahardjo, *zakah* can be made as a start-

²¹ The issue of Acts and the decree of Minister of Religious Affairs concerning Zakah Management are followed by the issue of Act No. 17 Year 2000 concerning Income Tax. In this Act mentioned, that *zakah* can be considered as tax deductible (article 4 point 3 part 1a). Likewise article 9 point 1 says that *zakah* bestowed by individuals or institutions to validated BAZ or LAZ can considered as deductible for taxable income.

ing point for the development of Islamic economy, i.e. using practical methods. This method consists of various approach combinations: between research and action, between research and resuscitation, and between resuscitation and action. Further, in every combination, there are active participations from the members of society. Thus, in simple, practical method consists of six steps, and where each step covers active participations from members of society.²²

Practical Methods in the Development of Islamic Economy²³

With process depicted in such methods, we will finally be able to consolidate empirical information and experiences concerning the socio-economic conditions and growth of *zakah*. With the arrangement of this historical and comparative body of knowledge, we can then discuss about the economic theory or science mentioned as Islamic economics, i.e. methodological and systematic compilation of experience concerning the application of Islamic teachings in economic matter. These days we squarely confess that the development of Islamic economics is limited to the ideology or ethical aspects of Islamic economics, far from those in other economic systems (capitalist and even socialist).

If Islamic economic ethics have been being implemented and provide various institutions (*zakah* for example) concerning economic activities in Islam, a system will ultimately be formed. Gathered and systematized experiences will provide new theories with which realities can be understood, beside shape scientific knowledge.

As a part of Islamic economy, *zakah* actually has significant potentials, if seriously and consciously managed, to help most Indonesians who live under the poverty line.

This is showed by the practice of *zakah al-fitr* that reaches IDR 30,4 billions (from a total of around IDR 30,5 billions). This fund may swell as *zakah* objects diverse not only *zakah al-fitr* but also other *fiqh zakah* conceptions relevant with the present era. Diversification is necessary since current economic growths, such as industrial and service sectors, have not been included in existing *fiqh zakah*. For this reason, *zakah* for professions becomes a major possible *zakah* object.

The potential of profession *zakah* itself offers a challenging growth. The writer illustrates this prediction by analyzing the banking profession and estimating *zakah* potential to be collected from this sector.

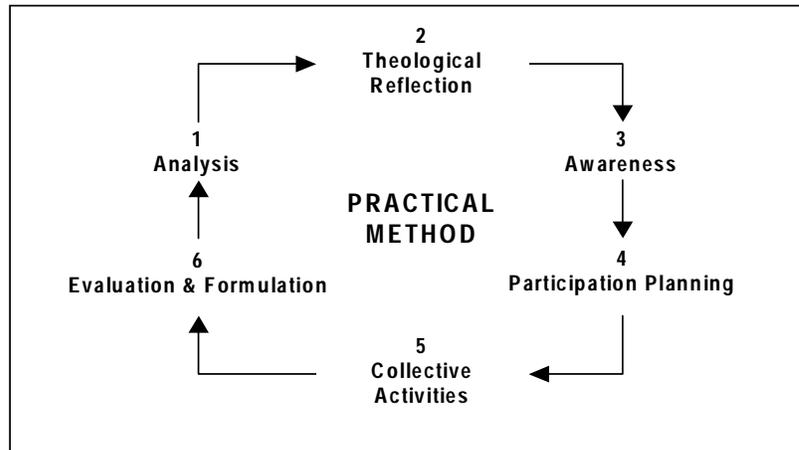
According to the estimation, annual *zakah* collected from this profession is IDR 76,698,900,000. The details of calculation can be described as follows. Total wages paid for workers are IDR 6,135,912,000,000. Suppose that Moslem workers in these sectors are 50%, thus their wages are IDR 3,067,956,000,000. Estimating 2.5% *zakah*, we obtain IDR 76,698,000,000.

This amount is much more in big/medium scale industries. BPS report in 2000 indicates that, in 1999, wage spent for 4,286,611 workers in these industries are IDR 39,326,000,000,000. If 50% of these workers are Moslem, their total wages are around IDR 19,663,000,000,000. Estimating 2.5% from IDR 19.663.000.000.000, we obtain the amount of *zakah*, i.e. IDR 491.575.000.000.

These figures were derived only from banking and industrial sectors, excluding other businesses, such as government, manufactures, small scale industries, and agriculture, forestry, tourism, as well as telecommunications. Here, if all economic sectors should subject to *zakah*, the collected funds are useful for decreasing poverty and improving human resource quality.

²² M. Dawam Rahadjo, *Perspektif Deklarasi Makkah Menuju Ekonomi Islam*, Mizan, Bandung, 1993, pp. 157

²³ Ibid



However, the above statistics is still far from reality. The ZIS funds gathered throughout Indonesia in early 1990s were around IDR 11 billions, whereas in 2000, exceeds IDR 250 billions. Of the total amount, 75% was obtained from *zakah al-fitr*, 14% from *infaq* and *shadaqah*, and only 11% was from *zakah al-maal*.

As an illustration, DKI Jakarta with its 8 million population, were able to collect IDR 10.9 billions ZIS fund in 1997, including IDR 6.7 billions *zakah* collected from those in process for collective pilgrimage to Mecca.

This figure appears fantastic compared to that collected by neighboring countries that manage ZIS more professionally. Singapore, for example, earns SG\$ 14,500,000 (or around IDR 71,500,000) from its Moslem population (15% of total). This country arranged *zakah*, *infaq*, and *shadaqah* management in Legislation No. 27 Year 1996 concerning Moslem Administration, which includes *waqf* and *zakah* (Part IV Articles 14-83).

Meanwhile in Malaysia (Kuala Lumpur State) with its 650.000 Moslem population (more or less 50% of total population) the submitted ZIS fund in 1997 was around MR 52,800,000 (IDR 105,6 billions). About 3% of this figure came from *zakah al-fitr* and the rest was *zakah al-maal*.

Actions can be immediately taken to maximize tithe funds so that they can be spend to decrease poverty index in Indonesia are improving ZIS management bodies professionally. We can be glad that in early December 2001 or on Commemoration of Nuzulul Quran on 17th Ramadhan 1422 H President Megawati Soekarnoputri has dedicated the establishment of BAZNAS whose one of its most important programs is to work out a cooperative program with General Directorate of Tax to publish *zakah* obligation registration number or Nomor Pokok Wajib Zakah (NPWZ). NPWZ mentions that every Moslem paying *zakah* will receive 2,5% deduction from taxable income.

This is a realization of Act No.38 Year 1999 on Zakah Management. Meanwhile BAZNAS was established based on Presidential Decree. This body consists of advisory council, supervisory council, and board managers. At present, actually there are BASDA in 22 provinces. In addition, Minister of Religious Affairs also passed a legislation concerning BAZIS management by public or known as LAZ such as Dompot Dhuafa Republika, Dompot Sosial Ummul Qubro, etc.

For operational basis, *zakah* collecting unit or Unit Pengumpulan Zakah (UPZ) is established until sub district levels.

In addition, to enable *muzaki* in carrying out their obligation, BAZ coordinates with some banks for ZIS payment; they are Bank Mandiri, Bank Syariah Mandiri, BRI, Bank Muamalat, BNI, and BNI Syariah.

CONSTRAINTS IN MAKING ZAKAH AS SOURCE OF PUBLIC REVENUE

Among several constraints on *zakah* management, writer highlights some important ones:

1. Lack of public awareness in paying *zakah*. This awareness actually correlates directly with government ability to provide educational facilities. Education, both religious and public, also have dominant role in reinforcing public awareness to fulfill their duties and claim their rights, including the duty to conduct religious practices like paying *zakah*.
2. Insufficient institutional support on *zakah* collection. It means that *zakah* nowadays is paid on personal religious basis. Although conventional payments (uncoordinated method) present no problems, as no religious doctrines or government regulations forbid such activities, payment through institutions or bodies with professional management is better and meaningful for the indigents.
3. Public narrow mindedness toward the notion of appropriate *fiqh zakah*. A review on the existing concept of *fiqh zakah* is necessary because the concepts are no longer relevant in the modern world. The new conception should integrate current economic growth, like industrial and service sectors.²⁴
4. The existence of assumption that paying *zakah* is not a productive action and just create a loss. Consequently, people reluctant to pay *zakah*. From material

perspective, it is true that *zakah* has a disadvantage. It reduces disposable incomes. Here, disposable income is provided by a formula

$$Y_d = Y - T_x - T_r \pm Z$$

Y_d = disposable income

Y = total income

T_x = income tax

T_r = receive/ transfer payment

Z = *zakah*; greater for *mustahiq* and less for *muzaki*²⁵.

From *muzaki*'s perspective, it is evident that *zakah* reduces their income. However, how far *zakah* influences their income? Should the loss resulted from *zakah* be a reason to refuse to pay *zakah*? The writer tries to analyze this relationship, the loss and benefit of paying *zakah*. As an illustration, the writer took the case of banking sector.

Table 1 illustrates salary rates in each managerial level in the year of 2000. Assume that tax (T_x) and transfer (T_r) are fixed, i.e. 10% of the gross income, the disposable income (Y_d) from this profession can be drawn (see tables 2 and 3).

A ratio between Y_d before *zakah* and Y_d after *zakah* does not show significant difference. For example, for director levels, Y_d before *zakah* is IDR 207,900,000.00 and after *zakah* payment is IDR 202,702,530.00. This means that there is a difference of IDR 5,197,470.00. This number is very small compared to their monthly income of IDR 21,656,250.00.

Although Y_d declines, but on the other hand, they receive savings of IDR 649,700.00 (T_x before *zakah* minus T_x after *zakah*). The savings result as the amount of tax to be paid is subtracted by *zakah* had been paid by *muzaki* and this policy only

²⁴ Muhammad Daud Ali and Habibah Daud, *Lembaga-lembaga Islam di Indonesia*. Grafindo Persada, Jakarta, 1988, pp. 54.

²⁵ Achmad Tohirin, Materi Kuliah *Mikroekonomi Islam*, Konsentrasi Ekonomi Islam, Postgraduate Program of IAIN Sunan Gunung Djati Bandung, unpublished, 2001/2002.

applies when the tax payer meets 2 requirements: (1) zakah must be submitted to BAZ recognized by the government, and (2) zakah should be distributed to the indigents and is under government monitoring. This policy is in fact part of Act No.17 Year 2000 concerning the third amendment of Act No.7 Year 1983 on Income Tax. The Act men-

tions that zakah is deductible for taxable income (article 4 point 3 sub-point 1a). The same idea is also stated in article 9 point 19 that zakah paid by individuals or institutions is deductible for taxable income, noting that the fund is distributed to *zakah* management bodies accredited by the government.

Table 1.
Employees' Salary in Banking Sector per Management Level (IDR/Year)
For Year 2000²⁶

Banking Level	Lowest	Medium	Highest	Average	Average/Month
Director	184.375.000	241.848.000	304.733.000	259.875.000	21.656.250
Manager	80.780.000	105.409.000	140.731.000	117.321.000	9.776.750
Officer	39.676.000	50.132.000	66.927.000	55.271.000	4.605.900
Clerical	21.152.000	28.854.000	42.098.000	33.099.000	2.758.250

Table 2.
Accounting of Y_d before Subtracted by Zakah²⁷

Banking Level	Y	T_r	T_x	Y_d
Director	259.875.000	25.987.500	25.987.500	207.900.000
Manager	117.321.000	11.732.100	11.732.100	93.856.800
Officer	55.271.000	5.527.100	5.527.100	44.216.800
Clerical	33.099.000	3.309.900	3.309.900	26.479.200

Tabel 3
Accounting of Y_d after Subtracted by Zakah²⁸

Banking Level	Y	Z (2,5%)	T_r	T_x	Y_d
Director	259.875.000	6.496.875	25.337.800	25.337.800	202.702.530
Manager	117.321.000	2.933.025	11.438.798	11.438.798	91.510.400
Officer	55.271.000	1.381.775	5.388.922	5.388.922	43.111.380
Clerical	33.099.000	827.475	3.227.152	3.227.152	25.817.220

²⁶ Moh. Yudhi Puruhito, *Mengembangkan Potensi Dana Zakah Profesi di Indonesia*, in *Akuntansi* Jakarta, July-August 2001

²⁷ Ibid

²⁸ Ibid

5. *Zakah* has so far been considered as deductible for taxable income and not deductible for income tax. In accounting perspective, there is significant difference between the two. It can be seen in calculation as follows:

Zakah as deductible for income

Income (net) of <i>zakah</i> (2,5%)	
	IDR 5,000,000
Taxable income	(IDR 125,000)
Income tax 21:	
IDR 4,875,000 x 5%	IDR 243,750

Zakah as deductible for tax

Taxable income	IDR 5,000,000
Income tax 21:	
IDR 5,000,000 x 5%	IDR 250,000
<i>Zakah</i> :	
IDR 5,000,000 x 2.5%	IDR 125,000
Net income tax 21	IDR 125,000
Difference of tax	IDR 118,750

6. The absence of the standardized concept among the existing *zakah* management bodies. Although BAZNAS, provincial BAZ, regional BAZ, and local BAZ have been established, but according to Act 38 Year 1999, they are independent each other.
7. As the impact of global competition, Islam becomes enemy for Westerners, in terms of civilization, political or demographic. Consequently, every effort seeking to raise Moslems' dignity –including in economic aspects– will always be opposed. This, direct or indirectly, delicate or straightforwardly makes the efforts to raise Moslems' dignity difficult. Thereby, we need to work harder and longer to apply Islamic law, including *zakah*.

SOLUTION TO THE CONSTRAINTS OF MAKING ZAKAH AS SOURCE OF PUBLIC REVENUE

From explanations above, it is clear that *zakah* is potential to be a source of public revenues to support national development. This will come into reality if con-

straints in *zakah* management are solved. The writer proposes some suggestions to improve *zakah* management in Indonesia:

1. There is a need to arrange a new legislation guaranteeing optimal *zakah* management, as Act No. 38 Year 1999 has not fully accommodated these needs. The weakness of this Act is that it functions as a product of positive law, but in its implementation, it does not appear as positive law. The Act gives no authority to the government to take actions to individuals or groups disobey the act (here disobeying their obligations to pay *zakah* despite their capabilities).
2. There is a need for political policy, either in government's Legislative or Executive bodies to realize Acts or regulations to fulfill the hope of Moslems concerning *zakah*.
3. As a direct consequence of the enactment of Act No. 38 Year 1999, the next step is to establish credible *zakah* management bodies having managerial capabilities relevant to the modern era.

BAZIS WITH TOTAL QUALITY MANAGEMENT APPROACH AS AN ALTERNATIVE MODEL FOR ZIS MANAGEMENT (CASE STUDY OF WEST JAVA PROVINCIAL BAZIS)

The underlying reason for applying *Total Quality Management* in West Java Provincial BAZIS is very simple. Total Quality Management is the best way to compete and win the competition as well as providing the best service to public hence producing the best West Java Provincial BAZIS output. To realize the best output, continual improvement of human capabilities, processes, and environment. The continual way to improve these components is by implementing *Total Quality Management* in all BAZIS activities.

Total Quality Management approach presents significant benefits that in

turn improve standard of living, dignity of *muzaki*, and undoubtedly improve trust of *muzakis*. They are sure that the ZIS fund submitted to West Java Provincial BAZIS will eventually be distributed to the right people or institutions. Continual quality improvement, West Java Provincial BAZIS can improve customer satisfaction in two ways:

1. West Java Provincial BAZIS can determine a strategic position in the ZIS management by socializing appropriate fiqh zakah conception. This conception needs to be reviewed because it is not relevant in the modern world. Current economic growth like the industrial and service sectors should be integrated in the fiqh zakah. In addition, West Java Provincial BAZIS need to create cooperative network with public components to improve services and professionalism. This cooperation may involve banks or institutions/firms that have the capability to receive and coordinate ZIS funds from public.
2. BAZIS can improve output; make it free from defects, through quality improvement. This result in lower operational expenses so that more ZIS funds are distributed to *mustahiq*. This step is applicable to BAZIS management itself. Figure 1 explains this idea.

To apply Total Quality Management in West Java Provincial BAZIS, we need to adapt several elements. Here, customer in Total Quality Management is *muzaki* and *mustahiq* in BAZIS management concept of West Java and customer value or financial

return is the fulfillment of *Muzaki*'s intention to execute the payment of ZIS fund and the increase of life, degree and prestige of *mustahiq*.

In the organization structure of West Java Provincial BAZIS, there is personnel formation that has their own division, namely General Assembly or *Majelis Permusyawaratan ZIS* (MP-ZIS), Shariah Council or *Dewan Syari'ah* BAZIS, Supervisory Council or *Dewan Pengawas* BAZIS, and Executive Body or *Badan Pelaksana ZIS* (BP-ZIS). However, element that serves as organization-wide steering committee (the element that becomes the first drive in implementing Total Quality Management) is BP-ZIS because this body is the one responsible for managing fund of BAZIS of West Java in a whole. Since the concept of total quality management is comprehensive in improving quality, so the other bodies (MP-ZIS, Dewan Syari'ah, and Dewan Pengawas) must be involved with their respective functions.

Organizational environment today has been and will be change dramatically in line with the increased globalization process. This change requires appropriate approach so that the organization is able to survive and grow in global competition. Total Quality Management is management approach used to increase competitiveness of corporations, organization, and non-profit institutions. As a result, the mindset of developing West Java provincial BAZIS is to create the customer value.

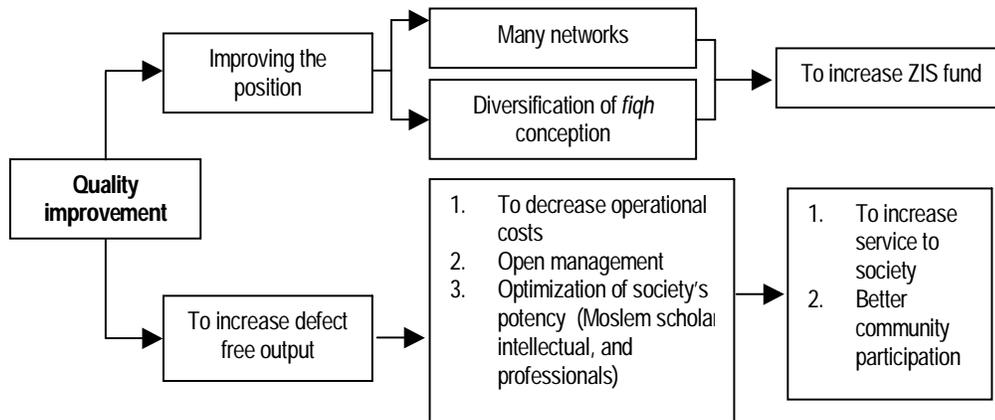


Figure 1. Main Benefits of Total Quality Management in West Java Provincial BAZIS

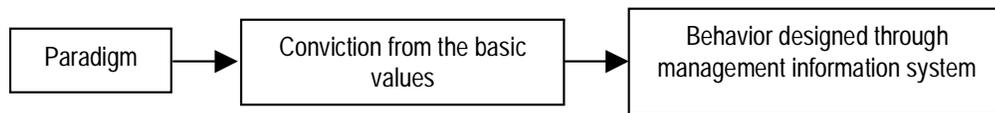


Figure 2. Construct Forming West Java Provincial BAZIS Mindset

To anticipate the revolution of management, West Java Provincial BAZIS managements need to have the fixed mental attitude (mindset), which is built through education, experience, and prejudice. Mindset is mental map will be used by the managements of West Java Provincial BAZIS as the principle to take action. This mindset consists of three main components, i.e. paradigm, basic conviction, and basic values. Paradigm is a way someone uses in viewing something. Basic value is attitude, feature, and character to which someone respects so that based on the values; the one's action is restricted. This is shown by the figure 2.

Mindsets required in implementing Total Quality Management are customer value mindset, continuous improvement mindset, and employee empowering mindset. To realize these three mindsets, all West Java Provincial BAZIS persons are expected to have competence. This compe-

tence includes leadership, managerial, strategy, operation, structure, and human resource management. All of the competences are to make the satisfied customer, productive and commitment employee, and adequate financial returns.

A mindset to focus the attention on customer
The paradigm of mindset to focus the attention on customer (Muzaki and mustahiq)

As has been described above, the meaning of customer in Total Quality Management in West Java Provincial BAZIS is *muzaki* and *mustahiq*. The meaning of customer value or financial returns here is not material profit but satisfaction for *muzaki*, composure, and guarantee that ZIS channeled through West Java Provincial BAZIS can be distributed to people/institution that is in accordance with the effective law. For *mustahiq*, the meaning of customer value is to increase their life, degree and prestige.

In traditional management development, producer (in West Java Provincial BAZIS management it can be equal to BP-ZIS) argues that the life survival and organization development depend on organization's ability in producing, providing product, and service, apart from whether or not the product and service provide the meaningfulness for customer.²⁹ In contemporary management, the customer value paradigm suggests that an organization will be able to maintain the survival and have ability to develop if the organization afford of providing product and service that give value for the customer.

The paradigm on the implementation of Total Quality Management in West Java Provincial BAZIS is to guide all of the organization process of West Java Provincial BAZIS as to give value for customer. Customer value changes the orientation of BP-ZIS top management, namely to focus on satisfying the *muzaki and mustahiq's* needs instead of satisfying their own self-interest (themselves and organization). Therefore, the management process implemented in West Java Provincial BAZIS is to focus on satisfied customer, namely *muzaki* and *mustahiq*.

In West Java Provincial BAZIS management, which focuses on satisfied customers, the customer has control on organization in establishing non-material wealth-creating institution with conditions as follow:

1. BP-ZIS designs product and service that giving value for customer.
2. BP-ZIS performs cost effective operational process.
3. BP-ZIS performs selection of *mustahiq* who is entitled to get the fund of ZIS.

²⁹ Mulyadi Pendekatan Baru Total Quality Management; Prinsip Manajemen Kontemporer untuk Mengarungi Lingkungan Bisnis Global, First Printing. Aditya Media, Yogyakarta, 1998, pp. 34.

Basic conviction to realize the mindset of focusing the attention on customer (muzaki and mustahiq)

The paradigm of customer value is necessary to realize into the powerful basic conviction and build into the all components available in West Java Provincial BAZIS, namely a mindset that:

1. BAZIS is a mediator connecting the *muzaki* to *mustahiq*.
 - Based this conviction, BP-ZIS seeks to make West Java Provincial BAZIS as functional mediator in value chain process from *muzaki* to *mustahiq*. Without this basic conviction, West Java Provincial BAZIS management will be easily trapped into the mindset of selfish, such as efficiency and productivity. With this conviction, West Java Provincial BAZIS personnel will be aware of the importance of giving the best service to *muzaki* and *mustahiq*. Based on this conviction, West Java Provincial BAZIS management will be aware of the importance of building the quality relationship.
 - Quality relationship can be internal and external. The internal quality relationship done by BP-ZIS toward the other parts available in West Java Provincial BAZIS management, namely MP-ZIS, Shariah Council, and Supervisory Council, as well as the personals under the instruction of BP-ZIS. The external quality relationship is relation done by BP-ZIS to *muzaki* and *mustahiq*. In other word, BP-ZIS has relation with *muzaki* not only when the *muzaki* comes to pay *zakah* to West Java Provincial BAZIS, but also continually, so that there is routine attitude from *muzaki* to channel his ZIS fund to West Java Provincial

BAZIS with his own awareness. Likewise, West Java Provincial BAZIS keeps relation with *mustahiq* not only to distribute the ZIS fund but also to keep the relation that support them to be self reliance in the future and in turn they will be *muzaki*.

2. Success is the evaluation result toward the customer vote.

The customer value paradigm is also necessary to realize in the powerful basic belief that “the success is the evaluation result toward the customer vote”. By awareness of the concept, the vote of *muzaki* and *mustahiq* is right anyway.

Basic Values of Mindset to Focus the Attention on Customer (*muzaki* and *mustahiq*)

In order to realize the customer value paradigm, it is necessary to build West Java Provincial BAZIS personals. This paradigms are as following:

1. Integrity
 - Integrity is personnel’s ability to realize what it says to be reality in any situation. Employees do not have integrity just afford to realize

what it says based on their own interest.

- The modesty. Mental attitude that is able to accept someone or something. The modesty will place personnel into the position that accepts every difference in relation with the clients. Only those having modesty will objectively view every difference as such way.

2. The willingness to serve
Personal values of “the willingness to serve” can only be created if West Java Provincial BAZIS personnel have the value of “modesty”.

The realization of mindset to focus the attention on customer (*muzaki* and *mustahiq*)

The culture of West Java Provincial BAZIS management that is customer value-oriented is difficult to build, but it is possible. Customer value mindset can be built through the systemized action, education and experience. The top management of West Java Provincial BAZIS can build the customer value mindset into themselves and all members. The West Java Provincial BAZIS management can communicate customer value mindset through personal behavior.

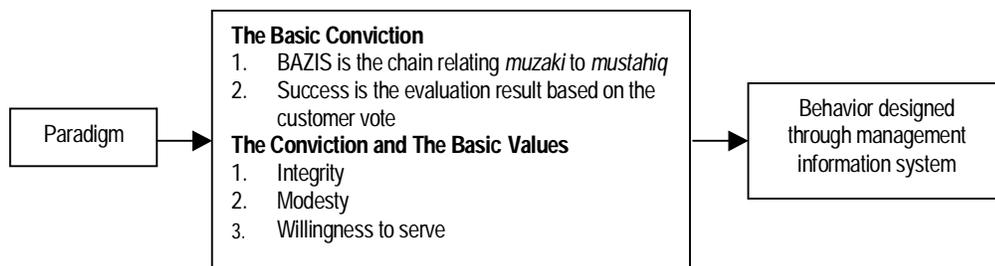


Figure 3. The Sketch Builds that builds the culture of West Java Provincial BAZIS based on Customer Value Mindset

The mindset to do the continuous improvement

The paradigm of mindset to do the continuous improvement

The continuous improvement in West Java Provincial BAZIS is the action to be increased in all fields in the long term. This action must be relied on the appropriate mindset so that continuous action can survive. Paradigm to do the continuous improvement mindset in West Java Provincial BAZIS mobilizes the potency to do continuous improvement toward the process and system used to produce value for *muzaki and mustahiq*. Since this continuous improvement needs extraordinary energy, West Java Provincial BAZIS top management must be able to come up the commitment of all West Java Provincial BAZIS personnel in long term toward the process and system of West Java Provincial BAZIS. Top management's activity is creating value-added if only this activity lead the personnel to have high commitment to produce value for *muzaki and mustahiq*.

Continuous improvement paradigm moves the manager's mindset toward the improvement, response toward the error, manager's role, authority, focuses of manager's attention, and controlling. The mindset of West Java Provincial BAZIS top management toward continuous improvement is something that can take place anytime and anywhere. The focus of West Java Provincial BAZIS top management is toward the wider system, no limit, proactive toward the opportunity, both visible and invisible (potential in nature).

In the Total Quality Management, the continuous improvement paradigm views the error as a medium to learn and not as the sign of failure in management process. From this error, personnel can learn and realize their ideas whether or not they are appropriate to the expected BAZIS management, so that improvement attitude is made. In addition,

manager is considered as the confronter against the status quo by using their authority to communicate vision and empowering the employee.

The Basic Conviction of Mindset to do the Continuous Improvement

Continuous improvement paradigm is necessary to embody into the powerful basic conviction and build for all components of West Java Provincial BAZIS, i.e. by building the attitude as the follow:

1. Must know the fact. Continuous improvement requires West Java Provincial BAZIS personnel to know where they are, where they intend to move in the future, and the progress achieved. Thus the personnel needs to collect and analyze the various facts about:
 - Process condition and system used to bring about the policy of West Java Provincial BAZIS that benefit for customer value.
 - Process and system of West Java Provincial BAZIS to which the quality is increased.
 - The strength and weakness achieved from the process and system to increase the quality.
 - In the collection process and fact analysis about the process and system, the personals of West Java Provincial BAZIS learn three things: First, fact about what he/she thinks; Second, fact about what the reality is; Third, fact about what will be.
2. The reason and learning. Found and collected fact about the process and system of West Java Provincial BAZIS is used to produce the customer value. In turn, it is used as knowledge for the members of West Java Provincial BAZIS to do better. The fact is used to find the main reason why there is malfunction at the process and system of West

Java Provincial BAZIS (if any). By this step, the West Java Provincial BAZIS employee can learn from the problem to the factor causes it.

The Basic Value of the Continuous Improvement Mindset

To realize continuous improvement paradigm in West Java Provincial BAZIS, it is necessary to build personal values that are appropriate to the paradigm of West Java Provincial BAZIS personal as a whole. While the meaning of personal value are: (1) honesty and modesty, (2) hard-working, (3) patience, (4) openness, and (5) bravery.

The Realization of the Continuous Improvement Mindset

The implementation of the continuous improvement mindset into the management system has been developing rapidly, so that the implementation of this paradigm can achieve the maximum result when it is implemented in West Java Provincial BAZIS management.

1. West Java Provincial BAZIS is organization serves as destabilizer (afford to make the creative destruction as to what it has been constructed, well established, ordinary, and convenience). Therefore, it is designed to face the constant, radical, rapid and pervasive change. Here, West Java Provincial

BAZIS needs to have characteristics as following: (a) the West Java Provincial BAZIS is necessary to design the flexible structure to face the rapid change of environment. The flat structure of West Java Provincial BAZIS is the most appropriate structure, (b) the West Java Provincial BAZIS needs a leader having ability to create and manage the change, c) the West Java Provincial BAZIS needs employee who can be empowered.

2. The change of manager's role, from maintaining the status quo to the confronter of status quo and becomes trainer for other personals to have knowledge that can increase the productivity.
3. The establishment of powerful teamwork that can run the change. West Java Provincial BAZIS must be managed based on the teamwork to face the change. West Java Provincial BAZIS needs to build two teams: the one is the future team and the other is current team. The former is responsible to make innovation, which can be done by board of research and development planning. The latter is responsible to manage innovation made by the future team, which can be done by the board of organization and management of West Java Provincial BAZIS.

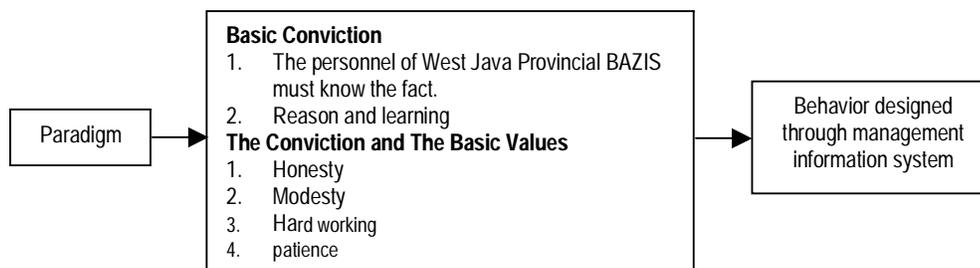


Figure 4. The Sketch Builds the Culture of West Java Provincial BAZIS Based on the Continuous Improvement Mindset

The Employee Empowering Mindset *The paradigm of mindset to empower the employee*

Empowering means to enable, to give opportunity (to allow) or to permit, supported both from self- initiative and from others. Empowering the employee means to give ability and opportunity to the employee in making plan, implementing the program, and controlling the implementation.

In manager's perspective, empowering the employee is the process of giving opportunity to employees, so that they able to plan, to control, and to evaluate their responsibility. In employees' perspective, empowerment is process to increase the self-reliability in order to be reliable in planning and controlling the plan implementation.

The realization of people empowerment will involve two sides:

1. Manager who has responsibility for making the employees powerful. In this sense, the employee can be reliable and believable by manager to make decision-making that is formerly done by manager.
2. Employee who has responsibility for making him/herself powerful, in this sense, he/she can raise the manager's trust that he/she can make decision-making that's never done before. Therefore, in the matter of empowering the employee of West Java Provincial BAZIS it is necessary to build the mindset of manager and employee.

The Basic Conviction of Employee Empowering Mindset

The basic conviction the top management of West Java Provincial BAZIS must have to realize the employee empowering mindset is as follows:

1. Employee is human. The top management of West Java Provincial BAZIS manages the various resources: money, human resources, nature resources, capital resources and many others.

Among them, the employee is only human resource. If it's not explicitly built into the top management of West Java Provincial BAZIS that the employee is human resource, manager will have tendency to treat his/her subordinates as the other resources.

2. Manager (BP-ZIS) must respect the employee from the side of human not only from the side of his/her work, so that his/her idea must be considered and listened by BP-ZIS.
3. Fundamentally, people's character is good. The essential of people empowerment is the belief that the character of people is good. Although sometimes he/she fails, and does the mistake but his/her intention is to get the right.
4. Stay away from the bureaucratic ways that restrict the initiative.

In the employee empowering mindset in West Java Provincial BAZIS, the responsibility of job is returned to the employee's hand. The employee is taught how to monitor his/her own job, and works in team. He/she learns about collecting and interpreting the data of his/her performance, includes the adjustment needed toward the ongoing work as the collected data show. Thus, the employees get the higher motivation toward his/her job because he/she is responsible for his/her own job. The West Java Provincial BAZIS gets the significant efficiency from removing the management level that having no value added. Manager needs to identify the organizational aspect, which despite its efficient looking, teaches the employee not to do, not to try, and not to care of his/her job.

Whereas, the basic conviction the employee need to have to get the reliability from the top management of West Java Provincial BAZIS is the following:

1. The empowerment of people will be never realized unless it relies on the manager's trust. Toward his/her subordinates.

2. The manager's trust toward his/her subordinates increases because of competence and character that are built in the self of the subordinates.

The Basic Values of the Employee Empowering Mindset

In order to realize the employee empowering paradigm, it is necessary to build the personal values into the employee and top management in West Java Provincial BAZIS, in this sense it is *Badan Pelaksana Zakah dan Infaq dan Shadaqah (BP-ZIS)*. The following is the appropriate paradigm, namely: 1) honesty 2) integrity, 3) patience, 4) bravery and 5) powerful mentality.

The realization of the Employee Empowering Mindset

The realization of employee empowering mindset in West Java Provincial BAZIS is hopefully as the following:

1. As the future organization. The West Java Provincial BAZIS is wealth-crating institution although it is immaterial. Because of that, every member of BAZIS has responsibility for adding value. The consequence of employee empowerment based on the mindset; there are four changes in West Java Provincial BAZIS in the future, namely: 1) the flat organization structure, 2) the basic function of BAZIS as the destabilizer organization, 3) the job description is not required anymore, and 4) the spread of organization network to meet the *muza-ki and mustahiq's* needs.
2. The "flatter" organization structure. In traditional organization, employee plays only role in collecting data as the matter to make decision-making. The collected data are given to the manager to be analyzed. Then, the manager gives consideration based on the analysis for the higher manager. Based on the analysis and consideration from the lower man-

ager, this last manager then gives recommendation to the top manager to make decision-making. This top manager finally makes decision-making based on the data collected by employee, analyzed by the first level manager, and recommended by the second level manager. The decision-making is on the hand of the top manager because he/she has information needed in making decision. By using information technology, the employee can do access to the center of information. Therefore, the employee who has ability on information, he/she can do the analysis and recommendation without he assistance from the middle level manager. Thus, there is the flatter organization, with the removal of the middle level manager. Such characteristic of BAZIS is supported by the employee empowering mindset in the management of human resource. From this point, it is very urgent if the empowerment of employees in West Java Provincial BAZIS is necessary to use the Total Quality Management approach.

3. Destabilizer in nature. The duty of teamwork in Total Quality Management in West Java Provincial BAZIS (BP-ZIS) is the application of knowledge into the product and service by using all potentials available. Thus, the change will be the ordinary part at the West Java Provincial BAZIS. The function of BAZIS is given back to the basic as an organization, namely as destabilizer. As destabilizer, West Java Provincial BAZIS needs to systematically reform the established process and system as a whole toward the new system and process that is able to generate more qualified, reliable, and effective product and service. Employee empowering mindset in West Java Provincial BAZIS makes the employee able to create and

run the change every time when it is needed.

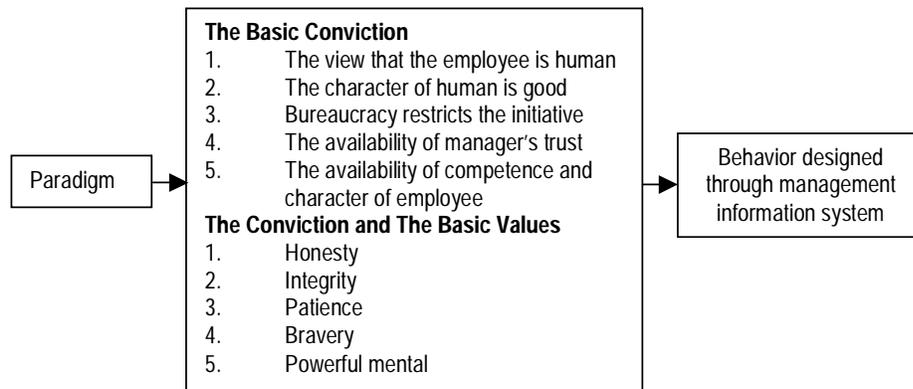


Figure 5. The Sketch Builds the Culture of West Java Provincial BAZIS Based on the Employee empowering mindset

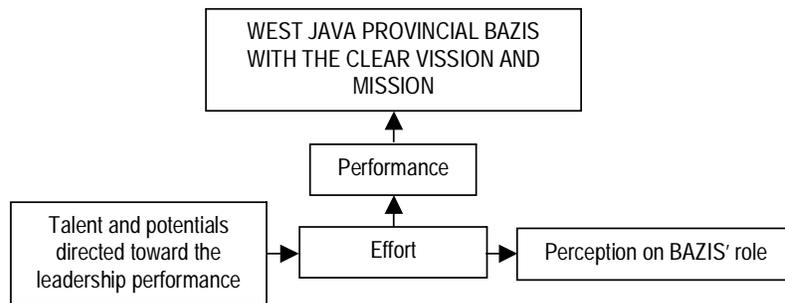


Figure 6. Conceptual Framework for West Java Provincial BAZIS Leadership's Performance

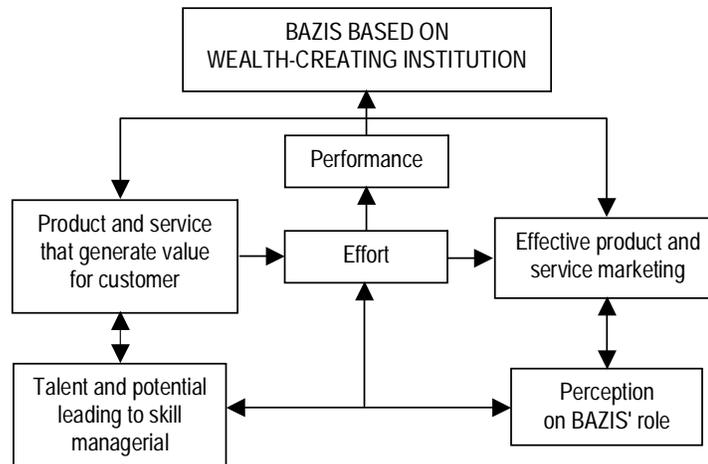


Figure 7. Conceptual Framework for West Java Provincial BAZIS Managerial Performance

The Conceptual Framework for Managerial Performance

The man holding manager position in West Java Provincial BAZIS is expected to improve managerial performance, so that BAZIS can meet stakeholders' expectations. West Java Provincial BAZIS' top management has to create dynamic organization performance by exploiting talent, potential, and the available staff (board of information and communication, and collection, board of organization and management, board of empowerment, board of planning, research and development). Thereby, conceptual framework as working model can be generated.

Organization is established to create either material or immaterial wealth. West Java Provincial BAZIS as an organization that orients to the objective to create immaterial wealth, namely the satisfaction for *muzaki and mustahiq*. Based on this reason, the managerial performance in West Java Provincial BAZIS is determined by three factors: 1) effort, 2) talent and potential that leads to managerial and 3) perception and role of BAZIS. The dynamic performance will be established when there is the integrity of the three elements by doing the activity to produce the product and service that is socialized to *muzaki and mustahiq* (public people) as outlined in figure 7.

The Conceptual Framework for Strategic Performance

The competence required in implementing the Total Quality Management paradigm in West Java Provincial BAZIS among others is the strategy in making joint venture, cost reduction and information of management accounting as the basis of decision-making and policy formulation.

The joint venture is quality relationship that must be built between manager and employee, among the functions in West Java Provincial BAZIS, among the equal institutions, and among the institutions that

can support the performance in West Java Provincial BAZIS itself. In the current globalization era, the quality of product and organization or institution is strategic issue that can only be resolved by using quality into all aspect of organization, including the West Java Provincial BAZIS. Joint venture between manager and employee in West Java Provincial BAZIS is implemented to empower the employee. The joint venture among the functions is realized with cross-functional team. The employee empowerment will make West Java Provincial BAZIS responsive in satisfying the change of *muzaki and mustahiq*'s need. The cross-functional team will increase West Java Provincial BAZIS in serving *muzaki and mustahiq* (public society). Among the strategies that must be take by West Java Provincial BAZIS in implementing the joint venture are the following: 1) the establishment of organization network, 2) optimization of technology and knowledge, and 4) optimization of strategy focused by exploiting all potentials at the institution.

The reduction of operational cost in organization, including West Java Provincial BAZIS in long run can be realized through strategic venture that involves the top management and all institution personals.

Cost reduction strategy is oriented to the cause of waste, namely quality: the quality of human resources, the quality of relation to partnership, the quality of relation to *muzaki and mustahiq* and the public society, and the quality of management system. The step to do this strategy is research on the aspects that are presumably wasteful, which can be done by evaluating the success and fail policy.

The ability of accounting management is very important because it plays the big role in making decision and policy formulation of West Java Provincial BAZIS, however this role does not emerge the need of decision maker or the policy formulator

automatically. The need of accounting management information on the side of decision maker and policy formulator of organization is more determined by the behavior of decision maker and policy formulator. For more detail of strategy, it is resumed by the figure 8.

The Conceptual Operational Framework

In realizing the effective management, West Java Provincial BAZIS need to take action of management controlling. The function of this management controlling is

oriented for personnel, in order to direct the personnel's behavior to attain the BAZIS objective. In management through Total Quality Management approach, the focus of management controlling is more directed for personnel. The top management has obligation to formulate vision, mission of BAZIS and communicate to all members of West Java Provincial BAZIS through personal or operational behavior so that the vision and mission can be understood that will be guideline for the employee as a whole.

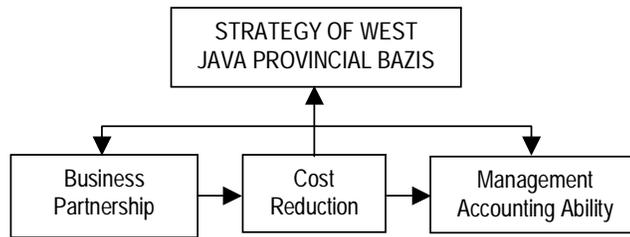


Figure 8. Conceptual Framework for West Java Strategic Performance

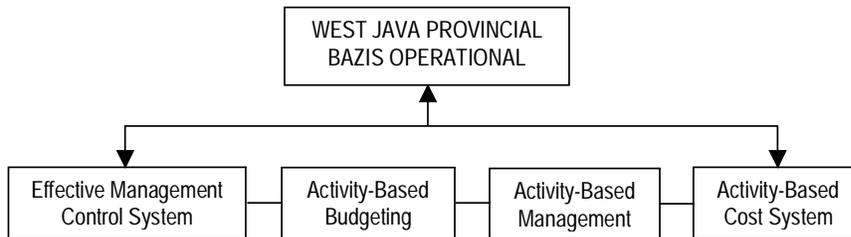


Figure 9. Conceptual Framework for West Java Provincial BAZIS Operational Performance

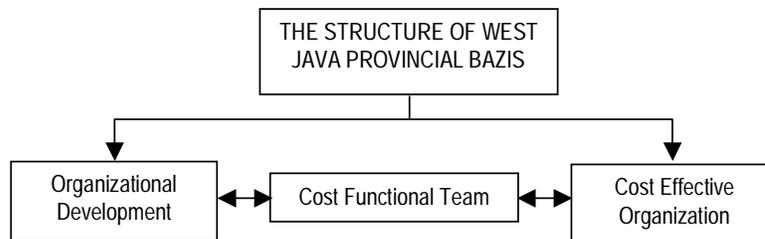


Figure 10. Conceptual Framework for West Java Provincial BAZIS Structural Performance

The change of organization structure into cross-functional team and the change of management into the activity-based management demand the change of functional approach in arranging the budget for operational cost or the budget for fund distribution of West Java Provincial BAZIS. In Total Quality Management concept, the short run program that is made based on the activity will be clarifying the program that is done by West Java Provincial BAZIS. In addition, activity-based budgeting affords to realize the personnel's spirit to do the continuous change toward the system used to generate the product and service for *muzaki and mustahiq*. This approach gives effectiveness of short run program arranged by West Java Provincial BAZIS, since there is the movement of management control toward the customer.

The activity-based management has two dimensions: the process dimension and the cost dimension. The former focuses on the effort of West Java Provincial BAZIS management to do the activity management that is used to produce the value for *muzaki and mustahiq*. The activity management is done in order that the process of delivering the product and service is to be cost effective—the resource is just exploited to generate the value adding. The activity management is done through: the elimination, reduction, selection, and activity division. The cost dimension in activity-based management in West Java Provincial BAZIS requires the information system that afford of giving the cost information to motivate the personnel in the long run program in the form of operational cost reduction. Because the ultimate goal of activity-based management in West Java Provincial BAZIS is to reduce the long run operational cost, the accounting system of responsibility based on activity is necessary as well.

Activity-based cost system is the cost information system developed in modern

manufacture environment, which extensively uses the information technology, in both producing the product and managing accounting. Thus, this system is provided for management interest that focuses on operational cost controlling in West Java Provincial BAZIS. This is shown at figure 9 for more detail.

The Structural Conceptual Framework

The determining factor for the success of West Java Provincial BAZIS in realizing its objectives is the approach used by management in organizing human resources. The approach can be used to manage human resources is determined by: (1) the nature of work used to attain BAZIS' objectives, and 2) BAZIS environment should be met. Since Total Quality Management tends to be more consumer-oriented, then hierarchic organization in West Java Provincial BAZIS is necessary to review. Moreover, many of West Java Provincial BAZIS personnel have other positions outside the BAZIS. The West Java Provincial BAZIS structure is better toward the system and process optimization used by organization to satisfy the society need by implementing the systemic ownership approach. By this approach, the restrictions are eliminated and the organization level is reduced into the minimum level and West Java Provincial BAZIS can be optimum.

Consequently, cross-functional system will exist in West Java Provincial BAZIS. This step will not work as a whole, but the only team who afford of doing that can across the function of the other field. Therefore, the top management can appoint the cross functional team, who has duty to direct all personals of BAZIS into the system used by BAZIS to produce value for customer both internally and externally. The cross functional team can be developed permanently or temporarily to be the structure of West Java Provincial BAZIS organization, however, it's better to be permanent because

the nature of Total Quality Management that has the long run period which finally will direct BAZIS as the cost effective organization. Look at the figure 10 for detail.

The Conceptual Framework for Human Resource Management System

This framework means the implementation in the form of delegating authority performed by West Java Provincial BAZIS manager. Fundamentally, the West Java Provincial BAZIS is not democratic organization because the power of top management does not originate from the lower manager and subordinate. Then the authority of top management is distributed to the lower managers through the mechanism of authority delegation.

The authority delegation is the authority given by the upper manager to the lower manager to act the job with explicit authorization from the manager who gives authority when the authority will be acted. From the definition, it can draw the conclusion on authority delegation in West Java Provincial BAZIS using the Total Quality Management approach as the following:

1. The delegation of authority is done from the upper manager to the lower manager (not employee). For example, from BP-ZIS to the chair of board.
2. The lower manager needs explicit authorization from manager who delegates the authority by the time he/she will perform the authority delegated to him/her.
3. The delegation of authority more focuses on controlling aspect and loyalty rather than giving the freedom to perform the authority. The controlling to create the subordinate loyalty is done by the upper manager through three instruments:
 - a. Execute the authorization explicitly before lower manager executes it.

- b. From the report of authority execution responsibility made by the lower manager to the manager who delegates the authority.
- c. From the performance audit executed by internal auditor.

The Stages of Total Quality Management Implementation in West Java Provincial BAZIS

The implementation of Total Quality Management cannot be instant and the outcome cannot be obtained in the short term. In other words, it needs systematic process. When Total Quality Management will be implemented in West Java Provincial BAZIS, it requires high commitment efforts and takes time. In general, the implementation of Total Quality Management in West Java Provincial BAZIS will through the processes as follow:

Preparation Stage

- a. Determine and form organization-wide steering committee.
- b. Form the executing team.
- c. Training of Total Quality Management.
- d. Arrange the statement of vision and principle as guideline.
- e. Arrange the goal.
- f. Communication and publication.
- g. Identification of strength and weakness
- h. Assume the employee attitude.
- i. Gauge the customer's satisfaction (*muzaki* and *mustahiq*)

Planning stage

- a. Planning implementation approach
- b. Project (activity) identification
- c. Team composition
- d. Team training

Executing stage

- a. Team activating
- b. Feedback to the organization-wide steering committee

- c. Feedback from customers (*muzaki* and *mustahiq*)
- d. Feedback from employees
- e. Modifying the infrastructure

ENCLOSING

1. Thus, it is increasingly obvious that if *zakah* supported by the sufficient sets of legislation and professional (through social-economical approach) and trusting management, it will be a source of public revenue to support national developmental financing.
2. From several obstacles emerging along *zakah* management issue, the most important are: First, lack of public awareness in paying *zakah*. Second, the absence of institutional support on *zakah* collection. Third, public narrow mindedness toward the notion of more suitable *fiqh zakah*. Fourth, the presence of assumption that paying *zakah* is not a productive action and just create a loss. Five, the absence of the standardized concept among the existing *zakah* management bodies.
3. Steps need to be taken to solve problems related to *zakah* management are: First, to arrange a new legislation guaranteeing optimal *zakah* management, as Act No. 38 Year 1999 has not fully accommodated these needs. Second, to make political policy, either in government's Legislative or Executive bodies to realize Acts or regulations to fulfill the hope of Moslems concerning *zakah*. Third, to establish credible *zakah* management bodies having managerial capabilities relevant to recent conditions.

BIBLIOGRAPHY

Ali, Muhammad Daud, et al, (1988), *Lembaga-lembaga Islam di Indonesia*. Grafindo Persada, Jakarta.

Az-Zain, Samih Athif, (1988), *Syariat Islam*. Indonesian Translation by Mudzakir As. Husaini, Bandung.

Dasuki, Hafidz, et. al., (1993), *Ensiklopedi Islam. (Jilid I, IV dan V)*, PT. Ichtiar Baru van Hoeve, Jakarta.

Mulyadi, (1998), *Pendekatan Baru Total Quality Management; Prinsip Manajemen Kontemporer untuk Mengurangi Lingkungan Bisnis Global*, 1st Printing. Aditya Media, Yogyakarta.

Puruhito, Moh. Yudhi, (2001) 'Mengembangkan Potensi Dana Zakah Profesi di Indonesia', *Akuntansi Jakarta*, July-August.

Rahardjo, M. Dawam, (tt) *Kesimpulan dan Rekomendasi Pertemuan Nasional I Badan Amil Zakah Infak dan Shadaqah*. Bunga rampai, Jakarta.

_____, (1993) *Perspektif Deklarasi Makkah Menuju Ekonomi Islam*, Mizan, Bandung.

Saltut, Muhammad, (1994), *Aqidah dan Syariah Islam*. Indonesian Translation by Fachruddin Hs. and Nasharuddin Thaha, Bumi Aksara, Jakarta.

Tjiptono, Fandi, et. al., (1998), *Total Quality Management*. 2nd Printing, Penerbit Andi, Yogyakarta.

Tohirin, Achmad, (2001), Materi Kuliah *Mikroekonomi Islam*, Konsentrasi Ekonomi Islam, Postgraduate Program of IAIN Sunan Gunung Djati Bandung.

Qardhawi, Yusuf, (1996), *Fiqhuz Zakah*, Indonesian Translation by Salman Harun et.al., Mizan, Bandung.

Undang-undang (Act) No. 38 year 1999 concerning *Zakah Management*.

Decision of the Minister of Religious Affairs No. 581 year 1999 concerning the implementation of Act No. 38 1999.

Undang-Undang (Act) No. 17, concerning the Third Change of Act No. 7 year 1983 on Income Tax.