

## The Effect To Accountability on The Effectiveness and Transparency of Financial Reports for the 2019 - 2022 Period (Empirical Study at Lazismu Central Office)

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**Keywords :** Zakat, Infaq, Shodaqoh,  
Accountability, Effectiveness,  
Transparency.

*Abstract: This research aims to understand the influence of each variable, namely Accountability for Effectiveness, and Transparency of Financial Reports. The types and sources of data in this research involve a quantitative approach with primary data. The data collection approach was carried out through distributing questionnaires within the Central Amil Zakat Infaq and Shodaqoh Muhammadiyah Institutions. The independent variable in this research is Accountability (X1), while the dependent variables are Effectiveness (Y1) and Transparency (Y2). The sampling approach applied was nonprobability sampling, involving a total of 70 respondents. The findings of this research are: 1) Financial Report Accountability has a significant positive effect on the effectiveness of financial reports, as evidenced by the results of hypothesis testing which shows a value of 0.876. 2) Financial Report Accountability has a significant positive effect on financial report transparency, as shown by the results of the hypothesis testing carried out, which shows a result of 0.855.*

## Introduction

Indonesia is a country with the largest Muslim population in the world. Looking at data from Global Religious Futures, in 2020 there are a total of 229.6 million followers of Islam in Indonesia. This really determines the sustainability of the life of the nation and of course with the existence of Zakat, Infaq and Shodaqoh (ZIS) it has a very strategic role in overcoming poverty and the welfare of people's lives. The potential for zakat itself is certainly very large given the Indonesian population, which is predominantly Muslim.

But in fact, the collection of zakat does not reach the target of the existing potential. This shows that some donors/community want better zakat management. Zakat managers are required to have professionalism, accountability, and transparency in reporting and distribution that is right on target. The availability of information that is accurate, relevant, easy to understand and easily accessible to the public will increase the trust of donors and of course maintain the objectivity and effectiveness of charitable institutions.

Hard work is needed to ensure that donors pay zakat regularly and disciplinedly to the ZIS management organization, so that it can be accumulated in national association data. The average national ZIS distribution reached 66.03% of the total funds collected. In 2017, zakat distributed to the community amounted to 4,860 billion or the equivalent of 78.1% of the data collected.

The ZIS potential in DKI Jakarta in 2019 reached 23 trillion and the ZIS collection target from the institutions themselves was 75 billion. This target is very far from the potential for zakat because currently there are still many people who do not channel their zakat through zakat amil institutions. Moreover, regulations that allow citizens to pay zakat without having to go through an institution provide freedom for potential donors to choose other institutions to pay zakat.

The phenomenon that occurs is that some donors still doubt the Amil Zakat Institution in terms of distributing Zakat, Infaq, Shodaqoh. This fact states that some donors still want more effective management of Zakat Infaq, Shodaqoh. Zakat managers are required to show professionalism, transparency in reporting and distribution according to targets with attractive programs and adapting to people's needs.

Zakat institutions are public institutions that are bound by public regulations, meaning that the organization must be absolutely responsible to the public in which it participates, namely in accordance with the principles of Good Corporate Governance (GCG). However, awareness of the accountability of ZIS managers regarding this problem is currently absolute, because there are still many ZIS management organizations that have not prepared financial reporting according to the applicable accounting system standards.

Donor trust is an important factor in the continuity of the ZIS management organization, because low trust in the management organization causes donors to channel their funds through other organizations or institutions. Lack of financial transparency is a factor in public distrust of organizations.

Transparency means the availability of adequate, accurate and timely information about policies and processes. Transparency is based on the freedom to obtain information directly to anyone who needs it. As a public institution whose main task is to collect zakat, infaq and shodaqoh from the community and then distribute it to those entitled to receive

it, in the process it is necessary to record transactions, financial reports, and publish financial reports that have gone through an audit process that can be accessed via websites and mass media.

Effectiveness is a parameter between input and output from several programs to achieve goals with the quantity and quality of performance that has been targeted within a certain time. Effectiveness is also one of the instruments in assessing the performance of institutions that have financial reports, in this context Lazismu has special guidelines or guidelines that regulate it, namely PSAK 109.

Considering how important the performance of zakat amil institutions is, especially in the financial aspect, a method of measuring financial performance is needed to evaluate the ability of zakat amil institutions to carry out their functions accountably, effectively and transparently. For this reason, this research will discuss "The Effect of Accountability on the Effectiveness and Transparency of Financial Reports for the Period 201119 - 2022 (Empirical Study at the Lazismu Central Office)"

The uses of this research are first, it is hoped that it can increase the trust aspect of donors in giving or distributing zakat, infaq, waqaf and shodaqoh funds to central Lazismu. second, to describe the effectiveness of donor fund management and enable this management to distribute zakat funds as planned. Third, the use for the Lazismu Head Office itself is that the results of this research are expected to be used as input in improving management related to financial reporting at the Lazismu Head Office.

## Research Method

### *Types of research*

This research uses a quantitative method with a descriptive approach. This research aims to analyze and explain the influence of the independent variable namely accountability on the dependent variable is Effectiveness and Transparency.

### *Population and Sample*

Population is a generalized area consisting of objects or subjects that have certain quantities and characteristics determined by researchers to be studied (Sugiyono, 2019: 126). In population research the focus was donors of the Lazismu Center who total 86. While the sample was 70, they were selected using purposive sampling. by meeting certain criteria, namely:

1. Have been a regular donor at Lazismu Center, for at least 3 years
2. Donors who have received audited financial reports for the 2019 - 2022 period

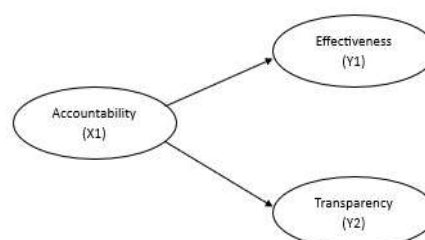


Figure 1 : Coceptual model

*Hypothesis*

- H1 : Accountability Have To Sustainability Effectiveness
- H2 : Accountability Have To Sustainability Transparency
- H3 : Accountability Have Simultan Effect To Effectiveness and Transparency

**Result and Discussion**

In this research series, the data analysis methods applied include Descriptive Statistics and Partial Least Squares Structural Equation Modeling (PLS SEM). PLS SEM is an analytical method used to develop pre-existing theories. A descriptive approach is used to get a comprehensive and accurate description of the research objectives. In this process, a Likert scale with five response levels was used. The Partial Least Squares Structural Equation Modeling (PLS SEM) data analysis approach is a method applied to develop or predict pre-existing theories, as described by Sarwono and Narimawati (2015:5). In practice, this study adopts the PLS structural model approach, which is supported by SmartPLS 3.0 software. According to Ananda Sabil's view (2015: 18), the stages of structural model analysis include: 1) Formulating structural model theory, 2) External model analysis, 3) Internal model analysis, and 4) Hypothesis testing.

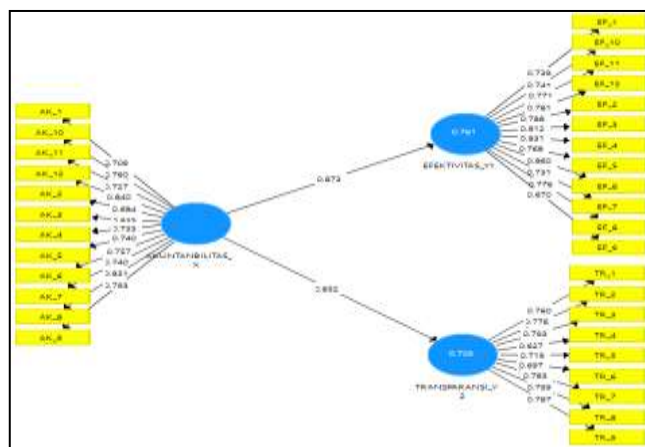
Partial least square analysis of accountability, effectiveness, and transparency

1) Outer Model Testing

In testing the outer model aims to see the validity and reliability of a model. The analysis of this test will be seen from the influence of the Loading factor, Average Variance Extracted (AVE), and Discriminant Validity, as well as composite reliability.

a. Factor Loading

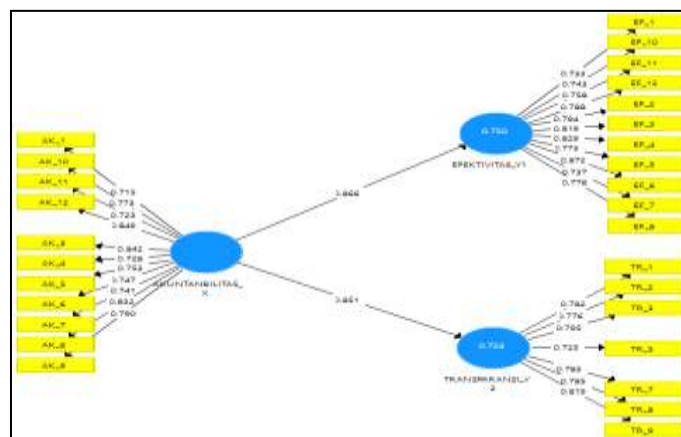
The initial step in testing the validity of a model is the factor loading stage. At this stage, it is required that the loading factor, which must exceed a threshold value of 0.7, to ensure the indicators are considered valid. If the loading factor value does not meet the threshold, then the indicator needs to be removed from the model. To gain insight into the external model analysis, more information can be found in Figure 2 provided below.



Source : Data Analysis 2023

Figure 2. outer model algorithm results

If seen in the figure 2, it can be seen that in the accountability variable there is one indicator, namely AK\_2 which must be removed from the model because of the factor valueloading < 0.7. Then on the latent variable Effectiveness there is one manifest variable that must be removed from the model i.e. EF\_9. Furthermore, in Transparency there are two variables the manifests removed from the model are TR\_4 and TR\_6. Because there are If some manifest variables are removed from the model, then an influence model will be formed new, so that further analysis can be carried out:



Source : Data Analysis 2023

Figure 3. Outer model algorithm results.

b. Average Variance Extracted (AVE)

Average Variance Extracted (AVE) is the score used in the convergence validity testing process, which comes from the results of convergent validity measurements. Within the framework of this study, the desired AVE value must exceed 0.5. In this case, when looking at the latent variable constructs, all of these constructs have an AVE value greater than 0.5, indicating an adequate level of convergent validity. For more detailed information on AVE results, please refer to Table 5 listed below.

Table 5. AVE Output Results Effect of Accountability on effectiveness and transparency

Variabel	Average Variance Extracted (AVE)
Accountability	0,598
Effectiveness	0,616
Transparency	0,611

Source : Data Analysis 2023

Since there are no problems related to convergent validity, the next step is to test discriminant validity.

c. Discriminant Validity

Discriminant validity can be tested by examining the cross loading table, which provides relevant information for testing discriminant validity at the indicator

level. This process requires that the comparison between the correlation between the indicator and the corresponding latent variable must be greater than the correlation between the indicator and other latent variables (outside the group). For further details, complete information can be found in the table presented below.

Table 6. Cross Loading

Indicator	Accountability	Effectiveness	Transparency	Information
AK_1	0,715	0,609	0,592	Valid
AK_3	0,842	0,764	0,672	Valid
AK_4	0,728	0,622	0,662	Valid
AK_5	0,753	0,597	0,601	Valid
AK_6	0,747	0,675	0,249	Valid
AK_7	0,741	0,618	0,691	Valid
AK_8	0,832	0,715	0,772	Valid
AK_9	0,790	0,705	0,682	Valid
AK_10	0,773	0,632	0,625	Valid
AK_11	0,723	0,674	0,602	Valid
AK_12	0,849	0,734	0,710	Valid
EF_1	0,587	0,733	0,674	Valid
EF_2	0,686	0,794	0,630	Valid
EF_3	0,707	0,819	0,650	Valid
EF_4	0,712	0,829	0,700	Valid
EF_5	0,628	0,773	0,627	Valid
EF_6	0,805	0,872	0,759	Valid
EF_7	0,576	0,737	0,676	Valid
EF_8	0,621	0,776	0,627	Valid
EF_10	0,679	0,743	0,748	Valid
EF_11	0,691	0,758	0,681	Valid
EF_12	0,736	0,788	0,732	Valid
TR_1	0,647	0,600	0,782	Valid
TR_2	0,581	0,661	0,776	Valid
TR_3	0,707	0,744	0,795	Valid
TR_5	0,697	0,773	0,725	Valid
TR_7	0,613	0,678	0,785	Valid
TR_8	0,634	0,619	0,785	Valid
TR_9	0,746	0,671	0,819	Valid

#### d. Composite Reliability

To ensure that there are no problems related to measurement, the final step in assessing the external model is to test the model's unidimensionality. This unidimensionality test involves the use of composite reliability and Cronbach's alpha. In both of these methods, the expected cut-off value is 0.7 for these indicators.

Table 7. Composite Reability

Composite Reliability	
Accountability	0,944
Effectiveness	0,947
Transparency	0,920

Source : Data Analysis 2023

The table above indicates that all constructs have a composite reliability value that exceeds 0.7. Therefore, no problems were found related to unidimensionality in the effect of the quality of Accountability on Effectiveness and Transparency in Central Lazismu.

## 2) Inner Model Testing

### a) Koefisien determinasi $R^2$ (R-Square)

Suitability (Goodness of Fit) in PLS can be evaluated through the Q2 value. The Q2 value has an analogous interpretation to the coefficient of determination (R-Square) in regression analysis.

Table 8. R Square Model

Variabel	R Square	R Square Adjusted
Effectiveness	0,750	0,746
Transparency	0,724	0,720

Source : Data Analysis 2023

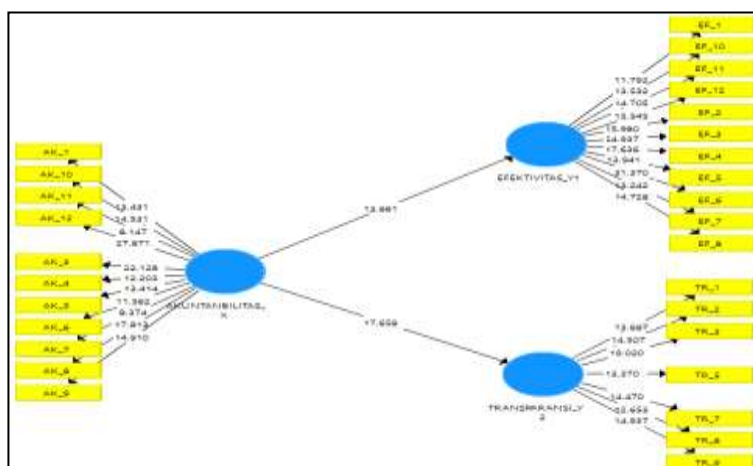
## 3) Hypothesis Test

### a) Koefisien t-Statistic

To test the hypothesis in PLS SEM, we can compare the calculated t value ( $t_o$ ) with the t table value ( $t_\alpha$ ). The value of t table with a significance level of 5 percent and degrees of freedom (DF) = number of data (n) - 2, namely 70 - 2 = 68, is 1,684 (t table).

Based on Figure 4, the t-statistic value for the influence of Accountability on Effectiveness is 13,661, which is greater than the t-table value of 1,684. This indicates that there is a significant effect of accountability on the effectiveness of financial reports at the Central Lazismu. Likewise, the t-statistic value for the effect of Accountability on Transparency is 17,658, which is also greater than the t-table value of 1,684. This shows that the influence of Accountability on Transparency has a strong significance.

Further information regarding the results of the path hypothesis test will be shown in the figure as follows:



Source : Data Analysis 2023

Figure 4. Bootstrapping results

## Conclusion

Based on the results of the discussion, it can be concluded that, based on calculations using SmartPLS 3.0 software, namely the t-statistical value of the effect of Accountability on Effectiveness is  $13,661 > t$  table  $1,684$  this shows the effect of Accountability is significant on the effectiveness of financial statements at Central Lazismu. The t-statistical value of the effect of Accountability quality on Transparency is  $17,658 > t$  table  $1,684$ , this shows the significant effect of Accountability on Transparency in financial reports in the Central lazismu.

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