

The Implication of Good Governance in Elevating Muzaki's Loyalty to the Islamic Philanthropy Organizations in Salatiga City and Semarang Regency, Indonesia

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Abstract

This research aims to measure and empirically examine the impact of good governance and understanding of the teachings of ZIS (zakat, infaq, and sadaqah) on Muslims loyalties to the zakat institutions in Salatiga City and Semarang Regency. This research is a quantitative model that employs a questionnaire to collect the primary source for the research variables. The population of this research is muzaki in both areas, and the samples were taken from 94 respondents who regularly pay their zakat, infaq, and sadaqah through a zakat institution. This study concludes that, firstly, implementing good governance on zakat institutions significantly influences the loyalty of Muslims to zakat institutions in Salatiga and Semarang. Secondly, understanding of teachings on ZIS does not influence the loyalty of Muslims to zakat institutions in Salatiga and Semarang. Third, implementing good governance and understanding of teachings on ZIS influence simultaneously the loyalty of Muslims to zakat institutions in Salatiga and Semarang. This study notes that the dominant factors influencing muzaki's loyalty arise from external aspects (implementation of good governance), not internal (understanding, piety, and social relations). This research highly recommends that either BAZNAS or LAZ should develop their quality of zakat management systems to encourage Muslims to pay ZIS through zakat institutions. Thus, zakat funds can be maximally empowered and contribute to the welfare of society.

Keywords: Good Governance, Understanding of ZIS, Loyalty, Zakat Institutions

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Introduction

One of the most fundamental problems in the discourse of Islamic philanthropy in Indonesia is the huge gap between the potential of zakat and its realization. Firdaus et al., (2012) found that the potential for zakat in Indonesia reached approximately IDR 217 trillion, 3.4% of Indonesia's GDP in 2010, later designated as the national zakat potential. However, based on the 2017 statistical data report submitted by the National Zakat Agency (BAZNAS), the reality of zakat collection in 2017 only reached 2.9% or around IDR 6.2 trillion (Badan Amal Zakat Nasional, 2019). Although there was an increase of about 24% from the ZIS collection in 2016, which accounted for IDR 5 trillion (Center of Strategic Studies The National Board of Zakat, 2019), the collection was even still relatively low compared to the potential for zakat. It is suspected to be owing to two reasons, the low awareness of the community to channel zakat funds through zakat institutions and the weak attractiveness of zakat institutions in realizing zakat collection from the district. This small percentage is similar to the research conducted by Canggih et al., (2017) caused the tendency of most Muslim communities in Indonesia to channel their zakat directly to muzaki, so it is not recorded.

According to the Puskas BAZNAS, the relatively small income from national zakat funds is because of less collection of zakat funds from companies (Center of Strategic Studies The National Board of Zakat, 2019). For example, from the total supply in 2017, most of the zakat funds collected came from zakat *maal* (zakat of money) based on individual income, which reached 44.75% of the whole ZIS collection (Badan Amal Zakat Nasional, 2018). The most significant contribution of potential zakat collection is corporate zakat (Firdaus et al., 2012). So, if this potential can be maximized and managed well, it will increase the achievement of national zakat collection (Center of Strategic Studies The National Board of Zakat, 2019).

Nevertheless, this effort is championing Islamic philanthropic organizations that strive for system and management improvements. Recently, modern institutions for managing *zakat*, *infaq*, and *sadaqah* (ZIS) funds have been considerably grown, both sponsored by the government (BAZ/Amil Zakat Agency) and those operated by the community/Islamic organizations (LAZ/Amil Zakat Institutions). By 2018 zakat institutions in Indonesia have been grown to 616 organizations consisting of 548

BAZNAS (34 provincial BAZNAS and 514 district/city BAZNAS) and 68 LAZ (23 national LAZ, 12 provincial LAZ, and 33 district/city LAZ) (Badan Amal Zakat Nasional, 2019). These zakat institutions then try to combine the concepts of charity in Islam with modern empowerment and management to establish social engineering in developing a productive-oriented Islamic philanthropy paradigm (Muhtada, 2014).

The growth of zakat institutions in Indonesia provides convenience and various options for *muzaki* to pay their zakat. In general, *muzaki* have their preferences or considerations in choosing a trusted zakat institution. These considerations can arise from the emotional side, social and intellectual relations (Muhammad & Saad, 2016). Continuity in paying *zakat*, as well as *infaq* and *sadaqah*, will form an attitude of loyalty. Good loyalty will maintain the consistency of *muzaki* in delivering ZIS funds to a zakat institution and does not intend to change. Many factors influence *muzaki*'s loyalty, involving assessing the reputation of zakat managers applying the good governance, or come from an essential and comprehensive understanding of Islamic philanthropy teachings. Thus, the growth of loyalty attitudes occasionally begins with the satisfaction obtained by consumers while working together or feeling an organization's service (Connor, 2007).

Therefore, improving the quality of services and the programs and developing management systems can yield the formation of loyalty (Ahmad Saif Abu-Alhaja et al., 2018). One way to improve good governance in organizations is to implement the principles of good governance itself. This implementation will increase customer loyalty and encourage continuous improvement, evaluation, and monitoring efforts. Good governance in this study is an effort to manage the organization by implementing a system of transparency, accountability, responsibility, and fairness simultaneously and in an integrated manner. As explained in Zakat Constitution no. 23 of 2011 article 2 concerning zakat management, that good governance is zakat management based on some principles such as, according to Islamic law, trustworthiness, fairness, benefit, legal certainty, integration, and accountability. Therefore, the vital thing that zakat management organizations must do to increase ZIS income and improve its services is to increase zakat management professionalism with modern management, such as implementing good governance (Chotib et al., 2018).

The implementation of good governance will increase the reputation and trust in zakat institutions which ultimately leads to the decision of Muslims to pay ZIS through zakat institutions. For example, the collaborative research conducted by Jumaizi & Amni, (2011) revealed the relationship between good governance and the loyalty of muzaki in paying their zakat in zakat institutions. This study seeks to describe implementing good governance on satisfaction and loyalty muzaki in Central Java. It concludes that transparency, accountability, and profit affect the satisfaction and loyalty of muzaki, while the aspect of independence does not immensely influence the satisfaction and loyalty of muzaki (Jumaizi & Amni, 2011; Maulana & Zuhri, 2020).

Wahyuni TD, (2017) researched the implementation of good governance practices in zakat institutions in Padang, Indonesia, revealing that the zakat institution's size is positively and significantly related to applying the principles of good governance in Padang. The study also found that implementing good governance practices in zakat institutions in Padang was relatively low. In the managerial field, research by Firmansyah & Devi, (2017) tried to find the best strategy to develop the quality of management of zakat institutions in Indonesia. This study reveals that in improving the quality of good governance in zakat institutions, it is necessary to develop strategies that prioritize the independence of zakat management, application of sharia, audit institutions, and computerization of the zakat system. Meanwhile, Amalia et al., (2018) enrich the findings that good governance in zakat institutions has been implemented well in several aspects, although not comprehensively. This study significantly contributes to zakat management arrangements and regulations. However, this study aims to elaborate on good governance from an Islamic perspective and analyze the factors contributing to Indonesia's good governance in zakat management. This study presents a significant contribution to the regulation of zakat management and the regulation of good governance standardization in zakat institutions (Amalia et al., 2018).

Therefore, it is interesting to present more specific and empirical data on the effect of good governance on muzaki loyalty in paying zakat. So this study aims explicitly to empirically examine the impact of good governance and understanding of ZIS on the loyalty of Muslims to zakat institutions in Salatiga City and Semarang Regency. Although many studies

have been conducted based on these variables, the author can still see the gaps or opportunities to carry out further research comprehensively, especially when viewed from the geographical location, which is still limited research done in this field.

Methods

This paper employs a quantitative approach utilizing a questionnaire (Susetyo, 2017) in order to collect primary data pertaining to the perception of Muslims on the good governance within zakat institutions, their understanding of ZIS (*zakat, infaq, sadaqah*), and their loyalty to zakat institutions in Salatiga City and Semarang Regency. These areas were chosen based on several reasons; (1) in terms of quantity, Salatiga and Semarang have various zakat institutions; (2) in terms of quality, most of the zakat institutions in the area already have an excellent managerial system, so it is interesting to reveal respondent-based empirical data; (3) both Salatiga and Semarang, there is still a few research on the field of zakat institutions. Meanwhile, the population in this paper was taken from Muslim communities who deliver ZIS through zakat institutions. This paper determined 94 samples spread over the area by employing an accidental sampling technique (Sukistiyarno, 2014).

Table 1. Distribution of Research Respondents

Zakat Institutions	Muzaki	Percentage
BAZNAS	18	19,14%
LazisMU	10	10,63%
LazisNU	7	7,44%
Laziskaf Edi Mancoro	3	3,19%
Griya Zakat	6	6,38%
Lazis al-Hidayah	4	4,25%
Lazis al-Ihsan	5	5,31%
YBM (Yayasan Baitul Mal)	3	3,19%
UPZ Tuntang	4	4,25%
Lazis Al-Irsyad	3	3,19%
Others	31	32,97%
Total	94	100%

(source: data processed)

The distribution of respondents in this study can be seen in the following table 1. Ideally, the calculation of *muzaki* (one who pays zakat) is determined by income that exceeds the *nisab*, but due to limited data regarding the amount of income, it is rather difficult to find, so it is only an estimate (can be through Indonesian Statistics' results), then calculate the number of productive age population (Sarwono, 2009). However, in this study, the target is the payment of zakat, infaq, and sadaqah, so the researcher does not determine the amount of income.

This study's data collection techniques were carried out by distributing questionnaires and documentation (Arikunto, 2006). Questionnaires were given to respondents to determine their perceptions of good governance, understanding of ZIS (*zakat, infaq, and sadaqah*), and their loyalty to zakat institutions. The relationship between two variables will produce a high correlation coefficient (Arikunto, 2006). The statistical analysis using multiple linear regression test with the SPSS program. Regression examines the unidirectional relationship between independent and dependent variables (Susetyo, 2017). Multiple linear regression analysis is an association analysis utilized simultaneously to investigate the effect of two or more independent variables on one dependent variable with an interval scale. It is a continuation of simple linear regression analysis (Sarwono, 2009). The variables in this study consisted of two independent variables (i.e., good governance and understanding of ZIS) and one dependent variable (loyalty).

The theoretical framework in this research is as shows on figure 1.

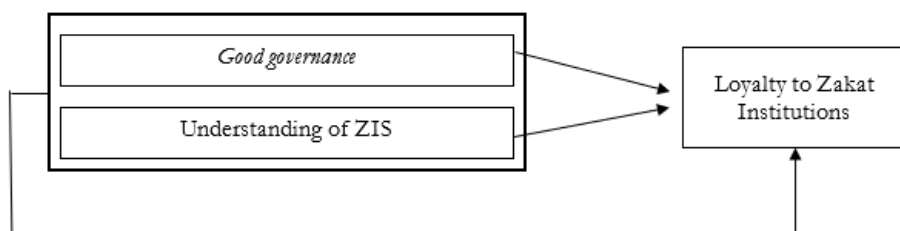


Figure 1. Research Framework
(source: author documentation)

Based on the research framework as shown on figure 1, this study proposes three hypotheses, namely; 1) Good governance influences the loyalty of Muslims to zakat institutions; 2) Understanding of teachings on ZIS influences the loyalty of Muslims to zakat institutions; 3) Good Governance and understanding of ZIS simultaneously influence the loyalty of Muslims to zakat institutions.

Results and Discussion

The Implementation of Good Governance

The term good governance in this study comes from the concept of good corporate governance. Good corporate governance is the institutional arrangements and relationships that direct and control a company (OECD, 2014). This term refers to the implementation of good corporate governance for commercial banks (Bank Indonesia Regulation No. 8/4/PBI/2006, article 1 number 6). Good corporate governance applies transparency, accountability, responsibility, independence, and fairness, which emphasizes equality in management (Qudrat-I Elahi, 2019). Because zakat institutions, both BAZNAS and LAZIS- are non-profit institutions different from corporations (companies), the authors take the term only to be good governance. So the good governance referred to in this study is zakat management based on principles, such as according to Islamic law, trustworthiness, justice, expediency, legal certainty, integration, and accountability, as outlined by Law no. 23 of 2011 article 2 so that zakat management runs optimally (Yulianti, 2016).

Article 1 paragraph 1 of Law no. 23 of 2011 states that what is meant by zakat management is planning, organizing, implementing, and supervising the collection and distribution and utilization of zakat. Management of zakat must be based on Islamic law, uphold trust, justice, and expediency, and operate under legal certainty, integration, and accountability (article 2) which characterizes good governance. The content of this article shows the spirit of renewal following the demands of the community. Thus, public trust in zakat managers can be increased, so that in turn, public awareness of distributing zakat through BAZNAS and LAZIS is expanding (Wijayati, 2021). Meanwhile, Article 3 of Law no. 23 of 2011 states that the purpose of zakat management is to increase the effectiveness and efficiency of services in zakat management and to increase the benefits of zakat to realize community welfare and reduce poverty. Through the new law, zakat management institutions

are encouraged to manage zakat in an accountable and transparent manner to increase public confidence in the performance of BAZNAS and LAZIS. The community will voluntarily pay their zakat to the zakat manager appointed by the state. Likewise, the professionalism of zakat management institutions continues to be in the spotlight to manage zakat properly. The accountability and professionalism of zakat managers will significantly impact the amount and lack of income and the accuracy in utilizing zakat (Mubtadi, 2019).

Meanwhile, Ghafran & Yasmin (2019) suggest that the governance of zakat management organizations must be actually based on the spirit of Islamic values. The embodiment of the fundamental values containing in the Islamic teaching system can genuinely justify the principles of good governance. For example, Islam highly upholds the principle of justice, even placing it as the highest ethics and principle in the Islamic teaching system (Hunter, 2017). Furthermore, Islam also has the tenets of *tawazun* (balance), *mas'uliyah* (accountability), *akblaq* (morals), *siddiq* (honesty), *amanah* (fulfilment of trust), *fatab* (effectiveness and efficiency), *tabligh* (transparency), *hurriyyah* (independence and freedom of responsibility), *ibsan* (professional), *wasatan* (fairness), *ghirah* (sharia militancy), *idarab* (management), *kbilafah* (leadership), *'aqadab* (faith), *ijabiyyah* (positive thinking), *raqabab* (supervision), *qira'ah* and *ilah* (organizations that continue to learn and continually make improvements) (Wardayati, 2011). Through these values, zakat management organizations, besides having positive legal legitimacy in Indonesia, also have a theological responsibility as an Islamic institution trusted to manage Muslim funds and distribute them to mustahik. According to Muqtedar Khan (2019), this task manifests the concept of *Ibsan* in the Islamic teaching system. *Ibsan* becomes a responsibility for all human beings in realizing a just life by internalizing good governance principles in organizational life. Thus, good governance from an Islamic perspective is essential to improve the performance of zakat management organizations. However, efforts are still needed to bridge between theoretical ideals and the practical reality of Muslim life (Abu-Tapanjeh, 2009; Ghafran & Yasmin, 2019).

Therefore, good governance is a specific concept intended as an effort to improve an institution's performance by implementing integrated managerial principles, such as supervision and monitoring of performance and ensuring management accountability to stakeholders

based on the established regulatory framework (Ahmad Saifalddin Abu-Alhaija et al., 2018). The main focus of implementing good governance lies in managing more transparent and accountable institutions for all users of financial statements (Tahliani, 2018). In the context of zakat institutions, the implementation of good governance can create Muslim loyalty and encourage creative economic growth because incoming ZIS funds can be managed transparently and adequately. Therefore, good governance is intended to promote *zakat*, *infaq*, and *sadaqah* activities among Muslims (Amalia, 2019).

The perception of Muslims on the implementation of good governance by zakat management organizations is divided into three categories, namely good (8-10), moderate (5-7.9), and poor (1-4.9). The results of data analysis on the implementation of good governance in zakat management institutions in Salatiga City and Semarang Regency is shown in the figure 2.

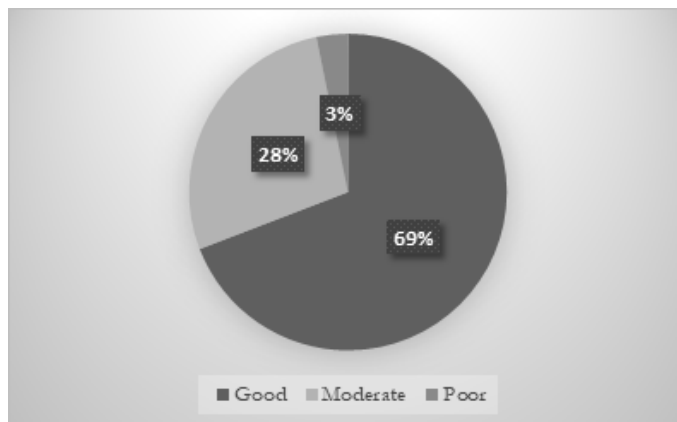


Figure 2. Implementing of Good Governance (source: data processed)

The picture above reveals that most of the muzakki who distribute zakat, infaq, and *sadaqah* funds to zakat management organizations always base their choices on the aspect of good governance. The better implementation of the principles of good governance in a zakat management organization encourages muzakki to choose it as the right institution to be a partner. Muzaki always considers quality, transparent, and responsible programs

and services from zakat management institutions that are credible in distributing *zakat*, *infaq*, and *sadaqah* funds to mustahik optimally and productively. It provides information that rational considerations are the highest factor in influencing the muzaki and succeeded in defeating the emotional sides or social attachments. From the data obtained, 65 of 94 respondents (69%) considered that the governance of zakat management institutions had operated well and applied the principles of good governance. The rest rated it moderately, as many as 26 people (28%), and only three people (3%) stated that they lacked in assessing the governance of zakat management institutions. This data illustrates that zakat management institutions in the scope of Salatiga City and Semarang Regency have implemented the principles of good governance quite well, although not optimally and in an integrated manner.

Muzaki's Understanding of Zakat, Infaq, and Sadaqah

Comprehension is defined as an ability to understand the meaning or importance of something. Understanding is a person's ability to interpret or state something in his way about the knowledge that has been received. Understanding can also mean mastering something with the mind and conveying it, either in the form of actions, speech, or writing to be known by others (Marlina & Irwan, 2018). Understanding has levels, and everyone in understanding something will have a different level of understanding relativity even though they know the same object. Generally, understanding can be obtained from various sources and methods. In the era of information disruption and digitalization, every Muslim community can easily access information about the teachings of *zakat*, *infaq*, and *sadaqah* to increase their knowledge. Understanding can also be obtained through campaign actions carried out by the government or zakat management organizations that provide education to the public about the importance of paying zakat. This model is usually carried out by providing outreach programs, advertising, or direct appeals to the public. Understanding can also be obtained in schools for students, as well as in universities for students (Ahmad Saifalddin Abu-Alhaja et al., 2019).

In general, before a person can understand, he will know first so that the activity of understanding cannot be separated from knowing and seeking. However, a high level of understanding is not directly proportional to the flow of information seeking or knowledge obtained because understanding is different from knowing. Someone who wants to understand something needs a process of studying it and then implementing it (Qardhawy, 1994). However, in this study, what is meant by understanding is the ability to know, understand and be aware of something so that someone wants to do it. The understanding in this study does not have a philosophical meaning but rather a practical purpose. For example, when a Muslim understands the teachings of *zakat*, *infaq*, and *sadaqah*, they will use this understanding to carry out the obligation to pay zakat and complete it with *infaq* and *sadaqah*. Thus, Glock & Stark (1966) make understanding of religious teachings one of the dimensions of one's religiosity because understanding is part of knowledge. Knowledge of teaching becomes an understanding that settles within a person and manifests in charity or religious rituals. The dimension of religiosity, according to Glock & Stark, includes five dimensions, including the dimension of belief (theological dimension), dimension of ritual (ritualistic dimension), ihsan and appreciation (experimental dimension), knowledge (intellectual dimension), experience and consequences (consequential dimension) (Stark & Glock, 1974).

Meanwhile, the terminology of ZIS (*zakat*, *infaq*, and *sadaqah*) in this study is understood as noble teaching to share with others (generosity). According to Islamic law, *zakat* is a property that must be issued by a Muslim or business entity to be given to those entitled to receive it. Sadaqah is asset or non-asset issued by a person or business entity outside of zakat for the public benefit. At the same time, *infaq* is a term for giving to others in general (Qardhawy, 1994). The Islamic teaching system of *zakat*, *infaq*, and *sadaqah* is one of the essential pillars in Islam. The majority of Muslims are aware that these commands are contained in the Qur'an and Sunnah, and all Muslims who can fulfil them are obliged to carry out these orders. In a more specific context, zakat is always equated with the command to pray, wherein many verses in the

Qur'an, the term zakat is always juxtaposed with the word prayer (Ridwan, 2018). It implies that the commandment of zakat cannot be ignored by anyone who has performed the prayer. The Qur'an, in the context of implicit meaning, wants to emphasize that one's prayer will not be perfect if one has not fulfilled the commandment of zakat. Therefore, an understanding of the teachings of zakat (also *infaq* and *sadaqah*) provides an overview of the direction of character building of a Muslim in living his social life in society (Shadiya Mohamed S Baqutayan, 2018).

Understanding can encourage someone to do something because one knows and realizes the impact of the actions. A broader understanding of muzaki will motivate someone to decide to pay zakat. For example, understanding the obligation to issue zakat and donating part of the wealth in the form of *infaq* and *sadaqah* gives a person spiritual encouragement because he knows that his actions are intended as obedience to God. Zakat, infaq and sadaqah are carried out with the encouragement of knowing that these behaviours can bring rewards or goodness both for themselves, families, and others (Sedjati et al., 2018). Although not totally, a person acts as an external orientation or expects something that might come or reward him. According to research conducted by Shadiya Mohamed Saleh Baqutayan et al. (2018) about the psychological dimension of a person doing an act of giving or donating his wealth to others. This study reveals at least four reasons why someone does the act of giving, namely behavior, attitude, faith, and education. Therefore, muzaki's understanding of the dimensions of the teachings of *zakat*, *infaq*, and *sadaqah* can influence the formation of loyalty. It is pretty essential to show the extent to which one's understanding of the dimensions of Islamic teachings can be adequately applied in everyday life. Thus, the higher a person's level of comprehension of teaching should affect the level of one's loyalty in carrying out the act (Usman, 2019).

In this study, muzaki's understanding of ZIS can be seen through the following table, which is divided into three levels: good (8-10), moderate (5-7.9), and poor (1.0-4.9).

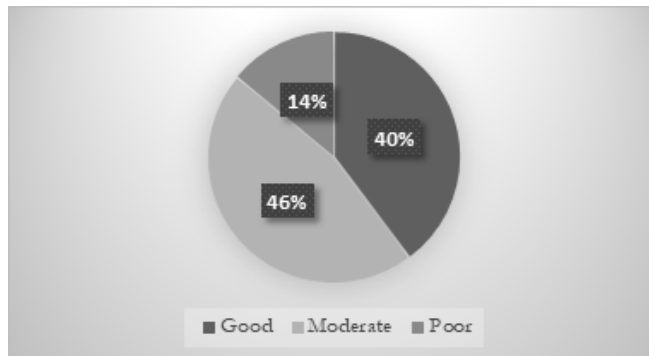


Figure 3. Understanding of ZIS
(source: data processed)

The figure 3 shows that the understanding of Muslims about the teachings of *zakat*, *infaq*, and *sadaqah* is merely good, which is indicated by the results that 38 respondents (40%) have a good understanding. Although this number is not as large as the average level of understanding of Muslims towards ZIS, reaching the moderate category as many as 43 respondents (46%). The level of poor understanding of ZIS also shows low results, only going 14% or only 13 respondents who have not understood the teachings of ZIS. This finding indicates that most Muslims who make ZIS payments at zakat management institutions have a relatively good knowledge of practices, laws, and other provisions related to the order to perform *zakat*, *infaq*, and *sadaqah*. This rather good level of understanding has encouraged the Islamic community in Salatiga City and Semarang Regency to pay ZIS to zakat management organizations. The muzaki understand that paying ZIS is a call to faith and a form of piety. Without awareness awakened through understanding, muzaki tend to be reluctant to spend some of their wealth due to the impulse of lust and selfishness of ownership.

Muzaki's Loyalty to Zakat Institutions

Loyalty is an attitude or willingness to continuously use the same institution/organization within a particular time, usually occurring over a relatively long period (Connor, 2007). Loyalty means a condition in which the customer/consumer has a positive attitude towards a product, is committed to the product and intends to continue his purchase/cooperation in the future. Customer loyalty includes a feeling aspect so that it involves a psychological part where loyalty will be more of a process

than an end/end (Lawfer, 2004). Therefore, loyalty is not situational, let alone coercion; loyalty is generated from various aspects of decisions that have been made by consumers and then continue continuously.

Many factors can affect a person's loyalty to an organization, such as satisfaction, trust, and emotional ties (Romdonny & Rosmadi, 2019). For example, loyalty is closely related to satisfaction, where satisfied consumers will make repeated transactions and will most likely convey to others their satisfaction and invite them to do the same thing. However, satisfaction does not automatically increase loyalty to an organization. Research conducted by Puspitasari & Darma (2019) on zakat institutions in Yogyakarta Province stated that although there was an influence between the implementation of sharia governance on muzaki loyalty, the satisfaction variable did not provide a significant enough influence on increasing muzaki loyalty. This conclusion strengthens the thesis presented by Lawfer (2004) that satisfaction and loyalty are two different things. For Lawfer, only a high level of satisfaction can affect consumer loyalty; moreover, customer satisfaction is just an opinion or perception where satisfaction itself is very relative.

While the emergence of trust is built by the results of an assessment of an organization's reputation, reputation holds vital control to encourage consumers to return to using the services of the same organization (Isoraite, 2016). Thus, reputation becomes the basis of assessment in determining whether an organization is worthy of being a partner, which in this context means distributing zakat funds to *mustabiq*. Consumers will build trust and loyalty through this positive perception and create a long-term commitment consistently to distribute *zakat*, *infaq*, and *sadaqah* funds through certain zakat management institutions (Fikriyah et al., 2019). Trust, therefore, becomes one of the critical factors in shaping muzaki's loyalty to zakat management organizations. The trust possessed by muzaki is usually generated by the satisfaction obtained during paying zakat to specific zakat management organizations. Research conducted by Ikhwandha & Hudayati (2019) stated that the high level of trust held by muzaki, cognitive and affective trust in BAZNAS in Yogyakarta Province gave a significant influence on interest in muzaki to pay zakat. That is, this level of faith provides a clear direction for the formation of muzaki loyalty. As research conducted by Syafei (2016), increasing zakat management and muzaki trust can positively impact the professional

development of zakat management in each organization.

Meanwhile, research conducted by Fikriyah et al. (2019) at LAZ in Surabaya City revealed a significant influence between the internalization of Islamic work ethic in the management system on the formation of muzaki loyalty. This study provides an essential note in forming muzaki loyalty that most muzaki act rationally and emotionally in giving their perceptions and decisions to pay zakat through specific zakat management organizations. Therefore, when it comes to ZIS, what is meant by loyalty here is the loyalty of *muzaki*, *munfiq*, or *mushaddiq* to continue paying their ZIS to certain zakat management institutions. Loyalty is essential for companies, in this case, zakat management institutions. With the loyalty of customers (*muzaki*, *munfiq*, and *mushaddiq*), zakat institutions will get many benefits, including reducing socialization costs, increasing the success of the amount of income so that zakat institutions can run their well-programs well (Mukhibad et al., 2018).

The indicators of loyalty to zakat management institutions in this study are; 1) repeat paying ZIS to zakat management institutions; 2) not affected by offers from other institutions; 3) spread his satisfaction with the service to others. Based on the results of the distribution of questionnaires to all research respondents, the loyalty of Muslims to zakat management institutions in Salatiga City and Semarang Regency is grouped into three levels; loyal (2.25-.3,0), moderate (1.76-2.24), disloyal (1.0-1.75) which can then be seen in the figure 4.

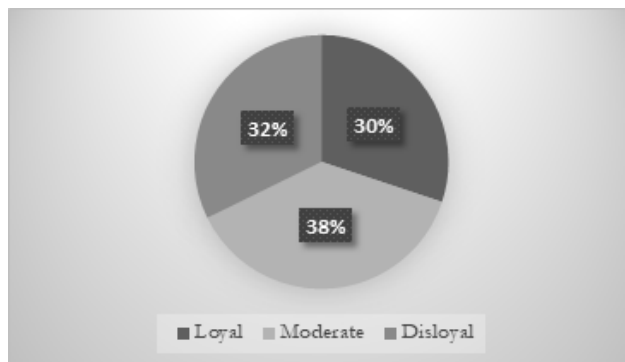


Figure 4. Loyalty
(source: data processed)

The figure 4 describes Muslim loyalty to zakat management

organizations in Salatiga City and Semarang Regency. In general, the loyalty of Muslims to zakat management organizations is relatively minimal, and it can be seen that the loyal number only reaches 30% or about 28 of 94 respondents. Meanwhile, the highest number is in the moderate criteria, reaching 38% (38 respondents), and the disloyal at 32% (30 people) beat the number of loyal figures. This finding indicates that the Islamic community has a fluctuating preference in paying their ZIS to specific zakat institutions. In general, the Islamic community does not base their choice on the patent aspect (specifically unchanged), which is a binding both quality and emotional in channelling their ZIS to zakat institutions to be managed. However, this data can be a general description that various factors influence the loyalty of Muslims to zakat management organizations, so the data obtained do not show significant differences from each interval. Therefore, this data becomes an important note for zakat management organizations to continue to improve the quality of muzaki loyalty through various factors.

Regression Test Results on the Influencing of Good Governance to the Loyalty

The data on table 2 shows that $Y=0.092+0.242 X1$ good governance, which means that every one unit of good governance owned by a muzaki will increase or affect Y loyalty by 0.242 times. If the significance value = 0.000 is less than 0.05, it means that there is a significant effect (Sukistiyarno, 2014). Thus, there is a significant effect between the implementation of good governance and the loyalty of Muslims to zakat management organizations in Salatiga City and Semarang Regency. The correlation between good governance and loyalty is 64.2%. The correlation of good governance to loyalty is $R=0.642$ $R\text{ Square} = 0.412$ means that good governance influences loyalty by 41.2%. Other factors influence the formation of muzaki's loyalty in zakat management organizations in Salatiga City and Semarang Regency. These findings confirm that a zakat management institution with good governance will foster a high sense of trust. In the end, it will form an attitude of loyalty from muzaki, who are willing to pay *zakat*, *infaq*, and *sadaqah* to be distributed to those who are entitled to receive it.

The research data results above show the importance of zakat

management institutions to improve their management performance continuously. The management of zakat must be monitored jointly by both the government and the community. It is intended as a cooperative effort to improve the management of zakat and improve the implementation of good governance optimally and simultaneously.

Table 2. Regression test results Good Governance to the Loyalty

Descriptive Statistics			
	Mean	Std. Deviation	N
Loyalty	2.0351	0.57608	94
Good Governance	8.0293	1.52828	94

The average value of loyalty is 2.0351 (moderate), while the average value of good governance is 8 (good).

Correlations			
		Loyalty	Good Governance
Pearson Correlation	Loyalty	1.000	0.642
	Good_Governance	0.642	1.000
Sig. (1-tailed)	Loyalty	.	0.000
	Good_Governance	0.000	.
N	Loyalty	94	94
	Good_Governance	94	94

Coefficients^a							
Model	Standardized Coefficients		Standardized Coefficients	t	Sig.	95% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
(Constant)	0.092	0.246		0.374	0.709	-.397	0.581
Good Governance	0.242	0.030	0.642	8.031	0.000	0.182	0.302

a. Dependent Variable: Loyalty

ANOVA^b					
Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	12.720	1	12.720	64.495	.000a
Residual	18.144	92	.197		
Total	30.864	93			

a. Predictors: (Constant), Good_Governance

b. Dependent Variable: Loyalty

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.642a	.412	.406	.44410

a. Predictors: (Constant), Good_Governance

Trustworthy and professional officers must carry out zakat management. The management of zakat in Indonesia has been regulated by the zakat management law no. 38 of 1999, then renewed by Law No. 23 of 2011. As explained in Article 2 of Law no. 23 of 2011 that zakat management institutions must apply the following seven principles: according to the Shari'a, trustworthiness, justice, expediency, legal certainty, integration, and accountability. The content of this article shows the spirit of renewal by the demands of the community. Thus, public trust in zakat managers can be increased, so that in turn, they are loyal to continue to distribute zakat through BAZNAS and LAZ.

Regression Test Results on the ZIS's Comprehension to the Loyalty

The table 3 shows that $Y=1.778+0.039X_2$ ZIS understanding means that every one understanding of zakat owned by a muzakki will increase or affect Y loyalty by 0.039 times. While the effect of understanding ZIS on loyalty is only 0.013, meaning the effect is 1.3%. The value of Sig = 0.272 more than 0.05 means that there is no significant effect (the correlation is weak) (Sukistiyarno, 2014). Thus, although there is a correlation between ZIS understanding and loyalty to zakat management organizations, the correlation is soft (not significant). Muzaki's understanding of the teachings of *zakat*, *infaq*, and *sadaqah* does not significantly affect the level of muzakki's loyalty in distributing their zakat to specific zakat management organizations. It means that the higher the quality of muzakki's understanding of the concepts of *zakat*, *infaq*, and *sadaqah*, will not affect the increase in muzakki's loyalty. It means that other factors influence what and how understanding can directly impact the decision and level of muzakki loyalty to zakat management organizations in Salatiga City and Semarang Regency.

The existence of an insignificant influence from the understanding of ZIS on loyalty to zakat management institutions is a phenomenon that must continue to be researched and developed. The findings of this data are interesting to be used as further research to reveal the possible factors

that cause the level of religious understanding, does not have a significant effect on growing loyalty. Given theoretically that religiosity affects a person's behavior (Hess, 2001). Understanding religious teachings are part of a person's spiritual dimension (religiosity). The religious dimension includes the dimension of belief (theological dimension), ritual dimension (ritualistic dimension), *ibsan* and appreciation (experiential dimension), knowledge (intellectual dimension), experience, and consequences (consequential dimension) (Glock & Stark, 1966). Religiosity is a belief in God followed by piety and the spirit of carrying out God's teachings in his life. Thus, the more confident a person is in his Lord, the more pious and the higher his religious zeal.

Table 3. Regression test results on the ZIS's Comprehension to the Loyalty

Descriptive Statistics			
	Mean	Std. Deviation	N
Loyalty	2.0351	0.57608	94
Understanding_Zakat	6.6596	1.70737	94

Correlations			
		Loyalty	Understanding Zakat
Pearson	Loyalty	1.000	0.114
Correlation	Understanding_Zakat	0.114	1.000
Sig. (1-tailed)	Loyalty	.	0.136
	Understanding_Zakat	0.136	.
N	Loyalty	94	94
	Understanding_Zakat	94	94

Coefficients^a							
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
(Constant)	1.778	0.240		7.402	0.000	1.301	2.255
Understanding of Zakat	0.039	0.035	0.114	1.105	0.272	-.031	0.108

a. Dependent Variable: Loyalty

ANOVA^b

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	.405	1	.405	1.222	.272 ^a
Residual	30.460	92	.331		
Total	30.864	93			

a. Predictors: (Constant), Understanding_Zakat

b. Dependent

Variable: Loyalty

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.114 ^a	.013	.002	.57540

a. Predictors: (Constant), Understanding_Zakat

Regression Test Result on the simultaneous influencing of Good governance and Comprehension of ZIS to the Loyalty

The respondents filling out the questionnaire, amounting to 94 people, show that the average loyalty is at 2.0351, while good governance is 8.0293, and understanding of ZIS is 6.6596. These results can be seen in the table 4

Table 4. Regression test results on *on the simultaneous influencing of Good governance and Comprehension of ZIS to the Loyalty*

Descriptive Statistics

	Mean	Std. Deviation	N
Loyalty	2.0351	0.57608	94
Good_Governance	8.0293	1.52828	94
Understanding_Zakat	6.6596	1.70737	94

Correlation

		Loyalitas	Good_Governance	Pemahaman Zakat
Pearson Correlation	Loyalty	1.000	0.642	0.114
	Good_Governance	0.642	1.000	0.130
	Understanding of_Zakat	0.114	0.130	1.000
Sig.(1-tailed)	Loyalty	.	0.000	0.136
	Good_Governance	0.000	.	0.105
	Understanding of_Zakat	0.136	0.105	.
N	Loyalty	94	94	94
	Good_Governance	94	94	94
	Understanding of_Zakat	94	94	94

Coefficients ^a							
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
(Constant)	0.034	0.289		0.118	0.907	-.541	0.609
Good Governance	0.240	0.031	0.638	7.875	0.000	0.180	0.301
Understanding Zakat	0.011	0.027	0.031	0.387	0.700	-.044	0.065

a. Dependent Variable:
Loyalitas

ANOVA ^b						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	12.750	2	6.375	32.025	.000 ^a
	Residual	18.114	91	.199		
	Total	30.864	93			

a. Predictors: (Constant), Understanding_Zakat, Good_Governance

b. Dependent Variable:
Loyalty

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.643 ^a	.413	.400	.44616

a. Predictors: (Constant), Understanding_Zakat, Good_Governance

The table 4 illustrates that the regression equation $Y = 0.034 + 0.240 \text{ good governance} + 0.011 \text{ understanding of zakat}$, meaning that every 1 unit of good governance affects loyalty by 0.240 units, and each unit of understanding zakat affects loyalty by 0.011 units. Meanwhile, $R = 0.643$, the correlation value between good governance and mutual understanding of loyalty by 64.3%. R Square 0.413 means that the influence of good governance and understanding on loyalty is 41.3% (meaning there are still 58.7% of other variables that affect loyalty). Sig = 0.000 less than 0.05 means a significant effect (Sukistiyarno, 2014). Thus, there is a significant influence between good governance and understanding of ZIS together on the loyalty of Muslims to zakat management institutions in Salatiga City and Semarang Regency.

The findings of this research data indicate a significant

effect between the implementation of good governance and the understanding of ZIS on the loyalty of muzaki in paying *zakat*, *infaq*, and *sadaqah* to zakat management organizations in Salatiga City and Semarang Regency. Although there is no significant (poor) effect between the understanding of ZIS on the growth of muzaki's loyalty, the existence of a good governance system in zakat management organizations can significantly affect the growth of muzaki loyalty levels. It means that the growth of muzaki's loyalty in Salatiga City and Semarang Regency is thoroughly influenced by external factors (good governance variable). In contrast, internal factors (understanding variable) do not influence growing muzaki loyalty. Therefore, the main task of zakat management organizations in Salatiga City and Semarang Regency is to improve good governance in an integrative and simultaneous manner, but without neglecting public education efforts in increasing understanding and raising awareness in paying zakat, infaq, and sadaqah through zakat management organization.

Conclusion

This study concludes that, firstly, implementing good governance on zakat institutions significantly influences the loyalty of Muslims to zakat institutions in Salatiga and Semarang; hence, the first hypothesis is accepted. The significant influence of implementing good governance and the growth of muzaki's loyalty is an important note for zakat institutions to improve a good governance system and consistently apply the principles of good governance. Secondly, understanding of teachings on ZIS does not influence the loyalty of Muslims to zakat institutions in Salatiga and Semarang; hence, the second hypothesis is rejected. This finding is a primarily note for further research to reveal the possibility of other factors that cause the non-significance of muzaki's understanding of the loyalty variable. Third, implementing good governance and understanding of teachings on ZIS influence simultaneously the loyalty of Muslims to zakat institutions in Salatiga and Semarang, so the third hypothesis is accepted. The conclusion of this study is an important note in improving zakat institutions in Indonesia because the dominant factors that influence muzaki's loyalty arise from external aspects (implementation of good governance), not internal (understanding,

piety, and social relations). Thus, this research highly recommends that either BAZNAS or LAZ should develop their quality of zakat management systems to encourage Muslims to deliver ZIS through zakat institutions. In other words, improving the quality of service and management will significantly influence the growth of muzaki's loyalty and awareness of the Islamic community to distribute zakat, infaq, and sadaqah through zakat institutions. Thus, zakat funds can be maximally empowered and contribute to the welfare of society.

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