The Quality of Financial Reporting of Zakat Funds in West Java

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Abstract—This study aims to determine the implementation of zakat accounting information systems on the quality of financial reporting for district / city BAZNAS in West Java Province. This research is motivated by the phenomenon that the quality of financial reporting in BAZNAS has not been integrated as a whole, this is due to the lack of adequate information systems used in Baznas specifically relating to system components used. The research method used is a survey. With a sample of 21 Baznas. The research respondents were users of the accounting information system at Baznas, with the validity and reliability research instrument and the statistical analysis used was simple regression. The results of the study prove that the quality of information on the financial reporting of the National Bureau of National Education is greatly influenced by the system used by the National Police, the better the system used, the better the quality of financial reporting that results.

Keywords: quality of zakat accounting information systems, quality of financial

I. Introduction

Development of technology now increasingly demands that we have high competitiveness, especially from the aspect of the development and advancement of information technology. The information system is needed because it will produce information needed by the company in order to make decisions. According to O'Brien & Marakas that the success of information systems can be measured through the effectiveness of information technology [1], while according to Gorla et al the quality of information systems can be seen from error-free, easy to learn, easy to use and flexible [2].

Seeing how important the quality of the information system is in producing information, the Indonesian Institute of Accountants (IAI) needs to set standard rules for the financial statements presented, covering the general objectives of the financial statements and determine the qualitative characteristics of a financial statement, so that the financial statements deserve to be properly utilized and published. For those who need information, therefore in implementing the implementation of accounting information systems in companies must meet the qualitative characteristics of financial statements, as stated by the Indonesian Institute of Accountants (IAI), in the book Financial Accounting Standards, can be compared.

Likewise what happened to the National Amil Zakat Agency (BAZNAS), which is spread in regencies / cities in the province of West Java. BAZNAS is a non-structural government institution in Indonesia which has the task of collecting and distributing zakat funds, infaq and shadaqah in Indonesia. However, the reality in the field is that the potential for zakat in Indonesia is still very low, so Baznas Chairman Bambang Sudibyo states that the potential for zakat must continue to be optimized including by supporting regulations and increasing institutional effectiveness, for example by utilizing a technology-based zakat accounting information system [3].

The technology-based zakat accounting information system becomes an important requirement in supporting its business processes, especially in the delivery of information in this case information in the form of financial statements, namely by producing a quality financial report. This means that the financial statements are presented in a timely and relevant manner and meet the specified qualitative characteristics standards, to then be able to know the level of growth in the collection and distribution of zakat funds quickly and accurately so as to facilitate the leaders of the National Amil Zakat Board to obtain information as a decision-making tool for future activity plans. Based on the problem above, the identification of the problem is how much influence the implementation of zakat accounting information systems in supporting the quality of BAZNAS financial reporting as a leadership decision-making tool.

II. Literature Review

A. Accounting Information Systems

Information systems according to Richardson et al is a system that records, processes and reports transactions to provide financial and non-financial information for making decisions and has the right level of internal control [4]. This is in accordance with Sri Mulyani who states that the accounting information system is used as a tool for analysing decisions related to financial transactions [5]. Whereas Bodnar & Hopwood states that accounting information systems are a collection of resources such as people and equipment designed to process financial and other data into information [6]. The dimensions used in accounting information systems are

usability (information systems are easy to learn and easy used), integration (integration between components and integration between subsystems) and reliability (the system is reliable and not error if used).

B. Quality of Financial Reporting

Basically, the quality of financial reporting indicates what characteristics can produce better information for decision making. Financial reporting can be defined as the accuracy of financial statements in conveying information about the company's operations, specifically on the expected cash flow, so that investors can make investment decisions [7]. The purpose of financial reporting is to provide high quality financial statement information about economic entities, especially about finance used for economic decision making. Availability of financial statement information quality dimensions characteristic quality high is important because it will have a positive effect on investors who are interested in making investment decisions. In contrast to previous researchers who have measured financial reporting quality only focus on one or more dimensions of characteristics qualitative financial [8,9].

While the authors of financial reporting quality measurement refers to the IASB and financial accounting standards , then the measurement of the quality of financial reporting using dimensions accrual basis, going concern, relevant, presenting an honest, understandable, comparability and timeliness.

C. Effect of Implementation of Accounting Information Systems to Support Quality of Financial Reporting Zakat Funds

The financial statements of zakat is the information generated from accounting information systems used in an organization that manages zakat. Information systems in an organization have the purpose of processing data to produce information that is useful in supporting transaction an organization in this case is the financial statements. The study of Salehi et al that the quality of financial statements in the form of information can be used by system users to plan, control and operate a company, and the quality of financial reporting quality is an important measure of the success of an information system [10,11]. The success of a company's information system depends on how the system is run, the ease of the system for its users and the use of technology used. Based on the description above, the better the implementation of the system used, the more it can support the quality of financial reporting that can be used as a tool for decision making.

D. Zakat

Zakat is a pillar of religious pillars, a fard of religious fardages that must be held. In the Koran many verses that instruct and encourage us to give alms. Likewise, many hadith of the Prophet ordered us to give zakat. The foundation of the obligation of zakat is mentioned in the Al-Quran, Sunnah, and Ijma Ulama. Among the words of Allah relating to zakat are:

Surah al-Baqarah verse 43

وَأَقِيمُوا۟ ٱلصَّلَوٰةَ وَءَاتُوا۟ ٱلزَّكَوٰةَ وَٱرْكَعُوا۟ مَعَ ٱلرَّٰكِعِينَ ﴿٤٣﴾

Meaning: "Establish prayer and give alms and bow 'along with those who bow'" (Surah Al-Baqarah 2:43)

1) BAZNAS as recipient and manager of zakat funds: Baznas (national amil zakat body) is a zakat management institution established by the government which is engaged in the management of zakat, infaq, and alms. While the definition of zakat management according to law number 11 of 2011 concerning Zakat Management is the planning, organizing, implementing and controlling the activities of the collection, distribution and utilization of zakat. In the legislation it is recognized that there are types of zakat management organizations in Indonesia, namely the National Amil Zakat Agency (BAZNAS) which is formed by the government and the Amil Zakat Institution (LAZ) as a form of society.

E. Hypothesis

Based on the description that has been stated above, the hypothesis proposed in this research is how the influence of the implementation of zakat accounting information systems in supporting the quality of financial reporting of alms and alms funds in BAZNAS Regency / city in province West Java.

III. METHOD

A. Research Method

Research method used in this study is a method explanatory *research*. This research is explanatory because to explain the position of the variables studied as well as the relationship between one variable with another variable [12]. Explanatory research refers to the theory or hypothesis that will be tested as a cause of a phenomenon.

B. Operationalization of Variables

To clarify the testing of the hypothesis put forward, the identified variables need to be defined so that these variables can be operationalized.

Operational variables in this study are intended to facilitate or direct in compiling the necessary data measurement tools based on the variables contained in the hypothesis. Operationalization of variables is the process of operating the concept of a variable so that the variable can be measured, which is formulated by basing on the dimensions that have the concept of a variable so that the variable can be measured, which is formulated based on the dimensions of the concept and then categorized on the elements that can be measured [12]. With the operationalization of the variables listed in Table 1 below:

TABLE I.   OPERATIONALIZATION OF RESEARCH VARIABLES

Variable	Dimension	Indicator
Implementation of SIA Zakat (X)	Usability	The information system is easy to learn The information system is easy to use
	Integration	The integration between the components of integration between sub system
	Reliability	Reliable users System is not an error if used
Financial Reporting Quality of Zakat Funds (Y)	Relevant	Financial statements have predictions Information in the financial statements can be tested
	Honest	Presentation Financial statements are presented in full Financial statements are presented based on accounting standards PSA 109
	Can be compared	Disclose information that is complete the previous accounting period Presents annual report on financial ratios with similar industry
	Understandable	Financial reports are presented structured Financial statement information is presented in graph and table form

1) Populations and samples. The population in this study is the National Amil Zakat Board in the province of West Java as many as 27 Baznas, using the formula Slovin obtained a sample of 21 Baznas.

2) Data collection. Techniques used to obtain data and information are as follows:

- Interview, a technique of obtaining information through face-to-face communication to get a picture of the company, conducted interviews directly with the parties concerned in the company, namely to officials and staff in the company concerned with the problem to be studied.

- Questionnaire, which is a structured question addressed to respondents who have been determined, carried out to obtain information about the problem under study with the available alternative answers. The questionnaire will be aimed at the accounting department because this section is directly involved in the implementation of the accounting information system at the company, as well as the finance section in matters of presenting financial statements.

- Documentation, studying the data contained in the company, in the form of reports of events that already exist in the company, as well as supporting books

3) Data analysis techniques. The data used in this study is qualitative data. Qualitative data were obtained by distributing questionnaires to directly related respondents. The questionnaire used was arranged based on indicators, then the indicators were used as starting points for compiling instrument items which could be in the form of questions. Both of these variables will be measured in ordinal size using a scale Likert. The reason the writer uses the scale is Likert because the writer wants to measure the attitudes, opinions, and perceptions of a person or group of people about social phenomena. The answer to each instrument that uses a scale Likert has a gradation from very positive to very negative. With the results of the interpretations following:

TABLE II.   GROUPING RESPONDENT ANSWERS VALUE REGARDING IMPLEMENTATION OF ACCOUNTING INFORMATION SYSTEM

Value	Criteria
126 - 936	Very inadequate
227 - 761	System Inadequate
328 - 585	System AdequateAdequate
234 - 409	System system
530 - 630	System Very Adequate

TABLE III.   GROUPING RESPONDENTS' RESPONSE VALUES REGARDING QUALITY OF FINANCIAL REPORTING

Value	Criteria
168 - 382	Very High
383 - 437	Quality Report Quality
438 - 572	Quality Report Quality enough
573 - 707	Quality
708 - 840	Report Very High Quality Finance

4) Linear regression. Analysis Multiple regression analysis is used to examine the form of relationship and closeness of relationships, but different from correlation analysis on relationships or the direction of the relationship has been determined [13].

The regression equation in this study is:

$$Y = \alpha + \beta X + e$$

Note:

Y = *Quality of Financial Reporting*

B = Regression coefficient for the variable independent

α = Constants

X = Implementation of Accounting Information Systems

e = *Error term*

5) Hypothesis testing. Hypothesis testing to test whether or not the significant influence of the implementation of zakat accounting information systems on the quality of financial reporting for Baznas districts / cities in West Java province. Hypothesis testing in this study using a partial test (t test).

6) Partial test (t test). Partial test (t test) basically shows how far the influence of one explanatory or independent variable individually in explaining the variation of the dependent variable.

7) Test the coefficient of determination (R2). Test the coefficient of determination (R^2)is used to measure how far the model's ability to explain the variation of the dependent variable.

IV. RESULTS AND DISCUSSION

A. Descriptive Analysis Results

1) Implementation accounting information System in BAZNAS. Implementation accounting information system in Baznas as measured by 3 Dimensions, namely integration, flexibilityand reliability. Each dimension of the application of accounting information systems is measured through 2 indicators. The overall indicators are operationalized into 6 question items, with the following score results:

TABLE IV.   RESULTS OF RESPONDENTS' RESPONSES TO THE IMPLEMENTATION OF ACCOUNTING INFORMATION SYSTEMS

No	Dimensions	Total	Score Idel	Average	%	Category
1	Integration	138	210	3.21	65, 7	Fair
2	Flexibility	159	210	3.62	75.7	Good
3	Reliability	153	210	3.50	72.9	Good
Average Total		450	630	3.44	71.4	Adequate

Based on the table above, it can be analysed that the average response of Baznas Respondents who became a research sample of the success of zakat accounting information systems is 3.44 in the adequate system group. This can be interpreted that the majority of the information systems implemented in National Police are capable of producing information as a leadership decision-making tool. Even if viewed from the whole there is still something to be improved related to system integration, almost most of the National Police systems used are still not integrated. Furthermore, to find out the implementation of accounting information systems in Baznas will be explained from the distribution of respondents' responses in each item of statement, integration, flexibility and reliability.

2) Integration. Dimensions of integration are operationalized using 2 indicators. Based on table 4. the average score of integration dimensions is 3.21 in the sufficient category. This shows that in general the integration between components and integration between sub-systems in Baznas is quite integrated although not yet integrated as a whole, however the existing system in Baznas is sufficient to produce information for Baznas leaders for decision making.

3) Flexibility. Based on table 4.average score the average dimension of flexibility is 3.62 in the adequate / good category. This shows that in general the system used by Baznas in districts / cities in West Java is adequate / flexible, so that the output of a system is of good reporting quality.

4) Reliability. Based on table 4. the average score of the reliability dimension is 3.55 in the good / reliable category. This shows that in general the system used by Baznas districts / cities in West Java has been reliable in producing

information that is needed by the leadership in making decisions.

5) Quality financial reporting in BAZNAS. Quality of financial reporting is shaped and measured through 4 dimensions: relevant, honest presentation, comparable and understandable. Each dimension is represented by 2 indicators. Following is a descriptive analysis of the variable and each dimension and their interpretation.

TABLE V.   RESULTS SCORES OF RESPONDENTS' RESPONSES TO THE QUALITY OF FINANCIAL REPORTING BAZNAS

No	Dimensions	Total	Score Idel	Average	%	Category
1	Relevance	145	210	3.45	69.05	Good
2	Honest presentation	141	210	3.38	67.14	Fair
3	Can be compared	134	210	3.19	63.81	Fair
4	Can be understood	142	210	3.36	67.62	Fair
Average Total		562	840	3.35	66.90	Fair

In table 5 the percentage of respondents' responses to the variable quality of financial reporting is 66.90% included in the category of sufficient quality. This shows that most of the units of analysis in producing financial statements as a form of accountability to the public are of sufficient quality that fulfil relevant, comparable, honest and understandable presentation. When viewed from each dimension, the highest average rating is in the relevant dimensions. This shows to the public that Baznas financial reports are relevant in accordance with the needs of the users of the system, namely Muzzaki.

On the relevant dimension, the average respondent stated that the quality of financial reports made by Baznas was already good with a score of 69, 05%. This shows that the financial statements that have been prepared by the National Police as a means of accountability to the public are good because they are in accordance with the needs, which has an impact on the level of public trust. Whereas judging by the honest presentation dimensions have a score of 67.14%, this shows that the quality of Baznas financial reports has presented financial reports that are honest and in accordance with the standards set by IAI. The dimensions of the financial statements can be compared into enough categories with a score of 63.81%. This shows that the quality of Baznas financial reports is quite comparable with similar financial statements.

B. Verification Results

1) Effects of the implementation of zakat accounting information system on the quality of financial reporting of zakat funds in Baznas districts / cities in West Java Province. Based on descriptive statistical analysis it can be explained that the average score of the answers of system users in Baznas districts / cities in Java Province West which is the sample of research on the implementation of zakat accounting information system on the quality of financial reporting of zakat funds in regencies / cities in West Java province of 3.09 is in the category of adequate. This means that the implementation of the zakat accounting information system used by the district / city Baznas in West Java province is sufficient in helping to produce quality financial reports.

Factors that cause the quality of financial reporting of zakat funds managed by Baznas district / city have not been maximized because the system used in producing financial reports is still not integrated as a whole, both integration between components and integration between sub-systems so that the financial statements that are made are still partial and not yet all of them are PSAK 109 standardized. This can be seen from the responses of respondents having an average score of 2.89 for integration between components and 2.92 for integration between sub-systems. If we see the system usability, whether the system used by Baznas is easy to understand and easy to use, the respondent's answer has an average score of 3.14, meaning that the system that has been used by Baznas is quite easy to understand and easy to use in producing quality financial reports, whereas if seen from the reliability or reliability of the system in producing financial reports, the results of respondents' answers have an average score of 3.11 meaning that the system used by Baznas is quite reliable in producing quality financial reports even though it is still not optimal.

The influence of the implementation of zakat accounting information systems on the quality of zakat fund financial reports, although not yet qualified due to not being integrated between the system components (software, hardware, procedures and networks) in the National Education Agency. Seeing these conditions information application information system Baznas accounting information must be integrated and have an accurate data base on muzakki and mustahik data. This is as revealed by Dunn et al that integration is one of the dimensions of a quality system by providing system components (software, hardware, procedures, brain ware, databases and communication technology networks that are adequate to integrate all functions in Baznas in the hope of producing accurate and timely accounting information [14].

From the description above, it can be concluded that the low quality of accounting information systems is not integrated accounting information system in Baznas Integration is a key dimension in improving the quality of accounting information systems [15], while the magnitude of the effect of the implementation of accounting information systems on the financial reporting of zakat funds is 98.2%, which means the quality of reporting and zakat can be of quality if there is a quality information system consisting of integration, usability and reliability.

V. Conclusion

The accounting information system that is implemented in the district / city baznas in West Java Province is sufficient, this is because the input of data in the accounting information system that has been presented is relevant, understandable and comparable. Whereas based on the results of hypothesis testing it can be proven that the zakat accounting information system implementation can significantly influence the quality of zakat fund financial reporting, so that the financial reports produced by the system used by Baznas can be used as information for decision making

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