

## FINANCIAL PERFORMANCE ANALYSIS OF NIRLABA ORGANIZATION (CASE STUDY ON THE NATIONAL ZAKAT AMIL AGENCY OF LUMAJANG REGENCY 2018 - 2022)

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### ABSTRACT

*This study aims to analyze the financial performance of the National Amil Zakat Agency of Lumajang Regency in 2018 to 2022. In analyzing financial performance in this study using activity ratios, efficiency ratios, amil fund ratios, liquidity ratios, and growth ratios in accordance with guidelines issued by the National Amil Zakat Agency's strategic study center. This research uses a qualitative descriptive approach. The types and sources of data used are secondary data in the form of financial reports of BAZNAS Lumajang Regency in 2018 - 2022 with data collection methods, namely documentation. The results showed that the average activity ratio of BAZNAS Lumajang Regency was effective, and showed good results in terms of collecting and distributing Zakat, Infaq, Sadaqah (ZIS) funds. Based on the average efficiency ratio, it shows efficient results even though the ratio of operational costs to total amil rights is still inefficient. Based on the ratio of amil funds good results were obtained. Based on the average results of the liquidity ratio is not good because it indicates the obligation to distribute ZIS funds that have not been realized. Based on the ratio of collection growth the results obtained also show not good.*

**KEYWORDS** Financial Performance, Ratio, National Amil Zakat Agency



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### INTRODUCTION

Public sector organizations are defined as organizations whose funds are obtained from public funds to carry out their operational activities (Nourosa, 2018). According to Jaminta Sinaga (2017), the aim of public sector organizations is to provide services to the wider community, such as in the fields of religion, education, health and security. The types of public sector organizations are not only

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government organizations but also include religious organizations, political parties, foundations, non-governmental organizations and health (Bastian, 2010).

According to Khairuzzaman in Maulid et al., (2022), in analyzing financial performance, the analytical tool commonly used is analysis using ratios, namely a comparison of related company financial data so that you can get an idea of a company's performance (Maulid et al., 2022). So it can be concluded that financial performance is an analytical technique that can be used to see the performance of an organization from a financial perspective using ratios whose results are expected to be used as evaluation material for improvement (Saumillaili & Handayani, 2021). Public sector organizations need to measure their financial performance because the funds used in these organizations come from the public so there needs to be good performance from a financial perspective in order to create trust from the public.

The Zakat Management Organization (OPZ) is aimed at increasing effectiveness and efficiency in zakat management services. Zakat, Infaq and Alms (ZIS) is an obligation for Muslims to hand over a little of their wealth to those who are entitled to receive it (Ermawijaya, 2018). The role of BAZNAS is to bridge the distribution of zakat, infaq and alms funds between communities. BAZNAS, in carrying out its function as manager of zakat, infaq and alms funds as well as poverty alleviation, is expected to be able to implement accountability and transparency regarding the funds it manages (BPS Indonesia, 2022).

BAZNAS was formed by the government in order to manage zakat, infaq and alms funds which will be responsible to the President through the Minister of Religion. The Ministry of Religion in this case acts as a facilitator, coordinator, motivator and regulator in the management of zakat. Management of zakat, infaq and alms funds must at least be able to apply the principles of accountability and transparency. The principles of accountability and transparency can be reflected in the periodic publication of financial reports as regulated in the Regulation of the National Zakat Amil Agency of the Republic of Indonesia Number 5 of 2018 concerning Zakat Financial Management. The prepared financial reports can be analyzed for their performance using a ratio analysis technique.

BAZNAS Lumajang Regency is the National Zakat Amil Agency which manages zakat, infaq and alms funds at the district level. BAZNAS Lumajang Regency was established in 2000 based on the Lumajang Regent's Decree (SK) No. 188.45/28/434.12/2000 after the publication of Law No. 38 of 1999 concerning zakat management which was subsequently revised by Law No. 23 of 2011. BAZNAS Lumajang Regency in its reporting has in accordance with PSAK 109 where BAZNAS management makes financial reports in the form of financial position reports, fund change reports, and reports on changes in assets under management, cash flow reports, and notes to financial reports. BAZNAS Lumajang Regency is still oriented towards consumptive management, 15.40% education, 46.33% eight ashanf, 9.81% religion, 5.95% health, and 15.53% collaboration with the Zakat Collection Unit (UPZ) of the total contribution zakat, infaq and alms funds (A Syifa, 2016). The collection of zakat, infaq and alms funds carried out by BAZNAS Lumajang Regency continues to increase every year, and is even categorized as one of

the highest in East Java (Komar, 2015). The program carried out by BAZNAS Lumajang Regency is quite developed and the collection of funds can meet the target, from 2014 to 2016 zakat, infaq and alms funds have been collected reaching 4.5 billion (Wibisono, 2019). However, even though the funds collected continue to increase every year, these funds are still relatively small compared to the potential earnings.

BAZNAS Lumajang Regency was formed by a minister or official appointed at the suggestion of the regent/mayor to manage zakat, infaq and alms funds so that it is a public sector organization which is classified as a non-profit organization. Research related to financial performance analysis using BAZNAS Lumajang Regency as an object previously did not exist, seeing that the funds collected by BAZNAS Lumajang Regency are increasing every year so researchers are interested in using it as the object of their research. 2018 – 2022 is a period that covers before the Covid-19 pandemic, during the Covid-19 pandemic, and after the Covid-19 pandemic because financial performance can be measured by comparing financial reports from one period with the period before and after, so that it is known whether there is an increase or decrease. Apart from that, the ratios used in zakat management organizations have their own characteristics, this is due to differences in characteristics between zakat management organizations and other organizations.

Based on this, researchers are interested in conducting research at BAZNAS Lumajang Regency with the title "ANALYSIS OF FINANCIAL PERFORMANCE OF NON-PROFIT ORGANIZATIONS (Case Study of the Lumajang Regency National Amil Zakat Agency 2018 - 2022)". Objective Based on the problem formulation above, the aim of this research is to analyze the financial performance of BAZNAS Lumajang Regency in 2018 - 2022 based on activity ratios, to analyze the financial performance of BAZNAS Lumajang Regency in 2018 - 2022 based on efficiency ratios, to analyze the financial performance of BAZNAS Lumajang Regency in 2018 - 2022 based on the amil fund ratio, to analyze the financial performance of BAZNAS Lumajang Regency in 2018 - 2022 based on liquidity ratios, to analyze the financial performance of BAZNAS Lumajang Regency in 2018 - 2022 based on the growth ratio.

It is hoped that the results of this research will be useful and this research can increase researchers' knowledge and insight regarding financial performance in non-profit organizations, especially in zakat management organizations. It is hoped that this research can be used as evaluation material for BAZNAS Lumajang Regency to be able to improve its performance and maintain performance that has been considered good in the future. This research is expected to add references related to knowledge and understanding of financial performance analysis in non-profit organizations, especially in zakat management organizations.

### Previous Research

No	Researcher Name and Year	Research Title	Research Gap
1.	(Bahri et al., 2017)	Analisis Kinerja Keuangan Lembaga Zakat (Studi Kasus:	The ratio used in the study is a ratio adopted from previous studies, namely the

	Badan Amil Zakat Nasional)	ratio of Richie & Kolodinsky (2003), the difference also lies in the object used
2.	(Hasanah, 2020) Analisis Perbandingan Kinerja Keuangan Organisasi Nirlaba : Studi Kasus Pada Badan Amil Zakat Berskala Nasional	In research conducted using the ratio from the previous study, namely Richie & Kolodinsky (2003), further differences exist in the place of research.
3.	(Maulid et al., 2022) Analisis Laporan Keuangan Dalam Mengukur Kinerja Keuangan Baznas Provinsi Papua	The research used research objects throughout BAZNAS Papua Province, while this study used only one object, namely BAZNAS Lumajang Regency.

## RESEARCH METHOD

### Research Design

This research is a type of research using a qualitative descriptive approach. Qualitative descriptive research is research that places the researcher as the key instrument in data collection techniques and analyzing qualitative data to examine objects based on the facts that occurred (Sugiyono, 2020). This research uses a qualitative approach by explaining and describing the data obtained as a result of the research. The research location is at BAZNAS Lumajang Regency which is located at Jl. Brigadier General Slamet Riyadi No. 42 A RT. 03 RW. 14, Tompokersan Village, Lumajang Regency, East Java.

### Data Types and Sources

The type and source of data in this research is secondary data. Secondary data is a data source that is not directly provided to data collectors (Sugiyono, 2020). So it can be concluded that secondary data is data obtained indirectly, for example, such as report documents. In this research, secondary data is in the form of Lumajang Regency BAZNAS financial reports for 2018 - 2022.

### Method of Collecting Data

The data collection method used by researchers to obtain relevant data is documentation. Documents are records of events in the past (Sugiyono, 2020). In this research, the document used is the Lumajang Regency BAZNAS financial report for 2018 – 2022 which has been audited.

### Data Analysis Method

Data analysis is a process of searching for and compiling data that has been obtained from interviews, field notes, and documentation, then organizing the data into categories, describing it into several units, synthesizing, arranging into a

pattern, choosing what is important and what will be studied, and making conclusions so that it will be understood by oneself and others (Sugiyono, 2020).

In this research, the analysis technique was carried out in several stages, namely:

1. Collect data, namely the Lumajang Regency BAZNAS financial report for 2018 – 2022.
2. Calculate the financial performance of BAZNAS Lumajang Regency in 2018 - 2022 by calculating using the activity ratio, efficiency ratio, amil fund ratio, liquidity ratio and growth ratio.
3. Analyze and compare the financial performance of BAZNAS Lumajang Regency in 2018 - 2022.
4. Draw conclusions.

The ratios used to measure the performance of BAZNAS Lumajang

This research design is descriptive qualitative research carried out at BAZNAS Lumajang Regency. This research aims to describe and analyze the financial performance of BAZNAS Lumajang Regency in 2018-2022. The research location is on Jl. Brigadier General Slamet Riyadi No. 42 A RT. 03 RW. 14, Tompokersan Village, Lumajang Regency, East Java. In this research, secondary data is in the form of the BAZNAS Lumajang Regency financial report for 2018-2022. The data collection method used is documentation, with data analysis carried out through several stages, including calculating activity ratios, efficiency, amil funds, liquidity and growth.

The ratios used to measure the performance of BAZNAS Lumajang Regency include Allocation to Collection Ratio (ACR), Zakah Turn Over, Average of Days Zakah Outstanding, Infaq and Shodaqa Allocation Ratio, Average of Days Infaq Shodaqoh Outstanding, ZIS Turn Over, Average of Days ZIS Outstanding, collection cost efficiency ratio, collection ratio, operational cost ratio, amil fund ratio, amil rights ratio, liquidity ratios such as the Current Ratio and Cash to ZIS Ratio, as well as the growth ratio. Interpretation of these ratios provides an overview of the effectiveness, efficiency and liquidity of BAZNAS Lumajang Regency, as well as the growth of ZIS fund collection. This performance evaluation is the basis for formulating conclusions regarding the financial health and management of BAZNAS funds in Lumajang Regency during the research period.

## **RESULT AND DISCUSSION**

The calculations for each ratio used in analyzing the financial performance of BAZNAS Lumajang District are provided in Appendix 1. The calculation of each ratio is the result of account items used in the financial statements to assess the financial performance of BAZNAS Lumajang District for the years 2018-2022. The financial statements of BAZNAS Lumajang District consist of the balance sheet, statement of changes in funds, statement of changes in managed assets, and cash flow statement as attached in Appendices 2-6. The table below summarizes the results of each calculation of BAZNAS Lumajang District's activity ratios for the years 2018-2022.

### Activity Ratios

Activity ratios are used to measure the effectiveness of the distribution of zakat, alms, and donations by BAZNAS. The table below summarizes the results of each calculation of BAZNAS Lumajang District's activity ratios for the years 2018-2022.

Table 2 Results of Activity Ratio Calculation

<b>Rasio Aktivitas</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<i>Gross Allocation Ratio (%)</i>	57,52	70,21	79,51	84,73	61,09
<i>Gross Allocation Ratio Non Amil (%)</i>	54,14	68,31	78,61	82,96	56,29
<i>Net Allocation to Collection Ratio (%)</i>	100,38	118,81	114,32	113,06	73,52
<i>Net Allocation to Collection Ratio non Amil (%)</i>	107,09	121,59	116,32	115,05	69,49
<i>Zakah Allocation Ratio (%)</i>	100,22	117,62	115,99	112,97	71,01
<i>Zakah Allocation Ratio non Amil (%)</i>	100,25	120,11	118,27	114,82	66,87
<i>Infaq and Shodaqa Allocation Ratio (%)</i>	102	128,09	105,68	113,79	95,85
<i>Infaq and Shodaqa Allocation Ratio non Amil (%)</i>	102,44	133,58	106,40	117,14	94,83
<i>Zakah Turn Over</i>	1,68	2,43	4,06	7,40	3,06
<i>Average of Days Zakah Outstanding</i>	213,65	147,98	88,73	48,62	117,45
<i>Infaq Shodaqoh Turn Over</i>	0,44	0,86	1,31	0,94	0,76
<i>Average of Days Infak Sedekah Outstanding</i>	812,77	418,30	274,20	383,58	474,31
<i>ZIS Turn Over</i>	1,34	1,99	3,09	4,20	2,19
<i>Average of Days ZIS Outstanding</i>	267,70	181,26	116,33	85,67	164,46

Source: Financial Statements of BAZNAS Lumajang District (Processed in 2023)

Based on Table 2, it can be seen that each activity ratio for the years 2018-2022 experienced fluctuating increases and decreases. The Allocation to Collection Ratio (ACR) for Gross Allocation and Gross Allocation Ratio Non Amil had the lowest values, especially in 2018, indicating ineffective balances of zakat, infaq/sedekah distribution, where the balance from the collection and distribution of zakat funds in one period and the balance from the previous period were not effectively distributed. Meanwhile, the ACR Net Allocation to Collection Ratio to Zakah Allocation Ratio non Amil had the lowest values in 2022 because the distribution of zakat funds, especially in that period, had not been effectively distributed. Turnover ratios are related to the Average of Days ratios. In 2018-2022, the Zakah and ZIS Turnover ratios had very good values, thus the Average of Days ratios were also good. However, the Infaq Sadaqa Turnover ratio was still not good on average, except for 2020, which received a good value, consistent with the Average of Days Infaq Sadaqa Outstanding ratio, which only received a good value in 2020, as the collected infaq and sadaqah funds could not be fully distributed in those years.

### Efficiency Ratios

Efficiency ratios are used to determine the efficiency of operational costs in gathering and distributing zakat funds, measuring whether the costs incurred are effective or not in gathering and distributing zakat funds. Here are the results of the efficiency ratio calculations.

Table 3 Results of Efficiency Ratio Calculation

<b>Efficiency Ratio</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>Cost of Collection Ratio (%)</b>	2,48	3,45	3,63	2,02	0,56
<b>Collection Ratio (%)</b>	0,39	0,55	0,44	0,3	0,08
<b>Operational Cost to Amil's Share (%)</b>	89	100	93	112	112
<b>Operational to Total Collection Ratio (%)</b>	16	16	11	15	15

Source: Financial Statements of BAZNAS Lumajang District (Processed in 2023)

Efficiency ratios in their measurement use several account items found in financial statements. Operational expenses are taken from the costs incurred by the amil or BAZNAS employees to support operational activities. The fundraising costs in this study are taken from the expenses incurred to raise ZIS funds each year, such as documentation and publication costs, including media costs, educational costs, and socialization to the community about the importance of zakat, as well as the distribution of ZIS invitation brochures. Operational costs are taken from the expenses incurred by the amil or BAZNAS employees for operational activities. Meanwhile, the total amil rights are the sum of amil receipts.

Based on table 4.2, it can be seen that the fundraising cost ratio from 2018 to 2022 obtains values of less than 10%, and the fundraising ratio over the five years also obtains values of less than 2%, so both ratios achieve efficient results, meaning that BAZNAS Kabupaten Lumajang is able to efficiently manage the funds needed for ZIS fundraising. The operational cost ratio to the total amil rights experienced fluctuations, with only in 2018 obtaining fairly efficient results, while for the following years it is still not efficient. Meanwhile, the operational cost ratio to the total fundraising from 2018 to 2022 obtains sufficiently efficient values.

### **Amil Fund Ratio**

The amil fund ratio is used to measure and describe the effectiveness of the amil funds spent for BAZNAS operational activities. Here are the results of the amil fund ratio calculation.

Table 4 Results of Amil Fund Ratio Calculation

<b>Amil Fund Ratio</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>Amil Rights Ratio (%)</b>	12,99	12,99	12,30	13,26	13,24
<b>Amil Rights Ratio for Zakat (%)</b>	12,50	12,50	12,49	12,48	12,50
<b>Amil Rights Ratio for Infak/Sadaqah (%)</b>	18,11	16,59	11,30	19,70	19,90

Source: BAZNAS Kabupaten Lumajang Financial Report (Processed 2023)

The results of the amil fund ratio calculation can be seen in table 4, the first ratio is the amil rights ratio where from 2018 to 2022 the results obtained are not greater than 13.8%, thus achieving good results. Meanwhile, the other two ratios, namely the amil rights ratio for zakat and the amil rights ratio for infak/sadaqah from the five years studied also obtained good results. This indicates that BAZNAS Kabupaten Lumajang is able to efficiently and effectively use amil funds.



### Liquidity Ratio

The liquidity ratio is used to determine the ability of zakat management organizations to pay current liabilities or short-term obligations. In this case, the short-term obligations referred to are the ZIS funds that must be immediately distributed by BAZNAS. Here are the results of the liquidity ratio calculation.

Table 5 Liquidity Ratio Calculation Results

<b>Liquidity Ratio</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<i>Current Ratio</i>	1,16	1,12	1,44	-1,00	9,44
<i>Cash to ZIS Ratio</i>	1,08	1,13	1,27	-0,99	9,31

Source: BAZNAS Kabupaten Lumajang Financial Report (Processed 2023)

In table 5, the calculation for the Current Ratio from 2018 to 2020 obtained good results on average, but in 2021 it obtained the lowest figure of -1, resulting in a poor value because current assets cannot meet all of BAZNAS's short-term liabilities. Meanwhile, in 2021 it obtained the highest figure of 9.41, which is also not good because of idle funds. The Cash to ZIS Ratio also had the lowest figure in 2021 with -0.99, meaning cash and cash equivalents cannot cover short-term liabilities, and in 2022 it also obtained the highest figure of 9.31, indicating it is not good because there are still obligations that have not been distributed in that period.

### Growth Ratio

The growth ratio is used to determine the growth of zakat, infak/sadaqah funds from year to year. Here are the results of the growth ratio calculation.

Table 6 Growth Ratio Calculation Results

<b>Growth Ratio</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<i>Growth of Zakah (%)</i>	2,12	3,87	8,09	-5,32	1,15
<i>Growth of Infaq and Sadaqa (%)</i>	-7,76	40,79	61,74	-39,40	-7,94
<i>Growth of ZIS (%)</i>	1,19	7,08	14,22	-10,83	0,15

Source: BAZNAS Kabupaten Lumajang Financial Report (Processed 2023)

Based on table 6, of the 3 calculated ratios, namely the Growth of Zakah, Growth of Infaq and Sadaqah, Growth of ZIS from 2018 to 2022, they have poor values because the calculated ratio results are less than 100%. In 2021, all three ratios obtained negative results because the collection from zakat, infak/sadaqah, and ZIS was smaller than the previous year. However, overall, BAZNAS Kabupaten Lumajang still needs to increase growth in the collection of zakat and infak/sadaqah funds.

### Discussion

Research conducted by Musviyanti (2017) has a ratio with a similar meaning to this study, namely the ratio of operating income with zakah allocation ratio and



infaq sadaqa allocation ratio. The results of the operating income ratio in Musviyanti's research (2017) show that BAZNAS Balikpapan City and LAZ Pupuk Kaltim are both good in carrying out their operational activities, where the total zakat and infaq / alms funds collected can almost entirely be distributed. The results of the zakah allocation ratio and infaq sadaqa allocation ratio conducted at the BAZNAS of Lumajang Regency in 2018 – 2022 show that both obtained very effective results in collecting and distributing zakat, infaq / alms funds.

The discussion related to the results of the five ratios used in this study is as follows:

#### ***Activity Ratio***

##### **a. Gross Allocation Ratio**

Gross Allocation Ratio is used to see the effectiveness of collecting zakat funds, infaq / alms (Puskas BAZNAS, 2019). Based on the results of the study, BAZNAS Lumajang Regency in 2018 received the lowest results, showing a lack of effectiveness due to a fairly high fund balance from the previous year (Mardiasmo, 2020). However, until 2021, there has been a significant increase in the collection and distribution of ZIS funds, especially in the face of the Covid-19 pandemic.

##### **b. Gross Allocation Ratio Non Amil**

The Non-Amil Gross Allocation Ratio also showed a significant increase from year to year, indicating effectiveness in the collection and distribution of ZIS funds without including the proportion of amil rights in the calculation. Despite the decline in 2022, it is still included in the category of quite effective.

##### **c. Net Allocation to Collection Ratio**

Net Allocation to Collection Ratio shows the effectiveness of collecting and disbursing ZIS funds without taking into account the final ZIS fund balance. Despite the fluctuations, the average of these ratios is included in the very effective category, showing the ability of BAZNAS Lumajang Regency to carry out operational activities effectively.

##### **d. Net Allocation to Collection Ratio non Amil**

The non-Amil Net Allocation to Collection Ratio also shows effectiveness in collecting and distributing ZIS funds without taking into account the proportion of distribution to amils. Despite the decline in 2022, the average of these ratios falls into the highly effective category.

##### **e. Zakah Allocation Ratio**

Zakah Allocation Ratio shows effectiveness in collecting and distributing zakat funds only. Despite the fluctuations, the average of these ratios falls into the category of highly effective.

##### **f. Zakah Allocation Ratio non Amil**

The non-Amil Zakah Allocation Ratio is used to measure the collection and distribution of zakat funds without taking into account the share of amil. The year 2018 has a yield of 100.25% and is very efficient. In 2019 it increased to 120.11%, also very effective. Despite the decline in 2020 and 2021, the results are still in the highly effective category. However, in 2022 it experienced a drastic decrease to 66.82%, including the category of quite effective. This decrease was due to part of

the zakat funds allocated as reserves for BAZNAS' routine expenses in the following year.

g. Infaq and Shodaqa Allocation Ratio

Infaq and Shodaqa Allocation Ratio measures the effectiveness of collecting and distributing infaq/alms funds. The year 2018 had a result of 102%, including the category of very effective. In 2019 it increased to 128.09%, also very efficient. Despite the decline in 2020, the results are still very effective. However, in 2022 it decreased to 95.85%, but it is still in the very effective category because part of the funds are used as reserves.

h. Infaq and Shodaqa Allocation Ratio non Amil

Used to measure the effectiveness of collecting and distributing infak/alms funds without taking into account the share of amyl. The year 2018 had a result of 102.44%, including the category of very effective. In 2019 it increased to 133.58%, also very effective. Despite the decline in 2020, the results are still very effective. However, in 2022 it decreased to 94.83%, but it is still in the very effective category because part of the funds are used as reserves.

I. Zaka turn over

Zakah Turn Over measures the turnover of zakat funds in one period. The year 2018 has a value of 1.68, including very good. The year 2019 increased to 2.43, also very good. The distribution of zakat funds increased in 2020 and 2021, but decreased in 2022.

j. Average of Days Zakah Outstanding

Average of Days Zakah Outstanding measures how long zakat funds settle in an organization. The year 2018 had a result of 213.65, including good. In 2019 it decreased to 147.98, also good. This decrease shows an increase in efficiency in the turnover of zakat funds. A decrease in efficiency occurred in 2022.

k. Infaq Shodaqoh Turn Over

Infaq Shodaqoh Turn Over is a ratio to determine the turnover of infak/alms funds in one period. The years 2018 and 2019 had poor results because the value was less than 1. In 2020 it increased to 1.31 which is good. However, in 2021 and 2022, it experienced another decline.

l. Average of Days Infak Sedekah Outstanding

Average of Days Infak Alms Outstanding is used to determine the turnover of infak / alms funds in one year. The years 2018 and 2019 had poor results as funds settled for more than one year. In 2020 it increased to 274.20 which is good. However, in 2021 and 2022, it experienced another decline.

m. ZIS Turn Over

ZIS Turn Over measures the turnover of zakat funds, infak/alms in one period. The years 2018 and 2019 had excellent results. The year 2020 increased drastically to an excellent 3.09. In 2021 and 2022, it also performed very well despite experiencing a slight decline.

Based on the discussion above, a summary of the interpretation of each activity ratio is summarized in the following table:

Table 7 Interpretation Results of Activity Ratios

<b>Ratio Name</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b><i>Gross Allocation Ratio</i></b>	Fairly Effective	Fairly Effective	Effective	Effective	Fairly Effective
<b><i>Gross Allocation Ratio Non Amil</i></b>	Less Effective	Fairly Effective	Effective	Effective	Less Effective
<b><i>Net Allocation to Collection Ratio</i></b>	Very Effective	Very Effective	Very Effective	Very Effective	Fairly Effective
<b><i>Net Allocation to Collection Ratio non Amil</i></b>	Very Effective	Very Effective	Very Effective	Very Effective	Fairly Effective
<b><i>Zakah Allocation Ratio</i></b>	Very Effective	Very Effective	Very Effective	Very Effective	Fairly Effective
<b><i>Zakah Allocation Ratio non Amil</i></b>	Very Effective	Very Effective	Very Effective	Very Effective	Fairly Effective
<b><i>Infaq and Shodaqa Allocation Ratio</i></b>	Very Effective	Very Effective	Very Effective	Very Effective	Very Effective
<b><i>Infaq and Shodaqa Allocation Ratio non Amil</i></b>	Very Effective	Very Effective	Very Effective	Very Effective	Very Effective
<b><i>Zakah Turn Over</i></b>	Excellent	Excellent	Excellent	Excellent	Excellent
<b><i>Average of Days Zakah Outstanding</i></b>	Good	Good	Good	Good	Good
<b><i>Infaq Shodaqoh Turn Over</i></b>	Bad	Bad	Excellent	Bad	Bad
<b><i>Average of Days Infak Sedekah Outstanding</i></b>	Bad	Bad	Good	Bad	Bad
<b><i>ZIS Turn Over</i></b>	Excellent	Excellent	Excellent	Excellent	Excellent
<b><i>Average of Days ZIS Outstanding</i></b>	Good	Good	Good	Good	Good

Source: BAZNAS Financial Report Lumajang Regency (Processed 2023)

Overall, BAZNAS Lumajang Regency is able to carry out its operations effectively in collecting and distributing ZIS funds, despite experiencing challenges such as the Covid-19 pandemic. This shows the active role of the institution in raising and channeling ZIS funds for the benefit of communities in need.

### ***Efficiency Ratios***

#### **a. Collection Cost Ratio**

The collection cost ratio is a tool to evaluate the expenses incurred in the process of collecting zakat, infaq, and sedekah. In 2018, this ratio was 2.48%, indicating efficiency because the collection expenditure was not significant. These costs include documentation, socialization, and advertising to enhance collection. However, in 2019, this ratio increased to 3.45% due to higher collection expenses.

Nevertheless, efficiency remained preserved because operational costs were not as significant as collection costs. In 2020, this ratio further increased to 3.62% due to high collection costs to address the COVID-19 pandemic. However, a reduction in operational costs kept it efficient. In 2021, the ratio dropped to 2.02%, indicating further efficiency due to a decrease in collection costs. This decrease did not significantly affect ZIS fund collection. In 2022, the ratio reached 0.56% due to low collection costs. This indicates an improvement in collection efficiency over the years.

**b. Collection Ratio**

The collection ratio measures the efficiency of costs relative to the amount of zakat, infaq, and sedekah collected. In 2018, this ratio was 0.39%, indicating efficiency because the collection costs were not high. However, the amount of funds collected was significant. In 2019, the ratio increased to 0.56%, but still remained in the efficient category. In 2020 and 2021, this ratio decreased to 0.44% and 0.30% respectively, indicating increased efficiency in ZIS fund collection despite the pandemic situation. In 2022, the ratio reached 0.08%, indicating high efficiency due to low collection costs.

**c. Operational Cost to Total Amil Ratio**

This ratio indicates the proportion of operational costs to the total amil used in the institution's operational activities. In 2018, this ratio was 89%, sufficiently efficient because operational costs were proportional to the total amil given. However, in 2019, the ratio reached 100%, indicating inefficiency due to increased operational costs without an increase in total amil. A decrease occurred in 2020 to 93% and rose again in 2021-2022 to 112%, indicating the inefficiency of operational expenditures compared to the total amil provided.

**d. Operational Cost to Total Collection Ratio**

This ratio measures the proportion of operational costs to the total zakat, infaq, and sedekah collected. In 2018 and 2019, this ratio was sufficiently efficient at 16% each because the proportion of operational costs still matched the total collection. In 2020, this ratio decreased to 11% due to increased ZIS fund collection. However, in 2021-2022, this ratio increased to 15%, indicating increased operational costs disproportionate to the ZIS fund collection.

Based on the discussion above, a summary of the interpretation of each efficiency ratio is summarized in the following table:

Table 8 Efficiency Ratio Interpretation Results

<b>Ratio Name</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>Collection Cost Ratio</b>	Efficient	Efficient	Efficient	Efficient	Efficient
<b>Collection Ratio</b>	Efficient	Efficient	Efficient	Efficient	Efficient
<b>Operational Cost to Total Amil Ratio</b>	Fairly Efficient	Inefficient	Inefficient	Inefficient	Inefficient

<b>Operational Cost to Total Collection Ratio</b>	Fairly Efficient	Fairly Efficient	Efficient	Fairly Efficient	Fairly Efficient
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Source: Financial Report of BAZNAS Lumajang Regency (Processed in 2023)

***Amil Fund Ratio***

The Amil Fund Ratio of BAZNAS Lumajang Regency during the period 2018-2022 shows consistency in the efficiency and effectiveness of the use of amil funds originating from zakat, infaq, and sedekah in operational activities.

a. Amil Rights Ratio

The amil rights ratio shows consistent and stable results in the good category during the years 2018-2020, not exceeding the reasonable limit set. This indicates efficiency in the use of amil funds by BAZNAS Lumajang. However, in 2021 and 2022, there was a slight increase in the ratio, but still within reasonable limits.

b. Amil Rights Ratio for Zakat

The amil rights ratio for zakat also shows consistent and stable results in the good category, not exceeding the reasonable limit set. BAZNAS Lumajang is able to use amil funds for zakat in accordance with applicable regulations, indicating efficiency in managing these funds.

c. Amil Rights Ratio for Infaq/Sedekah

Although there were fluctuations in certain years, such as in 2020, the amil rights ratio for infaq/sedekah remained below the maximum limit set. BAZNAS Lumajang is able to calculate the proportion of amil rights properly, indicating efficiency in the use of amil funds.

Based on the above discussion, a summary of the interpretation of each amil fund ratio is summarized in the following table:

Table 9 Amil Fund Ratio Interpretation Results

Ratio Name	2018	2019	2020	2021	2022
<b>Amil Rights Ratio</b>	Good	Good	Good	Good	Good
<b>Amil Rights Ratio for Zakat</b>	Good	Good	Good	Good	Good
<b>Amil Rights Ratio for Infaq/Sedekah</b>	Good	Good	Good	Good	Good

Source: Financial Report of BAZNAS Lumajang Regency (Processed in 2023)

However, it should be noted that the average amil fund ratios are approaching the maximum limit set. Therefore, BAZNAS Lumajang Regency needs to consider minimizing the use of amil funds to optimize the distribution of zakat, infaq, and sedekah.

***Liquidity Ratios***

a. Current Ratio

The Current Ratio is used to measure the institution's ability to pay its short-term obligations. BAZNAS Lumajang Regency obtained stable results during the years 2018-2020, with values not less than 1 and not more than 1.5, falling into the

good category. However, in 2021, the result fell into the not good category (-1.00) because the managed assets could not be fully distributed, resulting in increased short-term obligations. In 2022, the value of the current ratio increased to 9.44, exceeding the reasonable limit of 1.5, indicating idle funds. Overall, the average current ratio during 2018-2022 is 2.43, falling into the not good category.

b. Cash to ZIS Ratio

This ratio measures the ability of cash and cash equivalents to meet the distribution obligations from zakat and infaq/sedekah funds. During the years 2018-2020, the results were stable and good, with values not less than 1 and not more than 1.5. However, in 2021, the result was not good (-0.99) because the managed assets had not been fully distributed. In 2022, the value increased to 9.32, indicating undistributed funds. Overall, the average cash to ZIS ratio during 2018-2022 is 2.36, falling into the less good category.

Based on the above discussion, a summary of the interpretation of each liquidity ratio is summarized in the following table:

Table 10 Liquidity Ratio Interpretation Results

Ratio Name	2018	2019	2020	2021	2022
<i>Current Ratio</i>	Good	Good	Good	Not Good	Not Good
<i>Cash to ZIS Ratio</i>	Good	Good	Good	Not Good	Less Good

Source: Financial Report of BAZNAS Lumajang Regency (Processed in 2023)

**Growth Ratio**

a. Growth of Zakah

The zakat growth ratio is used to evaluate the ability of zakat institutions to increase the collection of zakat funds every year. The years 2018-2019 showed low growth, below good standards. Despite the increase in 2020, the growth is still considered not good. A significant decrease occurred in 2021, although 2022 experienced a slight increase, it was still in the bad category. Overall, the average zakat growth during 2018-2022 was 1.99%, indicating an unsatisfactory performance.

b. Growth of Infaq and Sadaqa

The growth ratio of infaq and alms assesses the ability of zakat institutions to increase the collection of infaq and alms funds. Despite the increase in 2019-2020, the growth is still below a good standard. A significant decline occurred in 2021, resulting in poor performance. The average growth of infaq and alms during 2018-2022 was 9.49%, indicating the need for an increase in the fundraising.

c. Growth of Zakah, Infaq, and Sadaqa

The growth ratio of zakat, infaq, and alms funds assesses the ability of zakat management organizations to increase ZIS fund raising every year. Despite the increase in 2019-2020, the results were still below the expected standard. A significant decline occurred in 2021, resulting in negative growth. Overall, the average growth during 2018-2022 was 2.36%, indicating performance that needs improvement. Further efforts are needed in increasing community participation and

responsiveness of zakat institutions in serving the community to achieve better results.

Based on the discussion above, a summary of the interpretation of each liquidity ratio is summarized in the following table:

Table 11 Results of Interpretation of Growth Ratio of Zakat, Infak, Sadaqah

<b>Ratio Name</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<i><b>Growth of Zakah</b></i>	Not Good	Not Good	Not Good	Not Good	Not Good
<i><b>Growth of Infaq and Sadaqa</b></i>	Not Good	Not Good	Not Good	Not Good	Not Good
<i><b>Growth of Zakah, Infaq and Sadaqa</b></i>	Not Good	Not Good	Not Good	Not Good	Not Good

Sumber: Laporan Keuangan BAZNAS Kabupaten Lumajang (Diolah 2023)

## CONCLUSION

Based on the results of the research and discussion that have been described, the author has reached the conclusion that the financial performance of BAZNAS Lumajang Regency for 2018-2022 is evaluated based on several ratios. The activity ratio, including the Gross Allocation to Collection ratio and the Infaq and Shodaqa Allocation Non-Amil ratio, indicates effectiveness, with the institution displaying very good collection and distribution of ZIS funds. However, certain ratios like Infaq Shodaqa Turn Over and Average of Days Zakah Outstanding show less favorable results due to funds sitting in the institution for over a year.

Efficiency ratios, such as the average collection cost ratio, reflect BAZNAS Lumajang Regency's ability to efficiently increase the collection costs for zakat, infaq, and alms funds. Conversely, the operational costs to amil rights ratio indicates inefficiency, with operational costs exceeding total amil rights. Nonetheless, the ratio of operational costs to total collection is efficient, implying that operational costs remain efficient compared to the collected funds. When measured by the amil fund ratio, which includes the ratio of amil rights to zakat and infaq/alms, BAZNAS Lumajang Regency maintains good interpretation, indicating adherence to provisions. However, liquidity ratios, such as the current ratio and cash to ZIS ratio, reveal less favorable results, suggesting pending distribution obligations and funds deposited as receivables.

Lastly, the growth ratio, encompassing the growth of zakah, infaq, sadaqa, and ZIS, reflects fluctuating collection and growth of funds over the years. Despite some increases, the overall growth is not significant, resulting in an evaluation of the institution's financial performance as not good.

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