THE EFFECT OF COMPETENCE OF ZAKAT MANAGERS AND TRANSPARENCY ON FINANCIAL REPORT ACCOUNTABILITY (STUDY AT LAZISMU CENTRAL JAVA)

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ABSTRACT
Zakat management institutions play a strategic role in collecting and distributing zakat funds effectively, accountably, and in accordance with Islamic principles. To maintain public trust, such institutions must demonstrate accountability in their financial reporting. This accountability is largely influenced by the competence of zakat administrators and the transparency of the institution. This study aims to examine the influence of zakat administrators' competence and organisational transparency on the financial accountability of Lazismu, a zakat institution operating in Central Java. The competence variable includes dimensions of knowledge, skills, and professional attitudes, while transparency refers to information disclosure, openness, and clarity. A quantitative approach was employed using a survey method, with data collected from 100 muzakki (zakat givers) respondents. The data were analysed using Structural Equation Modelling (SEM) with the SmartPLS 4 software. The results reveal that both competence and transparency have a positive and significant influence on financial accountability. These findings support the signalling theory, which suggests that professional competence and transparent practices serve as positive signals that enhance public trust in the credibility of zakat institutions' financial reports.

Keywords: Knowledge of zakat managers, transparency, accountability of financial statements.

INTRODUCTION

Indonesia, as the country with the fourth-largest population in the world and the third-largest Muslim population globally, has great potential to develop Islamic economic practices, especially through zakat (BPS Indonesia, 2022 & Mastuki, 2020). Zakat, which is one of the five pillars of Islam, is not only a religious obligation but also a strategic social instrument to reduce poverty and economic inequality (Hafidhuddin, 2011 & Sitepu, 2018). In the Indonesian context, zakat is managed by formal institutions, both government (BAZNAS) and non-government (LAZNAS), such as Lazismu. These institutions are expected to perform with high accountability and transparency in order to maintain public trust (Azimatul, 2019).

However, recent cases of zakat fund mismanagement as evidenced by corruption cases involving zakat fund handlers have raised serious concerns over the financial accountability of zakat institutions (Lubis & Latifah, 2019). This reinforces the need for trustworthy financial reporting mechanisms in zakat institutions. One of the key factors influencing accountability is the competence of zakat managers, which includes knowledge of sharia principles, technical skills in financial management, and professional attitudes (Sanjaya, 2019). In Islamic thought, the importance of both competence and integrity is emphasized in the Qur'an (QS Al-Qashash: 26) which states, "Sesungguhnya orang terbaik yang engkau pekerjakan adalah orang yang kuat (al-qawiyy) dan dapat dipercaya (al-amīn)".

Besides competence, transparency is another important factor. It reflects the degree to which zakat institutions provide open and accessible financial information to stakeholders. Transparency supports the formation of accountability, especially when muzakki can verify how their funds are managed (Adiwijaya & Kusmayadi, 2023). This aligns with Signaling Theory, which suggests that transparency and competence serve as signals that reflect the credibility and reliability of zakat institutions (Rahayu et al., 2019 & Michael, 2009).

While many studies have analyzed these variables independently, few have explored the combined influence of competence and transparency on financial accountability, particularly in the context of Lazismu in Central Java. This study aims to fill that gap and provide empirical evidence on the effect of these variables on accountability within Islamic philanthropic institutions.

LITERATURE REVIEW

Accountability in Zakat Institutions

Accountability refers to the obligation of institutions to provide clear, honest, and complete information regarding the use of resources entrusted to them (Azimatul, 2019) . In the context of zakat, accountability is not only a managerial obligation but also a religious one. Zakat institutions are expected to report transparently to donors (muzakki) about the collection, allocation, and impact of zakat distribution. According to (Afandi et al., 2022) accountability can improve public trust and encourage greater zakat compliance (Hikam et al., 2025).

Competence of managers

Competence refers to the combination of knowledge, skills, and attitudes required to perform tasks effectively. In zakat management, this includes understanding zakat fiqh, financial accounting, strategic planning, and soft skills such as communication and integrity (Sanjaya, 2019). The Qur'an emphasises the importance of competence and trustworthiness in leadership selection, as seen in (QS Al-Qashash: 26). In empirical studies, managerial competence has been linked to organisational transparency and accountability (Adiwijaya & Kusmayadi, 2023). A competent amil can interpret financial guidelines accurately and ensure zakat funds are distributed effectively (Anirta et al., 2024).

Transparency in Zakat Institutions

Transparency is defined as the extent to which an organization discloses relevant, reliable, and timely information to stakeholders (Connelly et al., 2011). In zakat institutions, transparency involves publishing audited reports, disclosing distribution policies, and enabling feedback from donors (Jaya et al., 2025). Research by Rahayu et al (2019) states that transparency is a critical determinant of trust in nonprofit and religious institutions. In the zakat context, it functions as a mechanism to assure muzakki that their contributions are used correctly, thus reinforcing the institution’s credibility (Rifki et al., 2024).

The Relationship Between Competence, Transparency, and Accountability

The integration between competence and transparency forms the foundation for good governance. The signaling theory suggests that institutions with competent personnel and transparent systems send positive signals to stakeholders, thereby improving their image and accountability (Connelly et al., 2011). Prior studies (Adiwijaya & Kusmayadi, 2023 and Afandi et al., 2022) have found significant relationships between these variables, though contextual applications in Indonesian zakat institutions are still underexplored (Jaya et al., 2025).

HYPOTHESIS

The competence of zakat managers is believed to have a significant impact on the accountability of financial reporting in zakat institutions (Oktaviana et al., 2024). Sanjaya (2019) states that managerial competence, which includes technical skills, experience, and ethical values, directly contributes to the accuracy and reliability of financial information. Similarly Nurul, (2017) emphasizes that competent managers are more likely to adhere to sharia principles and institutional procedures, leading to higher accountability.

Transparency is also considered a crucial factor influencing accountability. Institutions that provide clear, timely, and accessible financial information tend to earn greater trust from stakeholders (Rahayu et al., 2019 & Adiwijaya & Kusmayadi, 2023). According to signaling theory, transparency serves as a positive signal that reflects the organization's integrity and performance (Connelly et al., 2011).
Based on this discussion, the hypotheses of this study are as follows:
H_1: Managerial competence has a significant effect on the accountability of financial reporting in zakat institutions.
H_2: Transparency has a significant effect on the accountability of financial reporting in zakat institutions.
These hypotheses will be tested using structural equation modeling to examine the direct influence of both independent variables on the dependent variable within the context of Lazismu Central Java.

METHODS

This research employed a quantitative approach with a causal associative design to examine the effect of managerial competence and transparency on financial accountability (Iswara, 2008). The study was conducted at Lazismu offices across Central Java, focusing on the perceptions of zakat managers (amil).

Population and Sample

The population of this study consisted of zakat managers and administrative staff working in Lazismu Central Java. The sample was selected using a purposive sampling technique based on inclusion criteria: actively involved in zakat financial reporting and managerial activities. A total of 100 respondents were selected.

Variables and Measurement Indicators

This study involved three variables:

Table 1. Variables and Measurement Indicators

Variable	Indicator	Source
Managerial Competence (X1)	Knowledge, Skills, Experience, Professionalism	Sanjaya (2019)
Transparency (X2)	Information Disclosure, Accessibility, Communication	Afandi et al. (2022)
Financial Accountability (Y)	Compliance, Clarity, Timeliness, Stakeholder Responsiveness	Adiwijaya & Kusmayadi (2023)

Source: Processed Data (2025)

Data Collection and Analysis

Data were collected through a structured questionnaire using a Likert scale (1–5) distributed online. The instrument was tested for validity and reliability prior to full deployment.

The analysis technique used was Partial Least Squares – Structural Equation Modeling (PLS-SEM) using the SmartPLS 4.0 software. The evaluation included outer model (validity and reliability), inner model (path coefficients, R^2), and hypothesis testing (t-statistics and p-values) (Latan & Ghozali, 2012).

RESULTS

Outer Model Evaluation

The outer model analysis was conducted to evaluate the validity and reliability of the constructs. All indicator loadings were found to be above 0.70, indicating acceptable convergent validity. The Average Variance Extracted (AVE) values for all variables exceeded 0.50, and Composite Reliability (CR) values were above 0.70, confirming construct reliability (Hamid & Anwar, 2019).

Table 2. Outer Model Results

Construct	AVE	CR	Loading Range
Managerial Competence	0.65	0.88	0.71–0.84
Transparency	0.62	0.87	0.73–0.85
Accountability	0.68	0.89	0.76–0.87

Source: Output from SmartPLS 4.0 (2025)

Inner Model Evaluation

The inner model was evaluated by examining the R-square (R^2) value of the endogenous variable (accountability). Based on the SmartPLS output, the R^2 value is 0.963, indicating that 96.3% of the variation in financial accountability can be explained by the combination of managerial competence and transparency.
According to Hair et al., (2010) an R^2 value above 0.75 is considered substantial, which confirms that the structural model used in this study has very strong predictive power.

Table 3. R^2 Value

Endogenous Variable	R^2	Adjusted R^2
Accountability	0.963	0.963

Source: Output from SmartPLS 4.0 (2025)

Hypothesis Testing

Hypothesis testing was carried out using **bootstrapping** with 5,000 subsamples in SmartPLS 4. The following table presents the path coefficients, t-statistics, and p-values of the two hypotheses tested:

Table 4. Hypothesis Testing Results

Hypothesis	Path	Original Sample (O)	t-Statistic	p-Value	Conclusion
H_1	Competence → Accountability	0.354	2.536	0.011	Supported
H_2	Transparency → Accountability	0.631	4.571	0.000	Supported

Source: Bootstrapping Results, SmartPLS 4.0 (2025)

The results show that:
H_1 is supported, as managerial competence has a positive and significant effect on accountability ($p = 0.011 < 0.05$, $t = 2.536$).
H_2 is also supported, with transparency having a stronger and more significant effect on accountability ($p = 0.000$, $t = 4.571$).

The results of this study indicate that both managerial competence and transparency have a positive and significant effect on the financial accountability of zakat institutions. Managerial competence contributes to accountability through the amil's understanding of zakat regulations, financial reporting systems, and professional skills (Haki, 2020 & Sofyan, 2021). Although the effect size ($f^2 = 0.118$) of competence is relatively weak, its significance confirms that qualified zakat managers play a role in improving reporting quality and institutional trust. On the other hand, transparency has a stronger and more dominant effect ($f^2 = 0.375$), making it the main driver of accountability.

Transparency in providing financial information to muzakki and the public is proven to enhance trust, reinforce reporting credibility, and reflect responsible zakat governance (Kurniawati, Sadeli, 2021 & Ramadhani et al., 2021). These findings are in line with signaling theory, which views both competence and transparency as essential signals of institutional integrity. Future research is encouraged to examine the role of other governance dimensions and explore perspectives from zakat beneficiaries (mustahik) and donors (muzakki) to gain a more holistic understanding of accountability in zakat institutions.

CONCLUSION

This study aimed to analyze the effect of managerial competence and transparency on the financial accountability of zakat institutions, specifically at Lazismu Central Java. Based on the results of PLS-SEM analysis, it was found that both variables have a significant positive effect on accountability. Managerial competence contributes to accountability through the amil's ability to manage zakat in accordance with sharia and professional standards, while transparency provides clear and timely financial information to stakeholders, reinforcing public trust. Among the two, transparency has a more dominant influence, suggesting that open financial reporting and communication are key to strengthening zakat governance. This study is limited to internal perceptions within one institution and did not involve muzakki or mustahik perspectives. Future research is encouraged to include qualitative approaches and broader institutional comparisons to explore external trust and public satisfaction related to zakat governance.

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