

## **Amil Ethics, Focus Strategy, Transformational Leadership and Organizational Performance**

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### **Abstract**

*This research aims to determine the influence of amil ethics, focus strategies and transformational leadership on organizational performance. Survey was conducted on National Zakat Board (BAZNAS) Province, District and City in Java Island, North Sumatra and Aceh Province. The purpose of this research is expected to help develop knowledge and solve problem on Amil Ethic implementation. The method of this research was explanatory research through questionnaires. The population and the sample of the study were 147 and 86 respectively. Data were analyzed by Multiple Regression Analysis. The study indicates that partially transformational leadership and focus strategies have a significant effect on organizational performance. Meanwhile amil ethic does not influence organizational performance. Simultaneously amil ethics, focus strategy and transformational leadership have significant effect on organizational performance*

**Keyword:** *Amil Ethics, Focus Strategy, Transformational Leadership and Organizational Performance*

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### **I. Introduction**

Performance measurement is an important element of assessing an organization's ability to achieve its objectives [1]. The measurement of the performance of zakat institutions is important to maintain public trust which can be done by synchronizing the collection and distribution of zakat funds. Certain indicators such as the percentage distribution of zakat funds reflect the ability of zakat institutions to perform their functions as distribution agents from muzaki to mustahik ..

Studies that discuss the potential of zakat have been carried out, including: [2] stated that the potential for national zakat in 2011 reached Rp 217 trillion. Meanwhile research conducted by [3] that the potential for national zakat in 2015 reached Rp 286 trillion. But there is still a very high gap between the potential and the reality of collection. This was proven in 2016 the collection of new ZIS reached around Rp 5 trillion [4]. This gap is caused by various factors, namely the lack of awareness of zakat, and the lack of public trust in zakat institutions, so that they hand over their zakat directly and this will hamper efforts to reach the potential of zakat and actually cause many problems [5]. In addition, the low quality and quantity of human resources and the management of zakat that have not been effectively and it can be seen from the ACR (Allocation to Collection Ratio) ratio in 2017 in all provinces in Indonesia shows 50% with a fairly effective category. It shows that the total zakat distributed is less than the zakat collected [3]

Amil's work ethic has a different nature and type from other professions. Amil is required to have a social life, empathy, and care for others. Amil ethics is very important in order to grow and maintain public trust in zakat institutions [6]. However, there are still many cases of misappropriation of zakat funds such as corruption, zakat funds lent to third parties, distribution of zakat is not to those entitled to and deposition of zakat funds.

Innovative and creative ideas are a prerequisite for non-profit organizations (zakat institutions) to be able to win the hearts of business people [7] and be able to seize opportunities so that the optimal empowerment of zakat [8]. Every zakat fund collector must have a good and visionary program and make channeling innovations more useful and targeted, because there are still many zakat funds that are mismanaged [9].

[10] states that to achieve superior performance of zakat institutions, one factor that must be considered is leadership. Transformational leadership is one type of leadership that is appropriate for non-profit organizations (zakat institutions) [11]. Being able to build a clear vision and mission [12]. One of the problems of managing BAZNAS at the provincial, district / city level is still conventional and the leader is less competent. It is because he was appointed from a retired bureaucrat [13].

## **II. Literature Review**

The success of zakat in the field is largely determined by amil's performance. Amil is a major contributor to the decline in ethical standards in the management of zakat. High ethical standards are needed by amil. It is because amil's work provides a position of trust in relations with muzaki, mustahik, the general public to make decisions that will affect the allocation of economic resources. Amil ethics are actions related to right and wrong that guide amil's behavior in carrying out the tasks of planning, implementing, and coordinating in the collection, distribution and utilization of zakat [14] and [15].

[16] explains the ethical theory that comes from religion can be used as a guide to or distinguish between good and bad or right and wrong. Religion is used as a source because God is the highest authority in establishing good and right values. With consequence will get a reward for what he did and vice versa.

Ethical behavior needs to adopt perspective according to religious context [17]. Religion indirectly impacts accounting issues both in terms of economic behavior and other cultural values[18]. There are five values of Islamic ethics to improve service effectiveness: 1) integrity, 2) trustworthiness, 3) accountability, 4) transparency / honesty, and 5) discipline,[19].

The basic concepts of ethical behavior include: Responsibility: accepting all forms of risk, duties and obligations for all decisions made, Accountability is determining who acts and who is responsible, and Liability is a concept related to law in which the legal entity is in a place that allows individuals to be recovered from damage which was done by other people or organizations [20]. The results of the research prove that ethics influence organizational performance has been carried out by [21] & [22].

Focus strategy according to [23] is the ability of the company to provide unique and superior value to candidate buyers, marketing segmentation, or specific geography. The focus strategy allows the organization to achieve local competitive advantage, although it does not achieve competitive advantage in the overall market [25] & [26]. The focus strategy can be divided into 2 namely 1) focused low cost) to meet the needs of the buyer segment compared to other segments in the market 2). focused differentiation) to meet the needs of the buyer segment in the form of special attributes of the product or special capabilities of the company [27], [24] & [28]. [29]. [30] states that a niche competitive strategy for charitable institutions is to ensure that it remains the only major player in the niche and that the niche remains viable.

Zakat institutions implementing a focused strategy require resources and skills that are different from other strategies to sharpen the focus of the organization so that the program will achieve its goals [30]. Dimensions and indicators of the focus strategies used are: 1) Focus on specific segments: and 2) Market niche [27] & [29]. The results of the study explain that organizational performance is greatly influenced by strategic focus [31] & [32].

Transformational leadership is a leadership style that is indispensable in organizational development and community progress, therefore leaders of non-profit organizations must consider how to utilize this transformational leadership properly [33]. Transformational leadership is leadership that inspires subordinates to do more in achieving high performance [34].

[34] says the characteristics of transformational leadership: 1) Charisma: able to achieve vision and mission and instill mutual pride with subordinates, respect and trust, 2) Inspiration: able to communicate and focus efforts and express important goals in simple ways, 3) Intellectual stimulation: increase intelligence, rationality and solve problems by carefully encouraging solving difficult problems. And 4) Individualized consideration: giving personal attention, by treating employees according to their own individuals, and as a trainer and advisor. The research results prove that transformational leadership influences organizational performance [35] & [36].

This study uses micro dimensions to measure organizational performance with assessment indicators including: 1) Collection, 2) Management, 3) Distribution and 4) Reporting [37] & [38].

Based on the explanation above, the hypothesis can be made as follows:

H1: Amil ethics influences organizational performance.

H2: The focus strategy influences organizational performance.

H3: Transformational leadership influences organizational performance.

H4: Amil ethics, strategy of focus and transformational leadership simultaneously influence on for organizational performance

## **III. Methodology**

This research uses explanatory research method. The population of the study were 174 BAZNAS Provinces, Regencies / Cities in Java, Aceh and North Sumatra which consists of 8 Provincial Baznas, 46 City Baznas and 120 Regency Baznas. The sampling method was conducted using stratified sampling

Source of data comes from primary data collected through a questionnaire given to middle management and each unit of analysis will be sent 3 questionnaires. Secondary data were obtained from the

literature related to the research. The method of data analysis in this study used multiple linear regression analysis. with the equation as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

#### IV. Results and Discussion

Questionnaires were distributed as many as 522 copies returned as many as 243 copies while those that could be processed were 211 copies with a total of 86 analysis units. The recapitulation of respondents' answers was as follows:

**Table 1**  
Recapitulation of Respondents' Answers

Indicator	Score	Category	Indicator	Score	Category	Indicator	Score	Category
EA.1.1	4,41	Very Good	FS2.1	3,10	Enough	KO1.2	2,89	Enough
EA1.2	4,52	Very Good	FS2.2	3,09	Enough	KO1.3	2,33	Less Good
EA1.3	4,48	Very Good	FS2	3,09	Enough	KO1	2,75	Enough
EA1	4,47	Very Good	FS	3,19	Enough	KO21	3,07	Enough
EA2.1	3,78	Good	KT1.1	4,86	Very Good	KO2.2	4,28	Very Good
EA2.2	4,15	Good	KT1.2	2,29	Less Good	KO2.3	2,85	Enough
EA2	3,96	Good	KT1	3,49	Good	KO2	3,40	Enough
EA3.1	4,35	Very High	KT2.1	4,57	Very High	KO3.1	3,23	Enough
EA3.2	3,96	Good	KT2.2	1,75	Not Good	KO3.2	3,01	Enough
EA3	4,16	Good	KT2.3	4,33	Very Good	KO3.3	3,69	Good
EA	4,24	Very Good	KT2	3,55	Good	KO3.4	3,02	Enough
FS1.1	3,01	Enough	KT3.1	3,91	Good	KO3	3,24	Enough
FS1.2	2,99	Enough	KT3.2	4,29	Very High	KO4.1	3,67	Good
FS1.3	3,06	Enough	KT3.3	3,31	Enough	KO4.2	3,50	Good
FS1.4	2,88	Enough	KT3	3,83	Good	KO4.	3,59	Good
FS1.5	4,22	Very Good	KT	3,64	Good	KO	3,21	Enough
FS1	3,23	Enough	KO1.1	3,03	Enough			

All questionnaire items have met the validity and reliability tests. Data normality test was done by Kolmogorov Smirnov test with asymp value. Sig. (2-tailed) of 0.478 > 0.05 indicates that the data are normally distributed. The results of multicollinearity test showed all independent variables have a Tolerance value > 0.1 and VIF value < 10 indicates no multicollinearity. Heteroscedasticity test performed by Sperman Rank correlation test shows that each independent variable has a significant value > 0.05, so it can be concluded that there is no heteroscedasticity

**Table 2**  
Coefficients<sup>a</sup>

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
1	(Constant)	-,569	,551		-1,032	,305
	AmilEtchis	,204	,138	,134	1,477	,144
	Focus Strategy	,440	,079	,476	5,566	,000
	Transformational Leadership	,412	,128	,301	3,219	,002

a. Dependent Variable: Organizational Performance

$$Y = -0,569 + 0,204X_1 + 0,440X_2 + 0,412X_3$$

A constant value of -0.569, can be interpreted if it is not influenced by the three variables or all three variables have a value of zero (0), then the organizational performance variable is -0.569. It can be said that without amil ethics, focus strategy and transformational leadership, organizational performance decreases. The results of multiple regression also indicate that each independent variable will improve organizational performance with the direction of a positive relationship.

**Table3**

**Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.712 <sup>a</sup>	.508	.489	.70375

a. Predictors: (Constant), Transformational Leadership, Focus Strategy, Amic Ethics

b. Dependent Variable: Organizational Performance

The table above indicates that variables amil ethics, focus strategy and transformational leadership are able to improve organizational performance values by 48.9%. The remaining 51.1% is influenced by other variables not examined

The table 2 indicates that amil ethical's t-value is 1.477 and significant value of 0.144 > 0.05, then for level of significant rate of 5% (two tails), then it was decided to not accept H1 and it can be concluded that ethical ethics does not significantly influence on organizational performance, it means rejecting H1 hypothesis. Most BAZNAS have the new management is in accordance with Law no.23 of 2011 so that it has not been maximized to carry out the duties and responsibilities related to the collection, distribution and empowerment functions that have an impact on performance. There are still many BAZNAS that distribute zakat only at certain moments such as the commemoration of isra'mikraj, and distribute zakat only once a year. Zakat must be distributed no later than 3 months after the zakat funds are collected. The deontological ethical theory proposed by Immanuel Kant states that an action is considered good not because of the results or consequences produced by the action, but is determined by the good faith of the perpetrators of the action. Actors who are good and right according to religious ethics will get a reward for what they do and vice versa[16].

The calculated strategy focus value of 5.566 with a significant value of 0.000 < 0.05, then the level of significant of 5% (two tails) was decided to accept Ha and it can be concluded that the focus strategy has a significant effect on organizational performance. Many BAZNAS have undertaken a strategy of focusing on services, focusing on gathering, focusing on collection facilities, and focusing on empowerment by providing assistance, training in monitoring and evaluation. so that the program implemented can achieve the target.

Transformational leadership's t-value of 3.219 with a significant value of 0.002 < 0.05, then at a level of significant value 5% (two tails) it was decided to accept Ha, that is, transformational leadership had a significant effect on organizational performance. BAZNAS leaders are able to achieve the organization's vision by obtaining the Zakat award is one of the leaders' success in motivating and inspiring subordinates to work optimally. These awards can increase trust muzaki to pay zakat to BAZNAS. Leaders are able to improve the ability of subordinates, work more innovatively and creatively especially in the field of empowerment by providing assistance, training, monitoring and evaluation so as to produce programs that can improve the quality of life of mustahik.

**Table 4**  
ANOVA<sup>a</sup>

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	39,809	3	13,270	26,793	.000 <sup>b</sup>
Residual	38,631	78	.495		
Total	78,440	81			

a. Dependent Variable: Organizational Performance

b. Predictors: (Constant), Transformational Leadership, Focus Strategy, Amic Ethics

F-value of 26.793 with a sig value of 0.000 < 0.05, then it was decided to accept Ha. It means that amil ethics, focus strategy and transformational leadership simultaneously effect on organizational performance.

## V. Conclusion

Based on the results of the study concluded that amil ethics has no significant effect on organizational performance while focus strategy and transformational leadership have a significant effect on organizational performance. Simultaneously, amil ethics, focus strategy and transformational leadership have a significant effect on organizational performance.

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