

Form of Implementation of Good Corporate Governance Principles at Laznas Wahdah Inspiration

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Abstract

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The country with the largest Muslim population makes Indonesia have a large zakat potential, namely 233 trillion, but this large potential is inversely proportional to what has been collected, namely only 1% of the potential or 10 trillion. The implementation of GCG is considered to be one solution to increase the realization of zakat. the Wahdah Inspirasi Zakat (WIZ) is a Laznas that shows collection performance that has increased significantly, which is the basis for the author to conduct research to find out what form of GCG implementation in WIZ Makassar City is based on guidelines good governance published by the National Committee for Governance Policy (KNKG). This research is qualitative with a phenomenological approach. The results of the research show that WIZ has implemented GCG well in accordance with the provisions issued by the National Committee for Governance Policy (KNKG), but at the point of transparency there is one indicator that has not been fulfilled optimally, namely the absence of detailed financial reports on the internet network so that This means that the principle of transparency is not perfectly implemented, but this is fine because it is not required according to Law No. 23 of 2011 but only requires periodic reporting to the government, in this case Baznas and the Ministry of Religion.

Keywords: *gcg, laznas, knkg, ziswaf, wiz*

INTRODUCTION

Indonesia is the country with the largest Muslim population in the world (Kusnandar, 2022) and the 16th economy in the world (World Bank, 2023) which automatically makes Indonesia have large Ziswaf potential, based on the results of IPPZ component calculations, the total potential Ziswaf in Indonesia is 233.8 trillion rupiah consisting of agricultural zakat 19.79 trillion, livestock zakat, money zakat 58.79 trillion, company zakat 6.71 trillion, income zakat 139.07 trillion, all of which the value and potential of zakat is equal to 1.18% of GDP in 2022 which is worth 19,588 trillion. (National Zakat Amil Agency, 2019)

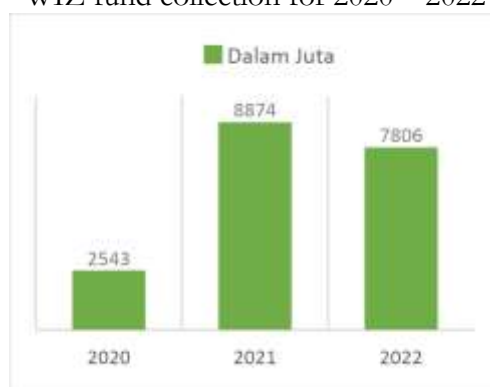
However, this huge potential is inversely proportional to the realization that Ziswaf has managed to collect, which is only in the range of 10.2 trillion rupiah or only 4.3% of the existing potential. (Baznas, 2021), this is due to the low level of public trust in zakat amil institutions (Nurfiyah A, 2023). Various efforts have been made both in terms of regulation, socialization, and in terms of improving the system at zakat amil institutions. One of the many ways to improve the nominal Ziswaf receipts apart from those previously mentioned is the application of principles *Good Corporate Governance* (GCG) at the Amil Zakat Institution. GCG or *Good corporate governance* by definition, it is a principle or theory that helps an institution improve its governance (Kaihatu, 1989). Meanwhile, according to the Cadbury Committee, *Good Corporate Governance* (GCG) is the

principle of controlling and directing institutions so that they can achieve equality of strength and authority. (Hamdani, 2016)

In general, from all the literature that researchers have collected and read, it turns out that when GCG was initially formed, it was only intended for companies whose structure and orientation were solely focused on profit. This is of course very different from philanthropic organizations such as Laznas which are not profit-oriented but rather for the benefit of society, the researcher then argued that the implementation of GCG should not only be applied to profit-oriented companies, but it is also very possible and feasible to be implemented in Amil Zakat Institutions that are not profit-oriented because of the 5 principles of GCG, namely Transparency, Accountability, Responsibility, Independence and Equality are very universal and can be applied to any organization (Ginting, 2007). It is hoped that Good Corporate Governance will not only be applied to bank or non-bank financial institutions and general companies but should also be applied to Laznas in Indonesia, especially Wahdah Zakat Inspiration (WIZ) is the object of this research.

Wahdah Inspirasi Zakat (WIZ) itself is one of the amil zakat or Laz institutions in the city of Makassar. Wahdah Inspirasi Zakat (WIZ) is a National Amil Zakat Institution (LAZNAS) which has received permission from the Ministry of Religion through the Decree of the Ministry of Religion of the Republic of Indonesia, No. 511/2019. WIZ, which was previously known as LAZIS Wahdah Islamiyah, has shown excellent performance from year to year, this is reflected in WIZ's fund collection, referring to WIZ's financial reports, the funds that WIZ has managed to collect have experienced an increasing trend, the following is a chart of the increase in its fund collection.

WIZ fund collection for 2020 – 2022



Source: WIZ financial report 2020 - 2022

Based on the arguments and data that have been presented previously, the author is then interested in reviewing how the principles are applied *Good Corporate Governance* (GCG) which has been implemented in the management of Laznas Wahdah Inspirasi Zakat (WIZ) Makassar City using general guidelines *Good Governance* published by the National Committee for Governance Policy (KNKG) (KNKG, 2006), whether it is appropriate so that it can show excellent performance. It is hoped that this research can become a medium of information for the general public about the governance of the Wahdah Inspirasi Zakat (WIZ) institution and can also become a benchmark for other Laznas in implementing GCG principles in the future.

METHODS

This type of research is qualitative research, with a phenomenological approach, namely a method that focuses on conducting research on phenomena from many aspects, both subjective and objective, (Tamangkeng & Maramis, 2022). The phenomenon here is seen as how the five principles of GCG are applied, namely Transparency, Accountability, Responsibility, Independence, Equality in the Management of Laznas Wahdah Inspiration for Zakat in Makassar City. In collecting data, the author went directly to the research location and used the interview method to collect information in this case with Mr. Saiful as operational director of Wahdah Inspirasi Zakat (WIZ) Makassar city. Apart from that, the author also took a lot of reference material from scientific works in the form of journals and theses as support in this research.

RESULT AND DISCUSSIONS

1. Review of the implementation of transparency

Transparency is the openness and availability of information to the general public, whether material or in terms of decision making (Dewi, 2020), whereas according to the KNKG ensuring the availability of information for stakeholders is very important so that the level of trust from stakeholders can continue to be obtained, trust itself is The main capital of a Laznas to continue operating. The following is an overview of the implementation of transparency in WIZ which is reviewed based on the basic GCG guidelines from the KNKG.

a. Must provide information that is accurate, clear and easy to access for stakeholders.

On this first point, WIZ has made every effort to ensure the availability and ease of access to accurate and clear information for all stakeholders such as the government and the public. This is reflected in the connection of all WIZ information systems to the internet network in the form of the presence of websites such as wiz.or.id and boxinfak.id which provides all information, be it the Laznas profile or data in the form of funds collected in real time, not only that in terms of conveying information to the wider community, WIZ is also present in almost all social media domains such as Facebook (Wahdah Inspirasi Zakat), Instagram (@wahdahinspirazakat) and Youtube (Wahdah Inspirasi Zakat) make it easier for the public to find information that is directly related to the course of zakat collection activities, this shows that WIZ is trying to ensure that information can always be conveyed to the public clearly, accurately and easily accessible.

b. Must disclose information including vision, mission, financial condition and management composition.

Based on our interviews, WIZ has published financial reports periodically every year, there are even financial reports per semester, and also quarterly or once every 3 months and submits them to Baznas, it's just that researchers have a little difficulty finding these financial reports on the internet network. so it requires you to come directly to the WIZ office to obtain it, but this is understandable because the law does not state that financial reports must be published to the general public, but only requires the deposit of financial reports to Basnaz, as for reporting to the general public, WIZ routinely publishes reports in the form of magazine on the official website, then for the availability of information in the form of the vision, mission and composition of the WIZ management, it has been clearly displayed, such as the vision, mission, management structure and who occupies each position at the WIZ on the official website, namely at wiz.or.id

c. All policies must be made in writing and proportional to be communicated to stakeholders
Written policy means that every policy direction must be written down clearly, in this case WIZ already has something called a road map, which is a very important and strategic work program document which contains what steps and activities WIZ will carry out for the next year along with targets. - targets that must be achieved within the next year.

Based on the analysis of the implementation of the principles of transparency reviewed using the previous basic GCG guidelines, WIZ has fulfilled all the points that must be fulfilled in the main guidelines for implementing GCG issued by the KNKG to the maximum, so it can be concluded that the implementation of the principles of transparency in WIZ has been running properly according to KNKG guidelines.

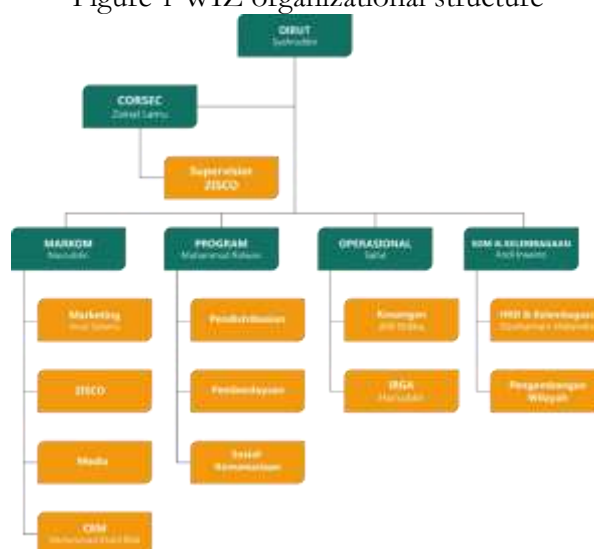
2. Review of the implementation of Accountability

According to the KNKG, accountability means that an institution must be able to take responsibility for its performance and actions carried out transparently and fairly to achieve the institution's goals. (Siska & Ratna, 2022) The following is an overview of the implementation of accountability in WIZ which is reviewed based on the main GCG guidelines from the KNKG.

a. Institutions must assign duties and responsibilities to each position and division in detail.

In terms of determining duties and responsibilities, all departments at WIZ have structures and positions in accordance with their respective fields, duties and responsibilities and authority have been clearly defined for each position, this has been displayed transparently on the official website WIZ, namely wiz.or.id along with the name of the person currently occupying that position.

Figure 1 WIZ organizational structure



Source: wiz.or.id

b. Institutions must have performance measures for all positions, and have a system of rewards and sanctions

In the event that WIZ's performance measures are determined using the KPI or Key Performing Indicator assessment system, KPI itself is a metric or tool to measure the extent to which employees can complete the work assigned and can be an evaluation tool for companies or institutions as well as a measuring tool for employees to achieve the targets set in the annual work budget.

c. Institutions must have internal and external control systems

Internal and external control means that there are audits carried out internally by the institution and audits carried out by independent institutions outside the institution itself. A new Amil Zakat Institution can be said to be good and *accountable* if you have internal and external audits which have the function of supervising the running of an institution. WIZ Audit has internal and external audits, for internal audit WIZ has a Sharia Board from the parent organization, namely Wahdah Islamiyah (WI) which carries out audits, while WIZ external audits are routinely audited by the Public Accounting Firm (KAP) independently so that guarantees auditing objectivity. Apart from that, WIZ is also always audited by Baznas.

- d. In carrying out their duties and responsibilities, all employees must adhere to the ethics and behavioral guidelines agreed upon by the institution.

Based on the analysis of the application of Accountability principles reviewed using the previous GCG basic guidelines, of the 4 accountability indicators that are required to be fulfilled by KNKG, WIZ has fulfilled and implemented all of these indicators well and optimally, so it can be concluded that the application of accountability principles in WIZ has been running properly according to KNKG guidelines.

3. Responsibility implementation overview

Responsibility By definition is the principle of responsibility of a company or organization to applicable laws and regulations, (Hediono & Prasetyaningsih, 2019) according to the KNKG responsibility is the submission and obedience of an institution to the applicable legal authority and the implementation of its responsibilities to the community and to the environment of the location where it is located. The institution operates so that an institution can continue to run sustainably and sustainably. The following is an overview of the implementation of responsibility in WIZ which is reviewed based on the basic GCG guidelines from the KNKG.

- a. Institutions must comply with applicable laws and regulations

WIZ is one of the many national zakat amil institutions or Laznas which has permission from Baznas and the Ministry of Religion. In issuing this permit, at least a LAZ must comply with and fulfill the requirements of government regulations, in this case Law number 23 of 2011 concerning zakat management, according to The law states that a Laznas must have a recommendation letter from Baznas so that it can be said to be a legal Laznas and WIZ has had a recommendation letter from Baznas since 2019 with recommendation letter Number: 189/HVR/SDP/BAZNAS/II/2019. Apart from that, WIZ has also obtained a permit and is registered with the Directorate General of Politics and General Government of the Ministry of Home Affairs via letter Number: 01-00-00/021/D.IV.1/I/2016 and also a Notarial Deed by Fatmi Nurhayati, SH. Number: 12-x.a-2003 Dated 04 December 2003. From all of WIZ's legal compliance, it can be seen that WIZ always complies with applicable regulations to the maximum.

- b. Institutions must play an active role in carrying out social responsibilities to the community and participate in preserving the surrounding environment

Based on the analysis of the implementation of the Responsibility principle reviewed using the previous GCG basic guidelines, of the 2 accountability indicators required to be fulfilled by the KNKG, WIZ has fulfilled and implemented the 2 indicators to the maximum, this indicates WIZ's seriousness in committing to providing a broad impact on social and environmental issues, so it can be concluded that the implementation of the principle of responsibility in WIZ has gone well in accordance with KNKG guidelines.

4. Review of the implementation of Independence

Independence is an attitude that prioritizes freedom from influence, not being controlled by other parties and not depending on other parties, institutions or individuals. (Yuhardiansyah, 2019) The following is an overview of the implementation of Independence in WIZ which is reviewed based on the main GCG guidelines from the KNKG.

- a. Avoiding intervention and domination from any party and being free from conflicts of interest, you can make decisions objectively.

Apart from WIZ being a Laznas which is under the auspices of the Wahdah Islamiyah (WI) community organization, WIZ is still an independent institution that has its own articles of association and regulations. During our information digging with WIZ through interviews, we found that WIZ is an institution that is always oriented towards SOP in terms of decision making so that the decisions taken are truly objective without any interests other than the goals and interests of WIZ itself, apart from that WIZ also always opens its doors as wide as possible for collaboration with any party which shows that WIZ is an independent institution that free to collaborate with companies, institutions or other institutions as long as it is still in line with the vision and mission of WIZ itself.

- b. Each organ of the board must perform its functions and duties in accordance with the board's basic budget so as not to dominate each other and or throw responsibilities from one to the other.

WIZ is a zakat amil institution that has its own articles of association which contain the functions, duties and authority of each position and division very clearly so that all parts of the institution know their authority and responsibilities along with what they should and should not do. so that this can prevent overlapping tasks and mutual domination between one section and another. Apart from that, WIZ also always strengthens SOPs and systems that regulate the steps, actions and decisions that will be taken if something happens so that WIZ can work smoothly. efficient.

Based on the analysis of the application of the principle of Independence which was reviewed using the previous basic GCG guidelines, of the 2 indicators of Independence that are required to be fulfilled by the KNKG, WIZ has fulfilled and implemented the 2 indicators well, so it can be concluded that the application of the principle of Independence at WIZ has gone well according to KNKG guidelines.

5. Review of the implementation of Equality

Equality is the existence of equal opportunities and treatment for all parts of an institution's organs and an institution's avoidance of discriminatory actions and decisions that can discredit one party. (Sudarmadji, 2012)

- a. Institutions must open the door to criticism and suggestions for the development of the institution

Criticism and suggestions are methods for receiving input in the form of ideas and corrections from outside, this will provide benefits for the development of the institution itself, WIZ as a philanthropic institution is very aware of the importance of facilitating the acceptance of criticism and suggestions in order to maintain a good perception and image from the community, in terms of facilitating criticism and suggestions from the public, WIZ has assigned CRM (Customer Relationship Management) in terms of receiving and responding to input from the public, CRM is tasked with being the first gate to accommodate all input, criticism and complaints and grouping will be carried out whether it is criticism or input. or complaint, after grouping it, CRM will then try to resolve it, but if it is not resolved, it will be forwarded to the division or section which received the input or complaint so that it can be answered and accommodated properly.

Figure 2 Flow of receiving criticism at WIZ



- b. Institutions must provide equal and equitable treatment to stakeholders
WIZ in terms of equality has emphasized that all parties or stakeholders, in this case donors and beneficiaries at WIZ, are treated and served well and equally without any party being ignored or marginalized, this is to ensure the creation of the principle of equality so that discrimination can be eliminated within the institution.
- c. Companies must provide equal opportunities for employees to pursue a career

The ability of a zakat amil institution to guarantee the welfare of its Amils depends on how much funds it has managed to collect, this is because a laznas has a presentation rule on how much funds they can use for operational funds, in this case according to KMA no.606 the operational rights of a laznas is 12.5 % of the total group obtained, but apart from that, WIZ continues to improve the welfare of the amils through decent wages and benefits, providing training to the amils and by providing scholarships to the amils or the families of the amils itself to improve welfare through improving the quality of education.

Based on the analysis of the application of the principle of Equality which was reviewed using the previous basic GCG guidelines, all indicators of the implementation of the principle of Equality that are required to be fulfilled by KNKG, WIZ have fulfilled and implemented all indicators to the maximum, so it can be concluded that the application of the principle of Equality in WIZ has gone well in accordance with KNKG guidelines.

CONCLUSION

Based on the results of the research conducted, WIZ did not explicitly state that they implemented GCG in the governance of their institution, however, the GCG principles themselves are general in nature so that the form of GCG implementation remains with WIZ management which is based on the 5 principles of GCG, namely Transparency, Accountability, Responsibility, Independence and Equality. The form of GCG implementation at WIZ is first based on principles. Based on the results of the research that has been carried out, we conclude that the GCG Principles have been implemented quite well by Wahdah Inspirasi Zakat, only on the point of transparency there is one indicator that has not been fulfilled optimally, namely in financial reporting, we did not find the financial report in detail on the network. the internet makes it impossible to apply the principle of transparency perfectly, but this is fine because it is not required according to Law No. 23 of 2011 but only requires periodic reporting to the government, in this case Baznas and the Ministry of Religion.

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