

Implementation of Good Governance: Study in Lembaga Amil Zakat Indonesia

Sri Fadilah*, Rini Lestari, Kania Nurcholisah

Departement of Accounting, Faculty of Economic, Bandung University of Islam, Jl. Taman Sari No.1 Bandung,

Keywords:

Internal Control

Organizational Culture

Total quality management

Good governance

Abstract: In Indonesia today, the development of non-governmental organizations such as the Lembaga Amil Zakat, that manages Zakat, Infak, Shadaqah funds and thus flourished as civil society. In reality, a gap between the potential for a large charity (20 trillion) with the realization of a very small charity (1 trillion). Phenomenon indicates the low performance of Zakat Management Organisation (OPZ), particularly Lembaga Amil Zakat (LAZ). These demands pose a challenge to LAZ to do good governance. Furthermore, we will have an impact on the high demands of society for accountability and transparency of LAZ. Then it becomes a challenge for LAZ to make efforts in order to improve the management of zakat on OPZ especially LAZ. The results of this study are expected to be a reference for the development of models of management (good governance) LAZ in Indonesia viewed the factors that influence it. With the purposes of this study the variables studied were the internal control, organizational culture, total quality management and good governance. The purpose of the study wanted to see the effect of implementation of internal control and organizational culture and total quality management on application of good governance either partially or simultaneously. The research method is used an explanation, and data analysis tools used were SEM with PLS approach.

© 2013 Trigin Publisher. All rights reserved.

I. Introduction

In recent years in Indonesia, issues related to the implementation of the concept of charity as both a religious obligation of zakat individually and as a component of public finance are very popular. Law no. 23 in 2011 on Management of Zakat becomes a strong legal protection in the management of zakat in Indonesia, in an effort to support the fact that Indonesia is the world's largest muslim populations, which amounted to 80% of the approximately 220 million people in Indonesia are Muslim population of 180 million (Eri Sudewo: 2008) which has an obligation either pay zakat tithes and alms treasure. These conditions should be a tremendous potential zakat related to zakat collection efforts. The following are potential zakat can be collected, namely:

Table 1: Potential of Zakat Fund in Indonesia

Description	Potential of Zakat Fund	Description	Potential of Zakat Fund
PIRAC (Kompas .2008)	Rp 9,09 trillion	Direktur Thoha Putra Center Semarang,(2009)	Rp 100 trillion
UIN Syarif Hidayatullah(2004)	Rp 19,3 trillion	Baznas (Republika:2005)	Rp 19,3 trillion
Adiwarman & . Azhar Syarief 2009)	Rp 20 trillion	FoZ (Forum Zakat:2009)	Rp 20 trillion

With many establishment amil zakat institutions now number 400 LAZ (FoZ.2011), can be used as an alternative for people in zakat funds in addition to the Board, amounting to 50 956 Amil Zakat (Baznas.2009). Additionally Amil Zakat institution could ultimately be expected as a medium to bridge the achievement potential of zakat in Indonesia. estimated there are about 600 OPZ both LAZDA and UPZ that has stood both based mosque and companies who do not or have not

*Corresponding author: srifadilah71@yahoo.com (Sri Fadilah)

registered at Foz (Forum Zakat). However, the development agency zakat (BAZ/LAZ), until now there has been accompanied by public interest to pay zakat on such charity institutions. The impact is not yet optimal management of zakat in Indonesia. This is very unfortunate because of how much potential zakat in Indonesia, if not managed properly. Table 2 presents data relating to the realization of collecting zakat:

Table 2: Realization the Collection of Zakat

No	Description	Amount
1	Data dari Depag (2007)	BAZ: Rp 12 miliar, LAZ: Rp 600 billion
2	Data Depag (2008)	BAZ & LAZ : Rp 900 billion
3	Forum Zakat (FoZ) (2009)	LAZ: Rp 900 billion
4	IZDR (2004-2008)	Rp 61,3 billion

Based on the phenomenon, other things that should be observed is the fact that with the law of zakat management, and many founding amil zakat has yet to have an impact on public awareness of the agency to distribute zakat (BAZ / LAZ) on increasing the importance of thing . Based on the research results PIRAC there are 29 million families that became prosperous citizens aware of zakat. On the other side this time, it is estimated there are only about 12-13 million who pay zakat muzakis by LAZ, there is still more than half of the untapped potential of zakat by LAZ. The picture should be viewed as a challenge for institutions LAZ zakat in particular to improve the performance particularly in relation to charity fundraising. These challenges must be addressed in order to repair the LAZ more professional in doing this research. The object of particular would like to see management of zakat, with all its provisions and its impact on the performance of LAZ. Because if zakat funds managed on LAZ should be able to raise the dignity of the left, but the fact that potential just mere wishful thinking. Though Indonesia as a country, which has a huge potential and strategic in collecting zakat, where the population largely Muslim Indonesia. It is clear that zakat should be used as a source of revenue for the government to alleviate poverty. In relation to poverty, the data presented in Table 3 below on Indonesia's poor both in number and percentage as follows

Table 3: Number and Percentage of Poor People in Indonesia

Year	Number of Poor People (million)	Percentage of Poor People
2006	39,30	17,75 %
2007	37,17	16,58 %
2008	41,70	21,92 %

Then, despite the existence of organizations that increasingly zakat in Indonesia, but if Muslims had been paid or not pay zakat institutions such as paying zakat to submit to immediate family members, the effort to achieve the potential of zakat would still not achieved. Zakat payment system does not mean bad or not good, but its social impact is narrow and short-term nature. Will vary with the institution of zakat payment and systematically, such as paying zakat to charity institutions both BAZ and LAZ will have broad impact as a charity fund will be managed in the form of social programs targeted and structured and long term social impact. The urgency of this research, by looking at the various issues that is suppose to be a barrier why potential zakat in Indonesia is very large is not well managed and optimized so that the impact on the performance of business organizations of Zakat (OPZ) LAZ particularly low. The problem from a variety of sources are presented as follows:

- a. Agency zakat is considered unprofessional for not applying the principle of accountability and transparency(AlmisaHamid.2009:10).
- b. Considered charity fund managers do not have the human resources (HR) optimum quality, which are competent (fanatic), trust, and have a high work ethic (Himma) (Jamil Azzaini.2008: 9).
- c. Bureaucratic system and good governance are still weak in regard to the management of zakat in Indonesia so the impact on the lack of accountability and transparency LAZ (Asep Saefuddin Jahar: 2006:7).

In addition to the cause of the optimal management of zakat will not have an impact on not quite good performance achieved special OPZ LAZ, another issue that needs to be fixed based (CID survey Dhuafa wallet and LKIH-FHUI :2008:11-16) has been terrangkum into seven main issues , namely: (1) Institutional Issues, (2) Issues legislation, (3) collection, distribution and utilization of zakat, (4) Monitoring and Reporting, (5) Correlation with Tax zakat, (6) Community Participation and (7) Sanctions and Dispute Zakat

From the description of the problems that have been pointed out as an obstacle in the management of zakat in Indonesia, showed a very complex problem. It stems from distrust of the institutions zakat (LAZ) is (CID Wallet Dhuafa and LKIH-FHUI :2008:19-20). To support this, the management company must be created properly and optimally up to achieve good performance. One of the pillars of the organization should be applied in order to create good governance and improve the performance of LAZ is designing and implementing the organization's culture. Organizational culture is a manifestation of the assumption held, implicitly accepted by the group and determine how these groups feel, think and react to its environment are diverse. According to Kreitner and Kinicki (2003:72), organizational culture is an important function in the life of the organization, where organization culture serves as a means to unite members of the organization, which consists of a collection of individuals with different backgrounds.

On the other hand, according to research Flamholtz (2001:273) states that organizational culture impacts on organizational performance through processes and management systems. Furthermore, the results of the research explained that organizational culture was found to increase performance of the company through a certain media such as competitive advantage, processes and management systems or organizational governance (good governance). Finally, a study conducted by Rindang thistle and Asteria Paramita (2008:13), suggests there is a strong relationship between organizational culture with application of good corporate governance. In line with the results of the research, presented by Haniffa and Cooke (2002:323), that there is a link between organizational culture through corporate governance of characteristics with particular disclosure. The research was carried out at 167 companies in Malaysia.

The organizational culture is a form of assumption held, implicitly accepted by the group and determine how these groups feel, think and react to its environment that diverse. According to Kreitner and Kinicki (2003:72), organizational culture is an important function in the life of the organization, where organizational culture serves as a means to unite the members of the organization, which consists of a collection of individuals with different backgrounds.

On the other hand, according to Apfelthaler, Muller and Rehder (2002:108), that organizational culture can enhance competition by winning the excellence in organizational performance improvement. Further research Flamholtz (2001:266-273) states that organizational culture impacts on organizational performance through process and systems management. From both the results of previous research, it turns out that the culture of an organization can improve the performance of the company through a certain media such as competitive advantage, processes and management systems or organizational governance. Finally, a study conducted by Thistle and Leafy Asteria Paramita (2008:13), shows that there is a strong relationship between the culture of the organization with good corporate governance. In line with the results of the research, presented by Haniffa and Cooke (2002:323), that there are linkages between organizational culture through the corporate governance of characteristics particular disclosure. The research was conducted on 167 companies in Malaysia.

Corporate culture for LAZ is called organizational culture, as LAZ is a non-governmental organization engaged in social and religious (zakat). LAZ as an organization that is not only horizontal rules (business terms), but also bound by the rules that are vertical (Shariah). It makes all the components LAZ, should have the same values and thoughts to be able to bind to each other in order to improve performance in achieving organizational performance that makes LAZ as a professional organization.

One model that can be applied to support the efforts to achieve the potential of zakat in Indonesia is to implement a model of Total Quality Management (TQM). TQM is a management model of doing business to achieve organizational management through continuous improvement of products, services, people, processes and environments that result in improvements in the performance of organization. According Samdin (2002:19) there are several reasons why TQM needs to be applied in the management of zakat by LAZ include: (1) to improve the competitiveness and excel in competition, (2) to generate outputs / LAZ best performance, (3) to increase confidence muzakis, and (4) to improve the quality management of zakat funds so as to improve customer satisfaction. Also according to the research results of Sri Fadilah (2011:40) that examines the implementation of internal control, and total quality management on application of good governance.

Research results Feroz, Sanjay and Raymod (2008:128) that there is a reciprocal influence between corporate governance with organizational performance. Where the effective implementation of corporate governance will create a high performance organization, contrary to the achievement of high performance organizations demonstrate high organizational accountability. Even research Aras and Crowther (2008:444), the 100 companies in the capital markets in Turkey (FTSE), mentions that there are significant between good governance with sustainability (sustainability companies in the future). Sustainability is defined as a form of strategic performance of the company due to long term.

Based on the urgency of the above research, this study will look at and analyze how the effect of implementation of internal control, organizational culture and total quality management on application of good governance as partially and simultaneously on LAZ in Indonesia.

II Theory Framework and Hypotheses

2.1 Definition and Components of Internal Control

According to the Committee Of Sponsoring Organizations of the Treadway Commission (COSO. 2004:13) were also cited by the Indonesian Institute of Accountants (IAI.2012: 319.2), internal control is essential for all managers in the organization understands the importance of implementing and maintaining internal control effective responsibility. To achieve the objectives of internal control, COSO (2004:16-18), explains the components of internal control, as follows:

a. Environmental control

Consists of actions, policies and procedures that reflect the overall attitude of top management, directors and owners of an entity's internal control and its importance to the control.

b. Risk assessment

Is as a process to identify, assess, manage and control the situation or potential incidents to provide reasonable assurance that organizational objectives achieved.

c. Control activities

Are policies and procedures that help ensure that the necessary measures have been implemented to address risks to the achievement of entity objectives.

d. Information and communication

To get destination information and communication systems is to identifying, recording, processing and reporting transactions of entities and organizations to maintain accountability.

e. Monitoring.

Monitoring is the process of assessing the quality of internal control performance over time.

2.2. Definition of Cultural Organization

2.2.1 Definition, Functions and Benefits of Organizational Culture

The concept of culture describes a very broad sense and the public, which in essence is a pattern of behavior, beliefs, and all the thoughts that characterizes the values held together and tend to survive the member of the group has changed. Organization culture, it will give a different sense, in which organizational culture is a translation of the organizational culture can be interpreted variously. According to Kreitner and Kinichi (2003:79), defines organizational culture as: Organizational culture is a manifestation of the assumption held, implicitly accepted by the group and determine how these groups feel, think and react to diverse environments.

As according to Robbin (2001:510) defines organizational culture as follows: organizational culture refers to a system of shared meaning held by members that distinguishes organization from other organizations. The definition can be concluded that organization culture as a value, beliefs, practices that create a common understanding among the members of the organization. This means that organizational culture will lead to a system adopted and accepted by the organization will be a characteristic that differentiates one organization to another.

Organizational culture can be a major competitive advantage when organizational culture to support the strategy and if organizational culture can align the organization with the right environmental challenges. Managing organizational culture is something that is tough but it is important for organizations, because:

1. Culture determines an organization's personality and have a strong influence on the behavior of its members.
2. Culture that can be found in the observed ceremonies, rituals, stories, heroes and symbols of the organization.
3. This culture spread contains values that underlie an organization.
4. In organizations with a strong culture, its members act with the understanding that the achievement of significant organizational objectives.
5. The organization's leaders to make the spread of values and the use of stories, ceremonies, heroes and good language to reinforce these values in their daily lives.

Various things about organizational culture put forward by management experts, including, Deal & Keneddy (1999:3) defines organizational culture as: *The set of common beliefs, attitudes, relationships and assumptions explicitly or implicitly accepted and used throughout the organization to help cope with environment factors and organizational goals.*

Kotter and Heskett (1992:4) defines organizational culture prior to first give the definition of "culture" are taken from The American Heritage Dictionary states that culture is more formally defined as: The totality of socially transmitted behavior patterns, arts, beliefs, institution and all other products of human work and products of characteristics of a thought or population. On the basis of the definition of "culture" is Kotter and Heskett (1992:4), defines organizational culture in two different terminology, namely visibility and resistance to change, as follows: (1) Values that are shared by the people in a group and that growing niche to persist over time even when group membership changes. (2) Corporate culture represents the behavior pattern or style of an organization that new employees are automatically encouraged to follow by their fellow employees.

From a number of the definition above, it appears that organizational culture has a very strategic role to encourage and improve organizational performance, particularly the performance of management and economics, both in the short and long term. The role of organizational culture as a tool to determine the direction of the organization, directing what should be done and not to do, how to allocate and manage organizational resources and as a means to deal with problems and opportunities of the internal and external environment.

Furthermore, according to Kreitner and Kinicki (2003:72), organizational culture is an important function in the life of the organization, the organizational culture serves as a means of unifying the activities of the members of the organization, which consists of a collection of individuals with different backgrounds. Kreitner and Kinicki Further (2003:83), states that an organization must fulfill four functions, namely:

- a. Provide an organization's identity to employees.
The function of an organization's identity is supported by compensation to employees with rewards that encourage innovation, so that employees will try to run with the best commitment.
- b. Facilitate collective commitment.
In this function every employee feels proud to be part of the organization, so that each employee to be loyal and feel an integral part of the organization, because of the recognition and the opportunity to develop themselves.
- c. Promoting stability of the social system
Stability of the social system reflects the extent to which the work environment perceived support, conflict, and change is managed effectively. This strategy helps maintain a positive work environment in the face of adversity with increased stability through organizational culture.
- d. Shape behavior by helping managers feel its existence.
The function of culture helps employees understand why the organization does what it should and how organizations achieve long-term goals.

Based on the above, it can be the dimensions of the understanding that the function of corporate culture as a system of values is obtained and developed by organization of pattern and basic philosophy of its founder, which was formed through the process of socialization into the rules that serve as a guide in thinking and acting by all members organizations in an effort to achieve organizational goals. Then, some of the benefits of organizational culture proposed by Basuki (1997:43), that there are five benefits of the culture of the organization, namely:

- a. Benefits to the organization
In essence, the organizational culture is a binder for employees, with dependent employees in an organization, it is hoped the desire to remain and excel in the organization. In addition, organizational culture fosters loyalty and dedication of employees in the organization.
- b. The benefits of the development organization
With organizational culture, it is expected that both quantitatively and qualitatively organization can be developed. This means that the indicator is not the distribution of the structure or the number of employees, but the increasing capabilities of organization in anticipation of and sensitive to environmental changes and demands.
- c. The benefit to the development of human resources
Humans are a major factor in organization. The organizational culture, human resources are not only required to comply with the values and norms that apply, but with the values and norms of this, people will be more developed.
- d. Benefits to business development
Organizational culture determines how to behave other than for employees, as well as how the organization interacts with the environment. Organizational behavior that leads to change as a result of the influence of organizational culture, in turn, is expected to further expedite business development.

e. Benefits to customers

Customers or the public it serves, is essentially the most important trade partners, because the customer becomes an organizational asset that is not less important than other assets.

To that end, the organization must continue to foster communication, increasing the organization's image in order to remain embedded in the customers. In this connection the organization has the benefit of high culture, respect for customers, an indication that organizational culture has been running well.

2.2.2 Characteristics of Organizational Culture

Organizational culture can also be understood from certain characteristics that are closely related. From the definition of organizational culture that have been raised have not seen any concrete characteristics that can be measured. The main dimensions or characteristics of organizational culture that can be measured, expressed Robbins (2001:510) includes seven characteristics, namely:

a. Innovation and Risk-Taking

That is the extent of the innovative and employees are encouraged to take risks

b. Attention to Detail

That is the extent of the employees are expected to exhibit precision (accuracy), analysis and attention to details.

c. Outcome Orientation

That is the extent of management focus on results rather than on the techniques and processes used to achieve those results.

d. People Orientation

That is the extent of management decisions take into account the effect of outcomes on people within the organization.

e. Team Orientation

That is the extent of work activities are organized around teams and not individuals.

f. Agresiveness

That is how far the person is aggressive and the communicative and instead take it easy.

g. Stability

Emphasize the extent to which the organization's activities for the maintenance of the status quo as contrasted growth.

The seventh characteristic, will describe the organizational culture and the basis for a common understanding that of the members of organization, as well as reflect its proper strength.

2.3 Definition and Components of Total Quality Management

Total quality management (TQM) is a recent breakthrough in the management of all activities aimed at optimizing customer satisfaction through process improvement (Tenner and Detoro). Then according to Tenner and Dettoro (1993:32), TQM has three basic philosophy that can be drawn as a meeting point of various opinions about TQM, are as follows:

1. Focusing on Customer Satisfaction (Customer Focus)

Internal customers are employees following or following departments are involved in the production / creation services. External customers are people or organizations that buy and use the products or services of the company.

2. Empowering and Engaging Employees

In the fierce competition, employees are required to have the expertise and know-how in performing their duties. To that end, the company should provide more training and opportunities to be involved in the decision making process.

3. Continuing quality improvement (continuous improvement)

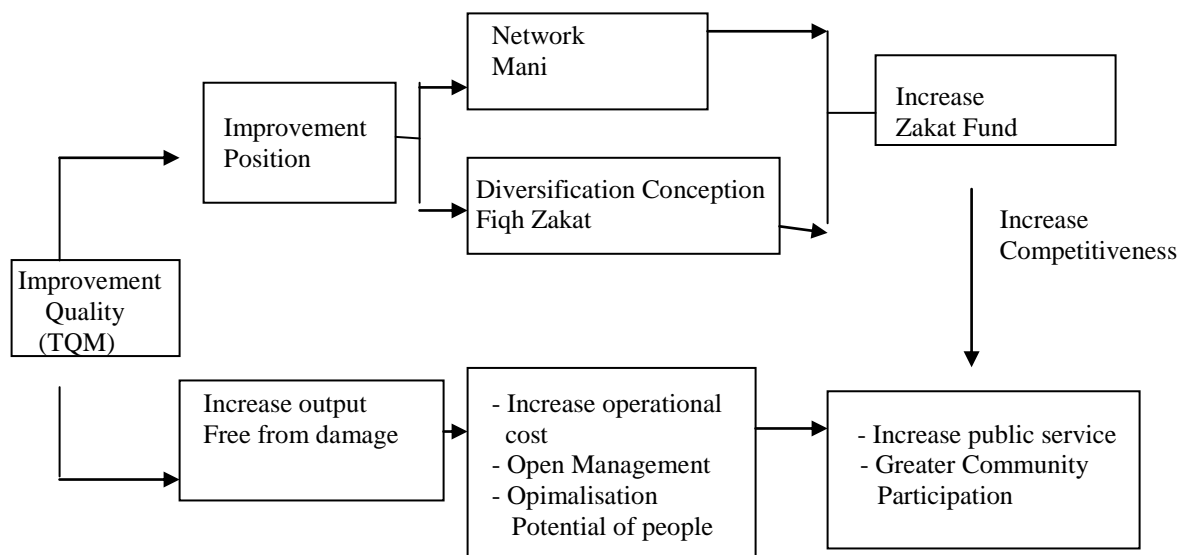
In the implementation process improvements are implemented based on the Deming wheel plan, do, check and action (PDCA cycle) wheels that rotate continuously to prevent recurrence of damage.

Then, the implementation of TQM in the LAZ, in order to realize a credible institution of zakat, one attempts to do is to implement TQM. Furthermore, especially LAZ, according to (Budi: 2002:16) efforts to conduct continuous quality improvement can be achieved in two ways, as follows:

1. LAZ can make a more strategic position in terms of management of the ZIS by means of the conception of fiqh socialize more appropriate.

2. LAZ can improve outcomes in terms free from damage that can hinder agency operations.

Expected to continuous quality improvement are two ways in which LAZNAS can achieve the goal of raising funds from muzakis ZIS and ZIS able to distribute funds to mustahik, and to improve services to the community in an optimal and can ultimately increase participation for the success of the community institutions also enhance competitiveness of the institution in the form of performance.



Source: Budi Budiman:2002

Figure 1: ZIS Fund Management Improvement Strategy With Key Benefits Approach Total Quality Management

Based on Figure 1, to be done in order to increase the quality can improve the position of organization and improve the limited output from damage. Efforts to improve the position can be done by improving the lot or make a network of branch offices and diversify conception fiqh of zakat. Second attempt to fix the position of having the ultimate goal of improving the collection of zakat, infak and shadaqoh. On the other hand to increase output, which is free of damage can be done in various ways such as: reducing operational costs, implementing an open and transparent management and optimizing the potentials that exist in the community. Such efforts can ultimately improve the public that will ultimately bring greater public participation.

2.4 Definition and Principles of Good Governance

Many sense that has been delivered by experts and researchers, among others, the notion of corporate governance, the OECD (2004), Siswanto and Aldridge (2005:2) defines: *corporate governance: corporate governance is the system by which business corporation are directed an controlled. The corporate governance structure specifies the distribution of rights and responsibilities among different participants in corporation, such as the board, the managers, shareholders and other stakeholders and spells out of the rules and procedures and for making decision on coporate affairs. By doing this, it also provides the structure through which the company objectives are set, and the means of attaining those objectives and monitoring performance.*

The purpose of definition is that a system used to direct and control the company's business activities. Corporate governance regulate the division of duties, rights and obligations of those who are interested in the life of the company, including shareholders, board members, managers and all members of non-shareholder stakeholders. The goal of good corporate governance as stated in the OECD (2004: 34) is aimed at: (1) to reduce the gap between those who have an interest in a company, (2) to increa the confidence for investors in making the investment, (3) to reduce the cost of capital, (4) to ensure the commitment of all parties in the management of corporate legal and (5) to create of value for company, including the relationship between the stakholders. Furthermore, in order to implement good governance, need for standards or principles used to guide company's management practices to enhance the value and viability of company. Organization for Economic Cooperation and Development (2004,1999:25) has developed the following principles: (a) Fairness, (b) Transparency, (c) Accountability, and (d) Responsibility.

The unit of analysis of this study is comprised of LAZ throughout Indonesia and LAZDA LAZNAS, is a public sector organization whose main activity is to perform the role of intermediary management of zakat, the principles of good governance are used in this study based on the decision of the Minister of State Owned Enterprises No.. 117/M-MBU/2002, that application of good corporate governance in SOEs known five principles. The five principles are: (a) responsibility, (b) accountability, (c) fairness, (d) tranparency and (e) independency. A description of each principle is as follows:

1. **Responsibility**
Is compliance in the management of the company to the legislation in force and the principles of corporate / organizational health.
2. **Accountability**
Is clarity of function, implementation and accountability of the general meeting of shareholders, the board of commissioners or supervisors and directors, and owners of capital so that management company to run effectively and efficiently.
3. **Fairness**
Is fair and equal treatment in fulfilling the rights of stakeholders arising under treaties and laws that apply to ensure that the company is managed prudently for the benefit of stakeholders fairly and to avoid the occurrence of adverse corporate practices.
4. **Transparency**
Is transparency in implementing the decision making process and in the proposed material and relevant information about the company. Transparency relates to the quality of the information conveyed companies.
5. **Independency**
Is a state in which the company is managed in a professional manner without the help and pressure from local interests that are not in accordance with the legislation in force and the principles of a healthy corporation or organization.

2.5 Research Hypothesis

Based on the theoretical framework that has been described previously as well as support previous research, it can be pulled hypothesis: "There is the influence of implementation of internal control, organizational culture and total quality management on application of good governance at the Institute Amil Zakat (LAZ) throughout Indonesia"

III Research Methods

3.1 Research Methods and Data Collection Techniques

The planned research method in this research is research that is explanation (explanatory research), as it is a study that explains the causal relationship among these variables (Cooper and Schindler, 2006:154). Furthermore, to obtain the data needed to prove the hypothesis of the study, using multiple data collection techniques, is questionnaires, interviews and documentation.

3.2 Testing Research Instruments

3.2.1. Validity Testing Instrument (Test of Validity)

Validity test conducted to determine whether the measure has drawn actually measure what needs to be measured. Due to the scale of measurement of the data is the validity interval in this study using the product moment correlation. Based on the results of treatment using Pearson product moment correlation (r):

Table 4: Questionnaire Validity of Test Results

Variables	The range of values r	R-Critic	Description
Internal Control	0,511 – 0,897	0,30	All valid
Organizational Culture	0,534 – 0,864	0,30	All Valid
Total Quality Management	0,524 – 0,884	0,30	All Valid
Good Governance	0,431 – 0,869	0,30	All Valid

In Table 4 it can be seen the value of each item statement validity index is greater than 0.30, these results indicate that all the questions raised valid points and fit for use for further analysis.

3.2.2. Reliability Testing Instrument (Test of Reliability)

Reliability can be defined as a characteristic associated with the accuracy, precision and consistency, the Spearman-Brown correlation coefficient.

Table 5: Reliability Test Results Questionnaire Research

Questionares	Number of Questions	Reliability Coefficients	Description
Internal Control	29	0,971	Reliable
Organizational Culture	29	0,982	Reliable
Total Quality Management	19	0,978	Reliable
Good Governance	20	0,953	Reliable

Reliability test results showed that the three variables studied questionnaires are reliable so that they can proceed to the next analysis.

3.3 Target Population and Research Sample

The target population in this research is the Institute Amil Zakat Zakat Forum listed as active members consisting of LAZNAS and LAZDA listed in FOZ as an active member. Sampling technique is Proportional Stratified Random Sample. The determination of the sample using the formula Slovin, the error rate (d) of 0.05:

Table 6: Number of Units Samples From Each Strata LAZ

Lembaga Amil Zakat (LAZ)	N	'n
LAZ Nasional (LAZNAS)	18	16
LAZ Region(LAZDA)	32	28
Total	50	44

Of the total target population numbering 50 LAZ, who completed a questionnaire in this study amounted to 41 LAZ, consisting of 14 and 27 LAZDA LAZNAS, while 9 LAZ not willing to serve as a target population / respondents of the study.

3.4 Design Analysis and Hypothesis Testing

In accordance with the identification of the problem, purpose of research, the formulation of hypotheses and the amount of data to be collected, the data analysis methods used in this research is to use partial least squares (PLS). Partial least squares (PLS) was developed as an alternative to structural equation modeling. In this study, partial least square is used to determine effect of partial or simultaneous implementation of internal controls, organizational culture and total quality management on application of good governance in the LAZ throughout Indonesia.

IV. Research Findings and Discussion

4.1 Measurement Model and Structural Model

The effect of Implementation of internal control, organizational culture and total quality management on application of good governance, were analyzed using structural equation modeling, alternative methods with partial least square. Similarly, the covariance-based SEM, the variance-based SEM also created two models, the measurement model and structural model. Through the measurement model to Reflexive indicators will be assessed the validity of each indicator and test the reliability of the construct indicators were assessed. The indicator has a loading factor of less than 0.50 will be dropped from the model, while considered satisfactory composite reliability is greater than 0.70. Here is presented a model of the measurement of each variable (construct) were used in this study.

Table 7: Loading Factor of Indicator Variables of Each Research

Variabel	Composite Reliability (CR)	Average Variance Extracted (AVE)
Internal Control	0,959 (recommended)	0,825 (presented 82,5%)
Organizational Culture	0,946 (recommended)	0,713 (presented 71,3%)
Total Quality Management	0,920 (recommended)	0,793 (presented 79,3%)
Good Governance	0,908 (recommended)	0,668 (presented 66,8%)

Having described the measurement model of each variable of the study, will be further described structural models between variables formed from the measurement model. From the result of the merger and measurement model and structural model obtained full path diagram model as follows.

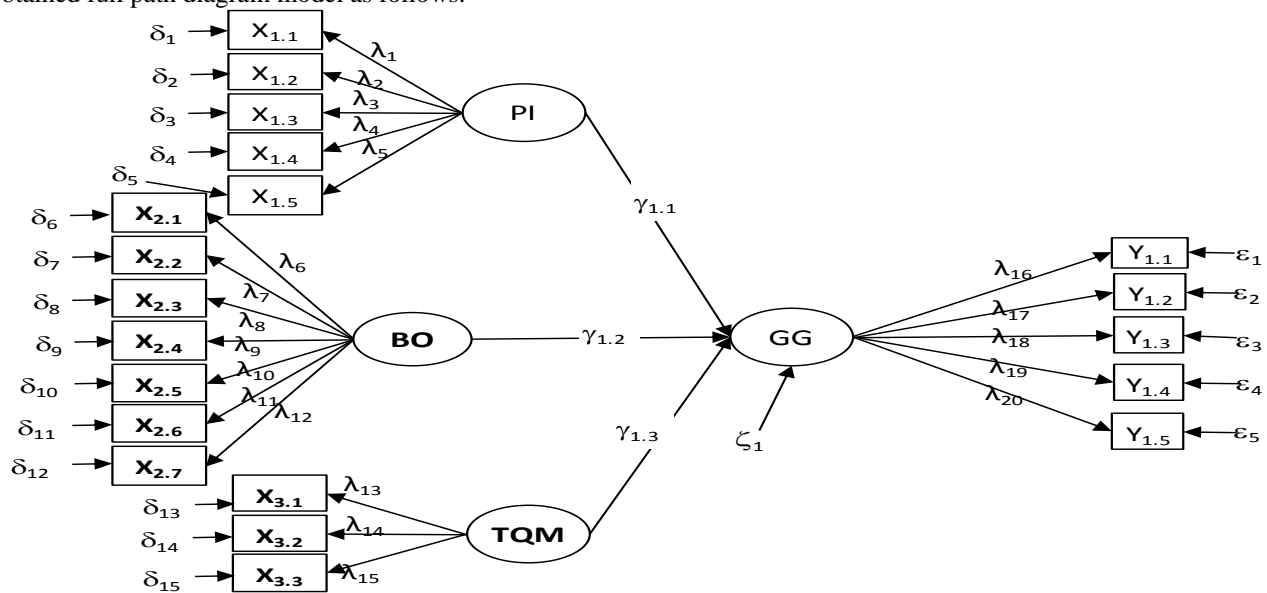


Figure 2: Full path diagram

Through the full path diagram model will be further tested the hypothesis of the study, but previously served first path coefficient and the value of the test statistic T for each lane.

Table 8: Coefficient of Each Line Relations Variable

Path	Coefficient	Std.error	T-Statistic*
PI (IC)->GG	0.419	0.137	3.057
BO-(OC) GG	0.304	0.124	2.449
TQM->GG	0.345	0.101	3.407

Through the values contained in the path diagram between latent variable structural model in Figure 2 can be calculated the effect of each variables.

4.2 Hypothesis Testing and Discussion

4.2.1 The Effect of The Implementation of Internal Control, Organizational Culture and Total Quality Management on Application of Good Governance simultaneously and partially.

The hypothesis to be tested is the effect of the implementation of internal controls, organizational culture and total quality management on application of good governance. The following is the path diagram and the results of the significance test of the hypothesis as follows:

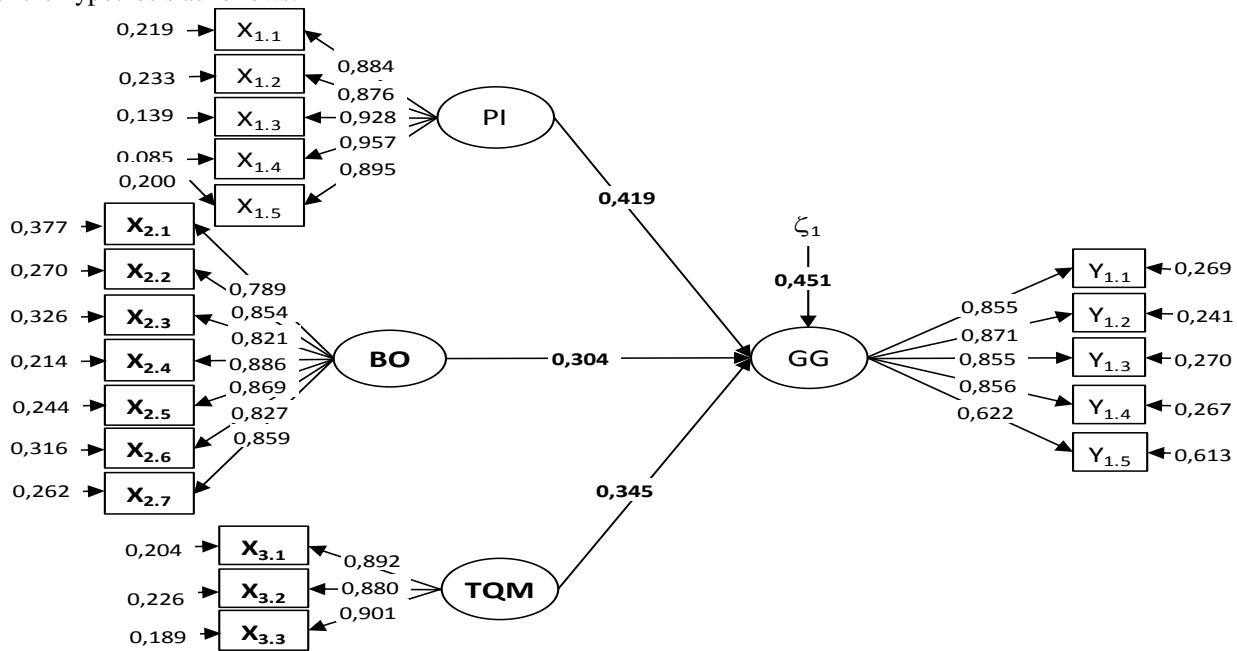


Figure 2: Path Diagram Testing Hypotheses

Through the values contained in the path diagram between latent variable structural model in Figure 4.1 can be calculated much the effect of implementation of internal controls, organizational culture and total quality management on application of good governance simultaneously dan partialy, namely:

Table 9: The Effect of Implementation of Internal Control Implementation (PI/IC), Organizational Culture (BO/OC) and Total Quality Management (TQM) On Application of Good Governance (GG)

Variables	Path Coefficient	Direct Effect	Indirect Effect	Total
PI/IC	0,419	17,60%	7 %	24,60%
BO/OC	0,304	9,30%	3,70%	13%
TQM	0,345	11,90%	5,40%	17,30%
Simultaneously Effects				54,90%

The simultaneously, The implementation of internal controls, organizational culture and total quality management can explain effect to change that occur on application of good governance by 54.90% and the remaining 45.10% is explained or effected by other factors not examined . Among the three exogenous variables, the implementation of internal control contributes the greatest (24.60%) on application of good governance. Simultaneously effect of the implementation of internal controls, organizational culture and total quality management on application of good governance through the statistical hypothesis was tested as follows:

Ho. All $\gamma_{li} = 0$: The Implementation of internal controls, organizational culture and total quality management simultaneously do not effect on application of good governance

Ha. all $\gamma_{li} \neq 0$: The implementation of internal controls, organizational culture and total quality management simultaneously effect on application of good governance

Table 10 The Significance Tests of Effect of The Implementation of Internal Control, Organizational Culture and Total Quality Management In Simultaneously on Application of Good Governance

Simultaneously Effect	F_{count}	F_{0,1 (3;37)}	Conclusion
54,9%	15,006	2,238	There is a significant effect

In Table 10, it can be seen Fcount value greater than Ftable 15.006 (2.238), since the value of F-value is greater than the F-table at 90% confidence level can be inferred simultaneously the implementation of internal controls, organizational culture, and total quality management have a significant effect on application of good governance.

Statistical test results in accordance with the expectations of the researchers, that is, if the implementation of internal controls, organizational culture and total quality management applied optimally then tend to increase application of good governance. Statistical test results have shown a significant effect these three variables simultaneously on application of good governance.

4.2.2 The Effect of Implementation of Internal Control on Application of Good Governance

Hypothesized that the implementation of internal control has a positive effect on application of good governance. Here are presented the results of the significance test of the hypothesis through statistical hypothesis as follows.

Ho. $\gamma_{11} \leq 0$: The implementation of internal control does not effect positive on application of good governance partially.

Ha. $\gamma_{11} > 0$: The implementation of internal control effect positive on application of good governance.

Table 11 The Significance Test of Effect of the Implementation of Internal Control on Application of Good Governance

Path Coefficient	t-count	t-critics	Conclusion
0,419	3,056	1,645	There is a significant positive effect

In Table 11, it can be seen path coefficient of the implementation of internal control on application of good governance of 0.419 with a positive direction. Path coefficient is positive indicates that the implementation of good internal control tends on application of good governance is also good. Furthermore tcount (3.056) greater than tcritics (1.645) indicates that the implementation of internal control has significant positive effect on application of good governance.

Directly, the implementation of internal control contribute or has effect 17.60% on application of good governance, then indirectly, because effect of its association with the implementation of the organizational culture and total quality management are 7%. Simultaneously, implementation of internal control contribute or has effect 24.60% increase application of good governance. Statistical test results in accordance with the expectations of researchers, namely the implementation of internal control, the better the likely application of good governance either. Statistical test results have proven the existence of a significant effect of the implementation of internal control on application of good governance.

4.2.3 The Effect of The Implementation of Organizational Culture on Application of Good Governance³

Hypothesized that the implementation of organizational culture has a positive effect on application of good governance. Here are presented the results of the significance test of the hypothesis through statistical hypothesis as follows:

Ho. $\gamma_{12} \leq 0$: The implementation of organizational culture does not effect positive on application of good governance partially.

Ha. $\gamma_{12} > 0$: The implementation of organizational culture effect positive on application of good governance.

Table 12: The Significance Test of Effect of The Implementation of Organizational Culture on Application of Good Governance

Path Coefficient	t-count	t-critics	Conclusion
0,304	2,449	1,645	There is a significant positive effect

In Table 12, it can be seen path coefficient of the implementation of organizational culture on application of good governance of 0.304 with a positive direction. Path coefficient is positive indicates that the implementation of good organizational culture tends on application of good governance is also good. Furthermore tcount (2,449) greater than tcritics (1.645) indicates that the implementation of organizational culture has significant positive effect on application of good governance.

Directly, the implementation of organizational culture contribute or has effect 9.30% on application of good governance, then indirectly, because effect of its association with the implementation of the internal control and total quality management are 3,70%. Simultaneously, implementation of organizational culture contribute or has effect 13 % increase application of good governance. Statistical test results in accordance with the expectations of researchers, namely the implementation of organizational culture, the better the likely application of good governance either. Statistical test results have proven the existence of a significant effect of the implementation of organizational culture on application of good governance.

4.2.4 The Effect of Implementation of Total Quality Management on Application of Good Governance

Hypothesized, the implementation of total quality management has positive effect on application of good governance. Here are presented the results of significance test these hypotheses through statistical hypothesis:

Ho. $\gamma_{13} \leq 0$: The implementation of total quality management does not effect positive on application of good governance partially.

Ha. $\gamma_{13} > 0$: The implementation of total quality management effect positive on application of good governance

Table 13: The Significance Test of Effect of The Implementation of Total Quality Management on Application of Good Governance

Path Coefficient	t-count	t-critics	Conclusion
0,345	3,407	1,645	There is a significant positive effect

In Table 13, it can be seen path coefficient of the implementation of total quality management on application of good governance of 0.345 with a positive direction. Path coefficient is positive indicates that the good implementation of total quality management tends application of good governance is also good. Furthermore t-count (3,407) greater than t-critics (1.645) indicates that the implementation of total quality management has significant positive effect on application of good governance.

Directly, the implementation of total quality management culture contribute or has effect 11,9% on application of good governance, then indirectly, because effect of its association with the implementation of the internal control and organizational culture are 5,40%. Simultaneously, implementation of total quality management contribute or has effect 17,30 % increase the application of good governance. Statistical test results in accordance with the expectations of researchers, namely the implementation of total quality management, the better the likely application of good governance either. Statistical test results have proven the existence of a significant effect of implementation of total quality management on application of good governance.

V. Conclusion

Based on the data analysis and discussion of research results in the previous chapters, it can be drawn a few conclusions, as follows: (1) Implementation of internal control, organizational culture and total quality management significantly effect on application of good governance simultaneously. (2) Implementation of internal control, organizational culture and total quality management significantly effect on application of good governance partially. (3) Implementation of internal control as a variable that has contributed most effect on application of good governance.

REFERENCES

Adiwarman A. Karim dan A. Azhar Syarief. 2008. Fenomena Unik Di Balik Menjamurnya Lembaga Amil Zakat (LAZ) Di Indonesia. Makalah disajikan dalam media Jurnal Zakat dan *Empowerment* Vol 1 Agustus 2008, diterbitkan oleh Indonesia *Magnificence of Zakat*.

Almizar Hamid:2009. Nasib Lembaga Amil Zakat di Indonesia. Artikel ini dimuat pada Harian Republika, Jum'at 05 Juni 2009.

Apfelthaler Gerard, Hellen J Muller and Robert R Rehder. 2002. *Corporate Global Culture as Competitive Advantage: Learning from Germany and Japan in Alabama and Austria*. *Journal of World Business* (JWB) 37: pp.108.

Asep Saefuddin Jahar, Zakat Antar Bangsa Muslim: Menimbang Posisi Realistis Pemerintah dan Organisasi Masyarakat Sipil. Makalah disajikan dalam media Jurnal Zakat dan *Empowerment* Vol 1 Agustus 2008, diterbitkan oleh Indonesia *Magnificence of Zakat* (IMZ).

Azyumardi Azra. 2010. Negara dan Pengelolaan Zakat. Makalah ini dimuat pada portal Sekolah Pascasarjana UIN Syarif Hidayatullah Jakarta.

Besuki, Johansen, 1997. Budaya Organisasi, Konsep dan Terapan. Jakarta Yayasan Pembina Manajemen.pp.43.

Budi Budiman, 2002, Potensi Dana ZIS Sebagai Instrumen Ekonomi Islam dari Teori dan Implementasi Manajemen. Makalah disajikan dalam Simposium Nasional Sistem Nasional Ekonomi Islam, Yogyakarta.

Circle Of Information And Development (CID) Dompot Dhuafa Republika dan Lembaga Kajian Islam Dan Hukum Islam (LKIHI) Fakultas Hukum Universitas Indonesia.2008. Naskah Akademis Rancangan Undang-Undang Republik Indonesia Tentang Pengelolaan Zakat.

Committee of Sponsoring Organization (COSO) of The Treadway Commision 2004. *Enterprise Risk Management – Integrated Framework: Executive Summary*. COSO. September 2004

_____.2002. *Enterprise Risk Management Framework Key Concepts Briefing Document* COSO. July 2002

Cooper, D. R., & Schindler, P. S. (2006). *Business Research Methods* (9th ed.). International edition. Mc Graw Hill.

Creech, Bill.1996. Lima Pilar TQM: Cara Membuat *Total Quality Management* Bekerja Bagi Anda. Dialihbahasakan oleh Alexander Sindoro. Penerbit Binarupa Aksara. Jakarta

Daniel I Prajogo dan Amrik S Sohal. 2006. *The Relationship Between Organization Strategy, Total Quality Management (TQM) and Organization Performance-The Mediating Role of TQM*. *European Journal of Operational Research*: 35.

Deal, E Terrance & Kennedy A Ellen. 1999. *The New Corporate Cultures*, Massachusset, *Persons Publishing*. Pp.3

Deddy Supardi Aman Saputra. 2005. Pengaruh Peran Dewan Komisaris, Formulasi Strategi dan Penerapan Pengendalian Intern serta Pengembangan Tata Kelola Perusahaan Terhadap Kinerja Bisnis. Disertasi Doktor. Program Pasca Sarjana Universitas Padjadjaran. Bandung

Dikdik Tandika.2009. Analisis Faktor-Faktor Yang Mempengaruhi Kinerja Organisasi dan Implikasinya Terhadap Akuntabilitas Publik Organisasi Pengelola Zakat (OPZ) Dalam Upaya Optimalisasi Penghimpunan Zakat di Propinsi Jawa Barat, Banten dan DKI Jakarta. Disertasi Doktor .Program Pasca Sarjana Universitas Pasundan. Bandung

- Djailani, 2003. Strategi Bazis DKI Dalam Menyiasati Implementasi UU No. 38 Tahun 1999 Tentang Pengelolaan Zakat, Forum Zakat (FOZ).
- Fandy Tjiptono dan Anastasia Diana.2001. *Total Quality Management*. Edisi Revisi. Penerbit ANDI. Yogyakarta
- Flamholtz, Eric. 2001. *Corporate Culture and The Bottom Line*, *European Management Journal* Vol. 19, No. 3, 2001 *Published by Elsevier Science Ltd. All rights reserved Printed in Great Britain* 0263-2373/01. pp. 268–273.
- Gunariato.2005. Pengaruh Penerapan Strategi Keunggulan Bersaing, *Total Quality Management*, *Cost of Quality*, dan Sistem Akuntansi Manajemen Terhadap Kinerja Perusahaan. Disertasi. Bandung. Program Pascasarjana Universitas Padjadjaran Bandung.
- Haniffa RM dan T.E Cooke. 2002. *Culture, Corporate Governance and Disclosure in Malaysian Corporations*. *ABACU International Journal*. Vol.38. No,3.pp.323.
- Hiro Tugiman M. 2000. Pengaruh Peran Auditor Internal Serta Faktor-Faktor Pendukungnya Terhadap Peningkatan Pengendalian Internal dan Kinerja Perusahaan (Survei pada 102 Badan Usaha Milik Negara dan Badan Usaha Milik Daerah di Indonesia). Disertasi. Bandung. Program Pascasarjana Universitas Padjadjaran Bandung.
- Hoque Zahirul. 2003. *Total Quality Management and The Balanced Scorecard Approach: A Critical Analysis of Their Potential Relationship and Dirrections for Research*. *Journal Critical Perspective on Accounting*: 563.
- Ikatan Akuntan Indonesia (IAI). 2012. Standar Akuntansi Keuangan. Penerbit salemba Jakarta
- Jamil Azzaini.2008. Berdayakan Lembaga Amil Zakat. Artikel ini dimuat dalam Tabloid Republika. Jumat, 19 September 2008.
- Kotter, John P. & Hekett L James. 1992. *Corporate Culture and Performance*. New York. *The Free Press*.pp.41
- Kreitner. Robert & Kinichi Angelo. 2003. *Organization Theory and The New Public Administration*. Boston. *Allyn and Bacon Inc*.pp.72,79,83
- Mulyadi, 1996, *Total Quality Management : Pergeseran Paradigma Dalam Pengelolaan Perusahaan*, dalam *Jurnal Akuntansi dan Manajemen*, Edisi Pebruari 1996, Yogyakarta, STIE - YKPN.
- Petrovits. Christine, Chaterine Shakespeare and Aimee Shih.2010. *The Causes and Consequences of Internal Control Problems in Nonprofit Organizations*. Social Science research Network.
- Rindang Widuri dan Asteria Paramita. 2008. Analisis Hubungan Peranan Budaya Perusahaan Terhadap Penerapan Good Corporate Governance pada PT. Aneka Tambang. Makalah disajikan dalam “The 2nd National Confrence UKWMS Surabaya” .pp.13
- Robbin, Stephen P. 2001. *Organization Theory, Structure, Design and Application*. *Seventh Edition, United of America: Prentice Hall International. Inc*. pp.262,510.
- Samdin, 2002. Motivasi Berzakat: Kajian Manfaat dan Peranan Kelembagaan,. Makalah disajikan dalam Simposium Nasional Ekonomi Islam, Yogyakarta.
- Sekaran Uma.2006. *Research Methods For Business*. Edisi 4 (Edisi bahasa Indonesia). Buku 1 dan Buku 2. Penerbit Salemba Empat. Jakarta
- Soewarso Hardjosoedarmo. 2002. *Total Quality Management*. Penerbit ANDI. Yogyakarta
- Sri Fadilah, 2011. Analisis Pengaruh Implementasi Pengendalian Intern dan *Total Quality Management* Terhadap Penerapan *Good Governance*. Hasil riset disajikan dalam Simposium Nasional Akuntansi (SNA) ke-14 di Universitas

Syiah Kuala Nangroe Aceh Darussalam Juli 2011, merupakan riset yang didanai LPPM Unisba. Ikatan Akuntan Indonesia (IAI), Jakarta.

Susanto. A. A, 2002. "Zakat Sebagai Pengurang Penghasilan Kena Pajak: Sebuah Tinjauan Makro Ekonomi". Makalah disajikan dalam Simposium Nasional Ekonomi Islam, Yogyakarta.

Tenner, Arthur R and Detoro Irving J. 1993. *Total Quality Management*. Adison-Wesley publishing company. USA.

Undang-Undang No 38 Tahun 1999 tentang Pengelolaan Zakat

Wahyudin, Zarkasyi. 2007. Peran Komite Audit dan Audit Internal Dalam Implementasi *Good Corporate Governance* dan Dampaknya Terhadap Kinerja Badan Usaha Milik Negara di Indonesia. Disertasi. Bandung. Program Pascasarjana Universitas Padjadjaran.