ABSTRACT & GUIDE BOOK

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THE EFFECT OF APPLICATION OF GOOD GOVERNANCE TO ORGANIZATIONAL PERFORMANCE WITH INTERVENING VARIABLE CONSUMER TRUST

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ABSTRACT

In Indonesia today, the development of non-governmental organization such as LAZ. In reality, there was a gap between the potential of zakat amounting to 20 trillion and the realization of zakat only 1 trillion. Phenomenon indicates poor performance in particular OPZ, especially LAZ. These demands pose a challenge to LAZ to implement good governance. Subsequent impact on the public demands for accountability and transparency of the LAZ. Then a challenge for the LAZ to make efforts in order to improve the performance of LAZ. The results of this study is expected to be a reference for the development of models of good governance and performance assessment LAZ and consumer trust in Indonesia. The variables studied were good governance, consumer trust and organizational performance. The research goal is to see the effect of the implementation of good governance on the performance of the organization by intervening variables of consumer trust. The method used is an explanation, and data analysis tools used were SEM with PLS approach.

Keyword : Internal Control, Good Governance and Organizational Performance.

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In Indonesia today, the development of non-governmental organization such as LAZ. In reality, there was a gap between the potential of zakat amounting to 20 trillion and the realization of zakat only 1 trillion. Phenomenon indicates poor performance in particular OPZ, especially LAZ. These demands pose a challenge to LAZ to implement good governance. Subsequent impact on the public demands for accountability and transparency of the LAZ. Then a challenge for the LAZ to make efforts in order to improve the performance of LAZ. The results of this study is expected to be a reference for the development of models of good governance and performance assessment LAZ and consumer trust in Indonesia. The variables studied were good governance, consumer trust and organizational performance. The research goal is to see the effect of the implementation of good governance on the performance of the organization by intervening variables of consumer trust. The method used is an explanation, and data analysis tools used were SEM with PLS approach.

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I.Introduction

These last few years in Indonesia, The issues related to the implementation of the charity concept as both a personal and religious obligation of zakat as the public finance component are very popular. Law no. 38 in 1999 on the Management of Zakat becomes stronger legal protection in the management of zakat in Indonesia, as an effort to support the fact that Indonesia is a country in the world's largest muslimya population, which amounted to 80% of the approximately 220 million inhabitants Indonesia is a Moslem population of 180 million (Eri Sudewo.2008: 18) who have an obligation either give charity and zakat tithes of property. These conditions should be the potential for extraordinary charity efforts related to the collection of zakat. The following are potential zakat can be collected, namely:

Table 1.1 Zakat Potential in Indonesia

Description	Zakat Potential	Description	Zakat Potential
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

Description	Zakat Potential	Description	Zakat Potential
Adiwarman &. Azhar Syarief 2009)	Rp 20 trillion	FoZ (Forum Zakat:2009)	Rp 20 trillion

With many of the founding of zakat institutions, now number 400 LAZ (FoZ.2011), can be used as an alternative for people in the zakat funds in addition to the Board, amounting to 50 956 Government Zakat Institution (BAZ) (Baznas.2009). In addition Private Zakat Institution (LAZ) could ultimately be expected as a medium to bridge the achievement potential of zakat in Indonesia. estimated there are approximately 600 well LAZDA, OPZ and UPZ which has stood both based mosque and companies who do not or have not been registered in FoZ (Forum Zakat). However, the development of OPZ, until now there has been coupled with the public interest to pay zakat on LAZ. The impact is not yet optimal management of zakat in Indonesia. It is very unfortunate because the potential magnitude of zakat in Indonesia, if not managed properly. Table 1.2 presents data relating to the realization of collecting zakat:

Table 1.2 Realization of the Zakat collection

No	Description	Number
1	Depag (2007)	BAZ: Rp 12 billion and LAZ: Rp 600 biliion
2	Depag (2008)	BAZ and LAZ : Rp 900 billion
3	Forum Zakat (2009)	LAZ in FoZ Data: Rp 900 billion
4	IZDR (2004-2008)	Rp 61,3 billion - Rp 361 billion

Based on the phenomenon, another thing that must be observed is the fact with the law of zakat management, and many of the founding of LAZ has yet to have an impact on public awareness to distribute zakat. Based on research results PIRAC there are 29 million welfare families who become citizens aware of zakat. On the other hand this time, it is estimated there are only about 12-13 billion who pay zakat muzakis by LAZ, meaning there are still more than half of the untapped potential of zakat by LAZ. The picture should be viewed as a challenge for LAZ in particular to improve its performance with particular regard to the collection of zakat funds. These challenges must be addressed in an effort to further improvement for more professionals of LAZ. This specific goal of this research is want to see management of zakat, and its impact on the performance of LAZ. Because if the zakat funds are well managed should be able to raise the dignity of the remains, but in fact the potential is only a mere wishful thinking. Though Indonesia as a country, which has 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. Associated with poverty, the data presented below on Indonesia's poor both in number and percentage of the following

Table 1.3 Number and Percentage of Poor in Indonesia

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

Source: Adapted from the National Socioeconomic Survey Data: 2009

Then, despite the existence of the organization managing the growing number of zakat in Indonesia, but if Muslims have been paid or give charity does not pay zakat institutions such as by submitting to the nearest relatives, the effort to achieve the potential of zakat still will not be achieved. Zakat payment system does not mean ugly or not good but the social impact of narrower and short term. Will vary with the institution of zakat payment and systematic, such as paying zakat

to charity organizations both BAZ and LAZ will have broad impact because zakat funds will be administered in the form of social programs are targeted and structured and long-term social impact. The urgency of this research, by looking at the various problems that were detected as an impediment why the potential of zakat in Indonesia is very large is not well-managed and optimally so that the impact on the performance of OPZ.. As for the issue from various sources are presented as follows:

a. Governing body of zakat is considered unprofessional for not applying the principles of accountability and transparency (Almisar Hamid.2009: 10).
b. Zakat fund manager is deemed not to have the human resources (HR) optimal quality, which is competent (kaffah), trustworthy, and has a high work ethic (Himma) (Jamil Azzaini.2008: 9).
c. Bureaucracy and good governance are still weak in regard to the management of zakat in Indonesia so the impact on low accountability and transparency LAZ (Asep Saefuddin Jahar: 2006:7).

In addition to the cause of the problem has not been optimal management of zakat is not enough to affect the good performance achieved especialy LAZ, another issue that needs to be fixed by (CID survey Dhuafa and wallet-FHUI LKIHI :2008:11-16) has seven main issues , namely: (1) Institutional Issues, (2) Problems of Statutory Regulations, (3) the collection, distribution and utilization of zakat, (4) Monitoring and Reporting, (5) Correlation with the zakat tax, (6) Community Participation and (7) Sanctions and Dispute Zakat

From the description of the problems that had been pointed out as obstacles in the management of zakat in Indonesia, showed a very complex problem. It stems from public mistrust of LAZ is (CID Wallet-FHUI Dhuafa and LKIHI :2008:19-20). To support this, have created a good corporate management and the optimal to be able to achieve good performance. It makes all the components of LAZ, should have the same values and ideas are able to bind to in order to improve achievement in realizing the organization's performance is made LAZ as a professional organization.

The research results Feroz, Sanjay and Raymod (2008:128) that there is mutual influence between corporate governance with organizational performance. Where the implementation of effective corporate governance will create a high performance organization, contrary to the achievement of high performance organizations that demonstrate high organizational accountability. Even the results of research Aras and Crowther (2008:444), against 100 firms in the capital markets in Turkey (FTSE), mentioned that there are influence between the sustainability of good governance. Sustainability is defined as a form of strategic performance of the company because it is run according to the research Wahyudin panjang. Juga Zarkasyi (2007:79) that there is effect of the application of good corporate governance on performance.

Application of good governance is The control mechanism to regulate and manage the operations with the aim to increase prosperity and corporate accountability, with the eventual goal to realize shareholder value. This is consistent with the Sri Fadilah (2011:12) who studied the application of good governance at the Institute Amil Zakat by looking at factors that affect it. This opinion is supported by Newel and Wilson (2002) in his article entitled "A Premium for Good Governance" which was quoted by Marjana (2002:27), that theoretically the practice of good governance can enhance shareholder value, including organizational performance, reduce risks due to management actions that tend to benefit themselves and can increase the trust of investors or stakeholders (mustahik and muzakis). Also according to the research Dikdik Tandika (2010:179) examine the performance of OPZ with a model of balanced scorecard. The same thing was stated by Khotibul, Karina and Sekar Ayu (2009:1), that the implementation of good corporate governance carried out by Islamic banks in an effort to boost consumer trust. The reason is that as a research institution is a bank financial institutions that are loaded with the settings so that the banks are the most heavy regulated industry in the world. The existence of a bank, a necessity given the bank is an institution whose existence is in desperate need of public trust. Element of public trust in the banks

is something that is very essential, so the bank needs to maintain the trusts of consumers to avoid the rush or the withdrawal of public funds on a large scale.

This is particularly relevant to the research analysis LAZ unit that has the same characteristics of Islamic banks in organization, operations and regulation. LAZ as a means to an intermediary institution that manages the charity, consumer trust becomes very important. To increase consumer trust, the application of the principles of good governance becomes a necessary thing. Moreover, the core problem of this research is the impact on consumer trust in not achieving the target of collecting alms.

Furthermore, with the creation of consumer trust in the LAZ, the consumer is expected to increase both quantitatively and qualitatively, so that the target of collecting zakat is reached. With the achievement of these targets as evidence that the objectives and organizational performance are met. This is in accordance with the results of research Buytendijk, F. (2008:2) Performance Leadership in the article, stating that, there is a link between consumer trust in the company's performance. And explained that with the high trust of the consumer organizations will get a positive response and the perception that the organization is able to create a variety of high performance.

Based on the urgency of research in this study will look at and analyze what effect the application of good governance to organizational performance through consumer trust in the LAZ throughout Indonesia.

II. Framework of Theory and Hypothesis

2.1 Definition and Principles of Good Governance

Many terms that have been delivered by experts and researchers, among others, the notion of corporate governance, the OECD (1999:18) defines corporate governance as: *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.*

These definitions mean that a system used to direct and control the business activities of the company. Corporate governance regulate the division of duties, rights and obligations of those concerned for the life of the company, including shareholders, board members, managers and all members of stakeholders. The purpose of good corporate governance as stated in the OECD (1999: 34) is aimed at, (1) to reduce the gap between the parties with an interest in a company, (2) increase the confidence of investors in making investment, (3) reduce capital costs, (4) convincingly to all parties on the legal commitment in the management of the company and (5) the creation of value for the company, including the relationship between the stakholders. Furthermore, in order to applicant good governance need to be a standard or principle which is used as a guide in corporate management practices to enhance the value and viability of the company. Organization for Economic Cooperation and Development (OECD, 1999:25) has developed the following principles: (a) Fairness, (b) Transparency, (c) Accountability, and (d) Responsibility.

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

1. Resposibility
   Is conformity in the management of the company against the legislation in force and the principles of corporate / organizational health.
2. Accountability
   Is the clarity of functions, implementation and accountability of the general meeting of shareholders, board of commissioners or supervisors and directors and owners of capital and company management to ensure an effective and efficient.
3. Fairness
   Is a fair and equal treatment in fulfilling the rights of stakeholders arising under treaties and laws that apply to ensure that the company managed prudently for the benefit of stakeholders fairly and to avoid the occurrence of harmful corporate practices.
4. Tranparancy
   Is transparency in decision-making process and implement the proposed material and relevant information about the company. Transparency relates to the quality of information delivered enterprise.
5. Independency
   Is a state where the company is professionally managed without the help and pressure from local interests that are not in compliance with applicable laws and principles of a healthy corporation or organization.

2.2 Definition and Elements of Consumer Trust

There are a lot of meaning or definition of consumer trust. Kreitner and Kinicki (2001:422) suggests that consumer trust is the belief of the parties regarding the purpose and behavior of other parties. Consumer trust is defined as a product or a service provider can be trusted or relied upon in fulfilling his promise (Sideshmuhk. et al. 2002:17).

Similar definition proposed by Peppers and Rogers (2004:71), is a quality that reflects the good relationship with other parties. Consumers have trust in the organization through the activities of the organization. Consumer trust is one of the fastest ways to build relationships organization in the long run. Only through relation consumer trust, the information can be returned to the organization. Beliefs play a role in enhancing the ability of consumers to make choices, based on `relationship of trust. Many professional relationship is established based on the concept of trust in the agency. In particular, service organizations, have much to learn about the desires or needs of consumers before they make a recommendation in a professional manner to attract customers.

Effective marketing depends on the development and management of consumer trust that consumers typically will buy or use a service before experiencing (Shamdasani and Balakrishan.2000: 403). Management of consumer trust is determined by service providers optimize resources, technology and systems used in order to create consumer trust. Kreitner and Kinicki (2003:422) states, consumer trust is the belief of a party concerning the purpose and behavior of other parties. Conceptually, (Morgan and Hunt. 1994:23), says that consumer trust will result if one party has trust in the integrity and reliability of others.

Further, according to Creep and Hamdani (2008:175), that consumer trust in the parties relating to the provision of goods services reflected in the consumer decision to purchase products / use services of the organization believed it. This means that there is a link between consumer trust in consumer trust to take the decision to purchase products/use services. This is reflected in the increasing number of consumers from time to time, and even consumers will voluntarily conduct persuasive for other consumers to do what he did (mouth to mouth communication).

The literature on trust suggests that confidence in the party who won the trust is reliable and of high integrity, coupled with consistent quality, competent, honest, responsible and good. Consumer trust is not present for granted, but of a long process until both parties trust each other.

Consumer trust in the process of formation is influenced by factors such as reputation of the organization, large or small organization, the organization enjoys among consumers and between consumers and employees of the organization. Consumer trust is believed to play a role in the formation of consumer perceptions of service organizations (Donney and Canon. 1997:38).

Then related to the quality of service, so if consumers perceive the quality of service has been obtained in accordance with the expectation that consumers will make purchases and use services again as a form of consumer loyalty, it also voluntarily submit information by word of mouth to other consumers. (Rambat and Hamdani.2008: 175), and will ultimately increase the profitability of the organization (Kotler.2004: 125). This is reflected in the many customers who come back. Furthermore Shamdasani and Balakrishan (2000:421) uses the integrity and reliability as an indicator to measure consumer trust and found that the contact personnel and physical environment affect consumer trust. Further customer satisfaction affect to consumer trust, and affecting consumer commitment.

Furthermore, consumers should be able to feel that consumers can rely on the organization. However, building consumer trust takes a long time and will evolve after repeated meetings with consumers. Even more importantly, consumer trust develops after an individual to take risks and deal with his partner. This suggests that building trusting relationships will be more likely to occur in certain industrial sectors, particularly those involving risk taking by consumers in the short or long term. Customer satisfaction with the service and lead the organization to commit meraka and loyal to the organization. Consumers will only be loyal to the organization when it is preceded by a sense of trust (Blomerat and Gaby.2001: 153). When consumer trust in your product or service has been established consistent quality of products and services, it will affect the commitment and loyalty. According to Rambat and Hamdani (2008:175), trust is important for consumers, because most consumers will seek to remain a customer of an organization, when they have believed in the organization.

Consumer trust for LAZ, defined as the level of trust mustahiq and muzakis that LAZ has taken the appropriate steps, which will benefit and help muzakis and mustahik in achieving its objectives. Ie for muzakis feel confident and calm when muzakis give zakat fund to be managed by LAZ. For mustahik feel confident and treated properly as a recipient of funds to various programs ZIS ZIS distribution of funds. Consumer trust for the LAZ have an impact on consumer decision to entrust funds and ZIS are believed to receive funding for mustahik ZIS. Furthermore, consumer trust is reflected from the LAZ increasing number of consumers from year to year, which will lead to an increase in fund raising ZIS. In addition, consumer trust will impact on the level of return the consumer to use the services of LAZ.

2.3 Understanding and Managing Organizational Performance Measurement Zakat By Model Balanced Scorecard

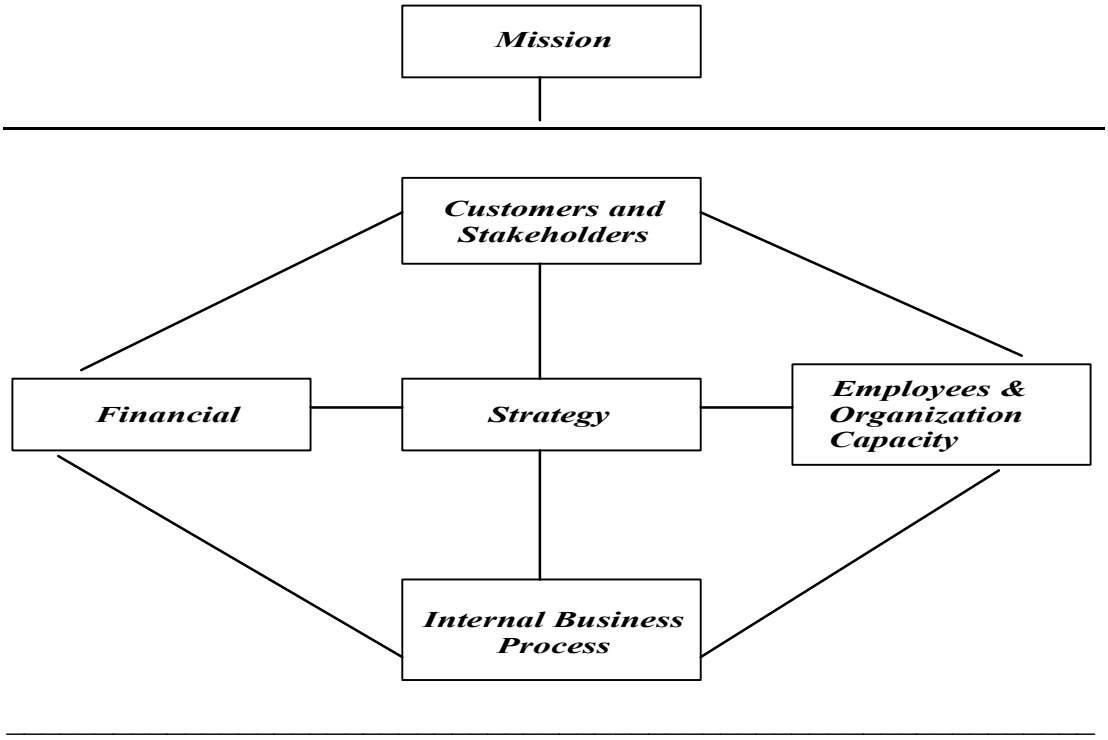
The idea of the balanced scorecard was first published in the article Robert S Kaplan and David P Norton at the Harvard Business Review in 1992 in an article entitled "The Balanced Scorecard - Measures That Drive Performance". According to Kaplan and Cooper (1998:87) defines the Balanced Scorecard as follows: a measurement and management system views a business That unit's performance from four perpectives: financial, customer, internal business process, and learning and growth. Based on these quotations, it can be concluded that the balanced scorcard is a system of management, measurement and control quickly, accurately and comprehensively can provide insight to managers about business performance. In the measurement of business unit performance will be viewed from four perspectives, namely financial perspective, customer perspective, internal business process perspective in the enterprise and learning and growth.

Balanced scorecard is a management concept that started a lot of contemporary performance applied to public organizations, including governmental organizations also applied to OPZ as LAZ

and BAZ. Balanced Scorecard judged appropriate for public organizations, because of the balanced scorecard is not only emphasize the quantitative and financial aspects, but also qualitative and non-financial aspects. In accordance with Imelda's research (2004:46) who studied the model of balanced scorecard implementation in public organizations. This is in line with public sector organizations that put profit rather than as a key performance measure, but the service tends to be qualitative and nonfinancial. Although the balanced scorecard concept was born in the world of business, public organizations can also adopt the concept of balanced scorecard with some modifications. Adoption of the balanced scorecard in a public organization aiming to improve the performance of public organizations, as the case in some large organizations that implement the balanced scorecard shows that the balanced scorecard is a comprehensive management tool and powerful way to boost the performance of the organization.

Although primarily designed for business organizations engaged in the private sector, but the development of balanced scorecard can be applied to public sector organizations and other nonprofit organizations. The main difference with the public organizations, especially business organizations is the goal (profit maximization) while the public sector is nonprofit (service maximization). Business organizations focus on quantitative measures and financial, for example, net income, earnings per share, return on investment, and so forth. Financial performance measures are in fact just used when the organization is located in the industrial era, but when the organization in the era of information and communication technology revolution and the era of knowledge-based economy (knowledge based economy). If you rely solely on financial performance measures will cause organizations to miss and lose direction. This is due to financial measures are not sufficient to guide and evaluate the organization's journey through the competitive environment and is a measure of past performance based on historical accounting data.

Kaplan and Norton (1996:102) indicates that the balanced scorecard provides executives a comprehensive framework to translate the vision and strategy of the organization into a unified set of performance measures. Balanced scorecard translates mission and strategy into objectives and measures that fit into the four perspectives, namely: financial, customers and stakeholders, internal business process, as well as employees and organization capacity. Balanced scorecard framework is not limited to business organizations, but public organizations can use it with different pedestal placement, if the business organization emphasis is the financial perspective, it is in the public organization is a perspective emphasis is customers and stakeholders, as a public service organization's bottom line. Furthermore, the main focus in public organizations is the organization's mission is to serve and improve the welfare of the community. Of the mission formulated the strategies adopted to achieve the mission. The following figure outlines the linkage of organizational strategy is then translated into the four perspectives, namely the perspective of customers and stakeholders, financial perspective, internal business process perspective and the perspective of employees and organization capacity.



Source: Rohm. Howard (2004:45)

Figure 2.1 *Balanced Scorecard* for Public Sector Organization

The explanation of each perspective of Figure 2.1 as follows:

a. *Customers and Stakeholders Perspective*

Review from the perspective of customers and stakeholders in public sector organizations basically want to find out how customers and stakeholders view the organization. Customers and stakeholders in the public sector is of major public charity and public payers of public service users, for Zakat is muzakis management organization as the party and give zakat mustahik as the party receiving the funds ZIS. Therefore, the perspective of customers and stakeholders LAZ organization focused to satisfy the people, especially Muslims. Satisfaction of customers and stakeholders that will trigger the perspective of customers and stakeholders can use the following sizes: (1) Citizen satisfaction, (2) Service coverage, and (3) quality and standards ..

b. *Financial Perspective*

Financial perspective in public organizations is to address how organizations increase revenue and reduce management costs and how we see the zakat payer?. Financial perspective to explain what is expected by the provider of the main sources of financial funds is the muzakis (for LAZ). Thus LAZ should focus on something that is expected muzakis, the charity expects that the issuance is used economically, efficiently, and effectively, and meet the expectations of the principles of transparency and public accountability. Although organizations such as LAZ did not pursue profit, but LAZ should seek how to improve the income derived from the ZIS funds and the effectiveness of services provided by LAZ. Thus the financial perspective can be used the following measures: (1) Efforts to increase the funds collected and empowered ZIS, (2) Effectivity of services, (3) Increasing the amount of funds collected ZIS, and (4) Increasing the amount of funds that are empowered ZIS.

c. *Internal Business Process Perspective*

On the internal business process perspective seeks to build organizational excellence through improved internal business processes in a sustainable organization. Strategic objectives in the internal business process perspective is to support customers and stakeholders perspective and financial perspective. In the perspective of the organization's internal business processes to identify key processes that must be managed properly in order to wake up a good financial organization. Questions to be answered by the organization are: "(1) we have to excel in any field?; And (2) how do we build excellence". Achievement of strategic objectives in this perspective will affect the satisfaction of customers and stakeholders. Some of the goals or strategic objectives in the internal business processes such as process improvement services, repair service cycle, increasing infrastructure capacity, update technology and process integration services customers and stakeholders will directly affect the satisfaction of customers and stakeholders and will indirectly impact on financial performance. In order to improve the performance of internal business process perspective on public sector organizations should identify and measure the organization's core competencies, identify the main processes of services, identifies the main technologies that need to be held and specify the performance measures and performance targets. LAZ on organizational excellence can be designed from the innovation of products that can satisfy and empower muzakis mustahik, as well as the development of information system networks that could facilitate muzakis to distribute their zakat and facilitate mustahik receive zakat. Thus the internal business process perspective can be used as a measure of the following: (1) The innovation of product and (2) Management Information System.

d. *Employees and Organization Capacity Perspective*

Internal business process perspective and the perspective of customers and stakeholders in a balanced scorecard, identifying the parameters for building organizational excellence. Target and measure of success will continue to change with changing times. Therefore, the organization must be able to innovate, create and learn. Organizations need to make continual improvements and create sustainable growth. In public sector organizations such as the LAZ, the perspective of employees and organization capacity is focused on answering the question: "how the organization continues to make improvements and add value for customers and stakeholders". Strategic goals and objectives set out in the perspective of employees and organization capacity will affect the other's perspective, the internal business process perspective and the perspective of customers and stakeholders. Some of the strategic objectives in the perspective of employees and organization capacity include: (1) an increase in employee skills, (2) an increase in employee commitment, (3) increased ability to build networks, and (4) an increase in employee motivation. Perspectives of performance measures for employees and organization capacity to LAZ focused on "amilin" as the subject of managing zakat. Thus a measure of performance in perspective employees and organization size capacity can be used: (1) Skill coverage, (2) Personnel of income and welfare, and (3) Personnel satisfaction.

2.3 Research Hypothesis

Based on the theoretical framework that has been described previously as well as support previous studies, the hypothesis can be drawn: "There is the influence of the application of good governance to organizational performance through consumer trust in LAZ throughout Indonesia"

III Research Methods

3.1 Research Methods and Techniques of Data Collection

The planned research methods in this research is research that is the explanatory research, because it is a study that explains the causal relationship between the variables (Cooper and

Schindler, 2006:154). Furthermore, to obtain the data required to prove the hypothesis of the study, using multiple data collection techniques, ie questionnaires, interviews and documentation.

3.2 Testing Research Instruments

1. Test of Validity

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

Table 3.1 Questionnaire Validity Test Results

Variables	The range of values r	r critical	Description
Good Governance (GG)	0,431 – 0,869	0,30	all valid
Organizational Performance (KO)	0,431 – 0,869	0,30	all valid

Source: Results of data processing

Can be seen in Table 3.1 the validity of the index value of each item statement is greater than 0.30, these results indicate that all valid questions raised grain and fit for use for further analysis.

2. Test of Reliability

Reliability can be defined as a characteristic related to the accuracy, precision and consistency, with a correlation coefficient Sperman-Brown.

Table 3.2 Reliability Test Results Questionnaire Research

Questionnaire	Number of Questions	Reliability coefficient	Description
Good Governance (GG)	20	0,953	Reliable
Organizational Performance (KO)	20	0,953	Reliable

Source: Results of data processing

Reliability test results showed that the questionnaire on two variables that are reliably so as to proceed in the subsequent analysis.

3.3 Target Population and Research Sample

The target population in this study were LAZ in Forum Zakat listed as active members consisting of LAZNAS and LAZDA. The technique of determining the sample is Proportional Stratified Random Sample. The determination of the sample using the Slovin formula, the error rate (d) of 0.05:

Table 3.3 The Number of Samples From Each Strata Unit LAZ

Lembaga Amil Zakat (LAZ)	N	‘n
LAZ Nasional (LAZNAS)	18	16
LAZ Daerah (LAZDA)	32	28
Total	**50**	**44**

Source: Forum Zakat, 2009

From number of the target population of 50 LAZ, who filled out questionnaires in this study amounted to 41 LAZ, consisting of 14 LAZNAS and 27 LAZDA, while 9 LAZ is willing to serve as the target population/respondents of the study.

3.4 Design Analysis and Hypothesis Testing

In accordance with the formulation of the problem, research objectives, hypothesis formulation and the amount of data to be collected, data analysis methods used in this study is to use partial least squares (PLS). Partial least squares (PLS) was developed as an alternative to structural equation modeling with a weak theoretical foundation. In this research, partial least squares is used

to determine the magnitude of the effect the application of good governance on organizational performance through consumer trust in the LAZ throughout Indonesia.

IV. Research Findings and Discussion

4.1 Measurement Model and Structural Model

Influence the application of good governance on organizational performance through consumer trust, were analyzed using structural equation modeling, an alternative method to partial least squares. Similarly, the covariance-based SEM, the variance-based SEM is also formed two models, the measurement model and structural model. Through the measurement model with a reflexive indicators will be assessed the validity of each indicator and test the reliability of the construct indicators assessed. Indicators that have a factor loading less than 0.50 will be dropped from the model, while the composite is considered satisfactory reliability is greater than 0.70. Here is presented a model of measurement of each variable (construct) used in this study.

Variable application of good governance is measured using five indicators, the weighting factor (load factor) of each indicator variable in shaping the implementation of good governance can be seen in the following table.

Tabel 4.1 *Loading Factor* Indicators Application Good Governance Variable

Construct	Indicator	Loading	Loading^2	error variance
GG	Y1.1	0.859	0.738	0.262
	Y1.2	0.869	0.754	0.246
	Y1.3	0.850	0.722	0.278
	Y1.4	0.859	0.738	0.262
	Y1.5	0.621	0.386	0.614
Composite Reliability = 0,908			AVE = 0,668	

Source: Results of data processing

Table 4.1 can be viewed on the weighting factor at Y1.2 indicator accountability is greater than the weighting factor of 4 indicators. This means that accountability is more dominant in shaping the implementation of good governance variable than other indicators. Composite Reliability of the five indicators used to measure the variable application of good governance at 0.908 and is still greater than the recommended 0.70. Then the average variance extracted value of 0.668 indicates that 66.8% of the information contained in the five indicator variables are represented in the application of good governance.

Consumer trust variables were measured using five indicators, the weighting factor (load factor) of each indicator variable in the form of consumer trust can be seen in the following table.

Table 4.2 *Loading Factor* Indicators Consumers Trust Variable

Construct	Indicator	Loading	Loading^2	error variance
KK	Z1	0.479	0.230	0.770
	Z2	0.655	0.429	0.571
	Z3	0.496	0.246	0.754
	Z4	0.446	0.199	0.801
	Z5	0.640	0.409	0.591
Composite Reliability = 0,679			AVE = 0,303	

Source: Results of data processing

Table 4.2 can be viewed on the indicator weighting factor Z2 (mustahik increase) is greater than the weighting factor of 4 indicators. This means that an increasing number of mustahik more dominant in the formation of consumer trust variable than other indicators. Composite Reliability of the five indicators used to measure the variables of 0.679 and consumer trust is still smaller than the recommended 0.70. Then the average variance extracted value of 0.303 indicates that 30.3% of the information contained on these five variables are represented in the indicator of consumer trust.

Organizational performance variables were measured using four indicators, the weighting factor (load factor) of each indicator variable in shaping the organization's performance can be seen in the following table.

Tabel 4.3 *Loading Factor* Indicators Organizational Performance Variabel

Construct	Indicator	Loading	Loading^2	Error variance
KO	Y2.1	0.875	0.765	0.235
	Y2.2	0.897	0.804	0.196
	Y2.3	0.936	0.877	0.123
	Y2.4	0.893	0.797	0.203
Composite Reliability = 0,945			**AVE = 0,811**	

Source: Results of data processing

In Table 4.3 can be viewed on the indicator weighting factor Y2.3 (internal business process perspective) is greater than the weighting factor of 3 indicators. This means that internal business process perspective is dominant in the formation of organizational performance variables than other indicators. Composite Reliability of the five indicators used to measure organizational performance variables of 0.945 and was greater than that recommended is 0.70. Then the average variance extracted value of 0.811 indicates that 81.1% of the information contained in the four indicator variables are represented in the organization's performance.The following are path coefficients and the test statistic T for each line of research variables.

Table 4.4 Each Path Coefficient of Relationship Between The Different Variables

Path	Koefisien	Std.error	T-Statistic*
GG->CT (KK)	0.627	0.078	8.038
GG->OP(KO)	0.505	0.118	4.297
CT(KK)->OP	0.183	0.097	1.884

Source: Results of data processing *t_{kritis} = 1,96

Through the values contained in the structural model path diagram between the latent variables can be calculated in the following illustration of the influence of each variable.

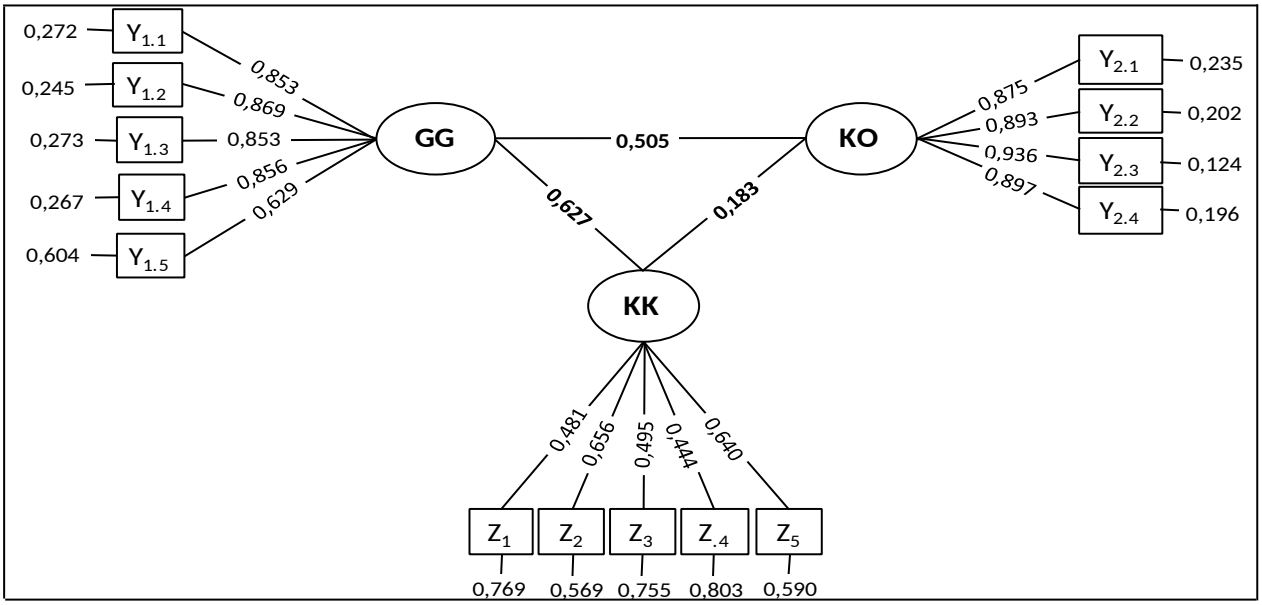


Figure 4.1
Influence Line Diagram Implementation of Good Governance to Organizational Performance and Consumer Trust

4.2 Hipothesis Test and Discussion

This hypothesis to be tested is the effect of the application of good governance and organizational performance through consumer trust seen in the following table:

Table 4.5
Large Direct and Indirect Effect of Application of Good Governance to The Performance Organization

Variable	Path Coefficient	Direct Effect	Through the Consumer Trust	Total
Good Governance	0,505	25,5%	5,79%	31,3%
Organizational Performance	0,183	3,3%		3,3%

Source: Results of data processing

Next, to test the significance of the research hypotheses will be seen in the following table:

Table 4.6
Significance Test of Influence Application of Good Governance to Organizational Performance

Path Coeficient	t_{-count}	$t_{-critical}$	Conclusion
0,505	4,297	1,96	There is the influence significant

Source: Results of data processing

Can be seen in Table 4.6 the application of good governance path coefficients of 0.505 for the organization's performance with a positive direction. Path coefficient is positive indicates that the application of good governance tend to produce higher organizational performance. Furthermore t-count value (4.297) is greater than t-critical (1.96) shows there are significant effects of the application of good governance to organizational performance.

Direct application of good governance variables contribute or influence for 25.5% of the performance of the organization, then indirectly through the influence of consumer trust at 5.79%. In total the application of good governance contribute to or influence by 31.3% in improving organizational performance. The results of statistical tests in accordance with the expectations of researchers, that if the application of good governance, the better it tends to increase organizational performance. The results of statistical tests have proved the existence of significant influence from the application of good governance to organizational performance.

5. Conclusion

Based on data analysis and discussion of research results in the previous chapters, it can be concluded that: the influence of the application of good governance to organizational performance through of consumer trust. This means that the application of good governance is the better it will tend to increase organizational performance.

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