



Analysis of Determinant of Financial Statements Quality of *Amil Zakat* Agencies in Semarang City

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Abstrak

Penelitian ini bertujuan untuk memperoleh bukti empiris pengaruh kompetensi sumber daya manusia, penerapan standar akuntansi zakat dan infak/ sedekah (PSAK 109), pengendalian intern, pemanfaatan teknologi informasi, dan employee engagement terhadap kualitas laporan keuangan Amil zakat agencies di Kota Semarang. Populasi penelitian ini adalah seluruh Amil zakat agencies di Kota Semarang. Teknik pengambilan sampel menggunakan purposive sampling, diperoleh 9 Amil zakat agencies sebagai sampel. Pengumpulan data penelitian ini menggunakan instrumen kuesioner. Metode analisis yang digunakan adalah Structural Equation Modelling (SEM) dengan Partial Least Square (PLS) dengan alat analisis SmartPLS3.0. Hasil penelitian menunjukkan bahwa kompetensi sumber daya manusia, penerapan standar akuntansi zakat dan infak/ sedekah (PSAK 109), pengendalian intern, dan employee engagement berpengaruh positif terhadap kualitas laporan keuangan. Namun, pemanfaatan teknologi informasi tidak berpengaruh terhadap kualitas laporan keuangan. Simpulan dari penelitian ini adalah bahwa kompetensi sumber daya manusia, penerapan standar akuntansi zakat dan infak/ sedekah (PSAK 109), pengendalian intern, dan employee engagement mendukung terciptanya kualitas laporan keuangan LAZ di Kota Semarang dan pemanfaatan teknologi informasi tidak mendukung terciptanya kualitas laporan keuangan LAZ di Semarang.

Abstract

This research aimed to get empirical evidence of the effect of human resource competence, implementation of ZIS financial accounting standard (PSAK 109), intern control, information technology utilization, and employee engagement on the quality of financial reporting's zakat management institution in Semarang. Population in this research are whole zakah management institutions in Semarang. Sampling technique used purposive sampling, amount 9 zakah management institutions as sample. Collecting data this research used questionnaire instrument. Analyse method used Structural Equation Modelling (SEM) with Partial Least Square (PLS) with SmartPLS3.0. The result show that human resource competence, implementation of ZIS financial accounting standard (PSAK 109), intern control, and employee engagement have positive effect on the quality of financial reporting. But, information technology utilization does not have an effect on the quality of financial reporting. Conclusion from this research that human resource competence, implementation of ZIS financial accounting standard (PSAK 109), intern control, and employee engagement support to create quality of financial reporting's zakah management institutions in Semarang and information technology utilization does not support to create quality of financial reporting's zakah management institutions in Semarang.

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INTRODUCTION

Zakat is one of five Islamic pillars divided into two, namely zakat fitrah and zakat maal. Zakat is a duty for every capable and wealth Muslim people. Meanwhile, infak / alms are some forms of gratitude of every Muslim for the blessings that have been given by Allah SWT by willingly setting aside his wealth to help others. Zakat and infak / alms can be a driver of economic growth. To achieve the main goal of zakat (equity of welfare), there should be good management and distribution of zakat. Therefore, the management of zakat and infaq / alms is set in Law Number 23 Year 2011 on Zakat Management (Government Regulation of the Republic of Indonesia, 2014). Similarly with other organizations inaugurated in Indonesia, in the management of zakat, infaq, and alms, of course there must be good and structural financial records. The records will surely result in a financial statement as a form of accountability. The resulting financial statements should be appropriate and qualified based on Islamic principles. According to Francis et al. (2004) the quality of financial reporting can be viewed through two major groups of attributes (second order), i.e. accounting-based attributes and market-based attributes. The attributes of accounting-based reporting is the quality of accrual, persistence, predictability and income equity, while the market-based quality reporting attributes are the value relevance, timeliness and conservatism (Apriliani, 2012).

Indonesia has a huge potential of zakat, considering the majority of Indonesians are Muslim. According to a research conducted by BAZNAS, IR TI, IDB and IPB, the zakat potential has nearly reached Rp 217 trillion in 2011. BAZNAS Chairman, Prof. Dr. Bambang Sudibyo, MBA., CA., said if extrapolated in 2014, it would be Rp 273 trillion with inflation rate above 5.02 (Baznas, 2016). Efendi as Chairman of Zakat Forum (FOZ) during a press conference ahead of Ramadan in Jakarta, Wednesday (1/6/2016), also revealed that the potential of zakat in Indonesia as a country with the majority of Muslims today was achieving fantastic value. However, the results of the collection of zakat amil institutions as the members of FOZ in 2014 only reached 1 trillion rupiah. This indicates a discrepancy between the amount of zakat potential and the amount of zakat fund collection through LAZ (VOA Islam, 2016). The potential of zakat in Indonesia in 2016 reached Rp 400 trillion, but there is still a problem in "marketing" and its allotment related to public trust to zakat management institutions so far. This was revealed in a discussion held by the British Muslim Family (Kibar) in Colchester, United Kingdom, at the end of Ramadan after the fast-breaking event with the speaker Hilman Latief, Ph.D who was invited by the Embassy of London to fill the events during Ramadan in England. Murniati Mukhlisin, Ph.D, lecturer of Essex Business School in Jakarta, said that the reporting on the disbursement of zakat funds collected during this time has not run maximally. Meanwhile, muzakki or zakat payers are getting smarter and will be questioned by their money; whether it was to build a building management, salary for the board members or for what (Okezone, 2016).

Less maximum of the financial reporting of amil zakat institutions is supported by a research conducted by Kristin P and Umah (2011), Setiariware (2013), and Fathonah (2013) indicating that there are still zakat institutions management which are not yet in accordance with PSAK 109 (Fathonah, 2013; Kristin P & Umah, 2011; Setiariware, 2013), thus their financial statements are not presented based on the applicable accounting standards that affect the quality of the financial statements presented. One factor causing public distrust of the management of zakat funds is the quality of financial statements prepared by Amil zakat agencies (LAZ). According to Islamic Financial Accounting Standards (Financial Accounting Standards Board, 2016), the financial statements should have qualitative characteristics, which are the characteristics that make the information in the financial statements useful to the users. There are four main qualitative characteristics, namely: understandable, relevant, reliable, and comparable. To increase public trust,

it is necessary to improve the quality of financial statements as well. Thus, this study aims to determine what things that influence the quality of these financial statements. Some of them are human resource competence, application of zakat and infak/ alms accounting standard (PSAK 109), internal control, utilization of information technology, and employee engagement.

There are differences from the results of previous studies conducted by Naz'aina (2015), Nurillah (2014) and Surastiani and Handayani (2015) who stated that human resource competence significantly influences the quality of financial statements, but Nasrullah (2014) shows that the competence of human resources has no significant effect on the quality of financial statements. Even Yeni et al. (2016) in her research explained that the competence of human resources does not affect the quality of financial statements (Yeny, Karamoy, & Poputra, 2016). Inconsistency also occurs in the research conducted by Nurillah (2014) and Yuniatin et al. (2015) who stated that the utilization of information technology influences the quality of financial statements, but the research conducted by Surastiani and Handayani (2015) showed that the use of information technology has no effect on financial statements.

The grand theory on this research is Al-Wala, stewardship, planned behavior, and task technology fit theory. Al-Wala according to Shari'a terminology means self-adjustment of a servant to what is liked and blessed by Allah in the form of words of belief. There are three forms of the implementation of Al-Wala's attitude in Islamic economic system, i.e. Al-Wala's attitude towards Allah SWT, towards entities, and towards stakeholders (Jayanto, 2016) Another theory is stewardship theory. Donaldson and Davis (1991) described that stewardship theory has psychological and sociological roots designed to explain situations in which managers act as the stewards and act in the best interests of the owners. Stewardship theory assumes that there is a strong relationship between organizational success and owners' satisfaction. The success of the organization illustrates maxillary utility of principals and management group. Maximum utilities will maximize the interests of individuals within the group of organizations (Raharjo, 2007). This indicates that every individual working in an organization is able to carry out the tasks and responsibilities as well as the achievement of organizational goals. Another theory is the Theory of Planned Behavior (TPB) which is an extension of Theory of Reasoned Action (TRA). TRA, explained by Fishbein and Ajzen in 1975, describes that one's intention toward behavior is formed by two main factors: attitude toward the behavior and subjective norms. It was then developed by Ajzen in 1991 in TPB who added one more factor: perceived behavioral control (Wahyono, 2014).

The last one is Task Technology Fit (TTF) developed by Goodhue & Thompson (1995) which states that information technology is more likely to have a positive impact on individual performance and is utilized if the information technology capabilities match the tasks that the users have to work on (Susanti, Santosa, & Hartanto, 2015). Goodhue and Thompson (1995) stated that Task-Technology Fit (TTF) is one of the well-known models in the use of information systems used to study the relationship between a system, tasks and users' needs. This model is based on an idea that when the characteristics of users' tasks and information system characteristics are well integrated, then the system usage and users' performance will be improved significantly (Oei, 2016). To achieve high-quality of financial statements, it is also required good management of *zakat* funds and *infak* / alms. A good management can be realized with the existence of competent human resources. The influence of human resource competence on the quality of financial statements is based on stewardship theory. The human resources, in this case, are the managers of *amil zakat*. The managers who have good competence will have also good performance, so that the human resources competence is created solely for the benefit of the organization. One of them to improve the ability in preparing financial reports to produce quality financial statements and can be useful for the users.

Al-Wala' theory also underlies the influence of human resource competence on the quality of financial statements, because implicitly, the human resources using their competence to create

quality financial statements is one form of *Al-Wala'* attitude towards the entity, by creating the financial reports that result in useful financial information and beneficial to the entity and its users. The human resources that do not have sufficient competence will be stuck in the works and lead to waste of cost, time, and energy. Thus, the limitations of human resource competence will be a constraint or barrier to the management of *zakat* and *infak* / alms that later impact on the quality of financial statements. Previous research conducted by Naz'aina (2015) shows that the *amil's* (zakat management members) competence influences the quality of financial statements (Naz'aina, 2015). The research conducted by Nurillah (2014) and Surastiani and Handayani (2015) also had similar results (Nurillah, 2014; Surastiani & Handayani, 2015). Thus, the first proposed hypothesis of this research is:

H₁: The human resources competence positively influences the quality of financial statement

The Government Regulation of the Republic of Indonesia Number 14 Year 2014 on the Implementation of Law No. 23 Year 2011 on the Management of *Zakat* states that as the managers of *zakat* institutions shall perform the functions of planning, implementation, controlling and reporting and accountability of *zakat* management (Government Regulation of the Republic of Indonesia, 2014). Those functions can be implemented through the accounting of *zakat* in financial management, in order to generate quality financial statements. The quality of information in the financial statements is strongly influenced by the compliance of accounting standards and supported by reliable accounting system. Thus, the organization of *zakat* management requires accounting standards for the management of *zakat*, *infaq* and alms (Nasrullah, 2014). The accounting standards in question are the accounting standards of *zakat* and *infak*/alms (PSAK 109) issued by IAI (Indonesian Institute of Accountants).

Justification of the effect of *zakat* and *infaq* / alms accounting on the quality of financial statements is based on *Al-Wala'* theory, because the application of *zakat* and *infaq*/alms accounting is one of *Al-Wala's* attitudes towards the entity. In addition, stewardship is another theory that underlies the effect of applying *zakat* and *infaq* / alms accounting standards (PSAK 109) on the quality of financial statements, because the compliance in applying *zakat* and *infaq* accounting standards is intended not only for personal interests but for the benefit of the organization to create quality financial statements. Several previous studies support the influence of *zakat/infaq* accounting on the quality of financial statements, like the research conducted by Nasrullah (2014) and Nufus (2015) who stated that the application of accounting standards has an effect on the quality of financial statements (Nasrullah, 2014; Nufus, 2015). Thus, the application of *zakat and infaq* accounting standards (PSAK 109) is expected to have an influence on the quality of financial statements. Hence, the second hypothesis proposed in this study is:

H₂: The application of *zakat and infaq* accounting standards (PSAK 109) positively influences the quality of financial statements

Internal control is an ongoing process to provide adequate assurance that controls the objectives to be achieved, including providing accurate and reliable information and preparing financial statements based on established criteria (Romney & Steinbart, 2015). Naz'aina (2015) in her research states that internal control significantly impacts on the quality of financial statements. The same thing is also stated in a study conducted by Nurillah (2014) and Afiah and Azwari (2015). Justification for the influence of internal control on the quality of financial statements is based on the stewardship theory. This theory assumes that every individual is not motivated for personal purposes only but also for the benefit of the organization. So, in this case, internal control is intended to be able to achieve organizational goals and as a mean to generate quality financial reports to increase public confidence and implemented not for the personal interests of the managers.

Internal control is one of *Al-Wala's* attitudes towards the entity. In relation to *Al-Wala'* theory, the existence of internal control supports the creation of conducive organizational conditions. Thus,

all tasks or works within the organization can be done well, especially in the field of finance that is very risky of fraud and to generate quality financial reports. Internal control is one effort to prevent and detect the fraud by conducting direction and supervision toward an organization. This can minimize the mistakes or mismanagement of *zakat* fund management in the preparation and presentation of financial statements. The process of preparing and presenting the free-error financial statements will have an impact on the quality of financial statements. Thus, internal control allegedly has an influence on the quality of financial statements. The third hypothesis in this study is:

H₃: Internal control positively influences the quality of financial statements

In general, the existence of information technology can provide convenience for one's work. Utilization of information technology is usually computer-based that can provide convenience for the users in completing the tasks and problems to be solved, thus the utilization of information technology in the process of *zakat* management can improve the management of *zakat* funds and distribution of financial information to the public. When an individual can perform the task well, it is indicated that the process of preparing and presenting the financial statements are also good. This will have an impact on the quality of the resulting financial statements. Justification of the influence of information technology utilization on the quality of financial statements is supported by task-technology fit theory which states that the utilization of information technology can provide convenience for individuals in carrying out their duties. When the individuals can perform the tasks well, the process of preparing and presenting the financial statements will be also good. This will impact on the quality of information generated in the financial statements. Thus, the utilization of information technology implemented in *amil zakat* institutions allegedly influences the quality of financial statements. A research conducted by Yuniatin et al. (2015) stated that the utilization of information technology has an influence on the quality of financial statements (Yuniatin, Achسانی, & Sasongko, 2015). The same is also stated in a study conducted by Nurillah (2014). Thus, the fourth hypothesis proposed in this study is:

H₄: The utilization of information technology positively influences the quality of financial statements

Employee engagement can be defined a worker's sense of commitment to his organization. A commitment makes a worker is willing to achieve what the goals of the organization in which he works. The success factor of an organization is not only determined on mere technical mastery, but many studies show that the behavioral factors of individuals in the organization also determine the success of the organization. The influence of employee engagement on the quality of financial reports is supported by planned behaviour theory, stating that one's intention toward behavior is formed by three main factors: attitude toward the behavior, subjective norms, and perceived behavioral control. The existence of employee engagement in the organization of financial management is one form of positive attitudes. The positive attitudes or behaviours of an individual will have a positive impact on the organization. So, it will support the process of financial reporting that ultimately will generate qualitative financial statements. Yuniatin et al (2015) conducted a study showing the influence of employee engagement on the quality of financial statements. A quality financial reporting process will not be established without any behavioral support from the members of the organization. The employees' behavior is indicated by the employee engagement to generate a quality accountability report. Thus, the fifth hypothesis of this study is:

H₅: Employee engagement positively influences the quality of financial statements

METHODS

This was a quantitative research. The data used in this study were the primary data. The population in this study was 31 *Amil Zakat* institutions in Semarang. The research subjects were *amil* in financial / accounting, collection and distribution of *zakat* and *infak* funds sections. The data were obtained by using questionnaire instrument. This was a sample research with non-random sampling technique, i.e. purposive sampling or objective sample. In this case, the objective was related to the data criteria required. The sampling criteria in this study were as follows:

Table 1. Purposive Sampling Criteria

Purposive Sampling Criteria	Total
Number of Population	31
Criteria:	
Amil zakat agencies which are members of the Zakat Forum (FOZ)	15
Amil zakat agencies that allow and willing to serve as the object of research	9
Amil zakat agencies whose main activity is to collect, distribute and utilize zakat funds obtained from the community	15
Amil zakat agencies already incorporated	15
Amil zakat agencies that have been established for more than 3 (three) years	15
Amil zakat agencies that have quite huge sources of income and distribution of zakat funds	12
Amil zakat agencies that perform accounting records and present financial statements	15
Amil zakat agencies that make use of information technology	15
Total Sample	9

Based on the sampling technique, it was obtained by 9 Institutions of *Amil Zakat* as the research sample, and the list of institutions was presented in the following table):

Table 2. List of Amil zakat agencies (sample) in Semarang city

No	Name of amil zakat agencies (LAZ)	Address
1	LAZIS JATENG	Jl. Jati Raya, Srandol Wetan, Banyumanik, Kota Semarang
2	LAZNAS NURUL HAYAT	Ruko Perum Kampung Semawis A8, Kedungmundu, Semarang
3	LAZ PPPA DAARUL QUR'AN	Jl. Gedung Batu Utara IV, Semarang
4	BAITUL MAAL HIDAYATULLAH (BMH)	Jl. Wonodri Baru I No.41, Semarang
5	LAZISMU	Jl. Wonodri Baru, Semarang
6	IZI SEMARANG	Jl. Setiabudi No. 70 Banyumanik, Semarang
7	LAZISMA MAJT	Jl. Gajah, Semarang
8	LAZISNU	Jl. Puspogiwang 1 No. 47, Semarang
9	RUMAH ZAKAT	Jl. Dr. Sutomo No.53 Semarang.

This research used 1 (one) dependent variable, quality of financial statements, and 5 (five) independent variables, i.e. competence of human resource, application of accounting standard of *zakat* and *infaq* (PSAK 109), internal control, utilization of information technology, and employee engagement with 21 indicators. The definitions and descriptions of the indicators were presented in Table 3 as follows:

Table 3. Definitions of Research Variables

Variable	Definition	Indicator
Quality of Financial Statement	The financial statements having certain criteria that can make the financial statements are useful for its users (Nurhayati & Wasilah, 2015)	Understandable Relevant Reliable Comparable (Financial Accounting Standards Board, 2016)
Competence of Human Resources	The ability of a person or an individual, an organization (institutional), or a system to perform its functions or authorities to achieve its objectives effectively and efficiently (Nurillah, 2014)	Knowledge Skills Individual behavior (Hutapea & Thoha, 2008)
Application of Zakat and Infaq/ Alms Accounting Standards	Implementation of accounting standards that aims to regulate the recognition, measurement, presentation and disclosure of zakat and infaq transactions (Financial Accounting Standards Board, 2016)	Recognition and measurement of zakat and infaq/alms Presentation of zakat and infaq/alms Disclosure of zakat and infaq/alms (PSAK 109)
Internal Control	The process undertaken to provide adequate assurance that control objectives have been achieved (Romney & Steinbart, 2015)	1. Control environment 2. Assessment of risk 3. Controlling activities 4. Information and communication 5. Supervision (COSO)
Utilization of Information Technology	Development and utilization of information technology progress to improve financial management capability, and channel financial information to public service (Surastiani & Handayani, 2015)	1. Devices 2. Financial data management 3. Treatment (Yuniatin et al., 2015)
Employee Engagement	A unity of effort, commitment, responsibility, mind, energy, and heart to make the optimal	1. Vigor 2. Dedication 3. Absorption

contribution in earnest and (Yuniatin et al., 2015)
 consciousness as a manifestation of
 the desire to remain in the
 organization on an ongoing basis
 (Maarif & Kartika, 2014)

The analytical method used in this research was Structural Equation Modelling (SEM) with Partial Least Square (PLS) using SmartPLS3.0 analysis tool. This research used several tests such as outer model test (measurement model), inner model test (structural model), and hypothesis testing.

RESULTS AND DISCUSSIONS

Measurement model or outer model was often also called outer relation or measurement model was a model that described the relationship that occurs between latent variables and the indicators (manifest variable). Outer model test was used to examine the validity and reliability. The criteria used to assess the outer model included the validity of convergent and reliability. The convergent validity test of reflective indicator with SmartPLS 3.0 program could be seen from the loading factor and average variance extracted (AVE) on the output test result using SmartPLS 3.0. To meet convergent validity must have factor loading more than 0.70. Nevertheless, in the research of development stage, the loading scale 0.50 to 0.60 was still acceptable (Ghozali, 2014). If the AVE value was more than 0.5 then it was declared valid. From the test results showed that the entire construct had a value of loading factor above 0.5 and significant (t-statistic greater than 1.96), so it was declared valid. Similarly, the AVE value indicated the value greater than 0.5 The next test was reliability test which was performed to prove the accuracy, consistency, and exactness of the instrument in measuring the construct (Latan & Imam, 2012). The reliability test of a construct with reflective indicator could be done in two ways by looking at Cronbach's Alpha and Composite Reliability. Construct was stated reliable if Cronbach's Alpha and Composite Reliability value was above 0.70.

Table 4. Cronbachs Alpha and Composite Reliability

	Cronbach's Alpha	Composite Reliability
EME	0.906	0.941
KLK	0.815	0.879
PI	0.766	0.841
PTI	0.722	0.843
SAK	0.713	0.838
SDM	0.744	0.854

Source: Output SmartPLS 3.0, 2017

The test results above showed that the construct was said to be reliable because Cronbach's Alpha and Composite Reliability values were above 0.70. This indicated that the instruments used in this study were accurate, consistent, and precise in measuring the research constructs. The structural model (inner model) was a model that described the relationship that occurred between latent variables. In assessing the model with PLS, we started by looking at R-Square for each latent dependent variable. The interpretation was the same as the interpretation of the regression. Changes in R-Square value could be used to assess the effect of certain latent independent variables on latent

dependent variables whether they had substantive effects (Ghozali, 2014). Based on the test results, the R-Square value of the dependent variable of financial statement quality was 0.835. The value could be interpreted that the variability of the financial statements quality could be explained by the constructs in the study by 83.5%, while the other 16.5% explained by other factors outside this study. Thus, it could be deduced that the dependent variable was strong because it had R-Square value greater than 0.75. Hypothesis test was done by looking at coefficient path value which showed coefficient of parameter and t-statistical value.

Table 5. Path Coefficient (Mean, STDEV, T-Values, P Values)

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
EME -> KLK	0.134	0.135	0.060	2.228	0.013
PI -> KLK	0.245	0.251	0.111	2.195	0.014
PTI -> KLK	-0.092	-0.076	0.075	1.220	0.112
SAK -> KLK	0.319	0.337	0.117	2.737	0.003
SDM -> KLK	0.468	0.446	0.125	3.739	0.000

Source: Output SmartPLS 3.0, 2017

Hypothesis test in this study was adjusted with the purpose of research. In this research, the reliability level used was 95%, it meant the accuracy limit was 0.50, so if the t-statistical value was smaller than the t-table value (t-statistic < 1,96) then H₀ was accepted and H_a was rejected. If the t-statistical value was greater than the t-table value (t-statistics > 1.96) then H₀ was rejected and H_a was accepted. Based on hypothesis testing above, the test results were presented in Table 6 below.

Table 6. Results of Hypothesis Testing Recapitulation

Hypothesis	Statement	t-statistic > t-table	Result
H ₁	Competence of human resources had a positive effect on the quality of financial statements	3.739 > 1.96	Hypothesis accepted
H ₂	The implementation of accounting standards of zakat and infak / alms (PSAK 109) had a positive effect on the quality of financial statements	2.737 > 1.96	Hypothesis accepted
H ₃	Internal control had a positive effect on the quality of financial statements	2.195 > 1.96	Hypothesis accepted
H ₄	The utilization of information technology positively affected on the quality of financial statements	1.220 < 1.96	Hypothesis rejected
H ₅	Employee engagement positively affected on the quality of financial statements	2.228 > 1.96	Hypothesis accepted

The result of research stated that human resource competence had a positive effect on the quality of financial report. The reason was for to realize the quality of good financial report, it was

necessary to manage the zakat and infaq / alms fund well. Good management could be realized with the existence of competent human resources. Limitations of human resources competence would be a constraint or obstacle to the management of zakat and infak / alms funds that impacted on the quality of financial statements. So, the creation of the financial statements quality was influenced by how the competence of human resources in the organization. Another reason was due to it was in accordance with the stewardship theory which explained that management was not motivated by individual goals but for the benefit of the organization. Management in question was human resources. Zakat / amil managers as human resources had competencies that were solely for the interest of the principal. Good competence would produce good performance too. One of them with the creation of good quality financial statement so that producing reliable financial information and could be useful for its users.

The result of this study was also in line with the theory of Al-Wala which described the adjustment of a servant in acting or behaving adjusted with what was liked and blessed by Allah SWT. Human resources used their competence to improve the quality of the financial statements preparation from the process of recording to reporting so as to produce qualified financial statements. Managers who sought to improve competence for the realization of the financial statements quality of his organization was one form of Al-Wala attitude towards the entity. The results of this study were in line with previous research conducted by Nurillah (2014) and Naz'aina (2015) stating that the competence of human resources had a significant positive effect on the quality of financial statements. Thus, it could be concluded that the increasing competence of human resources in this case was the manager of zakat / amil, the more the quality of financial statements at the Institute of Amil Zakat.

The result of research stated that the implementation of accounting standard of zakat and infak / alms (PSAK 109) had a positive effect on the quality of financial statements. As one of the public organizations, the Amil Zakat Institute desperately needed qualified financial management to gain the trust of the community. One of them with the submission of financial accountability report that followed generally accepted accounting standards namely accounting standards of zakat and infak / alms (PSAK 109), thus, by applying the appropriate accounting standards certainly in the process of preparing financial statements from the recording process to the reporting prepared based on rules and standards so that it would produce qualified financial reports. This was one reason why the implementation of accounting standards of zakat and infak / alms (PSAK 109) affected on the quality of financial statements. Another reason was because it was in line with stewardship theory. Stewardship theory illustrated that management was not motivated by individual goals but for the benefit of the organization. Compliance in applying accounting standards of zakat and infak / alms intended not for personal interests but for the benefit of the organization that was creating financial reports in accordance with standards, quality, and useful for its users.

The results of this study were also in accordance with the theory of Al-Wala because the application of zakat and infak / alms accounting was one of the attitude of Al-Wala' to the entity. The implementation of this predefined standard was for a better Islamic entity, for the sake of the realization of qualified financial reports that could benefit all interested parties. Several previous research results were in line with this research, ie research conducted by Nasrullah (2014) and Nufus (2015) which showed the result that the application of accounting standards had a positive effect on the quality of financial statements. This meant that the better the implementation of accounting standards of zakat and infak / alms (PSAK 109) on the Institute of Amil Zakat then the better the quality of financial statements produced.

The result of research stated that internal control had a positive effect to the quality of financial statement. The reason was due to internal control in an organization was used to provide

adequate assurance that the goals of the organization have been achieved. In addition, internal control was also used to prevent and detect faults or fraud, both in financial and non-financial terms. Thus, internal control was one way to minimize any mistakes or mismanagement of zakat fund management in the preparation and presentation of financial statements. The process of preparing and presenting financial statements which were free from misstatement would result in a qualified financial report. The results of this study were also in accordance with stewardship theory because internal control in an organization was one of the organizational activities undertaken for the benefit of the organization not for the benefit of individuals (managers of zakat / amil). In addition, the results of this study were also in line with Al-Wala theory where internal control was one form of attitude of Al-Wala 'to the entity that supported the creation of conducive organizational conditions so that all tasks or jobs within the organization could run well, especially in the field of finance which was very risky from occurrence of fraud so as to produce qualified financial report. Several previous studies stated the same with the results of this study, among which were research conducted by Nurillah (2014), Naz'aina (2015), and Afiah & Azwari (2015) stated that internal control positively affected on the quality of financial statements (Afiah & Azwari, 2015; Naz'aina, 2015; Nurillah, 2014). This means that the increased internal control was also increasing the quality of financial statements.

The results stated that the utilization of information technology had no positive effect on the quality of financial statements. The result of this study was not in accordance with the theory of Task Technology Fit (TTF), where this theory stated that the utilization of information technology could provide convenience for individuals in carrying out his/her duties, so that would produce output in the form of qualified financial reports. However, in this study stated that the utilization of information technology did not affect the quality of financial statements produced by the Institute of Amil Zakat. The reason why the utilization of information technology did not affect the quality of financial statements because the system used in the organization of Amil Zakat Institution in Semarang City was not in accordance with the required by the organization. Although the variable of information technology utilization showed very high category (84%), but based on the observations there were still some institutions of Amil Zakat still using simple information technology. The technology used has not been using reliable software applications that could support in the process of presenting qualified financial statements. In addition, there were still obstacles in the use of information technology systems. The results of this study did not support research conducted by Nurillah (2014) and Yuniatin et. al (2015), but in line with research conducted by Surastiani and Handayani (2015) stating that the utilization of information technology did not affect the quality of financial statements. This meant that any score / value of information technology utilization did not affect the quality of financial statements of Amil Zakat Institution.

The results of the study stated that employee engagement had a positive effect on the quality of financial statements. Evidently the influence of employee engagement on the quality of financial statements was in accordance with Theory of Planned Behavior (TPB). This theory explained that one's intention toward behavior was formed by three main factors: attitude toward the behavior, subjective norms, and perceived behavioral control. The existence of employee engagement in the organization of financial management was one form of positive attitude. Positive attitudes or behaviors an individual had would have a positive impact on the organization. Employee engagement could be said to be sense of attachment of a worker and commitment to his organization. A commitment made a worker willing to realize what the goals of the organization in which he worked. This would create a sense of belonging of the worker to the organization. A worker who felt his soul was tied to the organization would make him feel happy and passionate about working, so had a sense of responsibility for all his activities. The worker would voluntarily report all organizational activities including financial accountability through financial statements

that would impact on the quality of the financial statements. The result of this study was in line with research ever undertaken by Yuniatin et. al (2015) which also stated that employee engagement had a positive effect on the quality of financial statements. This meant that the increased employee engagement in an organization, the more the quality of a financial report produced by the organization.

CONCLUSIONS

The result of hypothesis testing and previous discussion gives conclusion that human resource competence, application of accounting standard of zakat and infak / alms (PSAK 109), internal control, and employee engagement support the creation of financial report quality. However, the use of information technology does not support the creation of financial report quality. For Amil Zakat Institute it is suggested to conduct training and education to improve the quality of human resources and strengthen the information technology system in order to support the creation of financial statement quality. Suggestions for further research to expand the independent variables that are suspected to have an influence on the quality of financial statements and extend the study population by conducting research in different locations or areas.

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