



# Financial Statement Accountability, Transparency, and Managerial Competence in Zakat Institutions

Budi Al Amin<sup>1,\*</sup>, Nani Irma Susanti<sup>1</sup>, Sundari<sup>3</sup>

<sup>1</sup>Accounting Information System, Universitas Bina Sarana Informatika, Surakarta  
Jl. Letjen Sutoyo No.43, Cengklik, Nusukan, Kec. Banjarsari, Kota Surakarta, Jawa Tengah, Indonesia

<sup>2</sup>Management, Universitas Dharma AUB, Surakarta

Jl. Mr. Sartono No.46, Cengklik, Nusukan, Kec. Banjarsari, Kota Surakarta, Jawa Tengah, Indonesia

<sup>3</sup>Informatics Engineering, Universitas Duta Bangsa, Surakarta

Jl. Bhayangkara No.55, Tipes, Kec. Serengan, Kota Surakarta, Jawa Tengah, Indonesia

Email: <sup>1\*</sup>budi.bdm@bsi.ac.id, <sup>2</sup>niss\_irma@stie-aub.ac.id, <sup>3</sup>sundari@udb.ac.id

Corresponding Author Email: budi.bdm@bsi.ac.id

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**Abstract**—Ensuring accountability within zakat institutions is vital for managing public funds with professionalism and transparency, thereby safeguarding public trust and preventing misappropriation. This research investigates manager competence effects and transparency on financial reports accountability at Lazismu in Central Java. Managerial competence is defined by knowledge, technical skills, and professional ethics, while transparency is characterized by the institution's commitment to information disclosure. To achieve the research objectives, a quantitative approach was applied through primary data collection using a questionnaire instrument. A total of 100 respondents who serve as managers at Lazismu in the Central Java region participated in this survey. The valid data were then processed using Structural Equation Modeling (SEM) based on Partial Least Squares (PLS) data analysis techniques. In-depth analysis of the measurement and structural models was carried out with the assistance of SmartPLS 4.0 software. The findings show that both zakat manager competence and transparency significantly impact financial statement accountability. These results underscore that enhanced amil knowledge and greater transparency lead to improved financial reporting accountability. These research findings serve to enhance internal regulatory frameworks, thereby facilitating the transparent and professional management of zakat funds by these institutions. In conclusion, the structural model generates an R-square value of 0.963, which implies that managerial competence and transparency jointly explain 96.3% of the variance in financial statement accountability. Moreover, the positive Q-square value substantiates the model's strong predictive relevance.

**Keywords:** Managerial Competence; Transparency; Accountability; Financial Statements; Zakat Manager

## 1. INTRODUCTION

Indonesia's demographic profile as of September 2025 shows a total population of 287.6 million people (Source: BPS). The nation holds the distinction of having the largest Muslim population globally, with Muslims comprising between 86.98% and 87.2% of its inhabitants (Pertiwi & Narulitasari, 2024). Due to the overwhelming Muslim majority among its inhabitants, Indonesia inevitably holds a higher capability for the Islamic economic system development, the practice of which has been widely adopted nationwide (Saputra, 2023). Nevertheless, economic challenges often arise within a country, reflected directly in the condition of its citizens. The poverty headcount in Indonesia stood at 23.85 million people in March 2025, a figure that equals 8.47% of population total and marks the lowest recorded poverty level in twenty years (Sulistiana, 2025).

In addressing poverty, the Islamic faith requires Muslims to organize a system of wealth redistribution designed for mutual support, specifically through Zakat. This practice is defined as the third pillar of Islam and is an obligatory duty for all Muslims, as decreed by the Qur'an (Anisah & Rohim, 2024). Zakat extends beyond mere religious observance; it incorporates significant social, economic, justice, and welfare dimensions (Ashfahany et al., 2023). A primary aim of Zakat is income redistribution from the affluent to the impoverished segments of society, leading to enhanced public welfare. This objective realization is contingent upon sound and effective Zakat management (Tajuddin, 2024).

Regarding the collection and distribution channels for Zakat, Infaq, and Sadaqah (ZIS), Indonesia utilizes two primary bodies (Siahaan et al., 2024). The first is Badan Amil Zakat Nasional (BAZNAS), a government-sanctioned institution responsible for end-to-end Zakat management, operating within the framework of both Sharia principles and Indonesian law (Janah & Muharrami, 2025). The second type of institution is the LAZNAS (Lembaga Zakat Nasional), which, although established by community initiatives, is officially recognized and operates under government supervision. LAZNAS are granted the same mandate as BAZNAS, which involves mobilizing Zakat, Infaq, and Sadaqah funds and subsequently channeling them to the eligible beneficiaries (Darmawan & Alfajriyani, 2024). However, instances of Zakat fund embezzlement have emerged in recent years, highlighting a clear challenge regarding the accountability and transparency of managing bodies. This phenomenon points to a fundamental weakness in governance, even though Zakat organizations are strategically positioned to manage and distribute these funds to improve public welfare (Hadi et al., 2024).

Zakat managerial competency constitutes an internal factor that measured via comprehension, technical expertise, and professional demeanor critical for accurate financial statement preparation (Qutaiba et al., 2024). The requisite skill set includes a grasp of Sharia principles, familiarity with Zakat reporting standards like PSAK



(Pernyataan Standar Akuntansi Keuangan)109, technical proficiency, and adherence to code ethics amil (Mustamin et al., 2025). Highly competent managers are more likely to produce accurate, transparent, and regulatory-compliant financial reports, which in turn enhances overall institutional accountability. Conversely, transparency constitutes a critical element inextricably linked to accountability. It necessitates that Zakat organizations publicly disclose their financial statements in an accurate and timely manner, primarily directing this information towards the muzakki (Zakat payers) (Nasution & Haryono, 2023). Accountability in financial reporting measures an institution's capacity to justify its management of Zakat funds according to both Sharia principles and prevailing regulations. This concept extends beyond mere truthful and correct reporting, it necessitates the transparent disclosure of performance outcomes and financial stewardship to both society and the authorized governing bodies (Fachruddin et al., 2024). Accountability in financial reporting measures an institution's capacity to justify its management of Zakat funds according to both Sharia principles and prevailing regulations (Ayati et al., 2025). This concept extends beyond mere truthful and correct reporting; it necessitates the transparent disclosure of performance outcomes and financial stewardship to both society and the authorized governing bodies. Furthermore, strong accountability builds public confidence by ensuring that funds reach the eligible mustahik (Zakat recipients) efficiently and accurately (Zubaidah & Nugraeni, 2023).

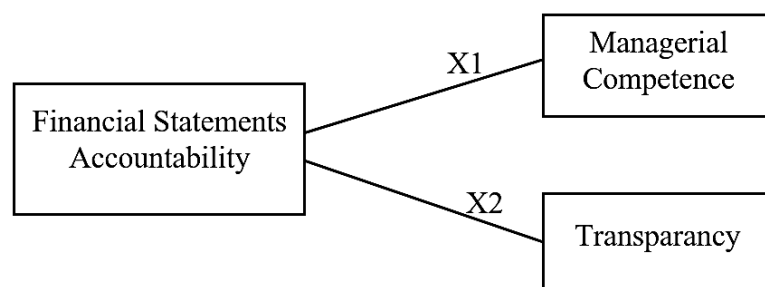
Research conducted by Ramadan et al., aimed to determine the impact of Financial Report Transparency, Accountability, and Service Quality on the decision of muzakki to pay zakat. The study was conducted at BAZNAS Lampung Province and utilized a quantitative approach. Primary data were collected via questionnaires distributed to 50 Muslim respondents in Bandar Lampung, using a purposive sampling method. Data were analyzed using SEM PLS approach via SmartPLS 4 software. The hypothesis testing results demonstrated that Financial Report Transparency positively and significantly influences muzakki decisions to pay zakat (Ramadan et al., 2024). Research by Adiwiyaya and Kusmayadi aimed to empirically assess how zakat accounting implementation, internal control, and amil zakat professionalism influence zakat transparency, mediated by financial report quality. Employing a quantitative approach, data were gathered via questionnaires and interviews from 71 administrators of Zakat Amil Institutions across Central Java. The findings indicated that while zakat accounting implementation and internal control did not affect financial report quality, amil professionalism did have an impact. Collectively, all three variables influenced financial report quality. Importantly, financial report quality, both partially and simultaneously, influenced zakat funds transparency (Adiwijaya & Kusmayadi, 2022). Utilizing a qualitative case study methodology, Ansori and Violita investigated whether YBM XYZ applied transparency and accountability principles in their 2023 ZIS fund management. The research findings suggest that YBM XYZ successfully met most transparency benchmarks and fully complied with all accountability indicators. The evaluation indicated a high level of adherence to transparency principles, with the institution meeting 15 of 17 indicators. Furthermore, YBM XYZ successfully satisfied all established accountability indicators. The efficient use of funds, allocating just 10% to operational costs (below the 12.5% national standard), reflects the entity's commitment to economical and responsible resource management (Ansori & Violita, 2025).

This research addresses a gap in previous research by examining the effect of zakat administrator competency and transparency on financial report accountability, focusing specifically on Lazismu institutions in Central Java province. The research aims to test these influences using primary data gathered from questionnaires completed by muzakki within Lazismu Central Java. This research delivers twofold contributions, spanning theoretical and practical domains. From an academic perspective, the study enriches empirical insights into the determinants of financial accountability within zakat management organizations by evaluating the combined effects of managerial competence and transparency. On a practical note, the results offer actionable guidance for Lazismu Central Java and other zakat agencies to design robust financial governance frameworks that foster credibility, transparency, and accountability, thereby driving public confidence and regulatory compliance.

## 2. RESEARCH METHODS

### 2.1 Research Framework

This study utilizes these following variables: financial report accountability as the dependent variable, and zakat manager competency and transparency as the independent variables.



**Figure 1.** Research Conceptual Framework



## 2.2 Hypotesis

### a. Zakat Management Competence Impact on Financial Statement Accountability

A competent amil is characterized not only by their mastery of Sharia zakat obligations but also by their capacity to manage funds with accountability and efficiency, specifically aligning with authoritative standards like PSAK 109. This professional competence integrates regulatory compliance, technical proficiency in reporting, and the ethical integrity required to manage communal religious assets. Under signaling theory framework, zakat managers professional competence acts as a critical signal to potential donors. The presentation of transparent, timely, and standardized financial reports signifies an institution's professional capability, thereby establishing credibility in fund management. Consequently, such transparency enhances Kompetensi Manajerial, Transparansi, Akuntabilitas, Laporan Keuangan, Manajer Zakat confidence and drives higher engagement in formal zakat contributions.

H1: The professional competence of zakat managers significantly influences the accountability of financial statements.

### b. Transparency has a significant effect on financial reporting accountability.

A study conducted by Halijah et al. (2022) posits that the transparency exhibited by zakat institutions functions as a positive signal to muzakki. The proactive disclosure of audited financial statements, empowerment initiatives, and the transparency of fund collection and allocation provides tangible evidence of the institution's integrity and professional conduct. Transparency acts as both a trust-building instrument and a proof of optimal management, showing muzakki that their zakat creates real impact (Halijah, 2022). Zubaidah (2023) underscores that transparency is vital for accountability and muzakki trust. Signaling theory suggests that open communication regarding financial reports and program impacts provides the assurance donors need to feel confident in the institution's integrity (Zubaidah & Nugraeni, 2023). This transparency not only increases accountability but also ensures that muzakki can contribute without anxiety concerning the potential misuse of zakat funds.

H2: Financial transparency significantly affects the accountability of financial statements.

## 2.3 Research Methodology

This research employed a quantitative research design with the objective of testing hypotheses using a descriptive quantitative approach. The research was conducted at Lazismu Central Java, located at Jl. Singosari Raya No.33, Pleburan, Semarang, Central Java, Indonesia. Research population was defined as the zakat administrators (amil) within Lazismu Central Java, totaling 455 individuals across the province. A total sampling approach was utilized for sample selection, targeting all administrators. Following common research guidelines (e.g., using a 5:1 ratio for indicators to respondents), a minimum of 65 respondents was deemed sufficient, as the study used 13 indicators. Slovin's formula was employed to calculate the required number of samples for this study, as shown in the following calculation:

$$n = \frac{N}{1 + Ne^2} \quad (1)$$

$$n = \frac{455}{1 + 455 * 0.1^2} = \frac{455}{5.55}$$

$$n = 81.98 \text{ Rounded to } 82$$

Purposive sampling was used for sample collection in this research, involving subjects selection who meet specific criteria relevant to study's purpose. Primary data refer to data collected firsthand from the field by the researcher, utilizing methods such as surveys, interviews, or questionnaires. For this research, data were gathered through questionnaires administered to the zakat managers within Lazismu Central Java. Secondary data are derived from existing sources that have been used previously, including books, journals, and theses. For this research, the secondary data used were statistical data compiled by prior institutions or researchers that are relevant to the study's topic. Data collection was conducted through a survey or questionnaire distribution. This instrument contained a series of validated questions relevant to achieving the research goals. The researcher requested respondents participation to answer these questions. Data acquired from the questionnaires will subsequently be statistically processed and analyzed to obtain the essential information needed to address the research questions.

This research involves two independent variables: Zakat Manager Competence (X1) and Transparency (X2). Correspondingly, the dependent variable, used to measure the influence of these factors, is the Accountability of the Institution's Financial Statements (Y). This research utilizes a variance-based Structural Equation Modeling approach, specifically Partial Least Squares (SEM-PLS), to evaluate inter-variable effects. The fundamental structural model used to test these relationships is defined by the following equation:

$$Y = \beta_1 X_1 + \beta_2 X_2 + \varepsilon \quad (2)$$

Subsequently, the significance of the influences is evaluated using t-statistics and p-values derived from a SmartPLS procedure of bootstrapping. An influence is deemed significant when t-value exceeds 1.96 and p-value is less than 0.05, corresponding to a 5% significance threshold. The research instruments consist of questions and



statements ranging from strongly positive to strongly negative. The Likert scale used to measure these variables is structured as follows:

**Table 1.** LIKERT measurement scale

Score	Description
1	Very Disagree
2	Disagree
3	Neutral
4	Agree
5	Very Agree

This research utilizes SmartPLS for data analysis, specifically applying the variance-based Structural Equation Modeling (SEM) technique. The analysis framework comprises two main stages: the outer model (measurement model) and the inner model (structural model) (Yuhana et al., 2024). The evaluation procedure implemented in this study is detailed below:

- Descriptive Statistics:** serve as the foundational step in SEM-PLS analysis, intended to provide a comprehensive overview of the data's characteristics. This phase involves reporting measures such as the mean and median, alongside dispersion metrics like standard deviation, range, skewness, and kurtosis. Such analysis is imperative to ensure that the dataset aligns with the fundamental assumptions of SEM. Moreover, descriptive statistics facilitate the identification of outliers and the assessment of distribution patterns, which inform the necessity of data transformation (Pereira et al., 2024).
- Measurement Model assessment (Outer Model):** In SEM-PLS analysis, the outer model defines the relationship between latent constructs and their indicators, ensuring that each measure captures the intended concept with accuracy and consistency. This diagnostic phase is essential for confirming the relevance of the chosen indicators. Evaluation of the outer model typically entails examining convergent and discriminant validity, as well as reliability, to substantiate the robustness and consistency of the measurement scales (Amani et al., 2025).
- Validity Test:** The measurement model is evaluated using convergent validity and discriminant validity to ensure instrument accuracy. Convergent validity was evaluated based on outer loading or loading factor values. Indicators with outer loadings above 0.7 are regarded as having satisfactory convergent validity. Discriminant validity ensures that indicators of a particular construct are not highly correlated with different constructs. This is evaluated using cross-loading values; an indicator fulfills discriminant validity when its loading is higher on its assigned construct than on any other constructs (Astuti et al., 2025).
- Reliability Testing:** Reliability was assessed via composite reliability, a measure employed to evaluate the internal consistency of the indicators representing a single construct. Within the PLS-SEM framework, reflective construct reliability is evaluated through two metrics: Cronbach's Alpha and Composite Reliability. As a general guideline, a composite reliability value  $\geq 0.7$  indicates that the construct has good reliability and is suitable for use in further analysis.
- Structural Model (Inner Model):** Designing the structural model in PLS-SEM aims to map the relationships among latent variables derived from the research questions and hypotheses. This inner model illustrates the effects between interconnected constructs, using substantive theory as the underlying framework (Hair & Alamer, 2022).
- Hypothesis Testing:** This study utilizes path analysis to test the proposed hypotheses, examining the relationships between independent and dependent variables in the structural model. Using SmartPLS, the outcomes are evaluated based on t-statistics and p-values.

To ensure a rigorous empirical framework, the independent variables in this research are operationalized into specific measurement indicators. Managerial Competence (X1) evaluates the zakat managers (amil) collective capacity through three core dimensions: (1) Knowledge, which measures the staff's understanding of national zakat regulations and Sharia accounting standards (PSAK 109); (2) Technical Skills, assessing practical capabilities in financial statement preparation and IT system usage; and (3) Ethics, capturing professional integrity and adherence to Islamic codes of conduct. Furthermore, Transparency (X2) focuses heavily on Information Disclosure and openness. It is measured through three dimensions: (1) Information Disclosure, which evaluates the availability and punctuality of audited financial statements published online; (2) Clarity and Quality, assessing whether the program budgets and realization reports are easily comprehensible to the public; and (3) Accessibility, which checks how easily stakeholders can access and retrieve institutional performance data. All indicators are rated using a 5-point Likert scale.

### 3. RESULTS AND DISCUSSION

Research initially compiled data from 108 respondents. However, because the data processing utilized a SmartPLS student account, the analytical capacity was capped, allowing only 100 data points to be processed and analyzed. Regarding the demographic profile, male respondents predominated at 66.7% (n=72), whereas female respondents represented 33.3% (n=36) of the total sample. 5-point measurement scale was employed for the 100 respondents.



**Table 2.** Respondent Gender

Gender	Total	Percentage
Man	72	66.7%
Woman	36	33.3%

Responses were scored on a scale of 1 to 5, involving 100 respondents. Data analysis involves calculating scores for each variable based on their respective indicators. The model comprises three variables: Competence (C) and Transparency (T) as the independent factors, and Financial Reporting Accountability (A) as the dependent outcome.

**Table 3.** Descriptive statistical test results

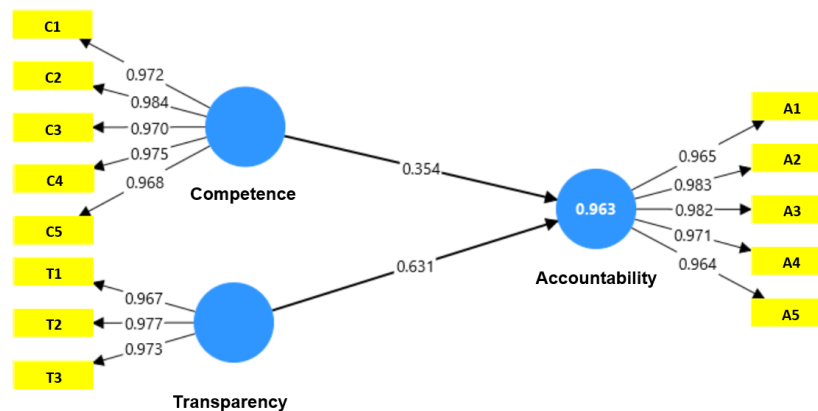
Item	N	Mean	Min	Max	Stdev
C	100	4.152	2	5	0,502778
T	100	4.145	2	5	0,504167
A	100	4.125	2	5	0,511111

As illustrated in Table 3, the descriptive analysis reveals that all research variables have similar response distributions. Amil Competence has a mean of 4.152 (standard deviation of 0.724), while Transparency and Accountability follow closely with mean scores of 4.145 (standard deviation of 0.726) and 4.125 (standard deviation of 0.736), respectively. For all three variables, respondent answers varied from a minimum of 2 to a maximum of 5, suggesting that the perceptions regarding competency, transparency, and accountability within the institution are generally positive.

**3.1 Measurement Model Test (Outer Model)**

**3.1.1 Validity Test**

Data analysis in this study was conducted using the SmartPLS software. The initial phase required the researcher to evaluate validity and reliability to ensure that the variable constructs were measured accurately and consistently. The assessment of the measurement model (outer model) encompasses three primary criteria: convergent validity, discriminant validity, and reliability. This outer model evaluation was performed through the Partial Least Square (PLS) Algorithm, resulting in the measurement model illustrated in Figure 2.



**Figure 2.** SmartPLS 4.0 Output Results

To determine convergent validity in reflective indicators, loading factor scores are employed as the evaluative reference. Although indicators are generally expected to exhibit a correlation higher than 0.70 to be considered reliable, scores between 0.50 and 0.60 are still statistically acceptable in the preliminary stages of research development. This flexibility allows for the retention of indicators that contribute to the construct's content validity despite having slightly lower loading values.

**Table 4.** Convergent validity test results

	Accountability	Competence	Transparency
A-1	0.965		
A-2	0.983		
A-3	0.982		
A-4	0.971		
A5	0.964		
C-1		0.972	
C-2		0.984	



	<b>Accountability</b>	<b>Competence</b>	<b>Transparency</b>
C-3		0.970	
C-4		0.975	
C-5		0.968	
T-1			0.967
T-2			0.977
T-3			0.973

As evidenced in Table 4, the outer loading values for all observed variables consistently surpass the 0.70 criterion. These results indicate that each indicator is appropriately aligned with its respective construct and holds substantial empirical weight. In accordance with statistical conventions, a loading factor greater than 0.7 confirms that the indicator provides a highly significant and reliable representation of the underlying variable.

**Table 5.** Discriminant validity testing results

	<b>Accountability</b>	<b>Competence</b>	<b>Transparency</b>
A-1	0.965	0.957	0.977
A-2	0.983	0.952	0.957
A-3	0.982	0.942	0.943
A-4	0.971	0.972	0.961
A-5	0.964	0.918	0.924
C-1	0.932	0.972	0.950
C-2	0.969	0.984	0.970
C-3	0.931	0.970	0.947
C-4	0.950	0.975	0.968
C-5	0.960	0.968	0.949
T-1	0.951	0.948	0.967
T-2	0.966	0.965	0.977
T-3	0.939	0.954	0.973

Table 5 demonstrates that the cross-loading values for each variable have fulfilled the required criterion of > 0.70. Consequently, all measurement items are declared to possess adequate discriminant validity, as each indicator correlates more strongly with its own construct than with others.

### 3.1.2 Reliability Test

**Table 6.** Composite Reliability Testing Results

	<b>Cronbach's alpha</b>	<b>Composite reliability (rho c)</b>
Accountability	0.986	0.989
Competence	0.986	0.989
Transparency	0.971	0.981

In the reliability assessment, a variable is deemed to demonstrate internal consistency if both its Cronbach's Alpha and Composite Reliability coefficients exceed the 0.70 threshold. Based on the empirical data presented in Table 6, the Accountability variable yielded a Cronbach's Alpha of 0.986 and a Composite Reliability of 0.989. Similarly, the Amil Competence variable recorded scores of 0.986 and 0.989, respectively, while the Transparency variable achieved a Cronbach's Alpha of 0.971 and a Composite Reliability of 0.981. Given that all values surpass the 0.70 benchmark, it can be concluded that every variable in the model is highly reliable.

## 3.2 Inner Model

### 3.2.1 R-Square Test Results

**Table 7.** R-Square Test Results

	<b>R-square</b>	<b>R-square adjusted</b>
Accountability	0.963	0.963

As illustrated in Table 7, the Accountability (A) variable yields an R-Square value of 0.963, signifying that 96.3% of its variability can be explained by the combined influence of Amil Competence (C) and Transparency (T). The remaining 3.7% is attributable to other factors outside the scope of this model. Given that this coefficient far exceeds the standard threshold for a 'strong' model, it can be concluded that the proposed research model provides a highly accurate and reliable representation of the factors affecting financial accountability.

### 3.2.2 Q-Square Test Results

The Q-Square test is executed to evaluate the extent to which the structural model and its associated parameter estimations are capable of accurately representing the observed research data. Within this framework, observations



are assumed to be adequate provided that the Q-Square score is greater than zero. Furthermore, since an ideal Q-Square value typically falls within the range of 0 to 1, a positive result signifies that the model possesses robust predictive relevance for the endogenous constructs.

**Table 8.** Q-Square Test Results

	<b>Q-square</b>	<b>Q-square adjusted</b>
Accountability	0.963	0.963

**3.2.3 Effect Size/F-Square Test**

**Table 9.** Effect Size/F-Square Test

	<b>Accountability</b>	<b>Competence</b>	<b>Transparency</b>
Accountability			
Competence	0.118		
Transparency	0.375		

As illustrated in the table 9, the impact of Amil Competence (C) on Accountability (A) is relatively modest, as evidenced by an  $f^2$  value of 0.118. Meanwhile, Transparency (T) exerts a profound influence on Accountability (A) with a robust  $f^2$  of 0.375, which is classified as strong. Consequently, while both variables are part of the structural model, transparency emerges as the predominant factor influencing the accountability of zakat institutions.

**3.3 Hypothesis Test Results**

The bootstrapping technique is employed for hypothesis testing to assess the impact of independent variables on their respective dependent counterparts. The results of this test yield t-statistic and p-value metrics; specifically, a t-statistic greater than 1.96 indicates that the independent variable significantly affects the dependent variable. In accordance with standard statistical conventions, the hypothesis is accepted if the p-value remains below 0.05, confirming the validity of the hypothesized relationship.

**Table 10.** Bootstrapping Test Result

	<b>Initial sample (I)</b>	<b>Bootstrap mean (M)</b>	<b>Standard deviation</b>	<b>T statistics (O/STDEV)</b>	<b>P values</b>
Competence -> Accountability	0,245833	0,244444	0,097222	2.536	0.011
Transparency -> Accountability	0,438194	0,440278	0,095833	4.571	0.000

The details regarding Table 10 are presented below:

- a. Regarding the Amil Competence (C) variable, the bootstrapping results yielded a t-statistic of 2.536, which surpasses the critical value of 1.96, and a p-value of 0.011, which falls below the 0.05 significance threshold. Accordingly, the first hypothesis (H1) is formally accepted, substantiating that Amil Competence exerts a statistically significant influence on Financial Statement Accountability.
- b. With regard to the Transparency (T) variable, the analysis yielded a t-statistic of 4.571, which significantly exceeds the critical value of 1.96, and a p-value of 0.000, which is well below the 0.05 significance threshold. Accordingly, the second hypothesis (H2) is formally accepted, substantiating that Transparency exerts a profound and statistically significant influence on Financial Statement Accountability.

**3.4 Discussion**

The subsequent analysis evaluates two primary hypotheses to determine their empirical accuracy, specifically focusing on the effect of Zakat Management Competence on the Accountability of Financial Reports, as well as the relationship between Transparency and Financial Statement Accountability.

**3.4.1 Zakat Management Effect Competency on Financial Statement Accountability.**

The empirical findings demonstrate that Zakat Management Competence exerts a positive and statistically significant influence on Financial Statement Accountability. This relationship is substantiated by a t-statistic of 2.536, which exceeds the critical threshold of 1.96, and a p-value of 0.011, which is below the 0.05 significance level. Accordingly, the first hypothesis (H1) is formally accepted. This result underscores that an increase in the managers' proficiency regarding financial management principles, reporting systems, and zakat-related regulatory frameworks directly enhances the degree of accountability within the institution's financial reporting.

The competence of zakat administrators encompasses a multidimensional framework, including a deep understanding of zakat principles, adherence to Sharia regulations, technical proficiency in fund management, precision in financial statement preparation, and a commitment to professional ethics. When administrators possess robust accounting expertise across these domains, they are better equipped to generate financial reports that are not only accurate and transparent but also fully compliant with prevailing accounting standards. Ultimately, such



proficiency reinforces public confidence particularly among muzakki and facilitates the establishment of a highly accountable reporting system. This finding is intrinsically linked to Signaling Theory, which posits that the information disclosed by management in financial statements serves as a critical signal of an institution's integrity and operational quality. Sufficient competence ensures the production of clear, credible, and trustworthy reports, thereby significantly elevating the public's positive perception of the organization.

This study is consistent with the findings presented by Nofiansyah, which state that the competence of amil (zakat administrators) has a significant influence on the accountability of zakat institution financial statements. Adequate competence regarding financial governance, Sharia accounting principles, and zakat regulations enables amil to prepare financial reports that are transparent, timely, and compliant with established standards. A deeper understanding of the procedures and responsibilities involved in managing zakat funds directly translates to a higher quality of accountability. These results underscore that competence is a pivotal factor in establishing accountable governance and maintaining public trust in zakat institutions (Nofiansyah & Pramono, 2024).

It is important to note, however, that the effect size ( $f^2$ ) value for this variable is 0.118, signifying a weak effect size. This underscores the fact that, despite achieving statistical significance, the actual weight of the competence variable in determining accountability levels is secondary to that of transparency. In other words, transparency holds a more dominant position in enhancing the accountability of zakat institutions than the competence of their managers.

### 3.4.2 Transparency effect on Financial Statement Accountability.

Findings show that transparency significantly and positively influences financial statement accountability ( $t = 4.571 > 1.96$ ;  $p = 0.000 < 0.05$ ), confirming the statistical acceptance of the hypothesis. Therefore, H2 is supported, demonstrating that greater transparency in information presentation by zakat institutions directly enhances the accountability of their financial statements. Supported by a strong effect size ( $f^2$ ) of 0.375, this result demonstrates that transparency provides a substantial contribution to enhancing financial statement accountability.

Transparency in zakat governance involves the strategic openness of an institution in communicating its financial cycle spanning from fund collection to distribution to its stakeholders. By ensuring that information is transparently presented, readily available, and compliant with regulatory reporting requirements, an institution can effectively cultivate superior levels of public trust. Therefore, transparency emerges as a pivotal factor in the reporting process, significantly contributing to the development of high quality accountability standards that resonate with the expectations of the muzakki community.

The significance of this finding is further substantiated by an effect size ( $f^2$ ) value of 0.375, which is categorized as a robust or strong effect. This indicates that transparency serves as a primary determinant, providing a substantial contribution to the enhancement of financial statement accountability. Furthermore, these results are reinforced by the research conducted by Merchilia & Robinson, which posits that a higher degree of information disclosure by zakat institutions directly correlates with increased public trust and more favorable societal assessments of the financial reports presented (Merchilia & Robinson, 2024).

Theoretically, these findings are highly pertinent to Signaling Theory, wherein transparency serves as the primary mechanism to bridge the inherent information gap between zakat administrators (acting as agents) and muzakki (as principals). Within this framework, proactive information disclosure is paramount, as it provides the necessary signals for muzakki to evaluate whether their entrusted funds are being managed with integrity, efficiency, and in strict adherence to Sharia principles. Consequently, augmenting transparency represents a strategic imperative for zakat institutions to solidify their accountability and legitimacy in the eyes of the public.

## 4. CONCLUSION

Drawing from the analysis of 100 muzakki respondents at Lazismu Central Java, this study concludes that zakat manager competence and transparency are significant determinants of financial statement accountability. Structural model assessment using SmartPLS empirically supports these findings, revealing that both independent variables exert a positive and significant influence on the dependent variable. Zakat manager competence is empirically proven to significantly contribute to the enhancement of financial statement accountability, as evidenced by a t-statistic of 2.536 ( $> 1.96$ ) and a p-value of 0.011 ( $< 0.05$ ). This competence encompasses a robust understanding of zakat, Sharia regulations, technical fund management skills, financial reporting proficiency, and professional ethics. These findings corroborate Signaling Theory, which suggests that the capability and professionalism of administrators serve as vital signals of an institution's credibility to muzakki. Transparency emerges as the more dominant factor in influencing financial statement accountability. This is substantiated by a t-statistic of 4.571 and a p-value of 0.000, complemented by a large effect size of 0.375. Openness in disclosing and disseminating information has proven critical for fostering public trust and maintaining rigorous accountability standards. When reports are transparent, timely, and accessible, they actively invite participation and monitoring from muzakki. Overall, the structural model yields an R-Square value of 0.963, indicating that zakat manager competence and transparency collectively account for 96.3% of the variance in financial statement accountability. Furthermore, the positive Q-Square value confirms the model's robust predictive relevance. Research Limitations: Several limitations should be considered when interpreting the results of this research. The scope was restricted to a single institution (Lazismu), thereby limiting the generalizability of the findings



to the broader zakat sector. Furthermore, the absence of interview data means the study lacks the qualitative elaboration necessary for a deeper understanding of the respondents' perspectives. Additionally, the conceptual framework focuses exclusively on competence and transparency, potentially overlooking other critical determinants such as internal audit quality, technological adoption, and external regulatory pressures. Recommendations for Future Research: To build upon the findings of this study, several avenues for future research are suggested to enhance the quality and robustness of the results. It is recommended that subsequent studies incorporate additional relevant variables to provide a more comprehensive analysis of the factors influencing accountability. Moreover, expanding the geographical scope—such as by including multiple Lazismu regional offices across different cities in Central Java or other provinces—is vital. This broader coverage will ensure more representative data and offer a more extensive overview of financial statement accountability within zakat institutions nationwide.

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