

Effect of Activity, Liquidity and Amil Fund on Zakat Fund Growth in National Zakat Institution with Disbursement Efficiency as a Mediating Variable

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Abstract

The growth of zakat funds at the national level has reflected an increasing trend during the 2019–2022 period, despite persistent macroeconomic instability during the pandemic and post-pandemic periods. Most zakat management organizations experienced significant growth, particularly among National Zakat Institutions (LAZNAS) in Indonesia. However, this trend was not consistent across all LAZNAS, some of them showed inconsistent, declining, or fluctuating growth over the years, raising concerns about institutional effectiveness and sustainability. Zakat disbursement efficiency has emerged as a critical strategic issue in recent years, which is believed to play a crucial role in fostering future zakat fund growth. This study examines the effect of activity, liquidity, and amil fund on zakat fund growth, with disbursement efficiency as a mediating variable that are measured by financial ratios. The research employs an explanatory quantitative method using PLS-SEM via SmartPLS 4.1.0.9 and analyzes secondary data from the audited financial reports of 15 LAZNAS from 2019 to 2022. Findings reveal the activity ratio significantly negatively affects disbursement efficiency, while the amil fund ratio has a significant positive effect. The liquidity ratio shows a non-significant negative impact. Additionally, zakat disbursement efficiency has a non-significant negative effect on zakat fund growth and does not mediate the relationship between financial ratios and growth. These results underscore the need for more efficient, adaptive, and accountable zakat governance, leveraging digital technology and transparency to enhance sustainable zakat fund development.

Keywords: Financial Ratios, National Zakat Institutions (LAZNAS), Zakat Disbursement Efficiency, Zakat Fund Growth.

Introduction

Zakat serves to alleviate economic hardship while simultaneously playing a vital role in ensuring societal welfare (Muda et al., 2024). Through its implementation, zakat functions as a key instrument in promoting social justice and reducing economic inequality, aligning with the principles of solidarity and collective well-being as emphasized in Islamic teachings (Judijanto, 2024). According to Saad and Farouk (2019) as cited in Zaenal et al., (2023) within the context of state policy, zakat is viewed as a natural fiscal instrument that facilitates equitable income distribution and acts as a catalyst for national economic activity. Unlike conventional fiscal policies, zakat is a unique instrument capable of naturally balancing state revenue through wealth redistribution from the wealthy to the underprivileged.

During the period of 2019–2022, Indonesia's economy entered a critical phase due to the COVID-19 pandemic. The impact was most evident in 2020, when Gross Domestic Product (GDP) contracted by -2.07% , before recovering marginally to 3.7% in 2021 and further increasing to 5.3% in 2022 (BPS, 2022). Amid these conditions, the collection of zakat, infaq, and sadaqah (ZIS) surprisingly showed a positive trend (Wulandari & Pratama, 2022). According to M. S. Bahri et al., (2023) zakat institutions demonstrated sufficient managerial capacity to respond to the effects of the pandemic during 2019–2020.

Based on data from BAZNAS in 2022, the total zakat funds collected from various zakat management institutions amounted to IDR 22.48 trillion, representing a 58% increase from

IDR 14.22 trillion in 2021. This growth was accompanied by a significant rise in the number of zakat payers (muzakki), from 9.9 million in 2021 to 21.3 million in 2022, an increase of 114.9% (Baznas, 2023). Meanwhile, the total zakat funds distributed in 2022 reached IDR 21.68 trillion, a 52% increase from IDR 14.26 trillion in 2021 (Baznas, 2023). However, despite the significant growth in collected funds, the contribution of ZIS to poverty alleviation in Indonesia during this period did not show a substantial impact (Wulandari & Pratama, 2022).

This indicates that, institutionally, zakat organizations should have been capable of addressing distribution challenges more effectively. In this context, National Zakat Institutions (LAZNAS), as government-authorized entities for zakat collection and distribution, hold a strategic position. LAZNAS are expected not only to improve fundraising performance but also to optimize zakat distribution in a sustainable and productive manner to achieve more significant poverty reduction outcomes.

Given a strategic role of zakat necessitates its efficient management to maximize its benefits for the underprivileged, with the expectation that zakat can contribute significantly to poverty alleviation (Allam, 2023). According to BAZNAS records, the number of officially operating National Zakat Institutions (LAZNAS) reached 45 as of 2023 (Baznas, 2024). The growth of zakat funds managed by LAZNAS has shown an increasing trend from 2019 to 2022, as illustrated in Figures 1.

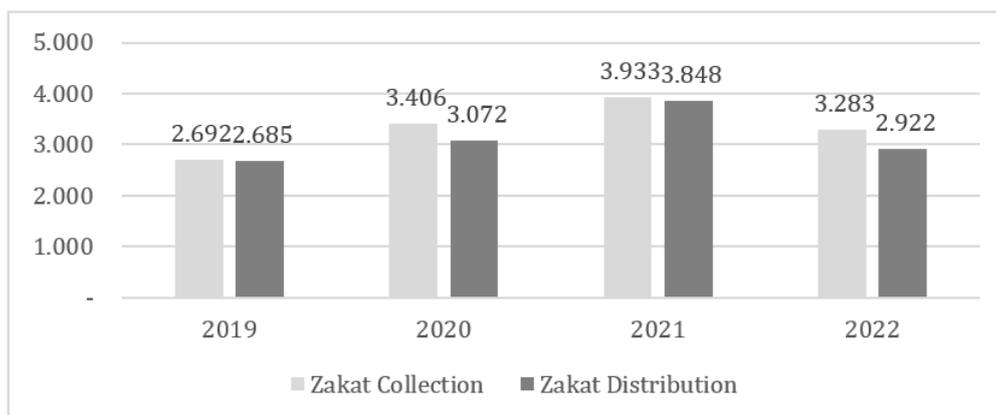


Figure 1. Growth of LAZNAS Zakat Funds in billion Rupiah (Baznas, 2024)

As illustrated on Figures 1, zakat funds collected by LAZNAS increased from IDR 2.6 trillion in 2019 to IDR 3.2 trillion in 2022, reflecting a growth of 22%. The distribution of zakat funds also rose from IDR 2.6 trillion to IDR 2.9 trillion, marking a 9% increase. However, this growth trend has not been consistent. In 2022, there was a 17% decline in collection (approximately IDR 650 billion) and a 24% decline in distribution (approximately IDR 926 billion) compared to the previous year. This decline indicates potential problems in the collection and distribution processes of zakat funds within LAZNAS. In their study, Apriyadi & Cupian, (2024) reported that between 2018 and 2022, twelve LAZNAS experienced a decrease in the growth rate of zakat fund collection, and ten institutions recorded a decline in the growth rate of zakat distribution.

The performance of national zakat institutions has increasingly come under scrutiny by the public and stakeholders, particularly regarding the efficiency of zakat distribution to beneficiaries, which remains a disputed issue (Rachmi & Reskino, 2023). The inefficiency of LAZNAS has become a growing concern among observers of Islamic social finance institutions. Fakhri et al., (2023) found that several LAZNAS experienced inefficiencies in

recent years. For example, Dompot Dhuafa was inefficient in 2019 (44.70%), 2020 (24%), and 2021 (75.8%). Griya Yatim dan Dhuafa showed inefficiencies from 2017 to 2020, with inefficiency rates of 84.2%, 71%, 84.7%, and 99.1%, respectively. LAZISMU reported an inefficiency of 72.80% in 2020. Panti Yatim Indonesia was inefficient in 2021 (54.10%). Rumah Yatim recorded inefficiencies continuously from 2017 to 2020, with rates of 46.10%, 51.10%, 49.90%, and 45.40%, respectively. Rumah Zakat was inefficient in 2019 (45%), 2020 (44.40%), and 2021 (89.30%).

According to Suhail et al. (2019) as cited in Uula & Maziyyah, (2023) the inefficiency in zakat management institutions in Indonesia is largely due to high operational costs, low zakat fund collection, and zakat distribution that is limited to short-term purposes. Inefficiency is also caused by ineffective patterns in both the collection and distribution of zakat funds. Furthermore, according to Mukhlisin et al., (2024) an inefficient distribution mechanism hinders the timely disbursement of zakat funds to the intended beneficiaries. Gholiyah et al., (2023) further explain that the collection and distribution of zakat are the two core activities in zakat management. The quality of a zakat institution's management can be assessed by evaluating its efficiency in managing zakat funds.

As an Islamic social finance entity, amil zakat institutions require effective tools to evaluate their operational performance. Financial performance measurement is essential not only as an indicator of organizational success but also as a foundation for evaluation and continuous improvement (Saputra, 2024). Financial ratios of Zakat Management Organizations (OPZ) play a significant role in assessing the effectiveness and efficiency of zakat institutions, as they are more aligned with the characteristics of non-profit organizations. Guidelines from the Strategic Studies Center of Baznas emphasize the importance of using five key types of financial ratios namely, activity, amil fund, efficiency, liquidity, and growth ratios in evaluating the comprehensive management of zakat, infaq, and sadaqah funds (Puskasbaznas, 2019).

According to previous studies, the financial ratios of zakat management organizations can predict the extent of their impact on the efficiency and effectiveness of zakat distribution. One such study by Gholiyah et al., (2023) on LAZNAS Daarut Tauhid Peduli found that the amil fund ratio had a negative but insignificant effect on zakat disbursement efficiency. This finding was updated by Hafizhan & Sardiana, (2024) who conducted research on eight LAZNAS and BAZNAS institutions, revealing that the amil fund ratio had a significantly negative effect on the efficiency of zakat institutions. Furthermore, Auliani et al., (2022) found that the activity and liquidity ratios had a significantly negative effect on zakat distribution, whereas Amaliah, (2023) reported differing results, showing that both ratios had a negative but insignificant effect on zakat distribution. Yumena & Anggraeni, (2021) indicate a causal relationship between the independent and dependent variables in the context of efficiency. Fundraising and distribution, which are two main activities of LAZNAS and often represented as activity ratios, do not have a significant effect on efficiency. Furthermore, R. Kurniawan, (2018) shows that the independent variables and the efficiency level of National Zakat Institutions (LAZNAS) and indicate that the Allocation to Collection Ratio (ACR) also has a positive, but not significant, effect on efficiency.

The inconsistency of these findings creates a limitation in generalizing the results. Although these studies have made important contributions, no research has directly examined how performance of activity, liquidity and amil fund that are measured by financial ratios influence zakat fund growth through the mediating role of zakat disbursement efficiency in LAZNAS, which is a key indicator for the sustainability of zakat institutions. The role of efficiency plays a crucial part in the sustainability of National Amil Zakat Institutions (LAZNAS). Previous studies have demonstrated that efficiency significantly enhances the trust of zakat payers

(*muzakki*). Zakat institutions act as signal senders to the public particularly prospective muzakki through financial reporting, performance indicators, and transparency in zakat distribution. According to Brigham & Houston (2014), as cited in Suhadi & Kusumaningtyas, (2019) a signal is a managerial action intended to provide cues to investors regarding how the company is being managed. When zakat institutions are able to distribute funds efficiently and transparently, the trust and loyalty of *muzakki* tend to increase (Muliansyah et al., 2022; Rizqon et al., 2024). Conversely, inefficiencies such as excessive socialization costs can hinder zakat fund growth (Hasan & Muhammad, 2023). Zakat growth has also not been accompanied by improved institutional efficiency (Saputra, 2024). Therefore, zakat disbursement efficiency may be regarded as a mediating variable between financial ratios and zakat fund growth. This gap highlights the need for further empirical research using broader and more up-to-date data. This study uses a sample of 15 LAZNAS institutions that published audited financial statements from 2019 to 2022. With a larger number of institutions, the findings are expected to offer more representative insights and improve the generalizability of the results.

The objective of this study is to examine the effect of activity, liquidity, and amil fund on zakat fund growth through the mediating role of zakat disbursement efficiency in National Zakat Institutions (LAZNAS) in Indonesia. This research provides empirical foundations for understanding the factors that affect zakat disbursement efficiency and its implications for zakat fund growth. The contribution of this study lies in the theoretical development of zakat management by positioning zakat disbursement efficiency as a key driver of zakat fund growth. The implications highlight the importance of zakat management that is well-designed, effectively implemented, and supported by technology, efficient managerial systems, transparency, and accountability in reporting, as well as social communication strategies to build trust and loyalty among muzakki. Practically, the findings serve as a strategic guide for LAZNAS to enhance outcome-based efficiency and the sustainability of zakat fund management through zakat fund growth.

LITERATURE REVIEW

Financial Ratio

According to Wardhani (2019) financial ratios serve as a primary instrument in analyzing financial statements, providing a foundation for evaluating financial conditions, and acting as a reference point for development and policymaking (Imran & Badriyah, 2024). Beaver, (1966) emphasizes that financial ratios play a significant role in predicting major events such as corporate failure, as they indicate the extent to which financial statements can be used to project future conditions. In other words, accounting data contained in financial reports are expected to have genuine predictive value. In this study, the financial ratios employed refer to the Zakat Management Organization (Organisasi Pengelola Zakat/OPZ) financial ratios as outlined in the *Theory and Concept* book published by Puskasbaznas in 2019 (Puskasbaznas, 2019). The OPZ financial ratios consist of five main ratios: Activity Ratio, Operational Ratio, Amil Fund Ratio, Liquidity Ratio, and Fund Growth Ratio (Imran & Badriyah, 2024). Measuring financial ratios in LAZNAS is a critical step in assessing the level of efficiency and effectiveness in collecting, managing, and distributing zakat funds (Sakinah et al., 2023).

Operational Efficiency

The concept of efficiency was first introduced by Farrell, (1957), who defined it as the ratio between inputs and outputs. Efficiency is a critical aspect of production activities, as it directly relates to cost management (Hafizhan & Sardiana, 2024). According to Abidin et al.,

(2021) as cited in Ghufran et al., (2023) efficiency can be interpreted as a condition in which a certain level of output is achieved using the minimum possible input. Furthermore, the theory of operational efficiency, as explained by Fatmawati et al., (2024) asserts that operational efficiency can be attained by optimizing processes and technologies aimed at reducing costs and increasing output. Rai & Mone (2008) as cited Kuryanto, (2023) describe efficiency as the most accurate way of executing activities without waste in terms of cost, time, or energy. Similarly, Chaffey & Ellis-Chadwick (2019) as cited Fatmawati et al., (2024) assert that business processes that utilize digital technology tend to reduce costs and improve operational efficiency through increased effectiveness. In line with this, Kanghwa, (2010) as cited in Utomo & Pratiwi, (2020) also emphasizes the achievement of operational efficiency through three main dimensions: labor, technology, and production processes. These factors collectively enhance productivity and reduce routine operational costs, aligning with organizational goals.

In general, operational efficiency can be defined as an organization's ability to maximize outputs while minimizing the use of resources, costs, time, and energy. Within the context of zakat distribution, efficiency reflects a zakat institution's capability to deliver funds in a targeted, timely, and accurate manner, without administrative waste or delay, thereby serving as a key indicator of institutional performance.

Signaling Theory

Signaling theory, introduced by Michael Spence in 1973, highlights the importance of communication in situations of information imbalance, even though it did not explicitly use the term "information asymmetry" as its primary focus. Initially developed in the context of the labor market, this theory is also relevant to various fields experiencing information asymmetry, including the financial sector (Morris, 1987). According to Brigham & Houston (2014), as cited in Suhadi & Kusumaningtias, (2019) a signal is a managerial action intended to provide cues to investors regarding how the company is being managed. This information becomes crucial as it influences investment decisions. This is reinforced by Fahmi (2013), as cited in Hari & Adiputra, (2024) who states that every corporate action potentially carries information that may serve as a signal to investors. This theory emphasizes the importance of companies conveying signals through both financial and non-financial reports to demonstrate managerial efforts aimed at achieving corporate objectives, such as profit maximization (Jurniansyah et al., 2021). In financial practice, ratios such as profitability, liquidity, solvency, and activity serve as communication tools for conveying a company's performance and future prospects (Wahyudi & Dewi, 2024). In general, signaling theory explains how informed parties communicate information to reduce uncertainty arising from asymmetric information. In the context of this study, zakat institutions act as signal senders to the public particularly prospective muzakki through financial reporting, performance indicators, and transparency in zakat distribution.

The Effect of Activity Ratio on Zakat disbursement efficiency

The Activity Ratio is a ratio used to measure the extent to which the effectiveness of funds managed by zakat institutions can be collected and distributed to *mustahik* within a one-year period. The Allocation to Collection Ratio (ACR) serves as the core indicator of the activity ratio (Puskasbaznas, 2019). A high activity ratio may reflect the effectiveness of zakat distribution. However, when fundraising activities are intensive, the costs associated with fundraising such as promotional campaigns targeting *muzakki*, travel expenses, and personnel or volunteer costs tend to increase. These rising costs may in turn reduce

operational efficiency in zakat distribution. Previous research findings indicate that the Activity Ratio has a negative but statistically insignificant effect on zakat disbursement efficiency (Hafizhan & Sardiana, 2024).

H1: The Activity Ratio has a negative but insignificant effect on Zakat disbursement efficiency.

The Effect of Liquidity Ratio on Zakat disbursement efficiency

Liquidity Ratio is a ratio used to measure the ability of zakat management institutions (LAZ) to meet their short-term obligations (Auliani et al., 2022) and to analyze idle funds (Anwar & Malikhah, 2021), including the obligation to distribute zakat funds to the eight asnaf within the current fiscal year (Puskasbaznas, 2019). According to Citra & Hariyadi, (2024) the lower the operational costs incurred in collecting zakat funds, the more efficient the zakat institution is. This causal relationship explains that high liquidity also affects high operational costs. This conclusion is supported by previous research conducted by Rahma & Mayasari, (2021) which found a negative effect of liquidity on the efficiency of Islamic commercial banks.

H2: Liquidity Ratio has a negative but insignificant effect on Zakat disbursement efficiency.

The Effect of Amil Fund Ratio on Zakat disbursement efficiency

The Amil Fund Ratio is used to assess the effectiveness of amil fund utilization in the collection and distribution of zakat, infaq, and sadaqah (Ivanasari et al., 2024). A decrease in the amil fund ratio indicates improved institutional efficiency in utilizing operational funds, thereby allowing a greater portion of zakat funds to be distributed to the mustahik (eligible recipients). This relationship is theoretically and empirically supported by the study of Gholiyah et al., (2023) which found that the amil fund ratio has a negative but insignificant effect on zakat disbursement efficiency.

H3: The Amil Fund Ratio has a negative but insignificant effect on Zakat disbursement efficiency

The Effect of Zakat disbursement efficiency on Zakat Fund Growth

The efficiency of zakat distribution can be measured using several indicators such as the zakat allocation ratio (Gholiyah et al., 2023), the operational cost ratio, the fundraising cost ratio (Fajar & Darna, 2024) and the ratio of personnel expenses and operational costs to fundraising (Puskasbaznas, 2019). Good efficiency in zakat distribution is reflected in a low operational cost ratio of the zakat institution. This implies that most of the collected funds are distributed to the mustahik without waste. Muliansyah et al., (2022) in a previous study stated that operational efficiency has a significantly positive influence on muzakki's decision to pay zakat through national zakat institutions. Satisfaction with institutional performance is related to donor loyalty and zakat fund growth.

H4: Zakat disbursement efficiency has a positive but not significant effect on Zakat Fund Growth.

The Effect of Activity Ratio on Zakat Fund Growth through Zakat disbursement efficiency

An increase in operational activities does not always reflect better efficiency, as high activity may be accompanied by increased operational costs, which in turn reduce efficiency. The study by Hafizhan & Sardiana, (2024) found that the activity ratio has a negative but not significant effect on the efficiency of zakat institutions. On the other hand, maintained efficiency can build a positive reputation for zakat institutions and strengthen the trust of

muzakki (Muliansyah et al., 2022). This trust contributes to the future growth of zakat funds (Rizqon et al., 2024).

H5: Zakat disbursement efficiency mediates the effect of Activity Ratio on Zakat Fund Growth.

The Effect of Liquidity Ratio on Zakat Fund Growth through Zakat disbursement efficiency

The greater the amount of zakat funds collected, the higher the liquidity of the institution; however, operational costs also increase and are charged to the amil fund. If inefficiencies occur, the amount of funds distributed to the mustahik (zakat beneficiaries) decreases, which risks reducing the zakat distribution growth ratio in subsequent periods. Muliansyah et al., (2022) explain that operational efficiency has a significant positive influence on the decisions and trust of muzakki (zakat payers) in paying zakat to national zakat institutions. According to Hasan & Muhammad, (2023) the positive effect of increasing muzakki trust in the performance of zakat fund management gradually makes it easier to collect zakat funds, which will grow in the following years.

H6: Zakat disbursement efficiency can mediate the effect of the Liquidity Ratio on Zakat Fund Growth.

The Effect of Amil Funds Ratio on Zakat Fund Growth through Zakat disbursement efficiency

Amil, as one of the zakat recipients (asnaf), is entitled to receive 12.5% of zakat and 20% of infaq and sadaqah as amil funds, which are allocated for the operational needs of zakat institutions (Puskas Baznas, 2021). Higher operational costs indicate lower efficiency levels, while lower costs reflect better efficiency (Puskas Baznas, 2021). If the Amil Fund Ratio is high but accompanied by low distribution efficiency due to uncontrolled operational expenses, muzakki's trust may decline, ultimately leading to reduced interest and zakat collection. Conversely, Hasan & Muhammad, (2023) found that by reducing operational and socialization costs, zakat fundraising from muzakki can increase.

H7: Zakat disbursement efficiency mediates the effect of the Amil Fund Ratio on Zakat Fund Growth.

Research Framework

The three independent variables in this study reflect the internal capacity of the institution in managing operations and funds effectively. Zakat disbursement efficiency serves as a key signal for the public in assessing the institution's performance, where efficient institutions tend to gain more trust and have greater potential to increase zakat fund collection. This conceptual framework is illustrated in Figure 2.

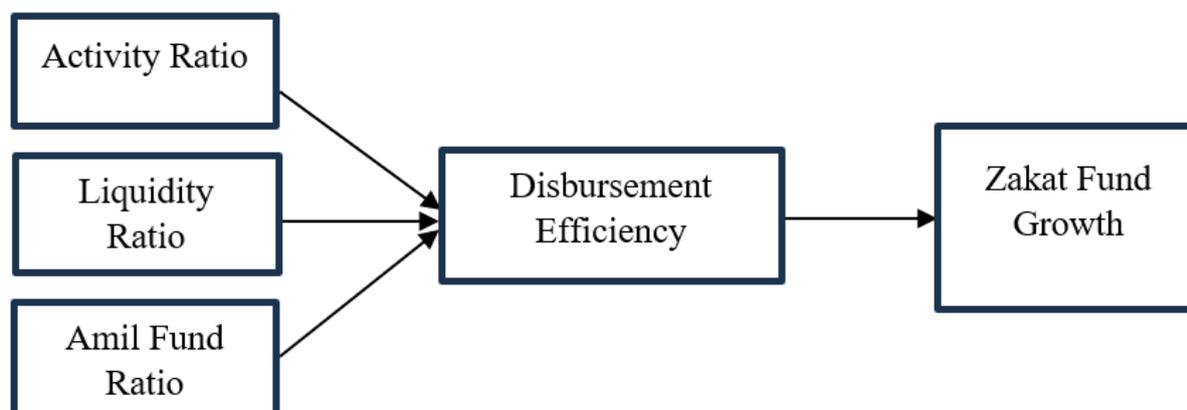


Figure 2. Conceptual Framework

RESEARCH METHODS

This study employs a quantitative approach using descriptive statistical analysis and secondary data. The research population includes 45 National Zakat Institution (LAZNAS) registered with BAZNAS in 2023 and that have published annual financial reports. Samples were selected using purposive sampling based on two criteria: (1) LAZNAS consistently published complete audited financial reports from 2019 to 2022, and (2) had financial ratio data relevant to the research variables. Of the 45 institutions, only 15 LAZNAS met these criteria, or 30% of population, resulting in 60 units of analysis. This study employs a documentation technique for data collection, which consists of gathering relevant sources from journals, books, financial statements, and various other published reports.

The data analysis technique employed in this study is Partial Least Square (PLS) Structural Equation Modelling using SmartPLS version 4.1.0.9. According to Hair et al (2022) the use of PLS-SEM is appropriate for studies with small sample sizes, multiple constructs, or complex models, and it does not require classical assumption testing. PLS-SEM does not require normally distributed data because it applies a non-parametric approach. This method emphasizes predictive capability and the strength of relationships among latent variables, offering a high degree of robustness. In line with this, the present study aims to predict the influence of exogenous variables on endogenous variables by employing PLSpredict, which allows for assessing the model's out-of-sample predictive power and evaluating its practical relevance beyond mere in-sample explanatory measures.

PLS SEM is employed to assess the impact of financial ratios on dependent variable as explained by previous researchers such as Muliansyah et al., (2022), Auliani et al., (2022), Hafizhan & Sardiana, (2024) and PLS-SEM is considered appropriate because it is capable of handling single-item constructs which can be regarded as an observed variable or latent variable with one observed indicator. Hair et al (2022) highlight that one of the key strengths of PLS-SEM in the context of secondary data lies in its flexibility to accommodate both single-item and formative indicators without restriction. This feature is particularly beneficial for studies utilizing secondary data, as corporate databases often contain measures in the form of artifacts, including financial ratios and other firm-specific variables. The operational definitions of the variables are measured using financial ratios issued by Puskasbaznas, as presented in Table 1.

Table 1. Operational Definition of Variables

Variable	Indicator	Reference
Activity Ratio (AR) (X1)	Gross Allocation to Collection Ratio (GAR)	Puskasbaznas, (2019)
	Gross Allocation to Collection Ratio Non-Amil (GARNA)	Puskasbaznas, (2019)
	Infaq/Sadaqah Turnover Ratio (ISTOR)	Puskasbaznas, (2019)
	Zakat Infaq Sadaqah Turnover Ratio (ZISTOR)	Puskasbaznas, (2019)
Liquidity Ratio (LR) (X2)	Current Ratio (CR)	Puskasbaznas, (2019)
	Quick Ratio (QR)	Puskasbaznas, (2019)
Amil Fund Ratio (AFR) (X3)	Amil Rights Ratio (ARR)	Puskasbaznas, (2019)
	Amil Rights to Zakat Ratio (ARZR)	
	Amil Rights to Infaq and Sadaqah Ratio (ARISR)	
Zakat disbursement efficiency (ZDE) (Z)	Zakat Fundraising Efficiency Ratio (ZFER)	Puskasbaznas, (2019)
	Fundraising Cost Ratio (FCR)	Puskasbaznas, (2019)
	Operational Cost Ratio (OCR)	Puskasbaznas, (2019)
Zakat Fund Growth (ZFG) (Y)	Growth of Zakat Allocation (GOZA)	Puskasbaznas, (2019)
	Growth of ZIS Allocation (GOZISA)	Puskasbaznas, (2019)
	Growth of Zakat Collection (GOZC)	Puskasbaznas, (2019)
	Growth of ZIS Collection (GOZISC)	Puskasbaznas, (2019)

Source: Data processed by Researcher (2025)

RESULT

Measurement Model Evaluation

The first step in evaluating the results of PLS-SEM is to assess the **measurement model**, which aims to test the **validity and reliability** of the indicators used. If the indicators meet the required validity and reliability criteria, the evaluation proceeds to the **structural model**.

Validity Test

a. Convergent Validity

The recommended value for outer loading is > 0.708 and for AVE (Average Variance Extracted) is > 0.5 (Hair et al., 2019; Latan & Ramli, 2018). These values indicate that the construct explains more than 50 percent of the variance of the indicators, thus providing an acceptable level of item reliability.

Tabel 2. Convergent Validity

Variable	Indicator	Outer Loading	AVE	Remark
LR	CR	0.935	0.886	Valid



	QR	0.947	0.886	Valid
AR	GAR	0.961	0.757	Valid
	GARNA	0.959	0.757	Valid
	ZISTOR	0.754	0.757	Valid
	ISTOR	0.785	0.757	Valid
	GOZA	0.804	0.711	Valid
ZFG	GOZC	0.891	0.711	Valid
	GOZISA	0.835	0.711	Valid
	GOZISC	0.841	0.711	Valid
	OCR	0.696	0.494	Invalid
ZDE	FCR	0.584	0.494	Invalid
	ZFER	0.810	0.494	Invalid
	ARR	0.935	0.587	Valid
AFR	ARISR	0.645	0.587	Invalid
	ARZR	0.686	0.587	Invalid

Source: Processed Data from SmartPLS 4.1.0.9 (2025)

Based on Table 2, the indicators that do not meet the convergent validity criteria are OCR, FCR, ARISR, and ARZR, as they have outer loading values of less than 0.708 and therefore need to be removed. The Average Variance Extracted (AVE) value for the Zakat disbursement efficiency (ZDE) variable is 0.494, which is below the minimum threshold of 0.50. This indicates that the OCR and FCR indicators do not meet the convergent validity criteria. The next step, after eliminating indicators that did not meet the requirements, was to re-estimate the model by rechecking the outer loading and AVE values. The results of the model re-estimation after indicator elimination are presented Table 3 below:

Tabel 3. Convergent Validity (Re-estimation)

Variable	Indicator	Outer Loading	AVE	Remark
LR	CR	0.927	0.885	Valid
	QR	0.954	0.885	Valid
AR	GARNA	0.896	0.729	Valid
	ZISTOR	0.788	0.729	Valid
	ISTOR	0.873	0.729	Valid
ZFG	GOZA	0.810	0.712	Valid

	GOZC	0.887	0.712	Valid
	GOZISA	0.830	0.712	Valid
	GOZISC	0.845	0.712	Valid
ZDE	ZFER	1.000	1.000	Valid
AFR	ARR	1.000	1.000	Valid

Source: Processed Data from SmartPLS 4.1.0.9 (2025)

Based on Table 3, all indicators show outer loading values greater than 0.708 and Average Variance Extracted (AVE) values exceeding 0.5. Therefore, the measurement model meets the criteria for convergent validity and construct reliability. The next step is to evaluate the model fit by analyzing the Standardized Root Mean Square Residual (SRMR) and Normed Fit Index (NFI) values. This analysis aims to determine whether the previous elimination of indicators has affected the model's goodness-of-fit. To assess model fit, at least one of the following criteria must be met: SRMR < 0.08 or NFI > 0.90, indicating that the model demonstrates an acceptable fit. The results of the model fit evaluation after re-estimation are the SRMR value of 0.137 and the NFI value of 0.592 indicate that the model does not meet the criteria for a good fit (poor fit), as the SRMR exceeds the tolerance threshold (> 0.08) and the NFI is below the required level (< 0.90). Therefore, re-estimation of the model is necessary, such as eliminating indicators with low outer loading, addressing multicollinearity, or modifying relationships between latent variables, in order to reduce the SRMR closer to 0.08 and increase the NFI toward 0.90. The purpose of these adjustments is to ensure the model meets the good fit criteria, as outlined by Henseler et al. (2014) in (Subhaktiyasa, 2024).

Re-estimation was carried out by eliminating indicators that caused high SRMR and low NFI, and replacing them with indicators that had a positive impact on model fit. The ARZR indicator proved to be better than ARR, as did OCR, which replaced ZFER. In addition, the GOZISA, GOZISC, and ISTOR indicators were removed to maintain convergent validity and improve the model fit. The final re-estimation results are presented in Table 4.

Tabel 4. Convergent & Model Fit (Re-estimation)

Variable	Indicator	Outer Loading	AVE	SRMR	NFI
LR	CR	0.926	0.885	0.079	0.77
	QR	0.955	0.885		
AR	GARNA	0.961	0.783		
	ZISTOR	0.802	0.783		
ZFG	GOZA	0.895	0.890		
	GOZC	0.990	0.890		
ZDE	OCR	1.000	1.000		
AFR	ARZR	1.000	1.000		

Source: Processed Data from SmartPLS 4.1.0.9 (2025)

Based on Table 4, the outer loading values of all indicators are above 0.708, thus meeting the requirements and qualifying as valid indicators. Furthermore, the AVE value is greater than 0.5, and the SRMR value is 0.079, which is less than 0.08. The NFI value is 0.77; although NFI is still below 0.9, the model can still be categorized as good because one of the model fit indicators has been met, namely the SRMR value.

b. Discriminant Validity

Discriminant validity measures the extent to which a construct differs from other constructs, ensuring that each latent variable measures a unique concept. The testing was conducted using HTMT, Fornell-Larcker Criterion, and Cross Loading, with the HTMT results presented in Table 5.

Tabel 5. Discriminant Validity - HTMT

Variable	AR	AFR	ZDE	LR	ZFG
AR					
AFR	0.194				
ZDE	0.375	0.753			
LR	0.437	0.014	0.167		
ZFG	0.193	0.159	0.174	0.164	

Source: Processed Data from SmartPLS 4.1.0.9 (2025)

The HTMT threshold value is 0.90 for similar constructs and 0.85 for different constructs (Mohamed et al., 2024). Based on Table 5, all HTMT values are < 0.85, indicating good discriminant validity. Furthermore, discriminant validity was also tested using the Fornell-Larcker criterion, which compares the square root of the AVE of each construct with its correlation to other constructs. The results are presented in Table 6.

Tabel 6. Discriminant Validity – Fornell Larcker

Variable	AR	AFR	ZDE	LR	ZFG
AR	0.885				
AFR	-0.190	1.000			
ZDE	-0.364	0.753	1.000		
LR	0.401	-0.014	-0.158	0.941	
ZFG	0.207	-0.180	-0.208	0.136	0.944

Source: Processed Data from SmartPLS 4.1.0.9 (2025)

The Fornell-Larcker discriminant validity is considered good if the square root of AVE ($\sqrt{\text{AVE}}$) is greater than the correlation between constructs. Based on Table 6, all $\sqrt{\text{AVE}}$ values for the

variables in this study meet this criterion; therefore, it can be concluded that the constructs in the model possess good discriminant validity.

Tabel 7. Discriminant Validity – Cross Loading

Indicators	AR	AFR	ZDE	LR	ZFG
CR	0.336	-0.017	-0.164	0.955	0.111
QR	0.430	-0.008	-0.129	0.926	0.149
GARNA	0.961	-0.211	-0.399	0.454	0.219
ZISTOR	0.802	-0.091	-0.184	0.172	0.123
GOZA	0.105	-0.085	-0.075	0.143	0.895
GOZC	0.230	-0.203	-0.240	0.127	0.990
OCR	-0.364	0.753	1.000	-0.158	-0.208
ARZR	-0.190	1.000	0.753	-0.014	-0.180

Source: Processed Data from SmartPLS 4.1.0.9 (2025)

The next discriminant validity test uses Cross Loading, requiring that each indicator must have the highest correlation (> 0.7) with its respective construct compared to other constructs (Latan & Ramli, 2018). Based on Table 7, all indicators meet this criterion; therefore, it can be concluded that the indicators in the model possess good discriminant validity.

Cronbach's Alpha and Composite Reliability

Although Cronbach's Alpha tends to be lower than Composite Reliability because it does not account for item weights, it is still used with a minimum threshold of 0.7 (Hair et al., 2019). A high reliability value reflects good internal consistency. Based on the test results, as shown on Table 8, all Cronbach's Alpha values were > 0.7 , indicating that the variables in this study possess high and acceptable reliability.

Tabel 8. Cronbach's Alpha

Variable	Cronbach's alpha	Remarks
AR	0.755	Reliable
LR	0.871	Reliable
ZFG	0.903	Reliable

Source: Processed Data from SmartPLS 4.1.0.9 (2025)

Furthermore, composite reliability aims to measure internal consistency and construct reliability (Haji-othman et al., 2024). According to Latan & Ramli, (2018), its value ranges from 0 to 1, where a value closer to 1 indicates that the items are able to explain the variance of the latent construct well. In exploratory analysis, a value of ≥ 0.6 is considered

adequate, whereas for confirmatory analysis, a value of ≥ 0.7 is recommended (Bagozzi & Yi, 1988; Götz et al., 2010; Hair et al., 2011; Latan & Ghozali, 2012a). Therefore, the reliability of the indicators greatly influences the level of composite reliability.

Tabel 9. Composite Reliability

Variable	Composite (rho_c)	reliability	Remarks
AR	0.878		Reliable
LR	0.939		Reliable
AFR	1.000		Reliable
ZDE	1.000		Reliable
ZFG	0.942		Reliable

Source: Processed Data from SmartPLS 4.1.0.9 (2025)

Based on the test results in Table 9, the composite reliability values of the variables in this study range from 0.8 to 1.0, indicating a high level of reliability.

Structural Model Evaluation (Inner Model)

a. Variance Inflation Factor (VIF)

The Variance Inflation Factor (VIF) is used to detect multicollinearity among independent variables in PLS-SEM. High multicollinearity can lead to unstable or biased model estimates. According to the the recommended VIF value is < 5 to ensure the absence of multicollinearity issues in the model (Hair et al., 2019; Latan & Ramli, 2018; Mohamed et al., 2024).

Tabel 10. Collinearity Statistics (Inner Model)

Variable	VIF
AR -> ZDE	1.241
AFR -> ZDE	1.042
ZDE -> ZFG	1.000
LR -> ZDE	1.197

Source: Processed Data from SmartPLS 4.1.0.9 (2025)

Based on Table 10 from the research results, all indicators in the variables used do not show multicollinearity, as the VIF values are less than 5; thus, the model is considered appropriate.

b. Coefficient of Determination (R²)

The R-Square value is used to assess the extent to which independent variables explain the dependent variable. According to Hair et al (2019), an R-Square value is considered substantial if it is 0.75, moderate if 0.50, and weak if 0.25. The higher the R^2 value, the greater the explanatory power of the model for the endogenous variable.

Tabel 11. Coefficient of Determination (R^2)

Variable	R-square	R-square adjusted
ZDE	0.621	0.601
ZFG	0.043	0.027

Source: Processed Data from SmartPLS 4.1.0.9 (2025)

Based on Table 11, the Adjusted R-Square value is used as a reference. The Zakat disbursement efficiency variable has an R-Square value of 0.601, indicating that the Activity Ratio, Liquidity Ratio, and Amil Funds Ratio are able to explain 60.1% of the variance in Zakat disbursement efficiency (ZDE), which falls into the moderately good category (moderate to high). Meanwhile, the Zakat Fund Growth (ZFG) variable has an R-Square value of 0.027, which is considered weak, meaning that Zakat disbursement efficiency can only explain 2.7% of its variance, while the remaining 97.3% is influenced by other factors outside the model.

c. Effect Size (F^2)

The F-Square (f^2) is an effect size measure used to assess the magnitude of the influence of an exogenous variable on an endogenous variable within a PLS-SEM model. According to Hair et al (2019), the criteria are as follows: 0.02 indicates a small effect, 0.15 indicates a moderate effect, and 0.35 indicates a large effect.

Tabel 12. Effect Size (F^2)

Variable	F-square
AR -> ZDE	0.086
AFR -> ZDE	1.289
ZDE -> ZFG	0.045
LR -> ZDE	0.010

Source: Processed Data from SmartPLS 4.1.0.9 (2025)

Based on Table 12, the Activity Ratio has a value of 0.086, which falls between 0.02–0.15, indicating that its influence on Zakat disbursement efficiency is categorized as low to moderate. The Amil Fund Ratio demonstrates a strong influence with a value of 1.289 (> 0.35), while the Liquidity Ratio has a value of 0.01 (< 0.02), indicating a very weak effect. As a mediating variable, Zakat disbursement efficiency has a value of 0.045 (> 0.02), suggesting that its effect on Zakat Fund Growth is not too weak but still falls below the moderate category.

Hypothesis Test

Hypothesis testing in PLS-SEM, conducted through the bootstrapping process, aims to determine whether the relationships between exogenous and endogenous variables are statistically significant. Two key measures used in this evaluation are the p-value and t-value. A relationship between an exogenous and endogenous variable is considered statistically significant if $p < 0.05$ and $t > 1.96$ (Hair et al., 2019). The results of the hypothesis testing process are as follows:

Tabel 13. Path Coefficients

Variable	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
AR -> ZDE	-0.201	-0.183	0.096	2.105	0.035
AFR -> ZDE	0.714	0.646	0.224	3.189	0.001
ZDE -> ZFG	-0.208	-0.158	0.255	0.814	0.415
LR -> ZDE	-0.067	-0.100	0.111	0.605	0.545
AR -> ZDE -> ZFG	0.042	0.031	0.054	0.776	0.438
AFR -> ZDE -> ZFG	-0.148	-0.115	0.186	0.797	0.426
LR -> ZDE -> ZFG	0.014	0.013	0.037	0.380	0.704

Source: Processed Data from SmartPLS 4.1.0.9 (2025)

Based on Table 13, the results of hypothesis testing using bootstrapping show that the Activity Ratio has a significant negative effect on Zakat disbursement efficiency, with a p-value of $0.035 < 0.05$, an original sample of -0.201, and a t-value of $2.105 > 1.96$, thus H1 is rejected. Meanwhile, the Liquidity Ratio has a non-significant negative effect on Zakat disbursement efficiency, with a p-value of $0.545 > 0.05$, an original sample of -0.067, and a t-value of $0.605 < 1.96$, thus H2 is accepted. The Amil Fund Ratio has a significant positive effect on Zakat disbursement efficiency, as indicated by a p-value of $0.001 < 0.05$, an original sample of 0.714, and a t-value of $3.189 > 1.96$, thus H3 is rejected. In contrast, Zakat disbursement efficiency has a non-significant negative effect on Zakat Fund Growth, with a p-value of $0.415 > 0.05$, an original sample of -0.208, and a t-value of $0.814 < 1.96$, thus H4 is accepted. Subsequently, an indirect effect test between variables was carried out through the mediation of the efficiency ratio. The results of the indirect effect hypothesis test using bootstrapping indicate that the indirect effect of the Activity Ratio on Zakat Fund Growth through Zakat disbursement efficiency is positive but very small, with an original sample value of 0.042, a t-value of $0.776 < 1.96$, and a p-value of $0.438 > 0.05$, which is deemed not significant; thus, H5 is rejected. Meanwhile, the Liquidity Ratio has a very small positive indirect effect of 0.014, with a t-value of $0.380 < 1.96$ and a p-value of $0.704 > 0.05$, leading to the rejection of H6. Similarly, the Amil Fund Ratio shows a negative indirect effect of -0.148, with a t-value of $0.797 < 1.96$ and a p-value of $0.426 > 0.05$, which is also not significant; hence, H7 is rejected. Therefore, all three independent variables have no significant indirect effect on Zakat Fund Growth through Zakat disbursement efficiency.

Based on the path coefficients from the structural model, the relationships between the latent constructs in this study can be formulated as follows:

$$\begin{aligned} ZDE &= -0.201AR - 0.067LR + 0.714AFR + e \\ ZFG &= -0.208ZDE + e \end{aligned}$$

Based on the path coefficient results, the ZDE variable is negatively influenced by the AR variable at -0.201 and by the LR variable at -0.067, while it is positively and dominantly influenced by the AFR variable at 0.714. Furthermore, the ZDE variable exerts a negative effect on the ZFG variable at -0.208.

Predictive Model Evaluation (PLSpredict)

PLSpredict serves to ensure that the PLS-SEM model not only exhibits a good fit to the in-sample data but is also capable of providing valid and reliable predictions for new (out-of-sample) data. The subsequent analysis compares the RMSE (Root Mean Square Error) values produced by the PLS-SEM analysis and the benchmark linear regression (LM) model.

Tabel 14. PLSpredict

Indicator	Q ² predict	PLS-SEM_RMSE	PLS-SEM_MAE	LM_RMSE	LM_MAE
OCR	0.499	0.026	0.019	0.027	0.020
GOZA	-0.132	0.462	0.326	0.562	0.376
GOZC	-0.070	0.331	0.250	0.375	0.279

Source: Processed Data from SmartPLS 4.1.0.9 (2025)

Based on Table 14, the PLS-SEM_RMSE values are lower than the LM_RMSE values for all three indicators (OCR 0.026 < 0.027, GOZA 0.462 < 0.562, GOZC 0.331 < 0.375). These results indicate that this study in the PLS-SEM analysis, the prediction errors are minimal, and the model's predictive power is very high (Hair et al., 2022). Furthermore, according to Hair et al (2019) if none of the indicators in the PLS-SEM analysis have values exceeding the LM-RMSE, the model is considered to have very high predictive power.

DISCUSSION

The finding that the Activity Ratio has a negative and significant effect on Zakat disbursement efficiency (efficiency ratio) indicates that the higher the level of fundraising and distribution activities, the more efficient the operational costs incurred by LAZNAS become. Theoretically, this aligns with the basic principle of efficiency theory achieving maximum output with minimal input. Efficiency strategies implemented by LAZNAS often focus on process digitalization, partnership networks in fundraising, and community-based distribution programs, all of which can reduce costs without lowering performance outcomes. Chaffey & Ellis-Chadwick (2019), as cited in Fatmawati et al., (2024), explain that business processes leveraging digital technology today tend to be more cost-saving and capable of improving operational efficiency because they are more effective and responsive to market demands. This research provides new insights that both update and extend previous findings by

Hafizhan & Sardiana, (2024), who stated that the activity ratio had a negative but insignificant effect on efficiency among eight LAZNAS during the 2015–2018 period.

The Liquidity Ratio has a negative but insignificant effect on Zakat disbursement efficiency. From an operational efficiency perspective, increasing inputs such as operational costs and fundraising expenses should ideally drive a corresponding increase in outputs, namely zakat distribution. However, the need to maintain liquidity often results in a portion of funds being held back and operational costs being minimized as much as possible. Consequently, the efficiency ratio may appear to improve numerically (due to lower costs) without necessarily reflecting optimal zakat distribution performance. In other words, the efficiency captured by this ratio tends to represent administrative or technical efficiency rather than substantive efficiency in delivering benefits to mustahik. The findings of this study reinforce the results of Rahma & Mayasari, (2021), which examined 11 Islamic banks during the 2015–2019 period and found that the liquidity ratio had a negative but insignificant effect on efficiency. Therefore, under certain conditions, the negative effect of liquidity on efficiency can be statistically insignificant due to a trade-off between prudent cash management and the demand for higher distribution outputs, as well as the influence of other factors such as distribution capacity, institutional networks, and program allocation policies.

The Amil Fund Ratio has a significant positive effect on the Zakat disbursement efficiency. When the allocation of amil funds increases, there is a considerable concentration of operational costs aimed at strengthening the zakat institution and its management, such as developing technology and information infrastructure, training staff and volunteers, improving outreach expenses, enhancing governance and accountability in reporting (for example, by employing more competent auditors, hiring management consultants), and covering other management-related costs. From an institutional economics perspective, this phenomenon can be explained as a form of long-term capacity building. When an institution has greater fiscal space through amil funds, strengthening its organizational structure becomes an inevitability. With the enhancement of amil funds, LAZNAS can strengthen its data-driven management systems, including strategic planning for zakat distribution. More accurate data and better-integrated systems enable more effective zakat disbursement, although this comes with a trade-off in the form of an increased ratio in the Zakat disbursement efficiency.

Zakat disbursement efficiency has a negative and insignificant effect on Zakat Fund Growth. In the context of zakat institutions, high operational efficiency (low efficiency ratio) should help enhance public trust, as it demonstrates that zakat funds are well managed and not excessively absorbed by administrative costs. However, even if efficiency is good, the insignificant impact on the growth ratio is likely due to several factors. First, the growth of zakat funds is more influenced by other aspects such as zakat literacy, transparency, and fundraising strategies, as well as the emotional closeness of the amil to the muzakki, rather than solely by operational cost efficiency. Within the framework of signaling theory, zakat fund growth is influenced not merely by efficiency figures, but also by the muzakki's perception of the institution's social commitment and the empowerment of mustahik demonstrated by the organization. An institution that focuses too heavily on efficiency may, in fact, sacrifice social activities and promotional efforts, which serve as key channels for conveying signals to the public. The negative and insignificant effect of zakat disbursement efficiency on zakat fund growth indicates that efficiency is not the sole, nor even the primary, factor considered by muzakki when choosing a zakat institution. From the signaling theory perspective, what is more important is how the institution shapes positive perceptions through visible social achievements and consistent, transparent, and credible

communication signals. The results of this study differ from the findings of Muliansyah et al., (2022), who stated that operational efficiency has a significant positive effect on the muzakki's decision to pay zakat, which ultimately increases the total zakat collected.

Zakat disbursement efficiency cannot mediate the effect of the Activity Ratio on Zakat Fund Growth. In signaling theory, this indicates that the efficiency signal has not been strongly translated or received by the muzakki. It is possible that the muzakki perceive signals more from the institution's activities such as the number of social programs, documentation of zakat distribution, or the institution's presence on social media and in publications which are easier to observe than efficiency indicators that are technical and accounting-based. These results are consistent with findings from other studies, such as the one conducted by Muthafer et al., (2023), which examined the role of transparency in building the trust of muzakki to deposit zakat funds with zakat management institutions. The study found that transparency has a positive and significant effect on muzakki trust. Transparency is a key factor in building muzakki trust and loyalty, which in turn directly impacts zakat fund growth.

Zakat disbursement efficiency cannot mediate the effect of the Liquidity Ratio on Zakat Fund Growth. From the perspective of signaling theory, it indicates that these signals may not be effectively communicated to or received by muzakki or potential muzakki. It is possible that even though the institution has high liquidity and operational efficiency, the public does not receive or clearly understand these signals. This could be due to a lack of reporting, insufficient transparency, or ineffective communication strategies by the zakat institution. Therefore, even if operational efficiency improves (low efficiency ratio), if the impact of zakat on mustahik is not significant, muzakki may perceive that their funds are not being optimally delivered to the beneficiaries. This is in line with the findings of Hadi et al., (2024), who stated that zakat management is highly important and has a positive influence on zakat growth. Thus, the results of this study can be interpreted as an indirect confirmation that efficiency alone is not sufficient; it must be accompanied by external strategies that build muzakki loyalty and expand the reach of zakat fundraising.

Zakat disbursement efficiency cannot mediate the effect of the Amil Fund Ratio on Zakat Fund Growth. Signaling theory explains that an institution can send positive signals to the public, including potential muzakki, through certain actions or policies such as performance efficiency and transparency in fund management. The allocated amil fund should serve as an investment in institutional strengthening, for example, by improving human resources, information technology, or zakat education activities, which ultimately signals that the institution is managed professionally and responsibly. However, when zakat disbursement efficiency fails to mediate the relationship between the amil fund ratio and zakat fund growth, this indicates that the signal given by the institution has not been effectively captured by the public. The efficiency signal may be invisible or perceived as insufficiently strong to convince muzakki. This phenomenon suggests that even if operational costs are reduced (efficiency increases), muzakki's trust will not automatically increase unless service quality and communication are also improved. The results of this study revise the findings of Hasan & Muhammad, (2023), who found that by reducing operational and outreach costs, zakat fundraising from muzakki would increase. One possible reason is that the allocation of the amil fund has not been optimized to enhance services and build public trust to continuously pay zakat through LAZNAS, which would directly impact zakat fundraising performance.

CONCLUSION

The Activity Ratio has a significant negative effect on Zakat disbursement efficiency, indicating significant operational developments and technological transformation in zakat management at LAZNAS in recent years. An increase in collection and distribution activities, when supported by robust information technology infrastructure, actually leads to higher efficiency by accelerating distribution processes, reducing operational costs, and minimizing the risk of delays in services to mustahik.

The Liquidity Ratio has a negative but insignificant effect on Zakat disbursement efficiency, meaning that while liquidity is important in maintaining smooth operational processes in zakat institutions, high liquidity does not automatically increase efficiency in zakat fund distribution if it is not supported by a well-structured managerial system and operational strategy. In the context of zakat institutions, the speed and accuracy of distribution, as well as the ability to reduce operational costs, are more influenced by the effectiveness of distribution management rather than merely the amount of available funds.

The Amil Fund Ratio has a positive and significant effect on Zakat disbursement efficiency. This finding reflects that amil funds are not merely a cost burden but can serve as an institutional investment instrument that strengthens LAZNAS's operational foundations, ranging from human resource development and capacity building in information technology to improvements in governance and public accountability.

Zakat disbursement efficiency has a negative but insignificant effect on Zakat Fund Growth. While efficiency is important, it is not the sole or primary indicator in building loyalty and sustaining donations from muzakki. This result expands the discussion on institutional approaches to increasing zakat fund growth not only through efficiency but also through engagement, trust-building, and social communication strategies, which form an important foundation in the modern Islamic philanthropy ecosystem.

Zakat disbursement efficiency cannot mediate the effect of the Activity Ratio on Zakat Fund Growth. If previously it was assumed that operational efficiency was the main factor in driving zakat fund growth, this finding shows that muzakki trust and loyalty, transparency, and service quality play a more dominant role. This opens a new perspective in zakat institution management, one that prioritizes the quality of relationships with muzakki rather than merely optimizing costs.

Zakat disbursement efficiency cannot mediate the effect of the Liquidity Ratio on Zakat Fund Growth. Liquidity, while important as a buffer for financial stability, does not necessarily translate into zakat fund growth through operational efficiency channels. This means that efficiency in fund management is not always a mediator linking cash readiness (liquidity availability) to increased fundraising. Zakat management plays a more crucial and direct role, with a positive impact on zakat growth.

Zakat disbursement efficiency cannot mediate the effect of the Amil Fund Ratio on Zakat Fund Growth. Theoretically, this suggests that fund growth is more influenced by how amil funds are directly used to build trust, fundraising strategies, and quality service for muzakki, rather than solely on how efficiently funds are distributed. In other words, this finding broadens the understanding of efficiency theory in social organizations, showing that trust and social relationships must also be considered when explaining zakat fund growth, particularly in zakat institutions.

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