

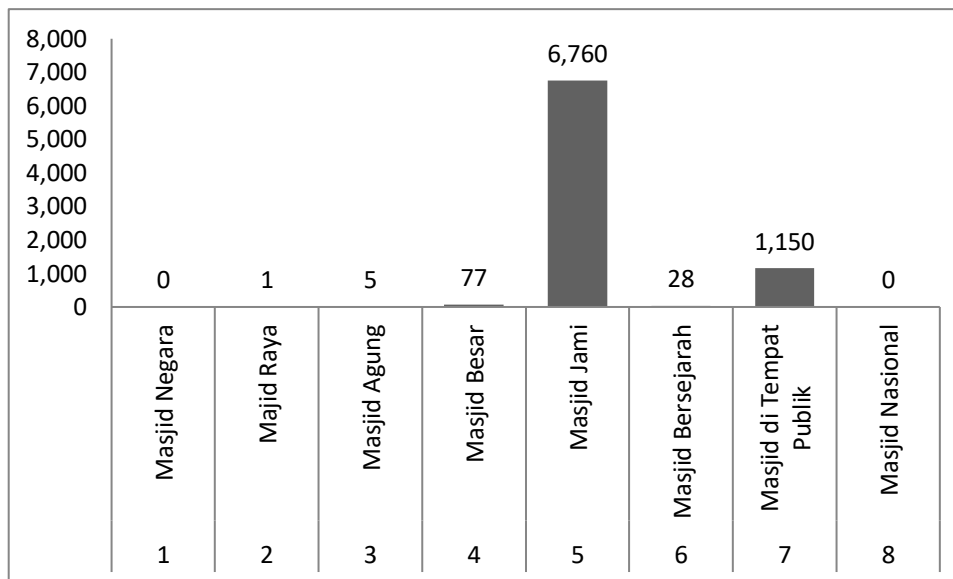
# CHAPTER I

## INTRODUCTION

### A. Research Background

Based on the results of the population census in D.I. Yogyakarta in 2020, Yogyakarta has the most total population of 3.882.288 people from six religions which are Islam, Christianity, Catholicism, Hinduism, Buddhism, and Confucianism ([yogyakarta.bps.go.id/](http://yogyakarta.bps.go.id/)). The total number of The Muslim population in the city of Yogyakarta in the year 2020 reaches a percentage of 83,59 % and increase every year from 83,52 % in the 2019 period ([opendata.jogjakota.go.id/](http://opendata.jogjakota.go.id/)).

With a large Muslim population in Yogyakarta, Yogyakarta certainly has many Muslim houses of worship owned "Masjid". Around 8,021 mosques in Yogyakarta have been registered in the SIMAS (Mosque Information System) program of the Directorate of Islamic and Sharia Development Directorate General of Islamic Community Guidance Ministry of Religion of the Republic of Indonesia. The composition of the mosque in Yogyakarta can be seen in table 1.1.

**Table 1.1 The Data of Mosque in Yogyakarta Period 2020**

Source: [simas.kemenag.go.id](http://simas.kemenag.go.id).2021

According to Syaikh Sa'id bin Ali bin Wafh al –Qagthani, a mosque is a place where people bow down to Allah SWT, the creator of the universe. The appearance and contents of the mosque reflect the degree of the human relationship with Allah and between humans (*Copied from the book Al-Mabhatsus Saadisul wal Isyruun Shalaatul Maaridh (Juz-un min Shalaatul Mu'min)* by Syaikh Sa'id bin Ali bin Wafh al –Qagthani, Indonesian Edition of Morals Visiting the Baitullah, complete guidance to ethichs in Mosques, published of the Ibn Umar Library, Jakarta). In general, the face of the mosque will depend on the level of human faith, the higher the faith, the more prosperous the mosque or vice versa. Therefore, it can be simple to interpret that the mosque is a monitoring tool that provides clues as to whether humankind is in a state of thick or thin faith (Mustaming, 2016). Basically, the term “mosque”, according to *shara* is any place on earth that is used to prostrate because of Allah in that place. This is based on

the hadith of Jabir *radhiyallahu anhu* from the Prophet *sallallahu 'alaihi wa sallam*.

وَجُعِلَتْ لِي الْأَرْضُ مَسْجِدًا وَطَهُورًا، فَأَيُّمَا رَجُلٍ مِنْ أُمَّتِي أَدْرَكَتْهُ الصَّلَاةُ، فَلْيُصَلِّ

Meaning : “*And this earth was made for me as a place of prayer and a means of purification (tayammum). So whoever from my ummah comes to pray (in a place), then let him pray (there)*”.

Mosque is not only to be used for worship for Muslims, but it is one type of a non-profit organization in Indonesia (Kusumadyahdewi, 2018). The mosque institution is a form of a non-profit organization in the religious field, in accordance with the Statement of Financial Accounting Standards (PSAK 45) of 2011 concerning non-profit organizations, that non-profit organizations must and have the right to make financial reports and report to users of financial statements ( Susi, 2019).

The mosque as a form of organization (non-profit oriented) is used as a means of worship and is used for all things related to the activities of the people (Qadri, 2019). For this reason, mosques require an accounting process that produces an effective financial reporting system and all forms of information that support worship facilities, religious activities, including mosque maintenance and care activities.

The responsibility of this mosque cannot be equated with accountability in general because the responsibility of a mosque that represents an Islamic religious organization will have other responsibilities other than accountability to the giver Allah SWT. This is supported by Yanto (2019), which states that the existence of

Islamic accountability based on the principle of dual accountability, which is built on the basis that humans are the caliphs of Allah who must be accountable to Allah and responsible among human to human.

According to the concept, the pattern of accountability in religious organizations can be either vertical or horizontal (Dony, 2018). Vertical accountability is accountability for the management of funds to a higher authority, such as to the Trustees. In a further context, vertical accountability also means accountability to God, although it does not exist in material or physical form. While horizontal accountability is accountability to the wider community, especially users or recipients of the services of the religious organization concerned. Both patterns of accountability are important elements of the public accountability process (Fitria, 2017).

Transparency and accountability are important keywords for non-profit entities to survive and maximize their role in the socio-cultural realm in which the entity is located (M Ahyaruddin, 2017). The preparation of mosque financial reports based on PSAK 45 can also assist mosques in being accountable for public funds received by mosques. Public funds, which are basically public funds, need to be important when public funds are accounted for clearly because the community has the right to know the use of these funds (Farhan, 2019).

One form of accountability or responsibility that must be carried out by mosque administrators is to present financial reports containing assets, liabilities, and other information needed in the process of accountability from the management to the congregation or the public (Liesma, 2018). Financial

statements are an accounting process that includes recording, classifying, examining, reporting, analyzing financial data of an entity (Ahyaruddin, 2018). Recording and classifying activities are processes that are carried out routinely and repeatedly every time a financial transaction occurs. While reporting and analysis activities are usually carried out at a certain time (Erika, 2019).

For this reason, financial statements have an important role in presenting information generated from the activities or operations of the mosque, so that why the mosque institutions must and have the right to make financial reports that can be accounted for and reported to users of mosque financial reports. The quality of financial reports is one of the important things in mosque organizations because financial reports can show that the *takmir* (mosque management) are properly responsible for the authority given to them as a form of mandate to manage funds or assets originating from the congregation or the community (Iwan, 2020).

According to Financial Accounting Standards (PSAK 45), the quality of financial reports must-have characteristics. First, organizational resources that come from voluntary donors do not expect anything in return. Second, obtaining goods/services without the aim of accumulating profit, in the sense that the profit generated by an entity is never distributed to the owner. Third, there is no owner such as a for-profit organization, which means that the ownership is a non-profit organization is not for sale, transfer, or redemption, or the ownership does not represent the proportion of the division of the entity's resources in liquidation or dissolution of the entity (IAI, 2011).

Meanwhile, based on the observations by interviewing *takmir* mosques, some mosques still do not present financial reporting and do not base them according to the financial accounting standards. Furthermore, Accounting in religious organizations is an activity that cannot be separated into a series of activity management, incomplete form, or even in simple events ( Dony, 2018). Unfortunately, the process of recording books in mosques in Yogyakarta is still simple, which has resulted in several impacts. The impact that will occur if the processing of the mosque's financial statements is not good can reduce public or congregational trust in the *takmir* even if the mosque's financial report process is in accordance with current standards, it will have a major impact on trusting in better processing of financial statements both in terms of accountability and even transparency (Kusumawardani, 2019).

This study will be conducted in several mosques in Yogyakarta, such as the Jogokaryan Mosque, the Syuhada Mosque, the Kauman Grand Mosque, and the Mataram Grand Mosque. The four mosques were chosen because these mosques are historical mosques which are mostly visited by *jama'ah* (follower), including local *jama'ah* and *jama'ah* from outside Yogyakarta, so that more donations go to the mosque. This is also quite relevant to be used as research because with a large contribution, it is expected to increase transparency and accountability (Media, 2019).

The reason the author conducted research for the four selected areas has a different implementation of mosque management, besides that in terms of historical buildings, the number of local *jama'ah* and even the number of *jama'ah*

from outside Yogyakarta is quite large, then this is the difference between the four mosques. The explanation of the phenomena mentioned above is the background for this research. By considering the factors that affect the quality of mosque financial reports, this study will examine the influence of financial management practices in organizing mosque activities using accountability and transparency and the implementation of PSAK 45 to reach the purpose of good quality of financial statement.

### **B. Research Question**

Based on the description in the background that has been submitted, then the main issues can be formulated that :

1. Does the implementation of PSAK 45 affect the quality of financial reports in mosque?
2. Does the implementation of PSAK 45 affect *jama'ah* trust in mosque?

### **C. Research Objectives**

The objectives of this research are:

- a. Explain the quality of financial reports in mosque based on the implementation of PSAK 45
- b. Explain about *jama'ah* trust in mosque based on the implementation of PSAK 45

### **D. Research Benefits**

The author hopes that this research will contribute/ be beneficial for :

a. Theoretical Benefits

For the theoretical benefit, this study provides information to add the quality of literature and give more new insight in the current discussion, especially for PSAK 45.

b. Benefits of Practice

The author hopes that this research will contribute/ be beneficial for this research will also have practical benefits for the government, citizens, and researchers. The following is a more detailed explanation:

1. Mosque

For *Takmir*, this study expects the mosque administrators/takmir to implement the PSAK 45 for their financial reporting.. This is because the implementation of PSAK is useful to disclose their accountability and transparency for *jama'ah*.

2. Government

It is important for the government that the results of this study become a consideration for the government whether it is feasible to be applied in Indonesia or not, so that it can answer the question whether they should continue the application of PSAK 45 in Indonesia mosque financial reports.



### 3. Academicians

The benefit for the academic community, hopefully, it can be a reference for further research, and it is hoped that it can become material for the implementation of other non-profit organizations. Besides that, it can also provide enlightenment. In economic terms, especially in Islamic accounting.

### 4. Future Studies

Hopefully this research can be a reference for future research development so that it can improve with new insights and new information to readers.