AN ORGANIZATIONAL LEGITIMACY IN MANAGING THE HAJJ FUNDS

LEGITIMASI ORGANISASI DALAM MENGELOLA DANA HAJI

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ABSTRACT
This study focuses on BPKH processes in achieving organizational legitimacy. The way stakeholders see the validity of BPKH aligns with how organizations try to gain credibility by passing on accountability actions. The pilot study explores the account-giving situation from the meaning of accountability between BPKH and its stakeholders as the reason to gain legitimacy. The perception in this pilot study explains what they see, hear, and feel about BPKH as an organization and the shared information. The way that BPKH is seen by its stakeholders is in line with the goal of transferring accountability measures, which is a goal of organizational legitimacy. A pilot study is one of the methodological approaches that may be utilized to improve the reliability and validity of research. Description of textual data in qualitative research using the inductive approach. The pilot study found that BPKH showed a significant improvement in delivering information to the public compared to the previous fund holder (MORA). The process legitimacy can be seen from the circulation of information inside a system. These modifications are the designed system and the structured formulation of the information to achieve legitimacy through an organization's accountability.

Keywords: organizational legitimacy, accountability, hajj funds, pilot study

ABSTRAK

Kata Kunci: Legitimasi Organisasi, Akuntabilitas, Dana Haji, Studi Kasus

Introduction
As a representative of the Indonesian government who has the mandate to manage community Hajj funds, BPKH (Badan Pengelola Keuangan Haji/ Hajj Fund Management Agency established in 2018) is expected to be more productive and adhere to sharia principles in managing an approximately IDR 140 billion (around 10 billion US dollars or 40 billion MYR) as per December 2020. Although this situation had taken attention due to these enormous funds, two former religious ministers who have become suspects of corruption over the management of the hajj funds have reflected how vulnerable the misappropriation is. Therefore, the issue has grown in importance in managing the funds to maximize its benefits to support implementing a more qualified pilgrimage in Indonesia.
Consequently, huge accumulated public funds increase the need for accountability as well. Accountability seems to be the most significant impediment to hajj fund management, especially in developing countries like Indonesia, Malaysia, and Maldives (Muneeza et al., 2018). Before BPKH, the hajj funds were managed by the Minister of Religious Affairs or MORA with the ta'awun pattern, meaning the principle of helping one another as a pilgrim (Nasution et al., 2019). As a result, there was less transparency because governance from this principle considered religious value rather than financial value. Answering transparency, accountability is generally regarded as a means for people to compel those in public authority to keep them on the right track. Because people in power tend to abuse their power, further oversight for more transparency is needed to avoid corruption.

This study focuses on BPKH processes in achieving organizational legitimacy. The way stakeholders see the validity of BPKH aligns with how organizations try to gain credibility by passing on accountability actions. Specifically, the Hajj Fund Management Agency (BPKH) is the only authorized public legal entity managing the Indonesian Hajj fund. This unique character creates a mixed style between the public and the corporate sector. BPKH uses the "corporate" and "non-profit" principles that illustrate a business pattern by prioritizing efficiency and effectiveness in its management. In addition, they are using the proceeds from the development funds to benefit the hajj pilgrims and Indonesian Muslims.

The primary purpose of the research was to investigate the legitimacy of the organization, and it eventually led to the pursuit of this legitimacy. The first theory that underlies the questions that will be asked is the Legitimacy theory. According to Dowling and Pfeffer (1975) and Suchman (1995), legitimacy is determined by the perspectives of many stakeholders (Dowling & Pfeffer, 1975); (Suchman, 1995). It is of the utmost importance for BPKH to legitimize its professionalism by accountable action that is validated and recognized by its numerous stakeholders. The pilot study explores the account-giving situation from the meaning of accountability between BPKH and its stakeholders as the reason to gain legitimacy (Gray, 1983); (Roberts & Scapen, 1985, p. 447). Based on the premises above, the interviewee shared their view from stakeholder perspectives. BPKH gives information for its action, and the stakeholders accept the information given. However, acceptance is usually believed when they trust the information's contents and organization. The perception in this pilot study explains what they see, hear, and feel about BPKH as an organization and the shared information.

Literature Review

As an organization, BPKH is a collection of individuals who aim to become a trusted organization in managing the Indonesian Hajj funds. The insiders' interviews aim to understand the accountability process in forming information that will be a form of BPKH's accountability to its stakeholders—responding to the need that pushed BPKH to achieve organizational legitimacy. The way that BPKH is seen by its stakeholders is in line with the goal of transferring accountability measures, which is a goal of organizational legitimacy. Nevertheless, public trust or legitimacy still needs to be fought due to the
unaware behavior of society toward the new accountability atmosphere.

The ignorance of the value money issue on hajj funds comes from the history of hajj fund management with the sallow trust in the manager. In response to the situation, connecting with the public with more transparent and clear accountability can be called social responsibility (McCandless, 2002). The religious mindset of Indonesian Muslims where they tolerate the absence of transparency and accountability in managing hajj funds for years (Nasution et al., 2019). They only focused on the departure time to Mecca, while the misuse of the Hajj funds was considered one of the tests to fulfill their dream. The mindset should change and encourage them to participate in monitoring the public money since it is a part of being accountable as the owner of the funds that keep their belongings.

The accountability mechanism is designated to make public institutions accountable in conducting their conduct. The power delegation between principal-agent relationships in the accountability arrangement should ensure proper accountability (Broadbent et al., 1996); (Jenkins & Gray, 1993); (Sinclair, 1995); (Bovens, 2007). Agent-forum relationships are fundamental to accountability as a mechanism. Some of these studies are purely descriptive, charting the complex webs of accountability systems surrounding today's public actors (C. Scott, 2000). Others examine how these arrangements work and their impacts (Day & Klein, 1987); (Schillemans, 2011).

The Indonesian history regarding hajj fund management is not directly linked to pleasant memories. The scandals on hajj funds were memorable, and people got used to not knowing much about their funds. The insiders within the organization contribute to the reasons and the reform spirits of BPKH as the professional managers of the Hajj fund. How to engage the general public with accurate information about the way hajj funds are administered is still homework for BPKH. The interview revealed that a few ideas resemble the idea of building direct communication with the stakeholders, called “strategic communicative action” (Unerman & Bennett, 2004). Using accountability as a tool to generate reflection and learning, the process should be based on issues important to related stakeholders and society (Laughlin, 1990). The situation will automatically make all related parties get involved and feel “safe “ to participate. So, the routine procedures do not change the process (Argyris & Schön, 1978).

According to Gudmundsdottir and Brock-Utne (2010), doing a pilot study is one of the methodological approaches that may be utilized to improve the reliability and validity of research (Gudmundsdottir & Brock-Utne, 2010). According to Kim (2010), pilot studies are regarded as an integral component of any research design (Kim, 2010). The primary objective of a pilot study should not be merely to confirm that the research has been carried out or to provide an implicit justification for the methods used; instead, it should identify areas where modifications to questions or other procedures fail to elicit suitable responses or hinder the researchers from acquiring comprehensive data should be considered (Gudmundsdottir & Brock-Utne, 2010); (Kim, 2010).

METHOD

This pilot study explores five (4) stakeholders with good knowledge of BPKH. Their background confirmed their expertise related to BPKH. The two interviewees were active in helping BPKH since Hajj funds are handled by
MORA. One of them was one of the expert staff in risk management, where he helped the Hajj management agency prepare various internal regulatory instruments for running BPKH activities. The other two interviewees were the planning and development expert at BPKH from 2017 until 2019. The interview was designated to provide good insight into exploring BPKH's openness to sharing information about responsible action (Roulston, 2010). Therefore, the scope of questions focuses on stakeholders' perceptions in determining legitimacy (Dowling & Pfeffer, 1975); (Suchman, 1995) shown in table 1.

The process interview took place online, using a virtual meeting within 60 minutes per session. The consent form and the protocol interview were sent a day before the interview. The interview session was in the Indonesian language (native). The next step is to describe the interview results by listening to recordings and analyzing the meaning. This way will help us to understand the perspectives of the respondents. The conversation transcription was entirely copied in text form and will be analyzed. Description of textual data in qualitative research using the inductive approach (Schutt, 2011). Utilizing three activities in analysis: data reduction, data display, and conclusion drawing/verification. This activity is not a separate process but is a sequential part of the analysis (Miles et al., 2014).

**Table 1. The Semi Structure Interview**

<table>
<thead>
<tr>
<th>Aims /Purpose</th>
<th>Interviewee &amp; References</th>
<th>The theme of the discussion</th>
<th>The questions</th>
<th>Communicating and interaction with Stakeholders</th>
<th>01. How do you update information on hajj issues, especially about hajj funds?</th>
</tr>
</thead>
<tbody>
<tr>
<td>To explore the need for organizational legitimacy of BPKH.</td>
<td>The member of the BPKH pioneer team in 2017-2018</td>
<td>To start, let us introduce ourselves.</td>
<td>02. Have you ever accessed the official BPKH website or website at <a href="http://www.bpkh.go.id">www.bpkh.go.id</a>?</td>
<td>03. In your opinion, has BPKH provided facilities for the community to participate?</td>
<td>Communicate and interact related to the management of Hajj funds?</td>
</tr>
<tr>
<td>02. In your opinion, how did BPKH respond to inputs or aspirations submitted by stakeholders?</td>
<td>The messages from shared information</td>
<td>04. In your opinion, how did BPKH respond to inputs or aspirations submitted by stakeholders?</td>
<td>01. In your current position?</td>
<td>01. Other background information from Participants (related to BPKH).</td>
<td></td>
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<tr>
<td>03. In your opinion, has BPKH provided facilities for the community to participate?</td>
<td>02. Have you ever accessed the official BPKH website or website at <a href="http://www.bpkh.go.id">www.bpkh.go.id</a>?</td>
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<td>04. In your opinion, how did BPKH respond to inputs or aspirations submitted by stakeholders?</td>
<td>01. Other background information from Participants (related to BPKH).</td>
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<td>Communicate and interact related to the management of Hajj funds?</td>
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The perceptions of Stakeholder's determine Stakeholders' Trust about Organization

01. Where is the significant difference in the presentation of
legitimacy (Dowling & Pfeffer, 1975); (Suchman, 1995). The significant improvement in delivering information to the public is well demonstrated and accessible on BPKH’s official website.

Sources: (Cutlip et al., 2000), (Dowling & Pfeffer, 1975) & (Suchman, 1995).

Discussion Analysis

The interviewees revealed some exciting explanations and warm feelings during the interview sessions. The individuals articulated their viewpoints regarding the public's need to perceive BPKH as a legitimate entity within their association with BPKH. The interviewees realize the public trauma of management hajj fund. Even though they all shared the same spirit of trust, they were in a new atmosphere in reforming the management of hajj funds to be professionally managed. The pilot study found that BPKH showed a significant improvement in delivering information to the public compared to the previous fund holder (MORA). Mostly, it is well demonstrated and accessible on BPKH’s official website. They realized there is significant progress for BPKH in delivering information and gave helpful insight into the barriers faced by BPKH.

“I can see from the website that all Indonesian people can access an information menu related to financial statements. Yes, the data can be seen there. There are financial reports that can be seen there. Specifically, for services to the general public and prospective pilgrims, there is a menu regarding the services provided, a submission menu, and a virtual account menu. Now, there are services or other information related to the management of this Hajj financial institution from the investment side.”

Their perception will shape the BPKH's legitimacy, along with the progress of developing accountability towards a trustful organization in managing the Indonesian Hajj funds. They also shared their expectation on what they needed most as an outsider party and understood the BPKH position very well.

“...... However, the most important thing for prospective pilgrims is how they can see the progress. If “I” has registered for Hajj, then it is said that BPKH manages my Hajj funds. So, the foremost curiosity is the value of the savings I deposited. Moreover, how much if I receive a benefit, what for and in what form?”

“.......... the expectation is that these funds can be managed more accurately and more professionally. The aim is actually how Muslims in Indonesia and the prospective pilgrims, in particular, can enjoy or feel the benefits of the funds that are managed ...................... Thus, hopefully, the management of Hajj funds will be conducted more professionally. It is hoped that significant benefits can be felt.”

This improvement in performance is one of the resemblances of “deu’tero learning” which means collaborating in a standardized capacity to learn (Argyris
& Schöhn, 1978). Apparently, the stakeholders have different side points of view. Therefore, underlined that learning will help the organization understand the goals and concerns of those who benefit from the account (O’Dwyer & Unerman, 2008).

The pilot study found that the process legitimacy can be seen from the circulation of information inside a system. It will result in modifications to the system's structures and the processes it employs (Cutlip et al., 2000). These modifications are made to send a signal of legitimacy to the stakeholders. So, if we put it in simple terms, you can find the designed system and the structured formulation of the information in achieving legitimacy through accountability in an organization.

“ ... Open a special counter for BPKH that specifically accepts complaints then pilgrims unfamiliar with technology can come directly there. It is better to have officers who represent BPKH so they can receive complaints, insights, or input from BPKH. So, in my opinion, in this digitalization era, websites and other digital media are very important. Of course, BPKH has already done it, but do not get me wrong. In general, in our society, there are still quite a lot of prospective pilgrims who are old, and their level of education may not be high. They are not familiar with digital instruments. So it is still vital, in my opinion, for BPKH to open information channels conventionally. Of course, there was one institution that could accept Hajj deposits so that people could easily interact with BPKH. The second was to educate the public, one of which could be through campuses, mosques, and other information ecosystems.”

There is widespread consensus that stakeholders are organizations' primary drivers of environmental change pressures (Cutlip et al., 2000). The situation means that stakeholders can use their interests, individually and collectively, to influence the modification of organizational policy. Therefore, the exploration focuses on how BPKH interacts with its stakeholders. The questions explored how BPKH manages communication and provides the media as a communication tool to succeed in its social environment (G. J. Scott et al., 2000).

“ ...I think the primary stakeholder is the pilgrim, as I am now going to Hajj this year. So, take me as an example: I registered at the bank and at the Ministry of Religion for the first time in the district and city. So, that was the initial socialization there. At the bank itself, the staff does not only manage the initial Hajj deposits. They also take care of the others, so sometimes they do not care, right? BPKH has the authority for Islamic Banks to issue permits for renewal or certification fees, so you can see that there are measures for stability and the Bank's performance capability. BPKH has such authority, so the Bank can help socialize the Ministry of Religion. Then, there is a city district in that area, the Communication Forum for Hajj & Umrah Worship Guidance. So, those forums were invited by BPKH. The strategy sections of the method I mentioned earlier could work.”

The pilot study realized there is significant progress in delivering information to society. They believed the BPKH's official website is well-demonstrated with information. The accessibility can make them interact with BPKH. The development of accountability towards BPKH as a trustful organization in managing the
Indonesian Hajj funds is still in progress, and it has positive vibes for organizational legitimacy. It demonstrated the accountability conceptual framework implicitly. Based on the characteristics above, the accessible information, the dissemination of behavior, and an interaction process between society, control agents, and the organization itself (Fox, 2007).

Decisions made by BPKH are often influenced by the need for approval or support from significant social constituencies in accordance with the principles of right conduct as outlined in the "logic of appropriateness" (Tetlock, 1992). The phenomenon under consideration is commonly known as the social contingency model, wherein the many components of the social context contribute to establishing a learning relationship that promotes accountability within the BPKH. The interaction between role and nature determines individuals' responsibility behavior as they seek to justify their actions towards others (Bovens, 2007). Official inclusion of academic institutions, mass organizations, financial institutions, and other relevant entities into the accountability framework of BPKH is important for its active involvement in educating society.

“The role of other stakeholders in the community, the role of universities, schools, community leaders, and maybe the Ministry of Religious Affairs in the regions. It would be nice to work with universities in the regions, community leaders, religious leaders, or the term frontman in the regions until BPKH has done that so that the information is connected to the grassroots. At the moment, it is still lacking, and it needs more socialization to avoid misinformation, especially the fact that the education of Indonesians are not well educated or there are still many who are low, and many do not know, so misinformation does not become a big risk or a big potential problem for BPKH. That is what I see as lacking. Even those who are information literate are easily instigated by irresponsible information media.”

In the end, the empowerment of stakeholders to participate in BPKH's public accountability presents opportunities for viable solutions. The concept can only become a reality by utilizing the forms of media that are most appropriate for each and every level of society. It turns out that this social mechanism using Focus group discussion, community panels, and independent external assessment public agencies practices can affect the development of organizational legitimacy (Bovens et al., 2008); (Meijer & Schillemans, 2009). Meanwhile, the demographic and educational background of Indonesian people, the variety of landscapes, educational backgrounds, and cultural ethnicities in Indonesia contribute to challenges to the people accepting the information transmitted by BPKH. Therefore, a more universal language is adhered to to make the information easy and understandable.

“However, our audience is a very broad spectrum, so it has to be transformed into something very easy for everyone to understand. For me, there are actually still steps that need to be done. The financial report, the annual report, and the unqualified opinion will not be the finishing
line for BPKH. One step is necessary because this is the capital to finally be able to socialize with the public with the next campaign. So, when we talk about communicating to the public, we need different channels and packaging for each level to communicate this information. This is the next homework on creating such content, but it is a must for me.”

The religious mindset of Indonesian Muslims where they tolerate the absence of transparency and accountability for managing hajj funds for years. They only focused on the departure time to Mecca, while the misuse of the Hajj funds was considered one of the tests to fulfill their dream. The mindset should change and encourage them to participate in monitoring the public money since it is a part of being accountable as the owner of the funds that keep their belongings. The performance and usefulness of BPKH could be improved by implementing a two-way communication system.

CONCLUSION

The primary purpose of the research was to investigate the legitimacy of the organization, and it eventually led to the pursuit of this legitimacy. The interviewees revealed some exciting explanations and warm feelings, but simultaneously, they realized the shallow trust of the public trauma. The pilot study found a significant improvement in delivering information to the public compared to the previous fund holder (MORA). It gave helpful insight into the barriers faced by BPKH.

The dissemination of accountability is well demonstrated and accessible on BPKH's official website. The modifications of the system’s structures and processes are made to send a signal of legitimacy to the stakeholders. So, the designed system and the structured formulation of the information are how organizations achieve legitimacy through accountability. Additionally, social mechanisms using Focus group discussions, community panels, and independent external assessments of public agencies' practices can affect the development of organizational legitimacy. Therefore, a more universal language is adhered to to make the information easy and understandable. The mindset of public perspectives should change. They should actively participate in public accountability as a social mechanism for developing organizational legitimacy. The next research should find the motivation to make the public participate in monitoring public money.

REFERENCES


