

Article

IMPLEMENTATION OF ENTERPRISE RISK MANAGEMENT (ERM) IN YAYASAN YATIM MANDIRI SURABAYA

Naufalt Arkyananto¹, Hartomi Maulana².(2023)

Affiliation 1; University of Darussalam Gontor Ponorogo, Indonesia, naufaltarkyananto690@gmail.com

Affiliation 2; University of Darussalam Gontor Ponorogo, Indonesia, mhartomi@unida.gontor.ac.id

Citation: Arkyananto, N & Maulana, H. 2023. IMPLEMENTATION OF ENTERPRISE RISK MANAGEMENT (ERM) IN YAYASAN YATIM MANDIRI SURABAYA.

Academic Editor: Muhammad Qodri Pangestu

Publisher's Note: IBMJ, Faculty of Economics and Management UNIDA Gontor.



Copyright: © 2023 by the authors. Submitted for possible open access publication under the terms and conditions of the Creative Commons Attribution (CC BY) license (<https://creativecommons.org/licenses/by/4.0/>).

Abstract: Zakat is one of the islamic philanthropy instruments might used to reduce the poverty in a country. Yayasan Yatim Mandiri Surabaya is engaged in the efforts of assisting the orphans and the poor. Like other institutions, Yayasan Yatim Mandiri is also facing a risk while dealing with managing zakat funds. For this reason, this study attempts to analyze the application of risk management with ERM standards in Yayasan Yatim Mandiri. ERM standards discussed are the internal environment of the institution, identification of risk at the institution, measurement and assessment of risk, response to risks that occur, and risk control. This study uses a qualitative approach. The results of this study that the Yayasan Yatim Mandiri has comprehensively implemented risk management. it can be shown that the institution carries out direct supervision and evaluation of risks. this study have identified 24 types of risk identification, such as information system risk, human resource risk, and reputation risk. The study also found that the risk mitigation process is by increasing employee satisfaction and performance, improving information systems management, and increasing the reputation of risk in in society.

Keywords: Zakat, Risk, Yayasan Yatim Mandiri, Enterprise Risk Management, Institution.

Introduction

Zakat is an alternative tool in eradicating poverty in an area. It could be realized if the distribution of income from muzaki (beneficer) to mustahik (beneficiary) could be managed properly by Amil zakat (zakat institutions) (Ayuniyah, 2017). The poverty alleviation could be done with an optimization process of collecting and distributing zakat, because zakat is an instrument to handle poverty efficiently (Riwanto, 2017). Currently, the poverty is a major problem faced by a country, especially in this country, Indonesia (Beik, 2009).

In 2019 the Puskas BAZNAS has examined the Zakat Mapping Potential Indicator (Indikator Potensi Pemetaan Zakat, IPPZ). IPPZ has mapped 5 potentials with the breakdown. Zakat income reaches the highest potential value until 139.07 trillion Rupiah, then zakat currency reached 58.76 trillion Rupiah, agricultural zakat reached 19.79 trillion Rupiah, zakat livestock reached till 9.51 trillion Rupiah, and zakat companies reached till 6.71 trillion Rupiah. total IPPZ demonstrates that the potential zakat in 2019 in Indonesia reached Rp.233.8 trillion rupiah (Outlook Zakat Indonesia 2020, 2019).

Then, the proportion of zakat funds in the distribution sector has decreased from 2017 to 2018. In 2017 zakat distributed was reached 4.86 trillion Rupiah, and in 2018 it was only 3.88 trillion Rupiah. The distribution of zakat funds in 2018 to 8 asnaf such as faqir

miskin (the poor and the needy) amounted to 63.3%, amil (zakat collector) 11.34%, mual-laf (who converted to Islam) 0.44%, riqob (freeing slaves) 0.04% gharimin (debtors) 0.85%, fi sabilillah (in the path of Allah) 23.08%, and ibnu sabil (Wayfarer) 0.96%. However, zakat funds in 2019 are being distributed in five service sectors, comprising 20% in the education sector, 11% in the da'wa sector, 16% in the health sector, 42% in the economic sector, and 11% in the social sector (Outlook Zakat Indonesia 2020, 2019).

However, many acquisitions of zakat funds, zakat institutions have many challenges. The challenge in zakat institutions on vulnerability management of zakat in Indonesia is sourced from the muzaki, mustahik, and charitable organizations. These barriers include the lack of qualified human resources, understanding fiqih amil inadequate, lack of public awareness for the tithe, low level of technology used, its minimum zakat information system, the mental attitude of the recipients (Zumrotun, 2016). From the many problems faced by zakat institution, it can be concluded that zakat institution has a lot of risks.

In this case, researchers use the Enterprise Risk Management (ERM) reference as an illustration for identification, assessment, and mitigation of the high level of risk faced (Humphrey, 2018). ERM method is an important component in changes in corporate governance, the principles, guidelines, and surrounding standards (Kaplan & Mikes, 2015). Secondly, ERM is part of the overall corporate strategy, due to the development of the scope of risk (Vitolla & Rubino, 2014). Therefore, with the existence of ERM, it is hoped that Yayasan Yatim Mandiri can focus on friction within the institution and outside influences.

Few study that discusses the implementation of ERM in Zakat institution. Among of them, studied by Triyani et al. 2017 showed that the risks faced by BAZNAS are categorized as minor risk (Triyani, Beik, & Baga, 2017). Thus, this study attempts to examine the analysis of risk management based on Enterprise Risk Management (ERM) standards in zakat institution of Yayasan Yatim Mandiri.

Literature Review

1.1. Previous Studies

Research that has been proposed by this researcher. has a relationship with several previous researchers:

- a) In a study on the implementation of ERM in the BAZNAS conducted by Triyani et al. 2017, examines the factors that cause risk. This study uses a mixed methods aproval. This study concluded that the risks faced by BAZNAS currently there were 60 identified risks. These risks can be divided into 3 groups, including 16 fundraising risks, identification of 26 fund management risks, and 18 risk distribution. Besides, identification of risk levels in 4 categories including, there are no negligible levels of risk identification, 13 acceptable risks, 33 undesirable risks identified, and 14 unacceptable risks.
- b) Dyarini and Jamilah 2017. Tried to identify risk management of zakat. For this reason, this research concludes that most muzakki want to know the zakat funds are distributed. Then the distribution of zakat funds should have clear and measurable indicators such as indicators mustahik, poverty levels, efficiency and effectiveness of the distribution of zakat, zakat fund distribution tempo, system services, and others. This study uses a qualitative methodology using data from

questionnaires, interviews with relevant parties, gathering documentation, and literature study (Dyarini & Jamilah, 2017).

- c) Research on enterprise risk management in the Warsaw Capital Market by Jonek-Kowalska 2019. The purpose of this study is to assess the effectiveness of implementing a comprehensive Enterprise Risk Management (ERM) system in companies based on the energy and fuel industry in Poland, with qualitative and quantitative methods. This research toward that all the petroleum and energy industries have implemented an ERM system, and the most important risk is a market risk. Besides, the most effective risk protection in the energy industry is Energa SA and the petroleum industry at the PKN Orlen SA company where both companies will suffer minimal losses and develop good results (Jonek-Kowalska, 2019).

The study discusses the implementation of ERM in companies that are in Tunisia by Mardessi et al. 2018. To measure the level of implementation of ERM in companies that are in Tunisia, this research using quantitative methods. This study concludes that after the revolutionary period all companies in Tunisia were faced with risks such as bankruptcy and stress and employee anxiety. Then related to the business sector following economic, political, social in the country is also low. Therefore, the ERM framework in Tunisia company is less than the integrated and structured, it is due to lack of expertise in the ERM and the lack of awareness of the risks. Furthermore, this study provides results that most companies that have a chief risk officer (CRO) have used an integrated ERM, this is following the positive application of ERM in the presence of a CRO, internal auditors, company size, and type of industry (Mardessi & Arab, 2018).

1.2. Zakat.

In terminology zakat has the meaning "someone who issued a portion of the property (muzzaki) with certain conditions to be given to a group of the underprivileged (mustahik) with certain conditions (Beik, 2009). In other words, zakat is an effort and program to eradicate poverty, or an effort to help fellow Muslims when in trouble. In the Qur'an itself the explanation of zakat is very concrete, as is the interpretation of Surah Ar-Rum verse 39:

"And whatever you give for interest to increase within the wealth of people will not increase with Allah. But what you give in zakat, desiring the countenance of Allah - those are the multipliers"

From these verses it can be explained that the person who commits his wealth in the way of Allah and he is sincere about what he has said, then Allah will multiply the reward. In Islamic law, the practice of compulsory zakat is done for Muslims. Paying zakat is an obligation for a Muslim as a caliph in the earth. Because Allah gave his fortune to mankind to manage these assets and become wealth that is used to build people (Zakat Core Principles, 2016)

1.3. Risk Management

Risk management is the design of procedures and the application of procedures to manage business risk. The function of risk management is to protect a job that is triggered by the development of science and technology. In the business realm, risk must be taken into account because of the many uncertainties in the business (Jonnius & Abdurrahman, 2013). Furthermore, in doing business one must take risks (risk takers) in his work, because the risk is always present in economic activities. It has been present in the general rules of business risk "no risk no return"(Irkhami, 2010) it is mean someone has to take good risks for profit.

1.4. Zakat Risk Management

The core of risk management policy is to be able to identify, measure, monitor, and control the course of zakat management activities, with a level of risk that can be measured, integrated, and sustainable. Risk management as a filter or early warning for the management of zakat. The virtues of risk management at amil zakat institutions are: (1). Provider of risk information to regulators and other parties, (2). Ensuring that zakat institutions do not experience opportunity loss is either unacceptable, (3). Minimize the opportunity loss of some uncontrolled risks, (4). Measuring exposure and concentration risks, (5). Ensuring compliance with the sharia in zakat management, particularly in the field of risk mitigation (Pusat Kajian Strategis – Badan Amil Zakat Nasional; dan Departemen Ekonomi dan Keuangan Syariah – Bank Indonesia, 2018).

Zakat institutions have many challenges and risks that come from muzkaki, mustahik and additionally the zakat institution. These obstacles can pose a risk including (Zumrotun, 2016):

- 1) The lack of quality human resources. Work becomes a zakat collector (amil) is not yet the purpose of life or profession of a person, even though graduates of Islamic economics.
- 2) Understanding of jurisprudence amil inadequate. The lack of understanding of the zakat fiqh of the amil is one of the obstacles in the management of zakat. It was due to make jurisprudence was understood only in terms of not only the textual context.
- 3) Lack of public awareness. Awareness of paying zakat for the public is still low. Already embedded in the minds of some Muslims, zakat orders are only required in the month of Ramadan. Even then, it is still limited to the payment of zakat fitrah.
- 4) Low level of technology used. The application of technology in zakat institutions is still very far compared to the application of technology in other financial institutions. It became one of the obstacles inhibiting the progress of the utilization of zakat.
- 5) The information system of zakat. This is one of the main obstacles that cause zakat has not been able to provide significantly the impact on the economy. Zakat institutions that exist today have not been able to have or to develop an integrated information system between amil zakat.

- 6) The mental attitude of the recipients of zakat. The main drawback of the poor as recipients means not only less capital solely in running the business, however more on the mental attitude and readiness of business management in addition to lack of work ethic.

From several points above, we can conclude that zakat institutions have a variety of risks that could threaten the sustainability of the institution.

1.5 Enterprise Risk Management (ERM)

As stated by Lam, Enterprise Risk Management is a comprehensive and integrated framework for managing credit risk, market risk, operational risk, economic capital, and risk transfers to maximize firm value (Lam, 2002). ERM also is a process conducted by the board of directors, managers and other personnel, applied in strategy-setting and across the enterprise. ERM itself is designed to identify potential events and the effect on the institution and manage risk to fit exactly. Thus, is useful to examine a reasonable assurance of the achievement of the institution (Enterprise Risk Management – Integrated Framework Executive Summary, 2004).

Furthermore, the ERM was very quick to say as a general paradigm in enterprise risk management. During these two decades, the company's performance and governance of large companies have increased. Then shareholders as an important influence on developments that reflect corporate scandals that involve corporate decision making (Håkan, 2019).

ERM is a corporate financial analysis tool used to obtain an explanation related to two common risk management issues faced by the company. The board of directors provides a solution to overcome a problem related to agency and asymmetric information on the company by using ERM tools. These theories complement the risk management theory for traditional companies, where this theory focuses on eliminating the effects of divisions that exist outside the company such as taxes, or contractual issues between companies and other market participants.

On this study, researcher used Committee of Sponsoring Organizations of the Treadway Commission (COSO) as framework. That is a risk management reference standards used by the United States COSO ERM: 2004. This standard is used by several non-profit organizations around the world. COSO guides the application of risk management to improve the effectiveness and efficiency of resource use in achieving goals. The core concept of the COSO is any profit institutions, non-profit and government were established to increase the value for stakeholders and role strategies for-profit agencies.

COSO standard rised at 1970 and early 1980, a period when there were many major organizational failures in the United States due to conditions including very high inflation, the resultant high interest rates, and some aggressive corporate accounting and financial reporting approaches (Moeller, 2007). In COSO there are 4 institutional objectives in the management process, namely:

- 1) Strategic objectives, with long-term goals, support and are in line with the vision and mission of the institution
- 2) Operational objectives, effective and efficient use of resources.

- 3) Reporting objectives, the effectiveness of reporting agencies to produce reliable reports, including internal and external reporting.
- 4) The purpose of compliance, compliance with laws and regulations that apply in the institution.

The COSO standard has 8 components such as the internal environment, goal setting, event identification, risk assessment, risk response, control activities, information and communication, and monitoring. Then in COSO also has a standard, regarding the model framework that describes the integration and relationship between ERM components, with institutional objectives such as strategic, operational, reporting, and compliance. The COSO has levels such as a subsidiary, divisions, business units, and entity-level.

ERM is not just a process that periodically, where one component affects only the next component, however the ERM is a multi-directional process, in which almost every component can be influenced and other influences. This, according to statements made by Robert E. Hoyt that combines ERM overall risk management activities into one integrated chart, this combination is useful for decision-making in the relationship between the risk of the entire division, and activities that allow not considered in traditional risk management model (Robert E Hoyt, 2015).



Figure 2.1. : ERM COSO Framework

Source: Triani and Beik (2017)

Previously has been explained about the 8 components of COSO, the explanation of the 8 components are (Enterprise Risk Management – Integrated Framework Executive Summary , 2004):

- 1) Internal environment that includes the organizational structure, and the base of the institution to see how risk is seen and handled by people who are there at the institute, which addresses risk management philosophy and risk appetite, integrity, and ethical values, and the environment in which they operate.
- 2) Objective Setting, management can identify an event that is potentially on the influence. Risk management should ensure that management has a process to set objectives and that the chosen objectives support and align with the institution's mission and following risk.
- 3) Event identification, identification of internal and external events that may affect the institution's goals, distinguishing between risks and opportunities. Opportunities channeled back to management strategy or goal-setting process.

- 4) Risk assessment. By conducting analyses that consider probabilities and impacts, as a basis for determining how they should be managed. This risk assessment is based on inherent and residual.
- 5) Risk Responses, management chooses risk responses by avoiding, accepting, reducing or sharing risks, developing a series of actions to align risk with risk tolerance and risk appetite.
- 6) Control activities. Policies and procedures created and established to assist and ensure effective risk responses.
- 7) Information and communication. Relevant information is identified, received and communicated in the form of a time frame that allows people to carry out their responsibilities.

Monitoring, overall risk management is monitored, modified and created as needed, monitoring is achieved employing ongoing management activities, separate evaluations, or by doing both.

1.6 Implementation of ERM in Zakat institutions

The implementation of ERM in zakat institutions with profit institutions and other social institutions is very different. Because there are several different criteria and measurement scales for risk identification. Thus, in this study the variables to be studied are a variable modification on COSO ERM. Thus, there is a difference in the COSO ERM zakat institutions with other institutions. Modified ERM COSO provides some structured and complete directions, the use of modification in ERM COSO which is aimed at implementing risk management in zakat institutions appropriately and can be achieved (Pusat Kajian Strategis – Badan Amil Zakat Nasional, 2018).

For this reason, these are 6 COSO ERM variables that will be discussed in this study. Where these variables relate to 4 components of COSO such as event identification, risk assessment, response to risk, and control activities. Furthermore in this study, will discuss the risks within the institution into three sectors. Because according to ZCP the zakat institution has four risk sectors, including:

- 1) Operational Risk,
- 2) Fundraising Risk.
- 3) Distribution Risk.

The urgency of implementing enterprise risk management systems in non-profit and profit institutions is 1). According to Yang et al. (2018) in Rehman (2019) that the application of ERM in a company can create a competitive advantage in the company. Because, with the ERM system companies can earn high profits, especially for developing countries (Amin Ur Rehman, 2019). 2) according to practitioners, observers, and academics that ERM can help increase company value by minimizing losses from revenue and stock prices, reducing capital costs, and increasing capital cost efficiency (Robert E Hoyt, 2015).

Research Methods

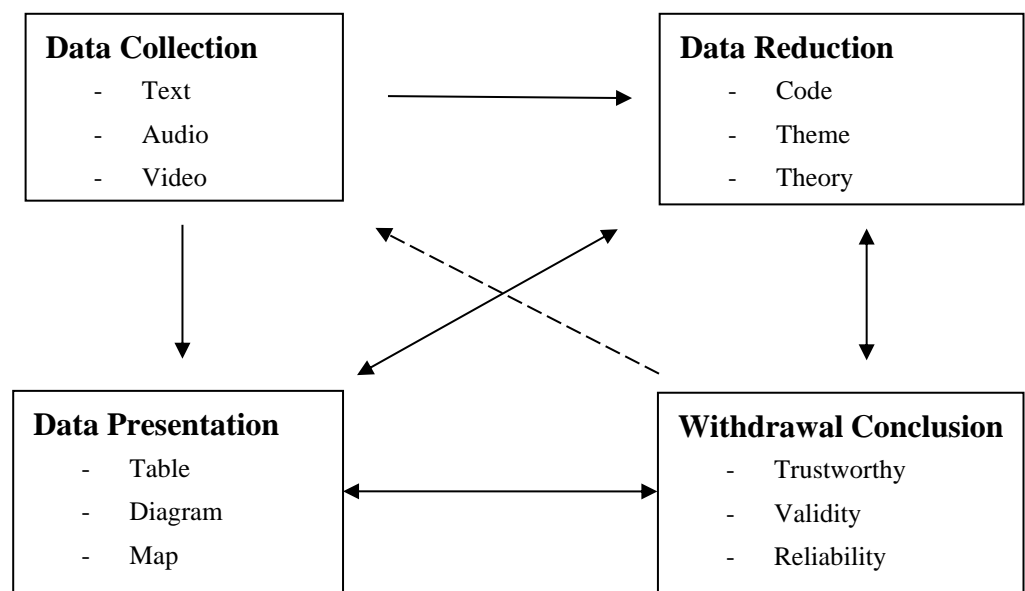
2.1. Research Design

This research is field research with qualitative in nature. The Subjects in this study on, the entire board of general managers of Yayasan Yatim Mandiri and the head of the branch Institution. The reason researchers took some of these subjects was that they were already considered to have knowledge, capabilities, and have competence regarding zakat management. This research use conducted direct interviews with several top managers and head of the branch office of Yayasan Yatim Mandiri. This interview uses a semi-structured interview system. Also secondary data from annual reports, documentation and official archives at the Institute for National Zakat (LAZNAS) Yatim Mandiri Surabaya.

2.2. The Data Analysis Technique

This research use several steps to present data so that the data is easily understood, therefore the researcher chooses interactive analysis model from Miles and Huberman. According to Miles and Huberman explained that the activity on qualitative data analysis was carried out interactively and lasted continuously until finished so that the data was already saturated (Sugiyono, 2017). The several steps in analyzing data are: data collection, data reduction, data presentation, and withdrawal conclusion.

Model Data Analysis Techniques According to Matthew B. Miles and A. Michael Huberman



Sources: Miles and Huberman in Suyanto

Result And Discussion

In this study, the section tested the ERM in six variables, which variable internal environment, objective setting, event identification, risk assessment, risk response and control activities.

3.1 Internal Environment

Yayasan Yatim Mandiri is a National Amil Zakat Institution based on LAZNAS SK: SK. KEMENAG RI No. 185 of 2016. This institution belongs to the people of Indonesia which is engaged in social humanitarian orphans and the poor with funds through Zakat, Infaq, Shodaqoh and Waqf (LAZISWAF) as well as other funds of its lawful and legal, of individuals, groups, and companies. (Yatim Mandiri, 2019)

The Yayasan Yatim Mandiri vision is Being a trusted institution in establishing the independence of orphans and underprivileged. While its mission is to establish the values of independence or underprivileged, Increasing community participation and resource support for the independence of orphans and underprivileged, and Increase the capacity building of organizations.

3.2. Objective Setting

In 2019 the Yayasan Yatim Mandiri had 4 targets, the first in the field of Education, the second in the field of Social Assistance, Health and Disasters, the third in the Pemberdayaan Bisa programs, and the fourth in Ramadan and Super Gizi Qurban (SGQ). Also in 2018 the existing programs in this institution are divided into five programs. The program is Education, Empowerment, Health, Ramadan, Social Humanity. Furthermore, there are 1,669,798 beneficiaries of these programs.

3.3. Event Identification, Risk Response, Control Activities, and Risk Assessment Yayasan Yatim Mandiri

In this section, the study divide risk into 3 categories operational risk, fundraising risk, and distribution risk:

1. Operational Risk Management

In this part, can be concluded into 3 sections such as operational risk management, HR risk management, and financial risk management. The three sections are mapped in the table below:

In the operational section, the Yayasan Yatim Mandiri has 6 risks identified in operational risk management. The 6 risks identification is a problem in the inconsistency in recording the asset report of the institution, both central and branch institutions. Errors in information systems, errors are caused by information systems that are not integrated and the information system is still slow. Finally, the institution still does not have a specific risk control unit. From the many risks identified, the authors found that there are several risk mitigations by the institution. Mitigation here is a combination of risk response and control activities, while the mitigation includes. The institution periodically calculates the number of assets. Improve information systems by creating internal memos and monitoring information flow. Then in risk control, the institution always reports the risks that occur.

Table 3.1. : Operational Risk Management

NO.	Event Identification	Risk Assessment	Risk Mitigation	
			Risk Response	Control Activities
1	Imbalancing between the amount of stock in the warehouse and the amount in the warehousing report.	This problem often occurs. This risk has a very large impact because it creates invalid data	Doing recalculation and readjustment between the number of goods in the warehouse and the number of items in the record	By controlling every week on warehousing
2	The asset control system at the branch and the headquarter is not optimal	Then this problem often occurs at the institution, and the rent time is long if it has not been fixed. This risk has a large impact, because it makes the report out of sync	By holding coordination meetings and making proper internal memos	The institution have tried to create and improve asset control procedures following Standard Operating Procedures (SOP) of the institution
3	Lack of an integrated information system at the institution	The range of these issues less time a month. The impact of the risk is moderate, because making the information makes the balance unbalanced	Doing audit all branches and headquarter, and finding which one branch and headquarter wrong in the recording	By backing up raw data, and manually checking the wrong reports with Microsoft Excel software
4	The nonexistence of specific units or divisions to handling risk management		The instructions are given by the institution to each division in the form of technical guidelines, implementation guidelines,	The institution does is request a decision from the directors

			and internal memos	
5	There is no system that linked from beginning to end related to risk control	This risk occurs for a long time. The impact is moderate, as required in this control is data	The institution is currently using a reporting and complaints system for problems that occur. Or the organization immediately resolving the problem if the difficult is low	
6	The communication systems in institutions are slow and miscommunication often occurs	The time generated by this risk varies from 3 to 4 months, but this problem depends on the response of the institution in solving the problem. This risk has a major impact because it can lead to errors in the delivery of reports and information	Creating an internal memo to advise on such information, as well as to conform to the branches that have been received and understood.	The institution carries out understanding to the branch head. If the problem is large, then the director will solve it directly The institution conducts an understanding and briefing to the branch head

Source: Primary data process, 2020

Also in the HR term, the institution has four identified risks, among them are. Institutions are still lacking in recruitment and special training per division. A decrease in employee performance, and an employee code of ethics violation. In mitigating these risks the institution take s steps, such as periodically increasing special training, prioritizing the recruitment of male employees, and supervising. Conduct recruitment to students of the institution, and coaching for all employees to minimize violations of the code of ethics.

Table 3.2. : Human Resource Risk Management

NO.	Event Identification	Risk Assessment	Risk Mitigation	
			Risk Response	Control Activities
1	The institutions lacking in recruiting and retaining employees	This range takes only one month and does not take up to one year. The impact resulting from this risk varies depending on the number of problems with employees	The institute is recruiting for the position of a subordinate and promotions	<p>The capacity of human resources at the Yayasan Yatim Mandiri by conducting training.</p> <p>To promoting positions that are suitable for proper selection.</p>
2	Decreasing performance and productivity for employees when they are married	The duration of this problem depends on the readiness of the institution in the face. The impact is moderate because making inhibition of jobs that exist in the division. besides burdening other employees	The institution employs students from MEC, or employs temporary work	The acceptance of male prospective employees is prioritized compared to prospective female employees
3	The institution is still lacking in human resource training, which is currently still conducting human resource training institutions in general terms, and not up to the specialized training that leads	For the planning of this training done early every year. The impact is small in a short time, but can be fatal if in a long time. Because employees need talent improvement	Institution seeking to monitor the training needs requiring in each division	

4	There are still rules that are violated by institution employees, such as violating norms and institutional regulations	Problems code violations that exist in these institutions is extremely rare	Technically, HRD calling and giving penalties according to his mistake	By Islamic Approach like reciting Quran together every morning, and holding lectures by the directors of the institution.
---	---	---	--	---

Source: Primary data process, 2020

The last part is financial, the authors found that there were four identified risks such as errors in recording financial statements, overbudgeting, institutions still using conventional accounts, and there is still overlap in the recording of reports between institutions, LAZNAS, and waqf. In carrying out mitigation, the institution has tried and implemented such as, supervises the recording of financial statements and supervises the use of the budget. Transferring donations from conventional banks to Islamic banks at the end of each year. And now the institution is trying to separate the report into three sectors.

Table 3.3. : Financial Risk Management

NO.	Event Identification	Risk Assessment	Risk Mitigation	
			Risk Response	Control Activities
1	The occurrence of overbudget which makes inefficient use of the budget at the institution	If the subsidized budget comes from a similar budget, the impact is small, but if the subsidized budget comes from another budget, the impact will be large.	The institutions do additional cross-subsidy budget	The institution evaluates the budget every semester and every three months
2	There was an error in recording the financial journal cash at the Yayasan Yatim Mandiri Branch	The resulting impact of these major risk because making the balance in the journal does not balance	That institution conducting confirmation incorrect journal entries to Yatim Mandiri Branch..	The institution conducting supervision and deadlines for the incorrect branch in recording cash until the 10th of each month

3	Institutions still use conventional banks, so they still receive and save ZIS funds from conventional banks	This risk must occur continuously and for a long time. The impact of this risk is small because institutions have deposited funds in Islamic banks	The fund from conventional banks will be transferred to the account of Islamic banks at the end of the year	The institution can not avoid the receipt of funds from conventional banks, because most muzakki still have a conventional account
4	The financial reports are still piling up between the institution's report, LAZNAS, and Waqf	The risk of recording a long time. Has a major impact on the preparation of the institution's annual report	In 2020 the institution will be trying to separate the financial statements of the institution, LAZ, education and Waqf	

Source: Primary data process, 2020

2. Fundraising Risk Management

In this section, that division fundraising still facing many risks and challenges such as the high turnover in staff ZISCO, there are still donors who break up with institutions, many donors who no longer trust the institutions, and the number of missing funds. Mitigation on this issue is to improve the welfare institutions and motivate staff ZISCO. Provide an extra service to the donors to minimize the breakup. improving empowerment program performance at the branch agencies, in particular, the new branch so that donor agencies still believe in this institution. And to urge and supervise a staff of ZISCO to always deposit the proceeds in an account ZIS.

Table 3.4. : Fundraising Risk Management

N O.	Event Identification	Risk Assessment	Risk Mitigation	
			Risk Response	Control Activities
1	ZISCO staff uses donations that are borrowing, for crucial needs	At present, the institution has not seen this incident as a misuse. These events often occur and	Provide appropriate compensation in accordance with the Minimum Wage.	The institution does increase employee welfare

		have little impact if only just using funds temporarily, but can be fatal if the funds are lost	The ZISCO staff are required to report to the admin on funds obtained from muzzaki within 2 days.	
2	Lost donation money due to negligence of ZISCO staff	Cases of lost donation money often occur but not much, and the impact varies depending on the amount of money lost	The ZISCO staff must to replacing the lost money both large and small numbered	The institution requiring that the funds be deposited to the bank quickly Requiring ZISCO to have a special deposit box for donation money
3	The vulnerability of employee turnover on ZISCO staff is very high,	This incident often occurs, with a number of 1-3 people in a year. The impact is moderate. Because, can reduced donations at the branch	The institution must instill in the people the values of reporting in this institution The Institution must improve the welfare of ZISCO staff to increase job satisfaction	
4	There are still many regular donors who drop out to donate at the Yayasan Yatim Mandiri	This risk often occurs every month and a lot. The impact of this risk depends on the amount of ZISCO's income. If ZISCO income is few, it can have a big impact, vice versa	If the cause is moving house, ZISCO staf telling to donors that donating can be through another ZISCO or a transfer If the donor cannot pay because he is unable, the institution cannot do anything, but still provides support	
5	Many donors lack confidence in the institution. Because many empowerment programs are	This problem often occurs every year and vulnerability for 1 month. The impact of this risk is totally large and has an	The Institution conducts an understanding to Muzakki through ZISCO staff that the donation will be	The Institute maximizes program performance in branches with fewer programs, and opens several

	focused on large branches. So donors who are close to new and small branches lack of trust.	impact on the reputation of the institution and the large number of muzakki who drop out to contribute.	used in all branches	service offices in several regions
			Institutions providing the reports on programs that have been run to muzakki so that the institution is trusted	

Source: Primary data process, 2020

3. Distribution Risk Management

This section, the author can conclude that distribution risk management in the Yayasan Yatim Mandiri has been identified as many as five kinds. The risk identification can be described as the orphanage teachers still have not made a report. There is a difference in the performance of program staff in all branches, violation of SOP in making designs for branch program staff. There are still many institution distribution programs that are not running. Finally, Mustahik does not follow Amil's direction in empowerment. Of the many risks that have been identified, it appeared institute also perform such mitigation process. The institute carries out a mutation and reprimand process for orphan teachers. The institute carries out special training for program staff, both training in making design and training to improve performance. The institute conducts research and surveys before opening new programs and branches to minimize losses. Then, the institution conducts the supervision and monitoring of the mustahik who receive empowerment funds.

Table 3.5. : Distribution Risk Management

NO.	Event Identification	Risk Assessment	Risk Mitigation	
			Risk Response	Control Activities
1	The lack of institution's program reports to orphanage teachers	This problem can occur rarely and often occurs when viewed from the event. The impact of this	Institutions do payroll deductions directly and conducts counseling guidance to teachers	The Institution controls the teacher's report and mutates the teacher. The purpose of mutations is to improve the

		risk is not too large.		performance of their new environment
2	There is a difference in the performance of branch program staff from other branches. This difference is due to the lack of knowledge of program staff	This problem often occurs. The impact is small provided that the program staff can carry out an evaluation.	The institutions usually hold special training for program staff.	
			The institutions make reprimands and dismissals for program staff with problems	
3	There is a violation of standard operating procedures in the making of design promotions for branch program staff	This problem often occurs and has a high impact, because the design is an institution's branding. This problem often occurs and does not last long.	The institution carries a warning letter up to dismissal if the issue concerns reputation	The headquarter institution must conduct socialization to program staff in the branch
			The institution will reduce the wrong design and replace it with a new one.	Conduct training on branch program staff in design making
4	Ineffectiveness of existing programs in the branch	This problem rarely occurs with institutions, but has a huge impact. Because it can have an impact on the reputation and existence of institutions, especially new branches	To warn of the problematic branch	The institution must conduct analyzes demographic, geographic, and psychographic which will open a new program
			Supporting the programs in the branch	
			supervising and controlling	promoting and achieving the target for the next 1 year
			Closing the program	Creating a Key Performance Indicator (KPI)

5	Mustahik did not follow what Amil guided and directed in the economic empowerment program	This problem often occurs every year. The impact of this risk is moderate, due to wasted funds and the failure of institutions to carry out economic programs	Institutions should provide mustahik with guidance on economic empowerment.	Institutions must monitor and evaluate the economic program
---	---	---	---	---

Source: Primary data process, 2020

4. Information And Communication

Indirectly, the Yayasan Yatim Mandiri has tried to improve the internal communication system. One such effort is, the institution communicates directly to employees and stakeholders. This is following the statement from R4:

“The first was carried out would have personal communication, then communication is individual to individual so not directly decide”

In addition to distributing information, the headquarter institution also conveys information using an internal memo to all branch heads and all employees. This is reinforced by the statement of respondent 1:

“Internal memos, we send them to all branches, we try to make sure they have read it, it’s not a mess, if it’s already read, it’s understood, it’s not yet, if it’s already done, if it’s not yet what sometimes we get by transport”

The function of the existence of an internal memo at this institution is to direct directions, requests and information about something that must be done quickly. Thus, with this internal memo, the institution can minimize the risks that will occur. Thus it can be ensured that the institution has made changes to improve information system services.

5. Monitoring

In monitoring risks, Yayasan Yatim Mandiri uses an integrated risk control system. One of them is conducting tiered supervision between superiors and subordinates (bottom-up and up to bottom), this supervision aims to evaluate and monitor the risks that exist in the institution. The monitoring process is carried out by all institutional stakeholders. Such as employees, managers, the board of directors, and the board of trustees of the institution. This statement was confirmed by respondent number R5:

“We have tiered supervision, tiered supervision both from top to bottom and from the bottom to the top” “Eee bottom-up like that, all supervise each other remind each other, monitor each other, evaluate each other, so from the topmost Eee structure it oversees the structure underneath, and so on. And from the bottom, the lowest

structure can remind or report also if there are findings of the existing structure above the structure above it."

Thus, indirectly, the institution has made the process of monitoring and evaluating the risk of the overall risk. Although the institution has not used the standard framework in risk monitoring.

Conclusion

This study tries to analyze the implementation of Enterprise Risk Management (ERM) in the Amil Zakat Institution Yayasan Yatim Mandiri as a whole. The author tries to analyze the application of risk management, analysis of the application of risk management with ERM standards, analysis of risk mitigation, and analysis of the amount of risk that exists at the Yayasan Yatim Mandiri. In this study, the authors used a qualitative approach and using primary data for interviews. Then use secondary data for documentation, while the documentation comes from the Annual Report from 2016-2017, Independent Auditor Report 2018, Yayasan Yatim Mandiri Profile, and Annual Performance and Budget Plan (RKAT) for 2017. From the above research, it can be concluded that:

- 1) The Yayasan Yatim Mandiri had been implementing a general risk management and mitigating risks in the institution. This can be proven that there are several risk management units such as the board of directors, internal auditors, and HR division. In addition there is a gradual inter-institutional risk oversight.
- 2) The study found the identification of risk using the COSO ERM framework. Based on the ERM COSO analysis, author have identified 3 types of major risks, namely reputation risk in society, HR performance risk, and the risk of weak information systems.

The study also revealed that the institution have made mitigation. This mitigation process are made to improve information systems by checking, reprotng, and auditing, the institution made improvement employee performance with motivation and training. Finally, the institution made improvements in institution reputation with services and reports. However, there is a lack of risk mitigation processes in institutions that are considered to be lacking, and some of them have not been mitigated at all namely, the financial division still uses the use of a conventional account to collecting funds, and financial reporting is still unified. As such, institutions currently face catastrophic and substantial risks.

Suggestion

- 1) For the Yayasan Yatim Mandiri
 - a) From the results of the above study, the Yayasan Yatim Mandiri is currently facing many risks including reputation risk, HR risk, and information system risk. From the risk vulnerability, the Yayasan Yatim Mandiri to always make improvements and evaluations. To managing those risk Yayasan Yatim Mandiri could be improving HR performance, fixing information system management, and improving the trust and service.

- b) From many of these problems, will be easily handled if the Yayasan Yatim Mandiri can create a new division in risk management.
- 2) For Future Researcher
 - a) It is expected that in future studies, to make research on risk management in Islamic perspective overall. Especially risk management in zakat institutions.
 - b) For future researchers to use other risk management standards in their research.
 - c) For further research is expected to conduct in-depth research on this institution.
 - 3) For Regulators Like BAZNAS and Government
 - a) It is expected that the regulator will conduct oversight of the Zakat Institutions in Indonesia. Besides, the regulators conduct socialization and information to zakat institutions throughout Indonesia in managing risks.

It is expected that regulators also create a standardized risk management standard for zakat institutions so that zakat institutions can implement these risk management standards.

References

- Amin Ur Rehman, M. A. (2019). Mediating role of enterprise risk management practices between business strategy and SME performance. *Journal: Small Enterprise Research*, Vol. 26, Edition. 2, 212.
- (2004). *Enterprise Risk Management – Integrated Framework Executive Summary*. Committee of Sponsoring Organizations of the Treadway Commission.
- Håkan, J. (2019). A theory of enterprise risk management. *Corporate Governance: The international journal of business in society*.
- Lam, J. (2002). *Enterprise Risk Management From Incentives To Controls*. New Jersey: John Wiley and Sons, Inc.
- Moeller, R. R. (2007). *COSO Enterprise Risk Management Understanding The New Intergrated ERM Framework*. New Jersey: John Wiley & Sons, Inc.
- Pusat Kajian Strategis – Badan Amil Zakat Nasional, d. D.–B. (2018). *Manajemen Risiko Pengelolaan Zakat*. Jakarta Pusat: Pusat Kajian Strategis Badan Amil Zakat Nasional (BAZNAS).
- Robert E Hoyt, A. P. (2015). Evidence of the value of enterprise risk management. *Journal of Applied Corporate Finance*, Vol. 27, Edition. 1, 43.
- Sugiyono. (2017). *Metode Penelitian, Kualitatif, Kuantitatif, dan R&D*. Bandung: Penerbit Alfabeta.
- Yatim Mandiri. (2019, March 17). Retrieved from Profile: <http://yatimmandiri.org/profil.php/>
- (2016). *Zakat Core Principles*.
- Zumrotun, S. (2016). Peluang, Tantangan, dan Strategi Zakat dalam Pemberdayaan Ekonomi Umat . *AHKAM: Jurnal Ilmu Syariah*, 16(1), 101-102.