

## CREATIVITY AND INNOVATION IN IMPROVING THE PERFORMANCE OF AMIL ZAKAT AT NATIONAL AMIL ZAKAT AGENCIES IN WEST JAVA

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### ABSTRACT

*This study aims to analyze the creativity and innovation in improving the performance of Amil at National Amil Zakat Agencies in West Java Province. This study uses survey method to 207 samples of amil zakat that are specified proportionally from 26 National Amil Zakat Agencies at cities and districts level in West Java Province. The research hypothesis is tested by Structural Equation Modeling method. The research results show that work creativity has positive and significant influence on the improvement of innovation ability of Amil Zakat. Likewise with Innovation in which the research results show that innovation has significant influence on the improvement of amil zakat performance.*

Keywords: Creativity, innovation, *amil* performance.

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### 1. INTRODUCTION

There are many studies which have been done regarding creativity, innovation and employee performance. The studies have been conducted by Hian (2002), Shalley, Zhou, & Oldham (2004), Tidd & Bessant (2009), Clegg (2008), Kemp, *et. al.*, (2003) but there are very rare studies which are related to creativity and innovation on performance especially the performance of *amil zakat*. Therefore this study will fill this literature gap.

The position of *zakat* institution in an advanced and complex environment is very important. With the good progress of the people, either in terms of economics, science or religious belief, it is expected that the number of *muzzaki* will increase and also the quantity of *zakat* will increase. It is required good management of *zakat* to optimize its management which requires political support (political will) from the government. In addition *zakat* management also requires good accounting information system and management information system. Without such support *zakat* management is ineffective and inefficient (Mahmudi, 2003).

The research result of Baznas and FEM IPB (2011) shows that Indonesia has potential of national *zakat* fund of IDR 217 trillion/year, but *zakat* revenue in 2011 only reaches IDR 1.729 trillion or less than 1% from the total potential of *zakat*. This condition shows a large gap between the potential of *zakat* that can be achieved and the realization of *zakat* collection, and this is a great homework for all parties, especially for the institutions of *zakat*, one of them is National Amil Zakat Agency/Badan Amil Zakat Nasional (BAZNAS).

The very huge gap between the potential of *zakat* and its realization is due to *muzaki* pays his *zakat* directly to *Mustahik* (FEM and BAZNAS, 2011) so that the payment of *zakat* is not recorded by *zakat* institution. Many people who pay *zakat* or *Muzaki* that pays *zakat* directly to *mustahik* is an indication that public trust to the institutions of *zakat* is still low. The low level of public trust is caused by the low professionalism of *amil*, the unfulfilled utilization of *zakat* and the result of poor unpublished *zakat* management to the community (Hafidudin, 2011; Chalikuzhi, 2009). The same problem is also faced by the National Amil Zakat Agencies in West Java relating to the abundance of *zakat* funds that have not been absorbed so that this condition can indicate that the performance of *amil* is still not optimal.

Creativity is increasingly important to organizations as they attempt to not only earn short-term profits but also develop new and interesting products and services that enable them to survive over the long term (Ford,1996). Creativity is the key in enhancing competitive advantage by contributing fundamentally to organizational effectiveness and survival (Shalley, Zhou, & Oldham, 2004). The creativity of employee is important because it is the starting point or the beginning of innovation (Amabile, Conti, Coon, Lazenby, & Herron 1996; Amabile, 1997).

Innovation is important to the long-term prosperity of an organization, especially in the markets whose characteristics are dynamic (Balkin et al., 2000; Lyon&Ferrier, 2002; Utterback, 1994; Wolfe, 1994). Tidd&Bessant (2009) provides a very broad meaning of innovation which is a process that is not only limited to change the opportunity to become new ideas or new thoughts, but the new ideas or the new thoughts must be implicated by involving the use of resources whether people, time, or money in creating or developing new products, new services, new ways of doing things that are resulted from a new paradigm of thinking. As the current economic climate: the increase in global competition and the rapid change of organization, the ability of organizations to innovate is considered the key factor of success (Shipton, 2006).

The research which is conducted by Shahrin and Aun (1999) proves that the ability to think creatively does not have significant influence on the performance of faculty in Singapore. The results indicate there is a need to use various alternative approaches/methods by the teachers to encourage creative thinking. It is needed improving in the competence especially in planning and communication skills for improving the performance. In addition, there is a need for interventions in curriculum development that can drive the improvement in performance.

Azzahra (2016) conducts the research on employees at the Sub-district Office of South Sangatta, East Kutai Regency. The results show that creativity has positive but does not have significant influence on employee performance, while employee development and professionalism have positive and significant influence. Creativity is measured by how much employee initiative to find new ideas for a task that matches incomplete guidelines or instructions. The insignificant results are due to the fact that the sub-district office already has clear instructions or work guidelines, so the performance appraisal is measured by the employee ability to follow existing work guidelines.

The research which is conducted by Lakoy (2015) also supports the results of hypothesis testing in this study. The research of Lakoy (2015) aims to determine the influence of communication, teamwork, and creativity on employee performance at Aryaduta Hotel, Manado. There is influence of all independent variables on performance simultaneously, but partially creativity is not proved to have significant influence on performance. This shows that the management of Aryaduta Hotel Manado should pay attention to the factor of communication and group cooperation to encourage much higher employee performance. The research finds that although creativity and innovation are highly valued within the company, it is not always communicated to its employees. Companies often do not even provide space for workers to create and to innovate. Audrey Paul Ndesaulwa (2016), the result of further review finds that, there is no consistent result on whether innovation altogether influences company performance.

The research result of Celine, Francesco, John (2015) specifically explains that the innovation of product or service leads to major improvements in performance, but it also found that the relation of Innovation and performance is stronger for younger companies. The same result which is found in service innovation has been proven to be an important driver of performance.

This study is conducted to analyze (1) the influence of creativity on innovation, (2) the influence of innovation on performance.

## 2. LITERATURE REVIEW

### 2.1 Creativity

Runco (2000) argues that creativity is an expression of adaptability, and is an integrative application of transformational experience, individual subjective awareness, motivation, knowledge, and experience. While Yeh (2000) argues that creativity is specifically the development of innovative and valuable product by individuals in a particular field. Creativity will enable one to innovate and improve their work. Clegg (2008) expresses creativity as an action, idea, or product that replaces old things into something new.

Creativity is the first step in creating an innovation, where all innovation begins with creative ideas so that without creativity there will never be innovation. This opinion is in accordance with the opinion of Amabile (1996:154). Creativity is linked to innovation, and is a major forerunner of innovation (Shalley and Perry-Smith, 2008). To be an innovation, creative ideas cannot use these ideas only for their own work, but also creative ideas must be implemented within work groups and organizations (Amabile *et al.*, 1996; Ford, 1996). Okpara (2007) argues that you cannot innovate without creativity. The research of Amabile, Conti, Coon, Lazenby, & Herron (1996); and Amabile (1997) proves that the employee creativity becomes important because it is the starting point or the beginning of innovation. A J Antonites and J J van Vuuren (2005) state the position of innovation as the result of creative thinking.

Amabile, Conti, Coon, Lazenby, & Herron (1996); and Amabile (1997) prove that the employee creativity becomes important because it is the starting point or the beginning of innovation. When employees display creative performance, employees suggest new and useful ideas for organizations that are prerequisites for further development and implementation (Amabile *et al.*, 1996). In addition, employee creativity is the key in enhancing competitive advantage by contributing fundamentally to effectiveness and viability of organization (Shalley, Zhou & Oldham, 2004). Amabile (1988) argues that innovation in an organization is significantly influenced by the extent of creativity-relevant skills possessed by its employees.

The relation between creativity and innovation is found in the research which is conducted by Guerrero (2015). This research discusses the relation between creativity and innovation to determine whether creativity is just the first step of innovation or present in all steps (process innovation) at university institutions, and how innovation can be done at universities with the help of technology transfer. The research results show that Creativity and Innovation are important development of the social and economic development of a country. Although creativity and innovation or the emergence of new ideas are relatively disturbing, but there are more aspects of creativity that play important roles in the innovation process. Creativity is not just about generating ideas, but also in the new creation or discoveries based on creative ideas and the process of incorporating the discovery into society or entering the marketplace. This research also shows the importance of creativity in the steps of Ideation, Invention and Innovation. Okpara (2007) argues that creativity is the root of innovation

The above research results of some experts can be used as a previous basic theory to test the relation between creativity and innovation, so that it can be made a hypothesis:

**H1 : Creativity has an influence on Innovation**

## 2.2. Innovation

Tidd & Bessant (2009) state that innovation is a process of how to change opportunities become new ideas and how to place them widely in practice. According to Audrey Paul Ndesaulwa (2016) innovation is the act of putting ideas into practice. Innovation according to West (2000: 18) is a deliberate introduction and application in a job, work team or organization from the ideas on the process of new products or procedures for the work of work team or organization in order to benefit the work, the work team or the organization. Meanwhile, according to A J Antonites and J J van Vuuren (2005) innovation is an idea that seems to be newer, faster, more effective and perhaps more aesthetics.

Okpra (2007) Innovation is the process of bringing the best ideas into reality, Innovation is the creation of new value. Innovation is the process that transforms new ideas into new value- turning an idea into value. Innovation is the process that combines ideas and knowledge into new value. Without innovation an enterprise and what it provides quickly become obsolete. When employees display creative performance, employees suggest new and useful ideas for organizations that are prerequisites for further development and implementation (Amabile et al., 1996). Innovation should have value or it is called value innovation that is useful not only to increase sales or increase profits but customers or users also benefit from these innovations (Kataria, 2013).

Innovation has positive influence on performance, focuses on a sample of US business service companies, Mansury and Cinta (2008) find that the presence and the level of service innovation has positive influence on company growth but does not have influence on productivity. Finally, innovation is very important in improving performance (Svejenova et al., 2007).

Celine Abecassis-Moedas, Francesco Sguera, John E. Ettlie (2015) in their research results specifically find that output innovation leads to a great increase in performance but it is also found that the relation of Innovation and performance is stronger for younger companies. The same results are found in the service context, of which innovation has proven to be an important driver of performance. The findings are also supported by the research results of Osman, et al (2015) which proves that innovation has positive and significant influence on employee performance at *Tenaga Nasional Berhad (TNB)*/limited labor Malaysia. Innovation is measured by innovations in technology use and organizational culture, product innovation and process innovation. In addition to innovation factors, it is also included employee behavior factors that allegedly influence the performance. Innovation on indicators of technology and organization, products and processes has been proven significantly influencing on the improvement of employee performance. This research recommends innovation activities as a major factor in the company operations, so it should be part of the company strategic planning. The implication is that companies should allocate special funding to drive innovation going forward.

Kemp, et al, (2003) in his research on small and middle-scale companies in Europe have proven that innovation in products and services is dominantly implemented. The larger the size of the company is, the innovation process will be intensively implemented. It shows innovation goes well through adequate funding and resources support. The relation between innovative output and company performance indicates that there are only two indicators which are found as significant effects, growth in turnover and growth in employment, while Profit and productivity are not significantly influenced by innovative output.

Balkar (2015) in his research on teachers in Turkey also proves that the organizational climate and innovation culture have significant influence on performance. This research proves that the innovation culture in schools can strengthen the performance of teachers by shaping teacher perceptions of their role definition. Employees should have flexible role orientation if they are encouraged to demonstrate innovative work behavior. It means employees who are willing to perform roles outside their standard roles are more likely to display innovative work behaviors. Based on these results, it is suggested that there is flexibility to generate and to implement new ideas in schools so that teachers can demonstrate more effective performance. By developing teacher expectations, positive pressure on the teachers with regard to generating new ideas can be created to encourage them to be innovative in schools which ultimately improve their performance.

The results of several previous research indicate a very strong relation between innovation and performance so that the hypotheses can be made:

**H2 : Innovation has influence on performance**

## 2.3 Performance

Chao-Sen Wu and Cheng-Jong Lee (2012) indicate that individual performance is the level on achievement of individual goals, or the purpose of the group to which they belong. Furthermore Mangkunegara (2005: 25) states that Performance is the work ability that is shown by the work result. It is said that generally performance is divided into two, individual performance and organizational performance. Individual performance is the result of employee work both in terms of quality and quantity based on predetermined work standards, while performance of organization is a combination of individual performance with group performance. According to Gomes (2003: 39) that states employee performance as a record of production on a specific job function or activity over a certain period of time. Brahmasari (2004: 64) argues that performance is the achievement of organizational goals that can be in the form of quantitative and qualitative output, creativity, flexibility, reliable, or other things which are desired by the organization. Performance is the achievement or accomplishment of a person with regard to the tasks that are assigned to him (Ardiana, Brahmayanti, & Subaedi, 2010).

According to Kwong, Employee Performance can be seen from two sides (Dizgah, Chegini, Bisokhan: 2012): a). Task performance: the responsibility of the employee (individual) on his work, on his duties in accordance with what is assigned and the standards that are set by the organization; b). Dispositional performance: the responsibility of employee in the environment of organization so that the organization can survive and develop.

### 3. RESEARCH METHODS

This study examines the influence of creativity on innovation and its implications on the performance of *amil*. This study uses survey method to 207 samples of *amil zakat* which is specified proportionally from 26 National *Amil Zakat* Agencies at the level of cities and districts in West Java Province.

The sampling technique is done randomly stratified (stratified random sampling). Data collection method is primary data source with research instrument using questionnaire. The hypothesis of this research is tested by analysis method of Structural Equation Modeling with Lisrel statistic software. Creativity consists of four indicators: fluency of thinking, flexibility in thinking, elaboration and originality. Innovation consists of four indicators: Invention, development, duplication and synthesis. Performance consists of five indicators: quality of work, quantity of work, work time, effectiveness and independence.

The steps in data processing are as follows:

#### 1. Model Specifications

This step is concerned with the formation of early models on the initial models of structural equations, before estimation. This initial model is formulated based on a previous theory or research. The specification of the research model, which represents the problem under study, is important in SEM. Hoyle (1995) says that the analysis will not begin until the researcher specifies a model that shows the relationships between the variables to be analyzed.

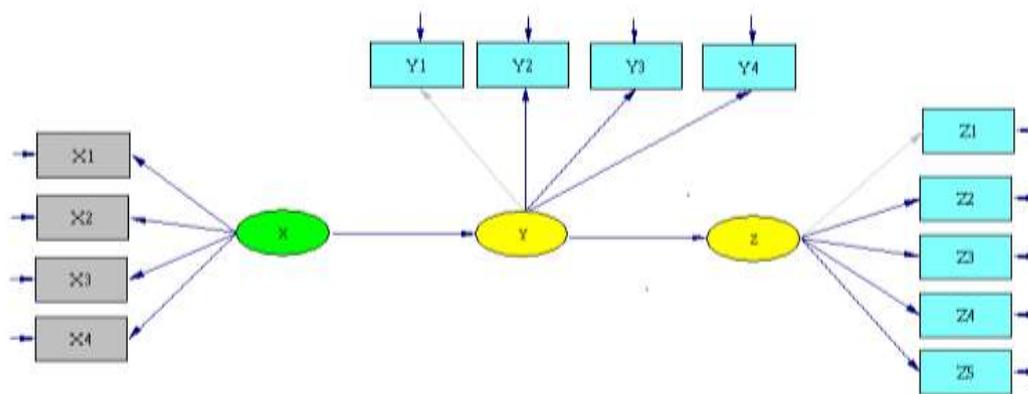


Figure 1. Model Specification Scheme

#### 2. Specification of Structural Model

Variable of Performance ( $\eta_2$ ) is influenced by variable of Innovation ( $\eta_1$ ). And the variable of Innovation ( $\eta_1$ ) is influenced by the variable of Creativity ( $\xi$ ). In general these specifications can be written as follows:

$$\eta_1 = (\gamma_1 \times \xi) + \zeta_1$$

$$\eta_2 = (\gamma_2 \times \eta_1) + \zeta_2$$

of which:

- $\xi_2$  (Ksi 2) = Exogenous Variable of Creativity.
- $\eta_1$  (Eta 1) = Endogenous Variable of Innovation.
- $\eta_2$  (Eta 2) = Endogenous Variable of Performance.
- $\gamma_1$  (Gamma 1) = Coefficient of influence on exogenous variable of Creativity to endogenous variable of Innovation
- $\gamma_2$  (Gamma 2) = Coefficient of influence on endogenous variable of Innovation to endogenous variable of Performance
- $\zeta_1$  (Zeta 1) = Model error opportunities on endogenous variable of Innovation
- $\zeta_2$  (Zeta 2) = Model error opportunities on endogenous variable of Performance.

#### 3. Specification of Measurement Model

The variables of manifest in the study are as follows:

- The latent variable of Creativity ( $\xi$ ) is measured by 4 observed indicators: Smoothness in thinking ( $X_1$ ), Flexibility in thinking ( $X_2$ ), Elaboration ( $X_3$ ), and Originality ( $X_4$ ).

$$X_1 = (\lambda_{X1} \times \xi) + \delta_1$$

$$X_2 = (\lambda_{X2} \times \xi) + \delta_2$$

$$X_3 = (\lambda_{X3} \times \xi) + \delta_3$$

$$X_4 = (\lambda_{X4} \times \xi) + \delta_4$$

- The latent variable of Innovation ( $\eta_1$ ) is measured by 4 observed indicators: Discovery ( $Y_1$ ), Development ( $Y_2$ ), Duplication ( $Y_3$ ), and Synthesis ( $Y_4$ ).

$$Y_1 = (\lambda_{Y1} \times \eta_1) + \varepsilon_1$$

$$Y_2 = (\lambda_{Y2} \times \eta_1) + \varepsilon_2$$

$$Y_3 = (\lambda_{Y3} \times \eta_1) + \varepsilon_3$$

$$Y_4 = (\lambda_{Y4} \times \eta_1) + \varepsilon_4$$

- The latent variable of Performance ( $\eta_2$ ) is measured by 5 observed indicators: Quality of work ( $Z_1$ ), Quantity of work ( $Z_2$ ), Working time ( $Z_3$ ), Effectiveness ( $Z_4$ ), and Independence ( $Z_5$ ).

$$Z_1 = (\lambda_{Z1} \times \eta_2) + \varepsilon_5$$

$$\begin{aligned} Z_2 &= (\lambda_{22} \times \eta_1) + \varepsilon_6 \\ Z_3 &= (\lambda_{23} \times \eta_1) + \varepsilon_7 \\ Z_4 &= (\lambda_{24} \times \eta_1) + \varepsilon_8 \\ Z_5 &= (\lambda_{25} \times \eta_1) + \varepsilon_9 \end{aligned}$$

**4. Model Identification**

Based on the output of estimation results that are presented in the appendix, it shows that in the model there are no problems related to un-identified symptoms. Thus the model is worthy of use, in which the established model has been justified using sufficient theory and model modification which is performed not only on the basis of empirical considerations.

**5. Results of Parameter Estimation**

The estimator which is used in this study is Maximum Likelihood Estimator (MLE) by adding estimation of asymptotic covariance matrix (Ghozali, 2014: 365), this estimator is also called Robust Maximum Likelihood (Wijanto, 2008: 87). MLE is the most popular and widely used estimator in SEM. MLE has several important characteristics and these characteristics are asymptotically applicable to large samples (Bollen, 1989). First, although the estimator may be biased for a small sample, MLE is asymptotically unbiased. Second, MLE has good consistency. Third, MLE is asymptotically efficient, such that among consistent estimators, there is not any one have smaller asymptotic variance. Furthermore, the distribution of the estimator approaches the normal distribution when the sample size increases.

**6. Measurement Model of Variable**

This evaluation is performed on each construct or measurement model (the relation between latent variables and observed variables) separately through the validity and reliability of the measurement model. The measurement of the validity on the SEM model in this study uses First Order Confirmatory Factor Analysis (First Order CFA), in which a variable is said to have good validity to the construct or latent variable if its standardized loading factor is greater than or equal to the critical value of 0.50 (Igbaria et al., 1997; Hair et al., 1998) or the t value of standardized loading factor is greater than or equal to the critical value of 1.96 (Ghozali, 2014) while the measurement of reliability using construct reliability measure and average variance extracted with the following formula:

$$\begin{aligned} \text{Construct Reliability} &= \frac{(\sum \text{Standardized Loading})^2}{(\sum \text{Standardized Loading})^2 + \sum \varepsilon_j} \\ \text{Variance Extracted} &= \frac{\sum \text{Standardized Loading}^2}{\sum \text{Standardized Loading}^2 + \sum \varepsilon_j} \\ \varepsilon_j &= 1 - (\text{Standardized Loading})^2 \end{aligned}$$

in which standardized loading can be obtained directly through the LISREL program application output and  $\varepsilon_j$  is the measurement error for each indicator or observed variable (Fornel and Larcker, 1981). The cut-off level can say that the construct reliability is good is greater than 0.60 (Bagozzi and Yi, 1992; Ghozali, 2014), while the cut-off level can say that the average variance extracted is good is greater than 0.50 (Ghozali, 2014).

**4. RESEARCH RESULTS**

**Test of Data Normality**

The first step in data processing is to test the data normality. Test of data normality can be seen from the estimation results which are obtained in LISREL output as follows:

Test of Univariate Normality for Continuous Variables

Variable	Skewness		Kurtosis		Skewness and Kurtosis	
	Z-Score	P-Value	Z-Score	P-Value	Chi-Square	P-Value
X1	-0.790	0.429	-1.417	0.157	2.632	0.268
X2	-0.456	0.648	-0.728	0.466	0.739	0.691
X3	-1.020	0.308	-0.544	0.587	1.336	0.513
X4	-0.766	0.444	-1.344	0.179	2.392	0.302
Y1	-1.657	0.098	-1.360	0.174	4.596	0.100
Y2	-1.456	0.145	-1.659	0.097	4.873	0.087
Y3	-1.086	0.278	-0.424	0.671	1.359	0.507
Y4	-0.798	0.425	-1.920	0.055	4.323	0.115
Z1	-1.462	0.144	-1.581	0.114	4.638	0.098
Z2	-0.198	0.843	-0.014	0.989	0.040	0.980
Z3	-0.616	0.538	-1.266	0.206	1.982	0.371
Z4	-0.337	0.736	-1.250	0.211	1.677	0.432
Z5	-0.050	0.960	0.360	0.719	0.132	0.936

Relative Multivariate Kurtosis = 1.081

Test of Multivariate Normality for Continuous Variables

Skewness			Kurtosis			Skewness and Kurtosis	
Value	Z-Score	P-Value	Value	Z-Score	P-Value	Chi-Square	P-Value
18.091	5.050	0.000	210.765	5.004	0.000	50.540	0.000

Based on the Test of Multivariate Normality for Continuous Variables result above, the model overall shows that it does not meet the assumption of normality, in which p-value Skewness and Kurtosis is 0.000 smaller than 0.05. But LISREL has several solutions that can be done when the assumption of normality does not meet. One of them is by adding the estimation of asymptotic covariance matrix. This will result in estimation of parameter along with goodness of fit statistics will be analyzed based on abnormal data condition. If the matrix of asymptotic covariance matrix is not included, whereas the data is abnormal, as the input of supplemental data, then the model will be estimated based on the state of normal data, and of course the result will be bias (Ghozali, 2005: 39).

Based on the estimation of standardized loading factor which is presented through the figure above, it can be seen that all observed variables have a standard factor load value that are greater than 0.50. If there is a standard factor load value that is smaller than the critical value, then the corresponding observed variable can be removed from the model. However, if the value of standard factor load is still  $\geq 0.30$  then the related variables can still be considered not to be removed (Igbaria et al., 1997). Since the entire value of the observed variable on standard factor load is greater than the critical value, then all variables have good measurement validity.

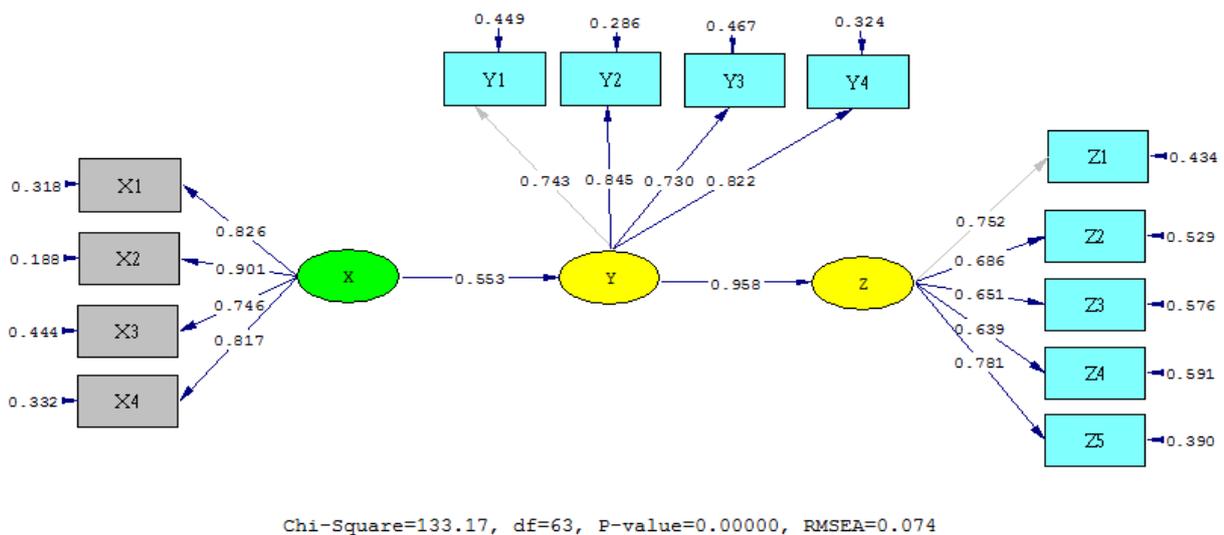


Figure 2. Estimation Value of Standardized Loading Factors

Based on the output results of the LISREL calculation, it is obtained values of standard factor load and then it is used to calculate the coefficient value of construct reliability which is summarized in the following table:

Table 1. Load of Standard Factor and Construct Reliability

Latent Construct	Observed Variables	Standardized Loading Factor (SLF)	Sum of SLF	Measurement Error (ME)	Sum of ME	Construct Reliability	Squared SLF	Sum of Squared SLF	Average Variance Extracted
Creativity (X)	X1	0.826	3.290	0.318	1.282	0.894	0.682	2.718	0.680
	X2	0.901		0.188			0.812		
	X3	0.746		0.443			0.557		
	X4	0.817		0.333			0.667		
Innovation (Y)	Y1	0.743	3.140	0.448	1.525	0.866	0.552	2.475	0.619
	Y2	0.845		0.286			0.714		

	Y3	0.730		0.467			0.533		
	Y4	0.822		0.324			0.676		
Performance (Z)	Z1	0.752	3.509	0.434	2.522	0.830	0.566	2.478	0.496
	Z2	0.686		0.529			0.471		
	Z3	0.651		0.576			0.424		
	Z4	0.639		0.592			0.408		
	Z5	0.781		0.390			0.610		

Based on the above table, it can be seen that the variables of Creativity, Innovation, and Performance have construct reliability (CR) values that are greater than or equal to the critical value ( $CR \geq 0.60$ ) and have higher average variance extracted (AVE) coefficient value of or equal to the critical value ( $AVE \geq 0.50$ ) except on the variable of performance which has the value ( $AVE < 0.50$ ). This shows that these four latent constructs have good reliability.

**Structural Model**

In summary, the calculation results of the coefficients are presented in the following table:

Table 2. t value, Standardized Coefficient Value, and R-Square Value

Structural Equation	Influence	t Value	SPC	R <sup>2</sup>
$\eta_1 = (\gamma_1 \times \xi) + \zeta_1$	$\xi$ on $\eta_1$	7.026	0.553	0.306
$\eta_2 = (\gamma_2 \times \eta_1) + \zeta_2$	$\eta_1$ on $\eta_2$	10.313	0.958	0.918

Based on the above table, it can be seen that:

- Creativity ( $\xi$ ) significantly influences on Innovation ( $\eta_1$ ) of 0.553 with t value that is greater than critical value ( $7.026 \geq 1.96$ ). With the influence percentage of 0.306 or 30.6%, the rest of 69.4% is the influence of other variables that are not observed in this study.
- Innovation ( $\eta_1$ ) significantly influences on Performance ( $\eta_2$ ) of 0.958 with t value that is greater than critical value ( $10.313 \geq 1.96$ ). With the influence percentage of 0.918 or 91.8%, the rest of 8.2% is the influence of other variables that are not observed in this study.

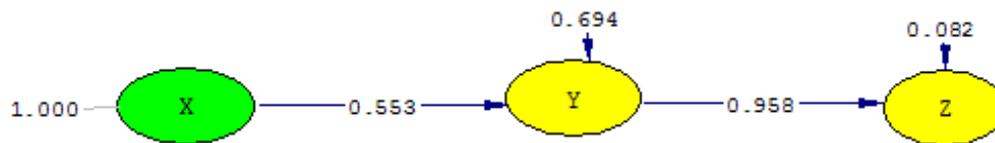


Figure 3. Estimation Results of Standardized Coefficient

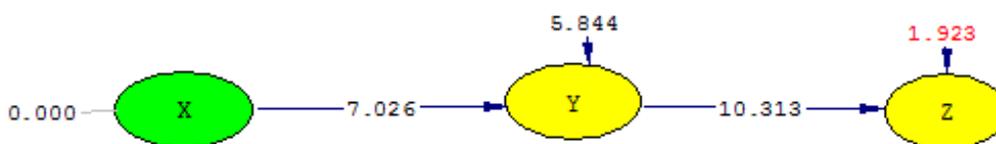


Figure 4. Estimation Results of t-values

**Goodness of Fit Test**

In this step, the level of compatibility between the data with the model is tested. Goodness of Fit assessment of overall SEM cannot be done directly as in other multivariate techniques. SEM does not have one of the best statistical tests that can explain the "power" of model predictions. Instead, researchers have developed various measures of Goodness of Fit or Goodness of Fit Indices (GOFI) that can be used jointly or in combination. This leads to a thorough fit test step that is much-anticipated move to debate and controversy (Bollen and Long, 1993).

Table 3. Evaluation on the Criteria of Goodness of Fit After Respecification

The size on Goodness of Fit		The Target on Goodness of Fit	Estimation Result	The Level on Goodness of Fit
1	Satorra-Bentler Scaled Chi-Square	$p\text{-value} > 0.05$	0.000	Bad fit
2	RMSEA	RMSEA < 0.05	0.0735	Bad fit

3	ECVI	ECVI	0.918	Good fit
		ECVI Saturated	0.883	
		ECVI Independence	17.326	
4	AIC	AIC	189.166	Good fit
		AIC Saturated	182.000	
		AIC Independence	3569.085	
5	CAIC	CAIC	310.482	Good fit
		CAIC Saturated	576.277	
		CAIC Independence	3625.411	
6	NFI	NFI $\geq$ 0.90	0.961	Good fit
7	CFI	CFI $\geq$ 0.90	0.978	Good fit
8	NNFI	NNFI $\geq$ 0.90	0.973	Good fit
9	IFI	IFI $\geq$ 0.90	0.978	Good fit
10	RFI	RFI $\geq$ 0.90	0.951	Good fit
11	GFI	GFI $\geq$ 0.90	0.910	Good fit
12	AGFI	AGFI $\geq$ 0.90	0.869	Bad fit
13	PGFI	PGFI $\geq$ 0.60	0.630	Good fit
14	PNFI	PNFI $>$ 0.09	0.776	Good fit
15	RMR	Standardized RMR $<$ 0.05	0.0502	Bad fit
16	Critical N	CN $\geq$ 200	136.866	Bad fit

From the total of Goodness of Fit model analysis, it shows that there are 5 sizes on goodness of fit that are not good and 11 sizes on Goodness of Fit which show good and very good results. Thus, the overall fit of the model has been good.

**Summary of Hypothesis Testing Results**

Based on the results of hypothesis testing that has been done by using the methods of analysis which is used, it can be further summarized as detailed table 4.4.

**Table 4.**  
**Summary of Testing Results on Research Hypotheses**

No	Hypothesis	The Result of Hypothesis Testing				
		t-critical	t-value	SPC	Decision	Conclusion
1	There is significant influence between Creativity on Innovation in <i>Amil Baznas</i> at Districts-Cities in West Java.	1.96	7.026	0.553	Ho is rejected H1 is accepted	Variable of Creativity (X) have significant influence on Innovation (Y) with positive influence direction. With the percentage of influence by 0.306 or 30.6%, while the rest by 69.4%, it is the influence of other variables that are not observed in this study
2	There is significant influence between Innovation on Performance in <i>Amil Baznas</i> at Districts-Cities in West Java.	1.96	10.313	0.958	Ho is rejected H1 is accepted	Variable of Innovation (Y) have significant influence on Performance (Z) with positive influence direction. With the percentage of influence by 0.918 or 91.8%, while the rest by 8.2%, it is the influence of other variables that are not observed in this study.

**5. DISCUSSION**

The results of this study explain that Creativity influences innovation and is an important step that needs to be done before innovation. This is in accordance with the research of Amabile, Conti, Coon, Lazenby, & Herron (1996); and Amabile (1997) which proves that employee creativity becomes important because it is the starting point or the beginning of innovation. When employees display creative performance, they suggest new and useful ideas for organizations that are prerequisites for further development and implementation (Amabile et al., 1996). In addition, employee creativity is the key in enhancing competitive advantage by contributing fundamentally to organizational effectiveness and viability (Shalley, Zhou & Oldham, 2004).

Another research that supports the results of this hypothesis testing is the research which is conducted by Guerrero (2015). This research discusses the relation between creativity and innovation to determine whether creativity is just the first step of innovation or present in all steps (process innovation) at university institutions, and how innovation can be done at universities with the help of technology transfer. The research results show that Creativity and Innovation are important development of the

social and economic development of a country. Although creativity and innovation or the emergence of new ideas are relatively disturbing, but there are more aspects of creativity that play important roles in the innovation process. Creativity is not just about generating ideas, but also in the creation or new discoveries based on creative ideas and the process of incorporating the discovery into society or entering the marketplace. This study also shows the importance of creativity in the steps of Ideation, Invention and Innovation.

Based on the exposure, it can be seen that creativity is a factor that is in all steps of innovation, whether in the step of discovery, development, and implementation of innovation. The discovery of new ideas cannot be done without the employee creativity. Likewise at the step of implementation, an innovative idea would require creativity in the implementation. The creativity will make employees to overcome obstacles that are encountered in the implementation of innovative ideas. Employees who are accustomed to think creatively will continue to be driven to new breakthroughs and it can also overcome various obstacles through the use of alternative methods which are resulted from their creative thinking ability.

The results further explain that Innovation influences Performance with a positive direction of influence. The results of this hypothesis test support the research which is conducted by Celine Abecassis-Moedas, Francesco Sguera, John E. Ettlie (2015). The study finds evidence that output innovation leads to a substantial increase in performance but it also found that the Innovation and performance relation is stronger for younger companies. The same results are found in the service context, in which innovation has proven to be an important driver of performance.

The findings are also supported by the research results of Osman, et al (2015) which proves that innovation has positive and significant influence on employee performance at *Tenaga Nasional Berhad (TNB)* limited labor Malaysia. Innovation is measured by innovations in technology use and organizational culture, product innovation and process innovation. In addition to innovation factors, employee behavior factors that allegedly influence the performance are also included. Innovation in the dimensions of technology and organization, product and process are proved to have significant influence on the improvement of employee performance. This research recommends innovation activities as a major factor in the company operations, so it should be part of the company strategic planning. The implication is that companies should allocate special funding to drive innovation going forward.

Kemp, et.al, (2003) in his research on small medium-scale companies in Europe have proven that innovation in products and services is dominantly implemented. The larger the size of the company is, the innovation process will be intensively implemented. It shows innovation goes well through adequate funding and resources support. The relation between output on innovative and company performance indicates that there are only two indicators which have significant influence, growth in turnover and employment growth, while Profit and productivity are not significantly influenced by output on innovative.

Balkar (2015) in his research on teachers in Turkey also proves that the organizational climate and innovation culture have significant influence on performance. This research proves that the innovation culture in schools can strengthen the performance of teachers by shaping teacher perceptions of their role definition. Employees should have flexible role orientation if they are encouraged to demonstrate innovative work behavior. It means employees who are willing to perform roles outside their standard roles are more likely to display innovative work behaviors. Based on the results, it is suggested that there is flexibility to generate and to implement new ideas in schools so that teachers can demonstrate more effective performance. By developing teacher expectations, the positive pressure on teachers that is related to generating new ideas can be created to encourage them to be innovative in schools, which ultimately improve their performance.

Based on the explanations, it is understandable that the ability of *amil* to innovate has encouraged positive attitude of *amil* that the tasks which are given as a challenge to be solved as well as possible. Innovative behavior is demonstrated by the efforts of *amil* to overcome any obstacles in job implementation, through various new methods either by finding new ideas or imitating existing experiences. This has encouraged the independence, effectiveness of *amil* in working, so as to achieve the work target both in quantity and quality.

## 6. CONCLUSION

This study aims to analyze the creativity and innovation in improving the performance of Amil at the National Amil Zakat Agency in West Java Province. Work creativity has positive and significant influence on the improvement on innovation ability of *amil* in BAZNAS at cities and districts in West Java Province. The creation of this innovation power is built by the creativity that is owned by *amil*. The ability of innovation is as dominant factor because it is in all steps of creation, implementation and development of work programs. Based on the explanations, it is understandable that the ability of *amil* to innovate has encouraged positive attitude of *amil* that the tasks are given as a challenge to be solved as well as possible. Innovative behavior is demonstrated by the efforts of *amil* to overcome any obstacles in job implementation, through various new methods either by finding new ideas or imitating existing experiences. This has encouraged the independence, effectiveness of *amil* in working, so as to achieve the work target both in quantity and quality.

Innovation has significant influence on performance improvement of *amil* in BAZNAS at cities and districts in West Java Province. The innovations of *amil* have not been in an ideal level. BAZNAS organization should start with more innovative and modern change of service system such as the use of information technology for all parts of the work, the formulation of more varied *zakat* programs, and socialization programs that are more attractive to the public for conducting *zakat*. BAZNAS should be able to develop a new social-business model without abandoning its main vision as *zakat* management and channeling institution based on *syariah* values. In this process, *amil* should be involved in evaluating, providing ideas, and designing the

program for the new social business model. The establishment of these innovative values and cultures must be manifested in every training agenda and in evaluation forums so that amil will be easier to internalize them into daily work behavior.

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