

# The Influence of Attitude, Subjective Norm, and Islamic Religiosity on Compliance Behavior of Income *Zakat* Among Educators

Yusuf Haji-Othman<sup>1</sup>, Ibadurrahman Alwi<sup>2</sup>, Mohd Sholeh Sheh Yusuff<sup>3</sup>  
& Mohd Shahid Azim Mohd Saufi<sup>4\*</sup>

<sup>1,2,4</sup> Kulliyah Muamalat, Kolej Universiti INSANIAH, 09300 Kuala Ketil, Kedah, Malaysia

<sup>3</sup> Kulliyah Al-Quran, Kolej Universiti INSANIAH, 09300 Kuala Ketil, Kedah Malaysia

DOI: 10.6007/IJARBSS/v7-i11/3549 URL: <http://dx.doi.org/10.6007/IJARBSS/v7-i11/3549>

## Abstract

The obligation to pay *zakat* is one of the five pillars of Islam. However, the *zakat* collection including *zakat* on income is still found to be unsatisfactory due to a low level of *zakat* compliance. While voluminous studies have been undertaken in the area of tax compliance, few studies have been done on *zakat* compliance behavior and its determinants. This study examines the influence of attitude, subjective norm, and Islamic religiosity on compliance behavior of income *zakat*. A theoretical framework is developed based on the theory of Planned Behavior (TPB). The data was collected from 402 educators in the District of Kuala Muda Yan, Kedah. Data was analyzed using the multiple regression analysis. The results of the study indicates that all the variables significantly influence the compliance behavior of income *zakat*. Based on the results, it can be concluded that compliance behavior on income *zakat* could be predicted by attitude, subjective norms, and Islamic religiosity. Also, this study discusses the theoretical and practical implications as well as recommendations for future studies.

**Keywords:** Attitudes, Subjective Norms, Islamic Religiosity, *Zakat*, Compliance Behavior

## Introduction

Income *zakat* is a religious levy on personal income derived from sources or activities where labors are involved which includes professional fees, labor compensation, salaries, wages, bonuses, grants, gifts, dividend income and the like (Abu Bakar, Ibrahim, & Md Noh, 2014). The National Fatwa Council agreed upon a consensus on the 22nd June 1997 that income *zakat* is compulsory for every Muslim individual who has fulfilled the conditions of perfect title, *nisab* and *hawl* (Abdul Aziz & Abdullah, 2013).

However, *zakat* collection in Malaysia is still low including income *zakat*. While most of the employees paid income tax which is a legal obligation, they did not comply with *zakat* payment which is a religious obligation (Kamil, 2002; Zainol, Kamil, & Faridahwati, 2009). According to

Raedah, Noormala, & Marziana (2011), the total collection of *zakat* funds was still far behind as compared to the collection of tax by the Inland Revenue Department.

The objective of this study is to examine the influence attitude, subjective norm, and Islamic religiosity on *zakat* compliance behavior among educators in District of Kuala Muda Yan, Kedah. By identifying the determinants of paying *zakat* among educators, it is hoped to assist and guide the Kedah State Board of Zakat to plan, strategize, and implement suitable policies to increase the collection of *zakat* in the future.

### **Review of Previous Studies**

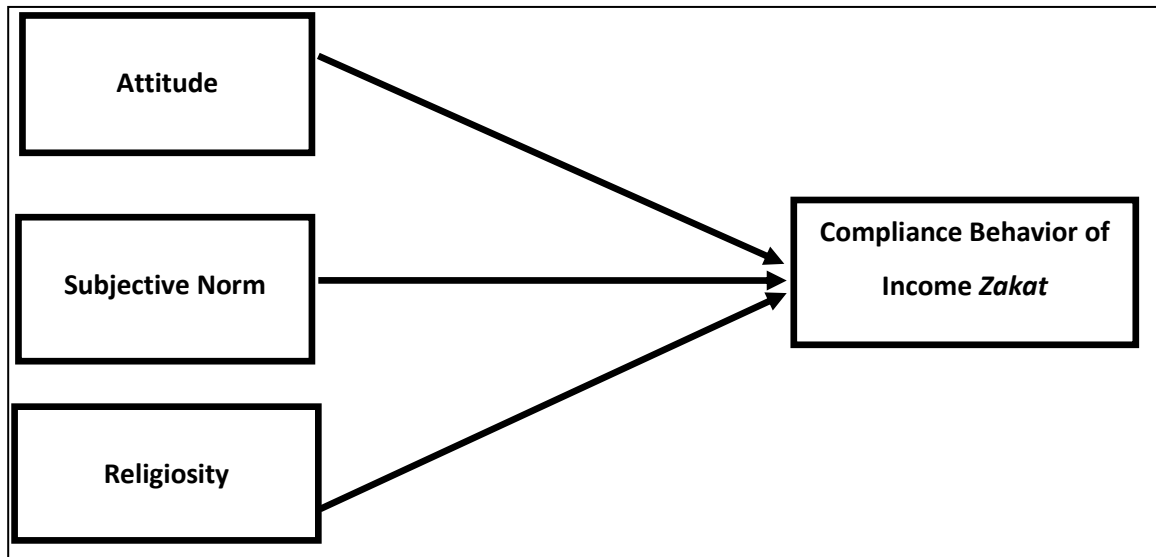
There is limited literature on compliance behavior of *zakat*. In short, studies by Hite (1988), Niemirowski, Baldwin, & Wearing (2003), Ghosh & Crain (1995), Kasipillai and Hijattullah (2006), Marti, Wanjohi and Magutu (2010), Loo, Mckerchar, & Hansford (2010), Randlane (2012), and Trivedi, Shehata, & Mestelman (2005) found similar findings that attitude influence compliance. However, the study differs in terms of definitions of attitude. Loo, MacKerchar & Handsford (2010) and Randlane (2012) defined attitude as attitude towards government or state while the rest of the studies viewed attitude as attitude towards compliance behavior of paying tax.

In the context of *zakat*, Sapingi, Ahmad, & Mohamad (2011) studied factors that influence academics' intention to pay *zakat* using a total of 600 questionnaires which were distributed to all academics in Kuantan, Pahang. The study found that only attitude and perceived behavior control show a significant relationship with intention to pay *zakat*. This study shows that attitude is not only significant in influencing compliance behavior of tax but also compliance behavior of *zakat*.

Recently, Zainol & Faridahwati (2013) investigated the influence of attitude and subjective norms on the intention of taxpayers to comply with Goods and Service Tax (GST) which would be introduced in April 2014 in Malaysia. The study found that attitude, as well as subjective norms, were positively and significantly influenced the taxpayers' intention to comply with GST. The empirical studies have shown that the religiosity has an important impact on the lives of the *zakat* payers as well as its recipients (Hairunnizam, Mohd Noor, & Sanep, 2005). Kamil et al. (2012) constructed Islamic religiosity measurement and found that it played a significant role in influencing income *zakat* compliance. This finding is supported by Nur Barizah & Hafiz Majdi (2010) who examined motivations for paying income *zakat* in Malaysia and found that religiosity was a significant factor that motivated *zakat* compliance.

So far, there has been inconclusive empirical evidence regarding determinants of *zakat* compliance behavior. Therefore, there is still a gap of knowledge that needs to be explored further to have more understanding of determinants of *zakat* compliance behavior.

This study uses the theory Planned Behavior (TPB) by Ajzen (1991). Ajzen (1991) found that the TPB receives empirical support by empirical evidence in most cases studied. Attitudes towards the behavior, subjective norms and perceived behavioral control can accurately predict intentions to perform behaviors (Ajzen, 1991). The TPB framework as proposed by Ajzen (1991) will test in this thesis Figure 1.



**Figure 1: Theoretical Framework of the Study**

Source: Adapted from Ajzen (1991)

As shown in Figure 1, there are three independent variables which is expected to influence the compliance behavior of income *zakat*, which are attitude, subjective norm, and religiosity. This study employs quantitative method to investigate the adoption of compliance behavior on income *zakat* among educators since the quantitative survey is very useful to investigate the social phenomenon either using statistical, mathematical or computational techniques (Laura & Leahey, 2008). A self-administered survey is conducted in this study because the questionnaire can be completed with no intervention from the researcher (Wolf, 2008). Survey research has several advantages; which can be distributed through mail, by person and by the web (Wolf, 2008) and allow sensitive questions to respondents (Schutt, 2012).

This study uses a survey of compliance behavior on income *zakat* among educators in District of Kuala Muda Yan, Kedah. It tries to examine the effect of attitude, subjective norm, and Islamic religiosity toward compliance behavior on income *zakat* using theory Planned Behavior (TPB) by Ajzen (1991). Survey research is utilized as it is a useful way to collect information from a sample of individuals through their responses to questions and the data can be collected from a large population in a fast and low-cost manner (Schutt, 2012).

The target of the population is respondents which are educators located in District of Kuala Muda Yan. Kedah. The questionnaires were distributed among educators of several schools in District of Kuala Muda Yan Kedah. For this study, the total population of educators in District of Kuala Muda Yan, Kedah is 3076 person who are teaching in secondary schools. Thus the probability of respondent chosen is known; the probability sampling is more suitable than non-probability sampling. The total of secondary schools is 34 and the total population educators under the secondary schools in District of Kuala Muda Yan, Kedah is 3076. Krejcie & Morgan (1970) stated if the number of a size which 3500, the required sample size is 346.

### Research Analysis and Findings

To analyze data obtained from the questionnaire, first, the researchers distributed the questionnaire to educators in Kuala Muda Yan, Kedah randomly. Then, the data collected was analyzed. The study presents the finding as follows:

**Table 1: Variance (R<sup>2</sup>)**

Model	R Square	Adjusted R Square	Std. Error of the Estimate
1	.333	.328	0.52608

R square indicates that the variation in the independent variables accounted for 33.3% of the variance in the dependent variable. In other words, it portrays about 33.3% of the variance in compliance behavior on pay income *zakat* among educators in District of Kuala Muda Yan was significantly explained by the variable of attitude, subjective norm, and Religiosity. However, another 66.7% can be explained by other variables.

**Table 2: Multiple Regression Analysis and Hypothesis Testing**

Variables	$\beta$ Value	Sig. (p)	Decision
Attitude	.373	.000	Significant
Subjective Norm	.185	.000	Significant
Religiosity	.171	.000	Significant

Regression model reaches statistically significant as the p-value is less than 0.01. Based on the analysis in Table 2, attitude shows a significant effect on compliance behavior of income *zakat* among educators ( $\beta=0.373$ ,  $p<0.01$ ). The results also shows that a significant effect of subjective norm on the compliance behavior of income *zakat* among educators ( $\beta=0.185$ ,  $p=0.01$ ). Likewise, Islamic religiosity also indicates a significant effect on compliance behavior of income *zakat* among educators ( $\beta=0.171$ ,  $p=0.01$ ). The result also indicates that all of the hypothesis (H<sup>1</sup>, H<sup>2</sup>, H<sup>3</sup>) were supported.

### Discussion

This study shows that attitude, subjective norm, and Islamic religiosity play an important role in influencing the compliance behavior of income *zakat*. The result reveal that attitude has a

significant effect on compliance behavior in pay income *zakat* among educators. This finding supports the findings of previous studies on compliance behavior of tax such as Hite (1988), Niemirowski, Baldwin, & Wearing (2003), Ghosh & Crain (1995), Kasipillai and Hijattullah (2006), Marti, Wanjohi and Magutu (2010), Loo, MacKerchar and Handsford (2010), Natrah (2011), Randlane (2012) and Trivedi, Shehata and Mestelman, (2005). Besides, this result conforms to studies on compliance behavior of *zakat* such as Raedah, Noormala & Marziana (2011), Kamil (2002), Zainol (2008) and Zainol et al. (2009). This finding is important because, despite weak law enforcement on *zakat* compliance (Ram Al Jaffri, 2010), attitude still plays a significant role in influencing intention to pay *zakat* contrary to the finding by Ram Al Jaffri (2010) who discovered that attitude did not have any significant effect on intention to pay business *zakat*. This situation indicates that there is a difference between attitude towards *zakat* of Muslim businessmen and Muslim educators.

The study also reveals that subjective norm also has a significant influence on compliance behavior of income *zakat*. It indicates that the educators' compliance to pay income *zakat* is influenced by their intimate group, learned group and peer group. They would comply with employment income *zakat* payment when these intimate group, learned group and peer group influence them to do so.

Also, this study proves that Islamic religiosity has a significant influence on compliance behavior to pay employment income *zakat*. This study is in agreement with Kamil et al. (2012) who found that religiosity played a significant role in influencing income *zakat* compliance. It is also incongruent with Nur Barizah & Hafiz Majdi (2010) who found that religiosity was a significant factor that motivated *zakat* compliance. Moreover, the finding in this study provides support to Zainol (2008) and Mohd Ali et al. (2004) who revealed that religiosity influenced intention and compliance behavior of *zakat*, respectively.

### **Conclusions and Recommendations**

The findings of this study have important implications not only for knowledge but also to *zakat* institutions. The findings of this study have important implications for theory as well as policy. This study is able to provide empirical evidence which is in line with findings of previous studies as well as new findings which expand the boundary of knowledge in the area of compliance behavior of *zakat*. The important contribution of this study is that the factors identified as significant determinants of compliance behavior of income *zakat* such as attitude, subjective norm, and Islamic religiosity could be useful as a guide for relevant authorities and policy makers to formulate suitable strategies to increase *zakat* revenue in the future. The information that this study provides can prove to be a useful tool in planning, strategizing and implementing measures, strategies and policies suitable to be used for the purpose of improving employment income *zakat* collection in the state of Kedah as well as Malaysia at large in the future.

### **Corresponding Author**

Yusuf Haji Othman,  
Kulliyyah Muamalat,  
Kolej Universiti INSANIAH,  
09300 Kuala Ketil, Kedah.  
Email: yusufhajiothman@insaniah.edu.my

### **References**

- Abdul Aziz, M. A., & Abdullah, M. H. (2013). The Comparison between Zakat ( Islamic Concept of Taxation ) and Income Tax : Perceptions of Academician in the State of Perak , Malaysia. *International Conference on Business, Economics, and Accounting*, (March), 8.
- Abu Bakar, A. A., Ibrahim, M. A., & Md Noh, S. (2014). *Zakat Management and Taxation*. Kuala Lumpur: IBFIM.
- Ajzen, I. (1991). The Theory of Planned Behavior. *Organizational Behavior and Human Decision Processes*, 50, 179 – 211.
- Ghosh, D., & Crain, T. L. (1995). Ethical Standards, Attitudes Toward Risk, and Intentional Noncompliance: An experimental Investigation. *Journal of Business Ethics*, 14(5), 353–365. <http://doi.org/10.1007/BF00872098>
- Hairunnizam, W., Mohd Noor, A., & Sanep, A. (2005). Kesedaran Membayar Zakat: Apakah Faktor Penentunya? *IJMS*, 12(2), 171–189. Retrieved from <http://repo.uum.edu.my/732/>
- Hite, P. A. (1988). The Effect of Peer Reporting Behavior on Taxpayer Compliance. *The Journal of the American Taxation Association*, 47 – 64.
- Kamil, M. I. (2002). *Gelagat Kepatuhan Zakat Pendapatan Gaji di Kalangan Kakitangan Awam Persekutuan Negeri Kedah*.
- Kamil, M. I., Zainol, B., & Ram Al-Jaffri, S. (2012). Islamic Religiosity Measurement and Its Relationship with Business Income Zakat Compliance Behavior. *Jurnal Pengurusan*, 34, 3–10.
- Loo, E. C., Mckerchar, M., & Hansford, A. (2010). *Findings on the Impact of Self Assessment on the Compliance Behaviour of Individual Taxpayers in Malaysia: A Case Study Approach*.
- Mohd Ali, M. N., Hairunnizam, W., & Nor Ghani, M. N. (2004). Kesedaran Membayar Zakat Pendapatan di Kalangan Kakitangan Profesional Universiti Kebangsaan Malaysia. *Islamiyyat*, 26(2), 59 – 67.
- Natrah, S. (2011). *Fairnes, Perceptions and Compliance Behavior: Taxpayers' Judgements in Self-assessment Environments*.
- Niemirowski, P., Baldwin, S., & Wearing, A. J. (2003). Tax Related Behaviours, Beliefs, Attitudes and Values and Taxpayer Compliance in Australia. *Journal of Australian Taxation*, 6(1), 132–165.
- Nur Barizah, A. B., & Hafiz Majdi, A. R. (2010). Motivations of Paying Zakat on Income : Evidence from Malaysia. *International Journal of Economics and Finance*, 2(3), 76–84.
- Ram Al Jaffri, S. (2010). *Gelagat Kepatuhan Zakat Perniagaan di Negeri Kedah Darul Aman*.
- Randlane, K. (2012). Tax Compliance and Tax Attitudes : The Case of Estonia. *Journal of Management and Change*, (29).

- Sapingi, R., Ahmad, N., & Mohamad, M. (2011a). A Study on Zakah of Employment Income: Factors that Influence Academics' Intention to Pay Zakah. In *2nd International Conference on Business and Economic Research (2nd ICBER 2011) Proceeding* (pp. 2492–2507).
- Sapingi, R., Ahmad, N., & Mohamad, M. (2011b). A study on zakah of employment income: Factors that influence academics' intention to pay zakah. In *2nd International Conference On Business and Economic Research* (pp. 2492–2507).
- Trivedi, V. U., Shehata, M., & Mestelman, S. (2005). *Attitudes, Incentives and Tax Compliance*.
- Zainol, B. (2008). *Faktor-faktor Penentu Niat Gelagat Kepatuhan Zakat Pendapatan Gaji*.
- Zainol, B., Kamil, M. I., & Faridahwati, M. S. (2009). Predicting Compliance Intention on Zakah on Employment Income in Malaysia : An Application of Reasoned Action Theory. *Jurnal Pengurusan, 28*, 85 – 102.