_____

The Effects of Attitude, Religiosity and Moral Obligation on Compliance Behavior of Income *Zakat* in Kedah, Malaysia

Yusuf Haji-Othman[1], Mohammadtahir Cheumar[2], Norhayati Abdullah[3], Sulaiman Dorloh[4]

[1,2,3]Universiti Islam Antarabangsa Sultan Abdul Halim Mu'adzam Shah (UniSHAMS), Malaysia.
[4]Sultan Idris Education University, Perak Darul Ridzuan, Malaysia.

Abstract

The purpose of this study is to examine the role of attitude, religiosity, and moral obligation on compliance behavior of income *zakat* in the state of Kedah, Malaysia. The quantitative method using questionnaires is used to determine significant determinants of compliance behavior of income *zakat*. This study provides empirical evidence that attitude, religiosity, and moral obligation have significant relationships with compliance behavior of income *zakat*. This study is hoped to be able to provide conclusive empirical evidence that could be used as guidance for suitable policy and actions by Kedah State *Zakat* Board to improve *zakat* collection and management in the future.

Keywords: *Zakat*, Compliance Behavior, *Zakat* Collection, *Zakat* Management.

Introduction

Kedah, one of the states in Malaysia, gazetted the compulsory *zakat* employment income on 19 April 1986 under section 38(2) of the Kedah Islamic Law of Administration 1962 of the Government Bill No. 146 (Tarimin, 1995). Yet, a study by (Haji-Othman et al., 2019) provides evidence that only 58 percent of Muslim workers paid salary *zakat* in Kedah. Despite the issuance of a religious decree on the compulsory position of *zakat* on employment income in Malaysia, many Muslims still fail to fulfill their religious obligation to pay.

The general objective of this study is to examine the role of attitude towards compliance, Islamic religiosity, and moral obligation on the actual compliance behavior of income *zakat* in the state of Kedah.

_____

Literature Review

Attitude and Compliance Behavior of *Zakat*

There are voluminous works of literature that show evidence that attitude is a significant variable that relates to a certain behavior. Starting with Ajzen (1991), the study found that there is some empirical evidence supporting the relationship between attitude towards behavior and intention to perform the behavior.

Mohamed Sareye & Haji-Othman (2017) revealed that attitude and subjective norm have a positive and significant influence on intention towards paying *zakat* on business among single business owners at Kuala Ketil, Kedah. Also, attitude and perception towards law enforcement significantly influence the intention to comply with *zakat* on income (Mohamed Sareye Farah et al., 2017). Haji-Othman, Sheh Yusuff, et al. (2017) revealed that attitude, self- efficacy, moral obligation, and religiosity have significant relationships and positive influence on intention. Haji-Othman, Alwi, et al. (2017) also revealed that attitude has a significant effect on compliance behavior in pay income *zakat* among educators. Saad et al. (2010) also found that attitude played a significant role in influencing business *zakat* compliance behavior. Saad et al. (2008) found that the attitude and subjective norm played significant roles in influencing business *zakat* compliance.

Religiosity and Compliance Behavior of *Zakat*

There have been limited studies that have examined the influence of religiosity on *zakat* compliance. Haji-Othman, Sheh Yusuff, et al. (2018) proposed that religiosity, subjective norms, and perceived behavioral control influence compliance behavior.

Md Idris et al. (2012) constructed quantitative Islamic religiosity measurement from an Islamic perspective and examined whether the Islamic religiosity measurement plays a significant role in the compliance behavior of *zakat*. The study used questionnaires as instruments with a sample size of 227. The study concluded that the measurement of the component of religiosity has four dimensions. Using regression analysis, this study found that highly religious business owners are also more likely to comply with *zakat* law and that religiosity plays an important role in *zakat* compliance behavior.

Haji-Othman, Sheh Yusuff, et al. (2017) provided evidence that Islamic religiosity has a significant influence on compliance behavior to pay employment income *zakat*. Haji-Othman, Alwi, et al. (2017) revealed that three variables explain the compliance behavior of income *zakat*: religiosity, subjective norms, and perceived behavioral control.

Islamic religiosity, however, did not show any significant influence on *zakat* compliance (Mohamed Sareye Farah et al., 2017). However, Zainol (2008) found that religiosity was one of the significant factors which relate positively to *zakat* compliance behavioral intention.

_____

Moral Obligation and Compliance Behavior of *Zakat*

This study proves that attitude, self- efficacy, moral obligation, and religiosity have significant relationships and positive influence on intention (Haji-Othman, 2016). (Haji-Othman et al., 2019) also revealed that moral obligation is one of the significant determinants of intention to comply with income *zakat* payment.

Research Method

This study uses a quantitative method. A quantitative method using questionnaires is used to answer the research objective. This quantitative method of this study can be classified as causal because this method examines the cause and effect relationship between variables in the theoretical framework of the study.

Theoretical Framework of the Study

The theoretical framework is adapted and adopted from Ajzen (1991) and based on deductive reasoning. There are three independent variables: attitude, religiosity, and moral obligation while compliance behavior is used as a dependent variable.
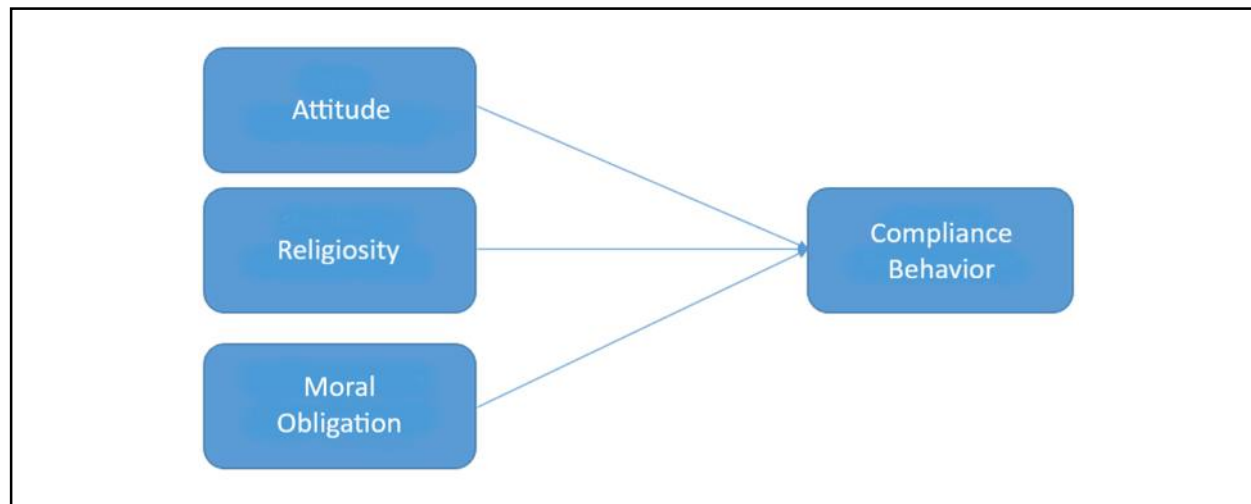

Figure 1. Theoretical Framework of the Study

Data Collection

This study uses a survey method using questionnaires to collect data. This method is considered suitable because units of analysis (respondents) are scattered around the state of Kedah. The population of this study consists of public servants who are eligible to pay income *zakat* located in the state of Kedah and the sample size used in this study is 372.

_____

Data Analysis

Data analysis of the study involves several stages. The first stage involves the assessment of the measurement model to identify the underlying structure of the variables involved (Hair et al., 2014). In the second stage, the assessment of the structural model is performed, that is the data is run using the structural equation model (SEM). The measurement model is done using the validity factor analysis to validate the measurement scale of a construct (Hair et al., 2014). Variables that pass this analysis test is then applied to structural model analysis to examine the relationships between the endogenous variables and the exogenous variables of the study.

Findings and Discussions

Table 1 reveals the finding of the study based on 386 randomly selected public servants in the state of Kedah using structural equation modeling SMART PLS Version 3.

Table 1. The Effects of Attitude, Religiosity, and Moral Obligation on Compliance Behavior of Income *Zakat*

Path Relationship	Coefficient	t- Statistics	P Values
Attitude -> Compliance Behavior	0.384	7.460	0.000
Religiosity -> Compliance Behavior	0.190	4.220	0.000
Moral Obligation -> Compliance Behavior	0.273	5.255	0.000

Attitude is found to the most significant relationship with the compliance behavior of income *zakat*. This finding conforms with previous studies on compliance behavior *zakat* such as Farah et al. (2017), Haji-Othman & Mohamed Fisol (2017), Mohamed Sareye Farah et al. (2017), Haji-Othman, Alwi, et al. (2017), Mohamed Sareye & Haji-Othman (2017), Haji-Othman, 2016), and Haji-Othman, Mohamed Fisol, et al. (2018). 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 finding by Ram Al Jaffri (2010) who found that attitude did not have any significant effect on the intention to pay business *zakat*. This situation indicates that there is a difference between the attitude of Muslim businessmen and Muslim teachers regarding attitude to pay *zakat*.

This finding also contradicts Md Idris (2002) who found that attitude directly influences compliance behavior of income *zakat* by Muslim public servants without intention as a mediator. However, this finding supports Bidin (2008), Bidin & Md Idris (2009), and (Bidin et al., 2009) who found that attitude had a positive influence on intention to pay income *zakat*. This finding conforms to The Theory of Planned Behavior's expectation that attitude plays a significant influence on the intention to perform a certain behavior, which reaffirms the significance of TPB in predicting compliance behavior.

Besides that, this study model provides empirical evidence that moral obligation is significantly related to the compliance behavior of income *zakat*. This finding means that moral obligation has a significant influence on the intention to pay employment income *zakat* among

_____

public school teachers in the state of Kedah. Furthermore, this study provides empirical evidence that Islamic religiosity has a significant structural relationship with the intention to pay employment income *zakat*. This proves that Islamic religiosity has a significant and large role in influencing the intention to pay employment income *zakat*. Not only that, but this finding also indicates that Islamic religiosity can predict the intention, in other words, if a person is highly religious, it could be predicted that he/she would have a strong intention to pay employment income *zakat*.

The findings of this research indicate that attitude, moral obligation, and Islamic religiosity are significant determinants that influence the compliance behavior of employment income *zakat*. Moreover, this study uses items and dimensions of Islamic religiosity which are adapted and adopted from Krauss et al. (2005) which examines religiosity from the Islamic perspective and comprises three dimensions of Islamic religiosity: aqidah, ibadah and akhlaq Islamiyyah. The use of Islamic religiosity dimensions and items from Krauss et al. (2005) is considered important in expanding the boundary of knowledge because religiosity measures which had been used by previous studies had been adopted from the Christianity Judaism perspective (Saad, 2010). Using Krauss's Muslim Religiosity-Personality Measurement Inventory (MRPI), all three dimensions of Islamic religiosity: aqidah, ibadah and akhlaq Islamiyyah are found to have a significant relationship and large and significant influence on intention, which in turn has significant relationship and large and significant influence on compliance behavior of employment income *zakat*. This proves that Islamic religiosity is a very significant determinant in the adapted Theory of Planned Behavior (TPB) in the context of *zakat*.

Conclusion

Zakat is not only a religious obligation which must be complied by all eligible Muslims but also plays a very important role in Islamic fiscal system, specifically as a major source of income and could be used as an instrument to finance certain programs to achieve social, political and economic development among Muslim communities. However, the issue which arises is that *zakat* collection including income *zakat* is still low which hinders the effectiveness of *zakat* in playing a more significant role in the state of Kedah. The purpose of this study is to examine the role of attitude, Islamic religiosity, and moral obligation on the compliance behavior of income *zakat*. The quantitative method using questionnaires is used to determine significant determinants of income *zakat* compliance behavior. This study provides empirical evidence that attitude, Islamic religiosity, and moral obligation have significant relationships with compliance behavior of income *zakat*. This study is hoped to be able to provide conclusive empirical evidence that could be used as guidance for suitable policy and actions by the Kedah State Zakat Board to improve *zakat* collection and management in the future.

Acknowledgment

_____

Corresponding Author
Yusuf Haji-Othman, Center for Islamic Finance Education and Research (CIFER), Sultan Abdul Abdul Halim Mu'adzam Shah, Kedah, Malaysia.
Email: dryusufhajiothman@unishams.edu.my

References
Ajzen, I. (1991). The theory of planned behavior. *Organizational Behavior and Human Decision Processes*, *50*(2), 179–211. https://doi.org/10.1016/0749-5978(91)90020-T

Bidin, Z. (2008). *Faktor-Faktor Penentu Niat Gelagat Kepatuhan Zakat Pendapatan Gaji*.

Bidin, Z., & Md Idris, K. (2009). Sikap, norma subjektif dan kawalan gelagat ditanggap terhadap niat gelagat kepatuhan zakat pendapatan gaji. *IJMS*, *16*(1), 31–55.

Bidin, Z., Md Idris, K., & Mohd Shamsudin, F. (2009). Predicting Compliance Intention on Zakah on Employment Income in Malaysia : An Application of Reasoned Action Theory. *Jurnal Pengurusan*, *28*, 85–102.

Farah, J. M. S., Haji-othman, Y., & Omar, M. M. (2017). The Influence of Attitude , Religiosity , and Perception towards Law Enforcement on Intention towards Compliance Behaviour of Income Zakat among KUIN Staff in Kedah , Malaysia. *International Journal of Muamalat*, *1*(1), 25–45.

Hair, J. F., Hult, G. T. M., Ringle, C. M., & Sarstedt, M. (2014). *A Primer on Partial Least Squares Structural Equation Modelling (PLS-SEM)*. SAGE Publications.

Haji-Othman, Y. (2016). Motivations for Paying Income Zakat among Public School Teachers in Kedah, Malaysia : A Qualitative Approach. *International Journal of Novel Research in Humanity and Social Sciences*, *3*(6), 37–42.

Haji-Othman, Y., Alwi, I., Sheh Yusuff, M. S., & Mohd Saufi, M. S. A. (2017). The Influence of Attitude , Subjective Norm , and Islamic Religiosity on Compliance Behavior of Income Zakat Among Educators. *International Journal of Academic Research in Business and Social Sciences*, *7*(11), 1110–1116.

Haji-Othman, Y., & Mohamed Fisol, W. N. (2017). Islamic Religiosity, Attitude and Moral Obligation on Intention of Income Zakat Compliance: Evidence from Public Educators in Kedah. *Journal of Academic Research in Business …*, *7*(2), 726–737. https://doi.org/10.6007/IJARBSS/v7-i2/2680

Haji-Othman, Y., Mohamed Fisol, W. N., & Sheh Yusuff, M. S. (2018). The Moderating Effect of Islamic Religiosity on Compliance Behavior of Income Zakat in Kedah , Malaysia. *International Juornal of Academic Research in Accounting, Finance and Management Sciences*, *8*(2), 281–286. https://doi.org/10.6007/IJARAFMS/v8-i2/4382

Haji-Othman, Y., Mohamed Fisol, W. N., & Sheh Yusuff, M. S. (2019). *Income Zakat: Issues, Concepts, Management, Discussions and Suggestion*. Lambert Academic Publishing.

Haji-Othman, Y., Sheh Yusuff, M. S., & Abd Latib, M. F. (2018). Motivations for Paying Income Zakat among UniSHAMS' Employees. *International Journal of Academic Research in Business and Social Sciences*, *8*(10), 619–628. https://doi.org/10.6007/IJARBSS/v8-i10/4768

Haji-Othman, Y., Sheh Yusuff, M. S., Mohd Saufi, M. S. A., & Al-Habshi, S. H. (2017). The Influence

_____

of Knowledge , Islamic Religiosity and Self- Efficacy on the Intention to Pay Income Zakat among Public Educators in Kedah , Malaysia. *International Journal of Academic Research in Business and Social Sciences*, *7*(11), 1117–1127. https://doi.org/10.6007/IJARBSS/v7-i11/3550

Krauss, S. E., Haji Hamzah, A., Suandi, T., Mohd Noah, S., Mastor, K. A., Juhari, R., Kassan, H., Mahmoud, A., & Jamiah, M. (2005). The Muslim Religiosity-Personality Measurement Inventory (MRPI)' s Religiosity Measurement Model : Towards Filling the Gaps in Religiosity Research on Muslims. *Pertanika J. Soc. Sci. & Hum.*, *13*(2), 131–145.

Md Idris, K. (2002). *Gelagat Kepatuhan Zakat Pendapatan Gaji di Kalangan Kakitangan Awam Persekutuan Negeri Kedah*.

Md Idris, K., Bidin, Z., & Saad, R. A.-J. (2012). Islamic Religiosity Measurement and Its Relationship with Business Income Zakat Compliance Behavior. *Jurnal Pengurusan*, *34*, 3–10.

Mohamed Sareye Farah, J., Haji-Othman, Y., & Mohamed Omar, M. (2017). The Influence of Attitude , Religiosity , and Perception towards Law Enforcement on Intention towards Compliance Behaviour of Income Zakat among KUIN Staff in Kedah , Malaysia. *International Journal of Muamalat*, *1*(1), 25–45.

Mohamed Sareye, J., & Haji-Othman, Y. (2017). The Influence of Attitude, Subjective Norms and Service Quality on Intention to Pay Business Zakat Among Single Business Owners at Kuala Ketil, Malaysia. *International Journal of Novel Research in Humanity and Social Sciences*, *4*(1), 100–107.

Saad, R. A. J. (2010). *Gelagat Kepatuhan Zakat Perniagaan di Negeri Kedah Darul Aman*.

Saad, R. A. J., Bidin, Z., Md. Idris, K., & Md. Hussain, M. H. (2010). Faktor-Faktor yang Mempengaruhi Gelagat Kepatuhan Zakat Perniagaan. *Jurnal Pengurusan*, *30*, 49–61.

Saad, R. A. J., Md Hussain, M. H., Bidin, Z., & Md. Idris, K. (2008). Gelagat Kepatuhan Zakat Perniagaan: Aplikasi Teori Tindakan Beralasan. *National Management Conference (NAMAC) 2008, Primula Beach Resort, Terengganu*, 1–14.

Tarimin, M. (1995). *Zakat Penggajian: Satu Penilaian Terbaru di Malaysia*. Universiti Malaya.