

**DETERMINANTS OF ZAKAT COMPLIANCE
INTENTION AMONG BUSINESS OWNER IN
HADRMOUT GOVERNORATE, YEMEN**

Abdullah Abobakr Saqqaf Al-Aidaros

MASTER in Islamic Banking and Finance

Kulliyah of Muamalat

INSANIAH UNIVERSITY COLLEGE

2018 / 1439H

BP
180
.A33
2018
TES
PEL(M)

Abstract

Zakah (the alm tax), as one of the five pillars of Islam, aims at poverty reduction and eradication among Muslim community. Similar to tax, understanding the issue of non-compliance is highly relevant to the context of Zakah as well. In Yemen, the proceeds from Zakah are considered low, probably due to compliance gap. Several studies have been conducted on the issues of Zakah compliance in some Islamic countries and most of the literature focused on employment income and saving, with less attention given to business Zakah. The main objective of this paper is to examine the influence of attitude, religiosity and perception towards law enforcement on compliance behaviour to pay income zakat among business owners in Yemen through using the theory of planned behaviour. The primary data, which were collected through questionnaire, were treated statistically using multiple regression analysis. The results reveal that the Theory of Planned Behaviour is capable of predicting zakat compliance intention in Yemen. In specific, the regression analysis concluded that attitude towards Zakat and religiosity are positively related to intention to pay Zakat, whereas the relationship between the perception towards law enforcement and intention to pay Zakat is statistically not significant. The findings of the present study can be used by the institution of zakat and policy makers to promote and educate the general public as to the importance of zakat. The implications of the findings and the limitations of the present study and conclusions are also highlighted.

Table of Contents

Abstract	i
Supervisor Declaration.....	ii
Student Declaration	iii
Acknowledgements	iv
Table of Contents.....	v
List of Tables	vii
List of Figures.....	viii
List of Abbreviations	ix
CHAPTER ONE INTRODUCTION	1
1.0 Background	1
1.1 Problem Statement	3
1.2 Research Questions.....	5
1.3 Research Objectives.....	5
1.4 Scope of the Study.....	6
1.5 Significance of the Study	6
1.6 Organization of the Thesis	7
CHAPTER TWO LITERATURE REVIEW	8
2.0 Introduction.....	8
2.1 Concepts of Zakat	8
2.2 Theory of Reasoned Action (TRA).....	21
2.3 Theory of Planned Behavior (TPB).....	23
2.4 Intention to Pay Zakat.....	25
2.5 Attitudes Toward Zakat.....	28
2.7 Perceptions Toward Law Enforcements.....	35
2.8 Summary	38
CHAPTER THREE RESEARCH METHODOLOGY	39
3.0 Introduction.....	39
3.1 Research Design	39
3.2 Research Framework	40
3.4 Data Measurement.....	42
3.5 Measurements of Variables.....	43
3.6 Data Collection Technique	49

3.7 Data Analysis Techniques	51
3.8 Descriptive Statistics.....	52
3.9 Correlation Analysis	52
3.10 Regression Analysis	52
3.11 Summary.....	52
CHAPTER FOUR ANALYSIS AND FINDINGS	53
4.0 Introduction.....	53
4.1 Demographic Data	53
4.2 Reliability.....	55
4.3 Descriptive Analysis.....	56
4.4 Multiple Regression Analysis.....	57
4.5 Correlation Analysis	58
4.6 Summary	59
CHAPTER FIVE DISCUSSION AND CONCLUSION	60
5.0 Introduction.....	60
5.1 Recapitulation of the Study.....	60
5.2 Discussion	62
5.3 Study Implications	64
5.3 Limitations.....	66
5.4 Recommendations.....	66
5.5 Conclusion	67