

Factors Predicting Zakat Compliance Behaviour in Indonesia

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ABSTRACT

The objective of this study is to analyze factors which predict zakat compliance behaviour using attitude towards zakat and intention to pay zakat as independent variables. This study uses the theory of planned behaviour (TPB) as a theoretical framework. Quantitative approach is used with partial least squares-structural equation modeling (PLS-SEM) as data analysis technique based on a questionnaire survey of 90 zakat payers (muzakki) in Bandung which is one of the districts in Indonesia. Results show that attitude towards zakat has a positive and significant impact on intention to pay zakat and intention to pay zakat has a positive and significant impact on zakat compliance behaviour. zakat compliance behaviour is found to be not directly affected by attitude towards zakat but indirectly affected through intention in paying zakat. Therefore, the theory of planned behaviour shows suitability in both theory and practice in zakat. The results of study are expected to contribute new insights for zakat fund management, particularly in the majority-Muslim countries, through improving zakat compliance behaviour. All parties, especially government and zakat institutions, should pay attention seriously to these variables to optimize zakat collection in the future.

Keywords: Theory of Planned Behaviour, Attitude, Intention, Zakat Compliance Behaviour

INTRODUCTION

Zakat can be interpreted as almsgiving, and it becomes a compulsory act by Muslims who meet requirements to pay zakat such as *nishab* and *haul*. Islam lays down zakat into two types. The first one is annual zakat *fitrah* paid in Ramadan (in Islamic calendar). This kind of zakat is more familiar among Muslims as its implementation is closely related to that month. Other form of zakat is known as zakat *māl* which is imposed on wealthy Muslims such as zakat on business, gold and savings and its performance is not associated with Ramadan. The management of the second type of zakat becomes important as the funds from zakat collection will be used for charity to help poor people and for other specified religious purposes. Therefore, zakat in Islam is necessary instrument in solving socio-economic problems in the Muslim community.

Based on previous research, zakat has been proved to help in reducing poverty and income inequality (Beik, 2009). Therefore, it can be interpreted that the existence of zakat is not solely an individual religious duty, but it also becomes a social duty for a better Muslim community. Indonesia for example is one of the countries that are active in managing zakat to fulfill the aspiration of zakat as the social obligation to the Muslim community. In this regard, the country has issued regulation related to zakat management through its law number 23, year 2011. The law states that it is necessary to form an institution in managing zakat funds in Indonesia which has the function of collecting, distributing, and utilizing zakat. Until now, there are two forms of zakat institutions established in Indonesia and they are zakat institution under government authority (i.e., Badan Amil Zakat Nasional-BAZNAS) and privately owned zakat

institution (i.e., Lembaga Amil Zakat Nasional-LAZNAS).

Survey conducted by Pew Research Center (2019) shows that in 2015, Indonesia became a nation with the biggest Muslim population in the world, registering 87.1% of total Indonesian population amounting to 220 million Muslims and 12.6% of world's Muslim population. Such condition provides great opportunity to Indonesia for boosting socio-economic development through optimizing the zakat instrument. The great potential of zakat in Indonesia as an instrument for socio-economic development has been proved by several studies. One of the studies done by Puskas BAZNAS or the center of strategic studies of BAZNAS (2019) states that the potential of zakat collection in Indonesia could reach up to IDR233.8 trillion or able to contribute around 1.72% of the country's GDP in 2017. However, in reality, zakat collection in Indonesia is very low compared to the potential collection of IDR233.8 trillion. Based on data retrieved from BAZNAS (2019), the amount of zakat collection in 2019 was only IDR10.23 trillion or about 4.38% of the potential zakat collection. In sum, there is huge amount of more than IDR200 trillion of the potential zakat funds which could not be utilized for socio-economic development.

The small amount of zakat funds in Indonesia is closely related to low compliance amongst Muslim communities in paying zakat to zakat institutions (zakat compliance behaviour). There are various factors influencing the said phenomenon. Some studies related to zakat compliance behaviour have been seen in the literature such as those conducted by Saad & Haniffa (2014), Farouk, Idris & Saad (2018) and Saad, Farouk & Abdul Kadir (2020). The study done by Saad & Haniffa (2014) reveals that zakat compliance behaviour is affected by the intention to pay zakat significantly. Furthermore, it also found that the intention is affected by subjective norms and attitude significantly.

Additionally, studies conducted by Saad et al. (2009) and Azman & Bidin (2015) indicate that zakat compliance behaviour is affected directly by attitude towards zakat. Nonetheless, TPB explicates that attitude does not have a direct relationship with behaviour. This theory establishes that attitude has an indirect influence on behaviour through intention as a mediator variable.

With this introduction, the authors have affinity in conducting a study regarding zakat compliance behaviour. The difference of this study from the prior studies is that the study attempts to elaborate on the direct influence of attitude on behaviour in the zakat context, relying on the theory of planned behaviour. The main output of this study will show whether attitude towards zakat influence positively and directly on zakat compliance behaviour using TPB. Additionally, in Indonesia, studies conducted on zakat compliance behaviour are still rare. Thus, such situation also encourages authors to investigate this field of study as a means to optimize the management of zakat collection in Indonesia and bring benefits to the Muslim community. After introducing research background, this study presents review of literature and hypothesis development in section 2. Afterwards, methodology will be presented in section 3. Then, this study provides results (discussion) and conclusion in section 4 and 5 respectively.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

This section discusses the concept of zakat in Islam, the concept of zakat compliance behaviour, attitudes towards zakat and the intention to pay zakat together with relevance theory and previous studies applied to support this study.

The Concept of Zakat

In general, zakat means fertile or increases and specifically, it is an obligation on certain assets to be distributed to certain recipients at certain time and amount. There are two kinds of zakat, i.e. Zakat *fitrah* and Zakat *māl* (treasure), and the later becomes the focus of this study. Assets or wealth that are subject to zakat *māl* includes money deposited in the bank, livestock, gold and silver, harvest like paddy or dates, business income and excavation or mining (Jabatan Kajian Ilmiah Universiti Islam Madinah, 1424H). Moreover, the items under zakat *māl* have been extended to other contemporary items such as business and production income, profession, or salary income, shares and investment, and unexpected income such as lucky draw prize (Yasin, 1433H). For the zakat *māl* to be obligatory on *muzakki*, the asset or wealth should meet the requirements like perfect ownership, productivity, reaching *nishab* (provisions for the minimum amount of assets) exceeding basic needs, free of debt, and achieving *haul* (ownership of assets must have lasted a full year) (Yasin, 1433H). The respondents for this study will include *muzakki* who pay zakat *māl* regardless of the type of assets they own. The following are zakat recipients that have been mentioned in the Qur'ān:

Meaning: “Charities (zakat) are for the poor, and the destitute, and those who administer them, and for reconciling hearts, and for freeing slaves, and for those in debt, and in the path of God, and for the traveler in need - an obligation from God. God is All-Knowing, Most Wise.” (Qur'ān, 9: 60).

Zakat Compliance Behaviour

The study on zakat compliance behaviour is still new and less discussion is made on it compared to the study on compliance behaviour in the context of tax. The existence of tax compliance behaviour model has encouraged several researchers to design similar models in the zakat

compliance behaviour context. Sanep et al. (2011) and Noor and Saad (2016) explain that zakat compliance behaviour is the behaviour of individuals in paying zakat to zakat institutions. Meanwhile Saad, Farouk & Abdul Kadir (2020) explain that zakat compliance behaviour is the behaviour of a Muslim to obey or disobey Allah's commands and regulations made by authorized institutions to pay zakat to zakat institutions. Hence, it is concluded that zakat compliance behaviour is the degree of compliance by Muslims to pay zakat to zakat institutions timely.

In this study, there are four indicators constructed for the zakat compliance behaviour variable. They are adopted from Saad & Haniffa (2014) which comprise of (1) paying zakat to the zakat institution, (2) paying zakat every year, (3) not missing zakat obligation and lastly, maintaining communication with zakat institution.

Behaviour is developed from several factors influencing it. These factors determine whether individuals' behaviour is either good or bad. Generally, the most used theory in behavioural research is the theory of planned behaviour established by Ajzen (1991). It is the development of a previous theory that is the theory of reasoned action (TRA) which was also established by Ajzen in 1980. In the theory of planned behaviour, it is understood that behaviour is directly affected by intention. Ajzen (1991) then reveals that there are factors affecting intention which are subjective norms, attitude, and perceived behavioral control. The perceived behavioral control variable influences both intention and behaviour directly.

In TPB, it is understood that attitude does not have a direct influence on the behaviour. Nevertheless, the studies conducted by Azman & Bidin (2015) and Saad et al. (2009), who employ different theories, reveal that attitude towards zakat positively and directly influences zakat compliance behaviour. Therefore, this

study will examine and elaborate the direct influence of attitude towards zakat variable on zakat compliance behaviour using TPB as grand theory. The main output will show if the TPB is applicable for explaining zakat compliance behaviour. Consequently, the model of this study is drawn in Figure 1.

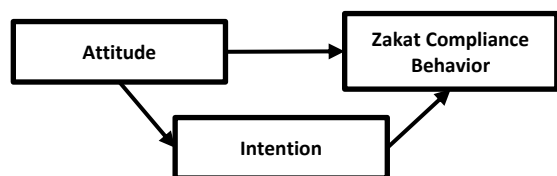


Figure 1. The framework of study

Intention to Pay Zakat

Based on TPB, Ajzen (1991) defines intention as follows:

“Intentions are assumed to capture the motivational factors that influence a behaviour; they are indications of how hard people are willing to try, of how much of an effort they are planning to exert, in order to perform the behaviour” (Ajzen, 1991, pp. 181)

The theory explains that one’s intention is expected to be the motivational factors that will lead to the realization of an action. Intention also guides ones’ desire and effort to take any action and plays a very important role for an individual to act. Hence, it can be concluded that intention refers to someone’s desire as a basis of probability of doing something.

In terms of intention to pay zakat, Saad, Farouk & Abdul Kadir (2020) reveal that intention to pay zakat drives an individual’s desire to carry out his or her obligation to pay zakat. Based on this definition, the intention in paying zakat is the desire of a Muslim to deliver zakat to zakat institutions. In this study, the dimensions of intention to pay zakat are adopted from Saad & Haniffa (2014) i.e., (1) having interest in implementing zakat; (2) sustainability in paying zakat; (3) having interest in paying zakat to zakat

institutions; and (4) having desire to increase income.

Previous studies found that intention in paying zakat has a significant positive impact on zakat compliance behaviour. Saad & Haniffa (2014) analyzing zakat compliance behaviour found that zakat compliance behaviour is positively and significantly affected by a Muslim’s intention to pay zakat. A study conducted by Saad, et al. (2010) found similar results with Saad & Haniffa (2014) where intention in paying zakat positively and significantly influences zakat compliance behaviour. Hence, this study postulates the proposed hypothesis as follows:

H1 = Intention to pay zakat positively and significantly influences zakat compliance behaviour.

Attitude towards Zakat

Ajzen (1991, pp. 188) suggests that “Attitude towards behaviour refers to the degree to which a person has a favorable or unfavorable evaluation or appraisal of the behaviour in question”. Based on this statement, attitude means an individual’s assessment of a particular behaviour, whether the behaviour is good or bad. A good assessment will produce positive behaviour, and vice versa and a bad assessment will form negative behaviour.

In terms of the obligation to pay zakat, attitude is interpreted as an individual’s assessment of the obligation to pay zakat, which classifies it into obedience, opposition, like and dislike or ignorance (Saad, et al. 2010). On the other hand, Saad, Farouk & Abdul Kadir (2020) add that attitude towards zakat is related to faith in the zakat commandment; those with stronger faith will always have the intention to perform zakat, and those who have weaker faith will have lower intention in paying zakat. Therefore, in this study attitude refers to the Muslim’s perceptions towards zakat. The attitude of Muslims

towards zakat is also closely related to level of religiosity (Abdullah & Sapiei, 2018; Bin-Nashwan, et al. (2020)).

As previously stated, the TPB explains that attitude is the main factor in creating intention and there is a positive relationship between intention and attitude. Concerning the payment of zakat, if attitude towards zakat is positive, then the intention to pay zakat will be positive as well. Thus, attitude towards paying zakat will have an impact on zakat compliance behaviour. The indicators used in this study are adopted from the study of Saad and Haniffa, (2014). In their study, it is stated that the attitude towards zakat is reflected by the component of individual belief in something or what is called the behavioural belief. The component of behavioural belief in paying zakat is classified into six indicators which are (1) zakat has the function of purifying and cleansing property; (2) paying zakat is the right action; (3) paying zakat is a religious duty; (4) paying zakat is vital in helping weak Muslims; (5) paying zakat will bring many benefits and finally (6) looking for Allah's blessings.

Rooted in the TPB, attitude has a positive impact on intention, and intention becomes an intervening variable between attitude and behaviour. In terms of zakat, several studies conducted by Saad et al. (2010), Huda et al. (2012), Heikal et al. (2014), Saad & Haniffa (2014), Farouk, Idris & Saad (2018) and Saad, Farouk & Abdul Kadir (2020) posited that attitude towards zakat has a positive influence significantly on intention to pay zakat. Thus, these findings empirically support the theory. Moreover, intention in paying zakat mediates the effect of attitude on zakat compliance behaviour.

Hence, attitude towards zakat is predicted to affect intention to pay zakat positively and significantly. Further, intention to pay zakat is a mediator variable between attitude towards zakat and zakat compliance behaviour. The following are the hypotheses proposed:

H2 = Attitude towards zakat significantly and positively influences the intention to pay zakat

H3 = Intention to pay zakat mediates between the influence of attitude towards zakat and zakat compliance behaviour.

In this study, the authors will further analyze the direct influence of attitude towards zakat on zakat compliance behaviour. In the TPB, attitude only influences intention directly. Nevertheless, the results of the study conducted by Azman & Bidin (2015) and Saad et al. (2009) explain that attitude has a direct positive influence on zakat compliance behaviour. So, this study will attempt to prove the truth of TPB regarding direct influence of attitude on behaviour. Therefore, there is a hypothesis proposed as follows:

H4 = Attitude towards zakat positively influences zakat compliance behaviour.

METHODOLOGY

The method on which this study relies is a survey method with an explanatory approach. This method involves a questionnaire for data collection tool, and it has quantitative characteristics that can be used to analyze the behaviour of an individual or group by taking a sample from a population (Prasetyo & Jannah, 2005).

Research Object

The research objects of this study are zakat compliance behaviour (Y), attitude toward zakat (X₁) and intention to pay zakat (X₂). zakat compliance behaviour has function as a criterion variable, intention to pay zakat as a mediator and predictor variable, and attitude toward zakat as a predictor variable.

Sampling

The population of this study is *muzakki* (zakat payer) at the zakat institutions in one of the cities in Indonesia, namely the Bandung. It is chosen because it has widespread *muzakki* and zakat institutions. However, the authors could not get data regarding the total number of zakat institutions in the city because of unavailable data from related zakat institutions. Therefore, the sampling technique applied for this study is non-probability sampling, and the sampling type used is purposive sampling with quota sampling. The characteristic of purposive sampling is based on research needs and the criteria determined by the researcher according to their needs in the study (Suryani & Hendryadi, 2015).

Furthermore, the sample needed in this study is about 30 to 100 samples as this study will rely on partial least squares-structural equation modelling (PLS-SEM) as a method of analysis (Ghozali, 2014; Garson 2016). This study using quota sampling means that the researchers determine the quota of samples taken from each zakat institution. This study will use 100 samples of *muzakki*. Questionnaires are distributed to 100 respondents from July to August 2019.

Data Analysis Method

The total number of questionnaires distributed was 100 questionnaires and however only 90 questionnaires can be used for further data analysis. The number of questionnaires has exceeded the minimum number required by the PLS-SEM as stated by Ghozali (2014) and Garson (2016). Respondents consist of 49% men and 50% of women with an average age of 35. The distribution type of zakat paid dominantly comes from zakat on employment income comprising 97% of the respondents, and it is followed with 2% from zakat on gold and 1% from zakat on business income. Moreover, this study relies on *SmartPLS 3.0* developed by Ringle, *et. al* (2015) as a

software in analyzing data with the PLS-SEM model.

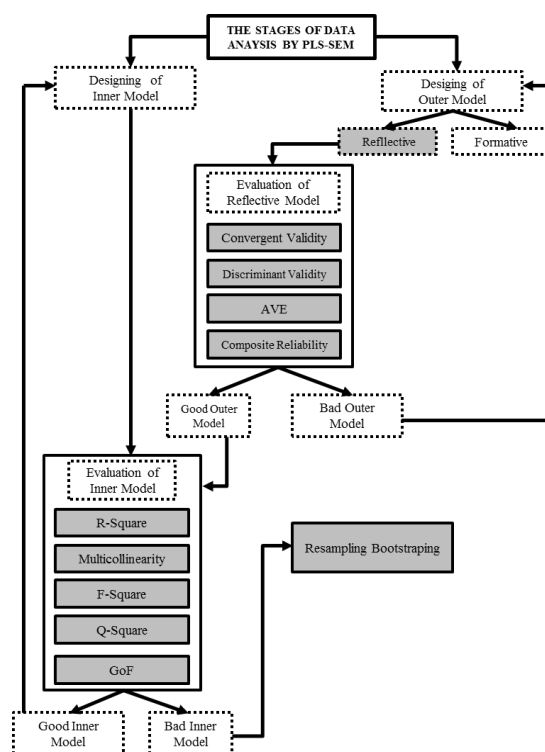


Figure 2. The stages of data analysis using PLS-SEM

Source: Authors' own

a. Outer Model Evaluation (reflexive measurement model).

Testing is done to explain the relationship between latent variables and indicators. This testing comprises four criteria: (1) *composite reliability*, (2) *convergent validity*, (3) *discriminant validity*, and (4) *Average Variance Extracted (AVE)*.

The first measure, convergent validity measures the level of convergent validity, and it can be observed in the results of loading factors testing. The indicator is valid if loading factor ≥ 0.70 as stated by Ghozali (2014) and Garson (2016). Table 1 describe the results of loading factors for this study.

Table 1. Loading factors

	<i>Attitude</i>	<i>Intention</i>	<i>Zakat Compliance Behavior</i>
AT1	0.750		
AT2	0.745		

AT3	0.789	
AT4	0.818	
AT5	0.814	
AT6	0.588	
IN1	0.870	
IN2	0.768	
IN3	0.804	
IN4	0.771	
ZC1		0.851
ZC2		0.819
ZC3		0.897
ZC4		0.754

Note: AT: Attitude towards zakat; IN: Intention to pay zakat; ZC: zakat compliance behaviour

Based on the output above, ATT6 has loading factor 0.588 which is less than 0.70. Therefore, ATT6 should be deleted from this study. After deleting ATT6, loading factors for all indicators are above 0.70 (refer to Table 2) which means this study does not have problem of loading factor.

Table 2. Loading factors after improvement

	Attitude	Intention	Zakat Compliance Behavior
AT1	0.718		
AT2	0.779		
AT3	0.814		
AT4	0.842		
AT5	0.804		
IN1		0.868	
IN2		0.769	
IN3		0.807	
IN4		0.769	
ZC1			0.850
ZC2			0.821
ZC3			0.896
ZC4			0.753

The second evaluation is *discriminant validity*. It compares the square root from *Average Variance Extracted* (\sqrt{AVE}) of each construct with other constructs in the model. The model has sufficient *discriminant validity* if the square root from AVE of each construct is bigger than the correlation between constructs and other constructs. Based on results shown in Table 3, it can be concluded that all constructs meet the requirements of *discriminant validity* as stated by Garson (2016).

Table 3. Discriminant validity

	Attitude	Intention	Zakat Compliance Behavior
AT	0.792		
IN	0.754	0.804	
ZC	0.394	0.698	0.832

The next measure is *Average Variance Extracted (AVE)*. Garson (2016) states that AVE value should be above 0.50, which reveals that at least the latent factor can explain each indicator by half of the variance. The results in Table 4 demonstrate that the value of AVE does not exhibit any issues as the values are above 0.5 and significant at alpha value of 1%.

Table 4. Average Variance Extracted (AVE)

	Original Sample	P-Values
ZC	0.692	0.000
IN	0.647	0.000
AT	0.628	0.000

The final evaluation is *composite reliability*. The research has no reliability problems if the *Cronbach's alpha* or *composite reliability* value is bigger than 0.70 as stated by Garson (2016).

Table 5. Composite reliability

	Composite Reliability	Cronbach's Alpha
AT	0.894	0.851
IN	0.880	0.817
ZC	0.899	0.851

The composite reliability output above shows that every construct has a *composite reliability* value or *Cronbach's Alpha* of more than 0.70. Hence, the model proposed has good reliability. Based on the criteria tested in the *outer model*, it can be concluded that this study has met the requirements of the *outer model*. Therefore, it is eligible to proceed to the next stage.

b. Inner Model Evaluation (structural measurement model)

The inner model evaluation includes the analysis of *R-squared* (R^2), *Q-squared* (Q^2) *Multicollinearity*, *F value*, and *Goodness of Fit (GoF)*. The *R-squared* (R^2) test aims to see the proportion of change in the dependent variable explained by the

independent variables. The first *R-square* value of 0.569 means that attitude towards zakat is 56.9% able to explain intention to pay zakat. The next *R-square* value of 0.528 implies that the zakat compliance behaviour can be explained by all independent variables by up to 52.8%. Both indicate moderate contribution in explaining dependent variable.

Table 6. R-Squared (R^2)

	<i>R-square</i>	<i>R-square Adjusted</i>
IN	0.569	0.564
ZC	0.528	0.518

Multicollinearity tests using PLS-SEM can be analyzed using *tolerance* value or *Variance Inflation Factor* (VIF). Garson (2016) mentions that if *tolerance* < 0.20 or *VIP* > 5, then a multicollinearity problem is detected. The results of the *variance inflation factor* above prove that the research model is free from *multicollinearity*.

Table 7. Variance Inflation Factor (VIF)

	<i>Intention</i>	<i>Zakat Compliance Behaviour</i>
AT	1,000	2,319
IN		2,319

F value is the basis of deciding whether the variable is suitable to be used in the research model or not. If the value of *F* has no significant value, then it will impact the hypothesis and the hypothesis will be rejected.

Table 8. F-Squared (F^2)

	<i>Original Sample</i>	<i>P-Values</i>
IN > ZC	0.791	0.039
AT > IN	1.319	0.004
AT > ZC	0.086	0.141

According to the results of the *F* test, only the variable of attitude towards zakat is unsuitable for predicting zakat compliance behaviour directly. It can be seen by *p-values* which are bigger than 0.05 as stated by Ghozali (2014). Therefore, it

can be concluded that the prediction of attitude towards zakat on zakat compliance behaviour is not suitable to be applied in this model. Nonetheless, the other variables have good predictive power.

The *Q-squared* (Q^2) test is used in analyzing how well the observation value is generated by the model. *Q-squared* values exceeding zero (0) have a good predictive relevance; conversely, if the *Q-squared* value is below zero, it demonstrates that the model has poor predictive relevance (Garson, 2016). The formula for calculating the value of Q^2 is as follows:

$$\begin{aligned} Q - squared &= 1 - (1 - R12)(1 - R22) \\ &= 1 - (1 - 0.569)(1 - 0.528) \\ &= 0.797 \end{aligned}$$

According to the results of these calculations, the model is assumed to have good predictive relevance as the value is greater than zero (0).

Goodness of Fit (*GoF*). Data analysis using PLS-SEM requires manual calculations to know the value of *GoF*. This is different from data analysis using CB-SEM. The formula for calculating the value of the Goodness of Fit is as follows:

$$GoF = \sqrt{AVE \times R^2}$$

Average Variance Extracted (*AVE*) in this study obtained from previous testing is 0.656. Furthermore, the average of R^2 is 0.549. After that, all values are calculated by formula above:

$$\begin{aligned} GoF &= \sqrt{AVE \times R^2} \\ &= \sqrt{0.656 \times 0.549} \\ &= 0.6 \end{aligned}$$

The *GoF* of 0.6 demonstrates that the model is fit as it exceeds 0.38 as stated by Tenenhaus (retrieved from Hussein, 2015).

RESULTS AND DISCUSSION

The hypothesis analysis in this study is obtained through the *bootstrapping method*. This method is part of PLS-SEM

analysis to estimate the standard error of regression paths and other model parameters. The results of the calculation are as follows:

Table 9. Path Coefficients

	<i>Orig. Sample</i>	<i>Sample Mean</i>	<i>SD</i>	<i>T Stat</i>	<i>P</i>
<i>AT > IN</i>	0.75	0.76	0.05	15.39	0.00
<i>AT > ZC</i>	-0.31	-0.30	0.11	2.89	0.00
<i>IN > ZC</i>	0.93	0.93	0.10	9.28	0.00

Intention to Pay Zakat and Zakat Compliance Behavior

According to the results of *path coefficients* shown in Table 9 above, it appears that the influence of intention in paying zakat on zakat compliance behaviour is significant at alpha value of 1%. Furthermore, the *direct effect* shows a positive value of 0.930. Hence, H1 can be accepted in this study. Based on the *original sample* result, if intention to pay zakat increases by 1 unit, zakat compliance behaviour will increase by 0.930 of a unit. This result supports the theory of TPB which states that intention is very important and becomes a basis for doing something as quoted by Ajzen (1991):

“Intentions are assumed to capture the motivational factors that influence a behaviour; they are indications of how hard people are willing to try, of how much of an effort they are planning to exert, in order to perform the behaviour” (Ajzen, 1991, pp. 181).

Intention to pay zakat is described as a Muslim's desire or eagerness to perform zakat at zakat institution. From the result, it can be interpreted that the higher a Muslim's intention is, the higher the zakat compliance behaviour will be. On the other hand, this result also supports empirical studies related to zakat compliance behaviour conducted by Saad & Haniffa (2014) and Saad et al. (2010). The reality of low zakat collection that have not been optimized in the city of Bandung is believed to have resulted from the low level of

Muslim compliance in paying zakat to zakat institutions. Furthermore, the lack of compliance to pay zakat to zakat institutions is caused by the lack of intention in paying zakat to zakat institutions.

Attitude towards Zakat and Intention to Pay Zakat

According to the output of *path coefficient*, attitude towards zakat has positive influence significantly on intention to pay zakat. Showing this is the parameter of the coefficient (or direct effect) which is 0.75 and significant at alpha value of 1% (*p-values* < 0.01) and thus H2 is accepted. The original sample of 0.75 explains that if the attitude towards zakat increases by 1 unit, intention to pay zakat will increase in a similar direction by 0.75 unit.

The hypothesis accepted in this study is in line with the TPB that is explained by Ajzen (1991). In the theory, it is stated that attitude is the main factor in determining intention to realize an action. Ajzen (1991) reveals that *“attitude towards behaviour refers to the degree to which a person has a favorable or unfavorable evaluation or appraisal of the behaviour in question”*. It means that attitude contributes significant role in deciding whether an action is good or not. Furthermore, Ajzen (1991) posits that *“the more favorable the link of attitude to behaviour, the stronger should be an individual's intention to perform the behaviour under consideration”*. In relation to this study, the more positive attitude towards zakat, the stronger the intention to pay zakat will be. Other than that, result of this study is supported by previous empirical studies such as those conducted by Saad et al. (2010), Huda et al. (2012), Heikal et al. (2014), Saad & Haniffa (2014) and Saad, Farouk & Abdul Kadir (2020).

In terms of zakat management in the city of Bandung, it can be concluded that one of the reasons why zakat funds remain low is due to the lack of Muslim intention

in paying zakat to zakat institutions. The lack of Muslim intention to pay zakat is caused by unfavorable attitude towards paying zakat to zakat institutions.

Attitude towards Zakat and Zakat Compliance Behavior

The result of *path coefficients* shows that attitude towards zakat influences zakat compliance behaviour and it is significant at alpha value of 1%. However, the direct effect relationship between these variables is negative of $-0,307$; therefore, H4 is rejected. The value of the direct effect explains that if attitude towards zakat increases by 1 unit, then zakat compliance behaviour will decrease by 0.31. This result is suitable with the *F* value showing insignificant *p-value* at 0.141.

This result supports the truth of the TPB theory which explains that the attitude does not have positive influence directly on behaviour, but attitude influences behaviour indirectly through a mediator variable that is the intention.

Empirical research conducted by Azman & Bidin (2015) and Saad et al. (2009) show different results where attitude has a positive influence significantly on zakat compliance behaviour. However, they did not use the TPB in their studies as the fundamental theory. The main difference in their studies is that they did not use the intention as the mediator variable. Consequently, it can be concluded that attitude towards zakat does not have a direct impact positively and significantly on zakat compliance behaviour when using the TPB. Conversely, attitude towards zakat has positive effect significantly on zakat compliance behaviour if the TPB is not applied. This conclusion is in line with study conducted by Abashah, et al. (2018).

Intention to Pay Zakat as a Mediator Variable

Accepting or rejecting the hypothesis of intention as a mediator variable depends on

an analysis using PLS-SEM data analysis, which must be applied to the indirect effect relationship. The results of testing indirect effects are as follows:

Table 10. Indirect Effect

	<i>Orig. Sample</i>	<i>Sample Mean</i>	<i>SD</i>	<i>T Stat</i>	<i>P</i>
<i>AT > ZC</i>	0.70	0.70	0.10	7.92	0.000

Based on the testing of *indirect effect* above, attitude towards zakat positively and significantly influences zakat compliance behaviour through the intention as a mediator variable at alpha value of 1% ($0.000 < 0.01$). The intention to pay zakat mediates the influence of attitude towards zakat on zakat compliance behaviour and thus, H3 is accepted. This result is in line with the TPB stating that attitude has positive influence on behaviour through intention. As a conclusion, attitude towards zakat indirectly influences zakat compliance behaviour through intention to pay zakat as the mediator.

Next, the intention to pay zakat could also be further analyzed to identify whether the positive influence is either full mediation or partial mediation. The following are several steps which should be taken to identify the level of mediation:

The first step is the testing of direct relationship of predictor variables to criterion variable. It is found that attitude towards zakat has positive influence directly on zakat compliance behaviour at alpha value of 1% with the condition that the intention is not related to zakat compliance behaviour. This result supports studies conducted Saad et al. (2010) in which attitude towards zakat has positive and significant influence directly on zakat compliance behaviour. Adversely, attitude towards zakat does not have direct influence on zakat compliance behaviour if applying the TPB.

Table 11. Path Coefficient without Mediator Variable

	Orig. Sample	Sample Mean	SD	T Stat	P
AT > IN	0.755	0.766	0.053	14.272	0.000
AT > ZC	0.396	0.418	0.098	4.043	0.000

The second step is to analyze whether the predictor influences the mediator, and the mediator has an influence on the criterion. Based on Table 9 above, it is known that the predictor (attitude towards zakat) has a positive and significant impact on mediator (intention to pay zakat) and the mediator has positive and significant influence on the criterion (zakat compliance behaviour). Hence, it can be concluded that intention to pay zakat mediates the positive influence of attitude towards zakat on zakat compliance behaviour.

Finally, the third step is to see whether the intention to pay zakat gives a perfect effect (full mediation) or partial effect (partial mediation). It can be tested using the results of *bootstrapping* of predictor, mediator, and criterion. From the test, it can be concluded that attitude towards zakat seems to have a negative influence on zakat compliance behaviour when the mediator (intention to pay zakat) is included in the model. Nevertheless, in the absence of the mediator in the model,

attitude towards zakat has positive and significant influence on zakat compliance behaviour. Without a direct positive effect of attitude towards zakat on zakat compliance behaviour, it can be interpreted that the intention of paying zakat has a perfect influence (full mediation).

Prediction for Best Structural Model

As presented above this study uses a data analysis tool, the PLS-SEM, which has the function of predicting whether it is suitable to be used in the research model. Based on previous test results, it can be concluded that zakat compliance behaviour is affected directly by intention to pay zakat, and intention of paying zakat is influenced directly by attitude towards zakat. Attitude towards zakat however does not positively influence zakat compliance behaviour directly but influences indirectly through intention of paying zakat. The results of the study completely follow and support the TPB. In order to generate the best model, this study must remove the direct relationship between attitude towards zakat and zakat compliance behaviour. The following is a model of study relying on the theory of planned behaviour:

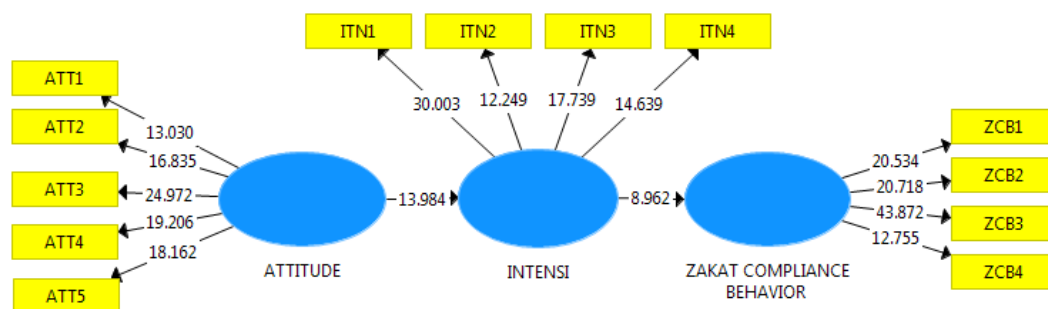


Figure 3. Prediction of best structural model

The main concern in this model is that attitude towards zakat does not directly influence zakat compliance behaviour but indirectly influences it through intention to pay zakat. The *bootstrapping* testing using PLS-SEM is shown in Table 12.

Table 12. Path Coefficient of best structural model

	Orig. Sample	Sample Mean	SD	T Stat	P
AT > IN	0.75	0.76	0.05	13.98	0.000
AT > IN > ZCB	0.53	0.53	0.070	7.60	0.000
IN > ZC	0.70	0.70	0.08	8.96	0.000

Table 12 above explains that the *Path coefficient* for predicting the influence of attitude towards zakat variable on intention of paying zakat is positive and

significant at alpha value of 1% with a *direct effect* of 0.75. Meanwhile the *Path coefficient* for predicting the relationship between the attitude towards zakat variable and the zakat compliance behaviour variable through the intention to pay zakat variable has a significant and positive influence at alpha value of 1% with *indirect effect* of 0.53. Finally, the *Path coefficient* for predicting the influence of intention in paying zakat on zakat compliance behaviour has a positive and significant impact at alpha value of 1% with *direct effect* of 0.70.

Table 13. *R-square* (R^2) for Best Structural Model

	R^2 (%)	<i>T</i> Statistic
<i>IN</i>	56.5	7.038**
<i>ZC</i>	48.8	4.540**

Note: **Significant for *p-values* < 0.01

Next, the results of *R-squared* values for predicting the best structural model are presented in Table 13 which indicates that the first R^2 is 56.5%. This means that change in intention of paying zakat is 56.5% explained by attitude towards zakat while 43.5% is explained by other variables outside of the study. While second R^2 of 48.8% means that zakat compliance behaviour can be explained by intention to pay zakat by 48.8% and the balance of 51.2% is explained by other variables outside of the study.

CONCLUSION

The main aim of this study was to examine factors predicting zakat compliance behaviour using attitude towards zakat and intention to pay zakat as independent variables. All the independent and mediating variables were hypothesized to see the positive and significant influence on the dependent variable. The model was framed according to the TPB that suggests zakat compliance behaviour is affected by intention and intention is affected by

attitude. However, the model results show that attitude does not directly influence zakat compliance behaviour, but it influences behaviour indirectly through intention as a mediating variable. Accordingly, the theoretical framework was decomposed with four hypotheses that were tested statistically employing the PLS-SEM, and three of the hypotheses were empirically supported. From a theoretical perspective, the findings and their implications reveal the suitability of the decomposed TPB in the zakat context (Ajzen, 1991). This is the first attempt to understand zakat compliance behaviour in Bandung, Indonesia. Therefore, it is expected that it will contribute original findings to the existing literature on zakat.

The outcomes of this study also assert that the attitude towards zakat influences people's intention to pay zakat. In line with the TPB, the intention to pay zakat stimulates people's compliance behaviour to pay zakat to zakat institutions. Hence, it is recommended for policy makers to pay more attention in policy formulation to the factors identified in the results such that zakat collections are optimized. zakat institution should increase their efforts to improve their image as an entity that manage the religious fund. Besides their efficient and hospitable services to the customer, they are expected to uphold integrity and best practice in collecting, distributing, utilizing the zakat funds. Moreover, by having proper governance and exercising transparent financial reporting, Muslims will have better perceptions over the zakat institution and hence, will instill their confidence to pay zakat to the zakat institutions.

Next, zakat institutions and the governments should encourage Muslims to pay zakat to zakat institutions. This can be done through promotions such as advertisement of the benefits the people can get from the institutions individually and the community in general. Among the benefits to the payer is zakat institutions

become the best and easiest medium for them to fulfill their zakat payment obligation, and for the poor it becomes their financial resources. Furthermore, the zakat institutions also should show how they successfully transform poor people become richer and thus, contribute to build better socio-economic conditions to the country.

Due to lack of research regarding zakat compliance behaviour in Indonesia, further research may be conducted on other variables such as perception of zakat law, service quality of zakat institutions, trust in zakat institutions and many more variables related to zakat compliance behaviour.

Research Limitation

The study limitation lies in the use of variables examined. In the theory of planned behaviour, there are four variables explaining behaviour. However, this study only employs two variables in explaining zakat compliance behaviour based on the TPB as grand theory. It is recommended for future study to conduct zakat compliance behaviour using other variables to make the study more comprehensive.

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