

The copyright © of this thesis belongs to its rightful author and/or other copyright owner. Copies can be accessed and downloaded for non-commercial or learning purposes without any charge and permission. The thesis cannot be reproduced or quoted as a whole without the permission from its rightful owner. No alteration or changes in format is allowed without permission from its rightful owner.



**DETERMINANTS OF EMPLOYEE COMPLIANCE
BEHAVIOR ON ZAKAT ON SAVINGS**



FARAH MASTURA NOOR AZMAN

UUM
Universiti Utara Malaysia

**DOCTOR OF PHILOSOPHY
UNIVERSITI UTARA MALAYSIA
NOVEMBER 2016**

**DETERMINANTS OF EMPLOYEE COMPLIANCE BEHAVIOR ON ZAKAT
ON SAVINGS**



**Thesis Submitted to
Tunku Puteri Intan Safinaz School of Accountancy,
Universiti Utara Malaysia,
in Fulfillment of the Requirement for the Degree of Doctor of Philosophy**



TUNKU PUTERI INTAN SAFINAZ
SCHOOL OF ACCOUNTANCY
COLLEGE OF BUSINESS
Universiti Utara Malaysia

PERAKUAN KERJA TESIS / DISERTASI
(Certification of thesis / dissertation)

Kami, yang bertandatangan, memperakukan bahawa
(We, the undersigned, certify that)

FARAH MASTURA BINTI NOOR AZMAN

calon untuk Ijazah

DOCTOR OF PHILOSOPHY

(candidate for the degree of)

DETERMINANTS OF EMPLOYEE COMPLIANCE BEHAVIOR ON ZAKAT ON SAVINGS

seperti yang tercatat di muka surat tajuk dan kulit tesis / disertasi.
(as it appears on the title page and front cover of the thesis / dissertation).

Bahawa tesis/disertasi tersebut boleh diterima dari segi bentuk serta kandungan dan meliputi bidang ilmu dengan memuaskan, sebagaimana yang ditunjukkan oleh calon dalam ujian lisan yang diadakan pada:
15 November 2016.

(That the said thesis/dissertation is acceptable in form and content and displays a satisfactory knowledge of the field of study as demonstrated by the candidate through an oral examination held on:

15 November 2016.

Pengerusi Viva
(Chairman for Viva)

: **Prof. Dr. Azhar Abdul Rahman**

Tandatangan
(Signature)

Pemeriksa Luar
(External Examiner)

: **Prof. Madya Dr. Abd. Halim Mohd. Noor**

Tandatangan
(Signature)

Pemeriksa Dalam
(Internal Examiner)

: **Prof. Madya Dr. Chek Derashid**

Tandatangan
(Signature)

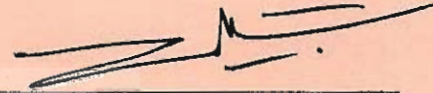
Tarikh: **15 November 2016**
(Date)

Nama Pelajar
(Name of Student) : Farah Mastura binti Noor Azman

Tajuk Tesis / Disertasi
(Title of the Thesis / Dissertation) : DETERMINANTS OF EMPLOYEE COMPLIANCE BEHAVIOR ON ZAKAT ON SAVINGS

Program Pengajian
(Programme of Study) : Doctor of Philosophy

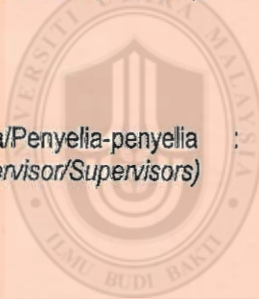
Nama Penyelia/Penyelia-penyelia
(Name of Supervisor/Supervisors) : Prof. Madya Dr. Zainol Bidin



Tandatangan

Nama Penyelia/Penyelia-penyelia
(Name of Supervisor/Supervisors) :

Tandatangan



UUM
Universiti Utara Malaysia

PERMISSION TO USE

In presenting this thesis in fulfillment of the requirements for a Post Graduate degree from the Universiti Utara Malaysia (UUM), I agree that the Library of this university may make it freely available for inspection. I further agree that permission for copying this thesis in any manner, in whole or in part, for scholarly purposes may be granted by my supervisor or in their absence, by the Dean of Tunku Puteri Intan Safinaz School of Accountancy where I did my thesis. It is understood that any copying or publication or use of this thesis or parts of it for financial gain shall not be allowed without my written permission. It is also understood that due recognition shall be given to me and to the UUM in any scholarly use which may be made of any material in my thesis.

Request for permission to copy or to make other use of materials in this thesis in whole or in part should be addressed to:

Dean of Tunku Puteri Intan Safinaz School of Accountancy
Universiti Utara Malaysia
06010 UUM Sintok
Kedah Darul Aman



UUM
Universiti Utara Malaysia

ABSTRACT

The role of zakat in improving the well-being of the Muslim society is undisputable. Despite its importance, zakat collection is still an issue in Malaysia. It is associated with the low level of compliance behavior among individual Muslims. In addition, most previous studies only focused on the zakat compliance behavior on employment income and business. One form of zakat that has received a lack of scholarly attention is zakat on savings. Due to this gap, this study investigated the determinants of the Muslim employee compliance behavior on zakat savings in Kedah. This study applied the Fischer model as the underlying framework in examining the zakat compliance behavior on savings. Several factors like individual, social, institutional, and economic were included and anticipated to influence zakat compliance behavior on savings in the framework. This study had three key objectives. The first objective was to determine the factors that influence zakat compliance behavior on savings. It also aimed at determining the factors that influence attitude toward zakat on savings. Finally, this study investigated the mediating effect of attitude between the exogenous variables (organizational religiosity, non-organizational religiosity, knowledge, reference group, perceived corporate credibility, tax rebate, and level of income) and the endogenous variable of zakat compliance behavior on savings. Data were collected from 280 public and private sector employees using self-administered questionnaires. The structural equation modeling was applied to test the research hypotheses. The findings revealed several factors that influence zakat compliance behavior on savings as well as attitude toward zakat compliance. The result also indicated that attitude toward zakat compliance mediated the relationship between reference group and perceived corporate credibility on zakat compliance behavior on savings. The implication for theory and zakat institutions is also discussed.

Keywords: zakat compliance behavior, zakat on savings, attitude, reference group, perceived corporate credibility

ABSTRAK

Peranan zakat dalam menambahbaik kesejahteraan masyarakat Muslim tidak dapat disangkal lagi. Walaupun ia penting, namun kutipan zakat masih menjadi isu di Malaysia. Ia dikaitkan dengan tahap gelagat kepatuhan yang rendah dalam kalangan individu Muslim. Di samping itu, kebanyakan kajian sebelumnya hanya tertumpu kepada gelagat kepatuhan zakat ke atas zakat pendapatan dan zakat perniagaan sahaja. Salah satu bentuk zakat yang kurang mendapat perhatian ilmiah ialah zakat simpanan. Ekoran daripada wujudnya jurang tersebut, maka kajian ini mengkaji penentu gelagat kepatuhan pekerja Muslim terhadap pembayaran zakat simpanan di Kedah. Kajian ini menggunakan model *Fischer* sebagai kerangka asas untuk mengkaji gelagat kepatuhan zakat simpanan. Beberapa faktor seperti individu, sosial, institusi, dan ekonomi dimasukkan dan dijangka mempengaruhi gelagat kepatuhan zakat simpanan dalam kerangka kajian. Kajian ini mempunyai tiga objektif utama, iaitu untuk menentukan faktor-faktor yang mempengaruhi gelagat kepatuhan zakat simpanan dan untuk menentukan faktor-faktor yang mempengaruhi sikap terhadap zakat simpanan. Objektif yang terakhir adalah untuk mengkaji kesan pengantara sikap antara pemboleh ubah eksogen (keagamaan organisasi, keagamaan bukan organisasi, pengetahuan, kumpulan rujukan, kredibiliti korporat ditanggap, rebat cukai, dan tahap pendapatan) dan pemboleh ubah endogen iaitu gelagat kepatuhan zakat simpanan. Data dikutip daripada 280 orang pekerja sektor awam dan swasta dengan menggunakan kaedah soal selidik yang ditadbir sendiri. Pemodelan persamaan berstruktur telah diaplikasi untuk menguji hipotesis kajian. Dapatan kajian mendedahkan beberapa faktor yang mempengaruhi gelagat kepatuhan zakat simpanan serta sikap terhadap kepatuhan zakat. Keputusan kajian juga menunjukkan bahawa sikap terhadap kepatuhan zakat mengantara hubungan antara kumpulan rujukan dan kredibiliti korporat ditanggap terhadap gelagat kepatuhan zakat simpanan. Implikasi terhadap teori dan institusi zakat juga turut dibincangkan.

Kata kunci: gelagat kepatuhan zakat, zakat simpanan, sikap, kumpulan rujukan, kredibiliti korporat ditanggap

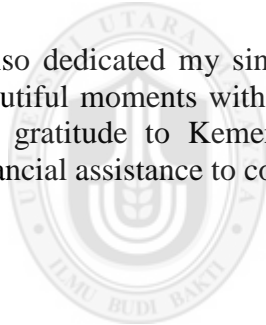
ACKNOWLEDGEMENT

In the name of Allah S.W.T, the Most Gracious and the Most Merciful. All praises are due to Allah and peace and blessings be upon Prophet Muhammad S.A.W. I am grateful to Almighty Allah for giving me the opportunity to complete this thesis.

My deepest appreciation goes to my supervisor, Assoc. Prof. Dr. Zainol Bidin, for his continuous motivation, guidance, and support. It has been a great pleasure to work with him because his constructive comments are a source of inspiration for me to improve my writing skills. A special thank also goes to Prof. Dr. Kamil Md Idris and Assoc. Prof. Dr. Chek Derashid for their valuable comments.

I am forever indebted and grateful to my father, Noor Azman Yusof, my mother, Ku Habibah Ku Saad, and all my siblings for their continuous support and help in this difficult journey. May Allah bless all of you. To my loved one, Abd Aziz Ahmad, and my daughter, Alya Amani, I am grateful for your endless support, motivation, and understanding. Thank you Allah for granting me a husband and a daughter, and for giving me the opportunity to be a student, a wife, and a mother. My perspective of the world has definitely changed for the better.

I also dedicated my sincerest appreciation to all my friends, who have shared the beautiful moments with me throughout this journey. Lastly, I wish to acknowledge my gratitude to Kementerian Pendidikan Tinggi Malaysia (MyBrain15) for the financial assistance to complete my study at Universiti Utara Malaysia.



UUM
Universiti Utara Malaysia

TABLE OF CONTENTS

	Page
TITLE PAGE	i
CERTIFICATION OF THESIS WORK	ii
PERMISSION TO USE	iv
ABSTRACT	v
ABSTRAK	vi
ACKNOWLEDGEMENT	vii
TABLE OF CONTENTS	viii
LIST OF TABLES	xiii
LIST OF FIGURES	xiv
LIST OF APPENDICES	xv
LIST OF ABBREVIATIONS	xiv
CHAPTER 1: INTRODUCTION	
1.0 Background of the study	1
1.1 Problem statement	9
1.2 Research questions	12
1.3 Research objectives	13
1.4 Scope of the study	13
1.5 Significance of the study	14
1.6 Assumptions of the study	17
1.7 Organization of the thesis	18
CHAPTER 2: ZAKAT ADMINISTRATION SYSTEM AND ZAKAT ON SAVINGS	
2.0 Introduction	19
2.1 History of zakat administration	20
2.2 The administration of zakat in Malaysia	21
2.3 The administration of zakat in Kedah	22
2.4 Savings behavior in Malaysia	23
2.5 Zakat compliance behavior on savings	25
2.6 Definition and calculation of zakat on savings	26
2.6.1 Definition of zakat on savings	27
2.6.2 Calculation of zakat on savings	29
2.7 Zakat on savings in others countries	32
2.8 Comparison of zakat and taxation	33
2.9 Chapter summary	34

CHAPTER 3: LITERATURE REVIEW

3.0 Introduction	35
3.1 Attitude from the perspective of Al-quran and hadith	36
3.2 The meaning of attitude	37
3.3 Cognitive theory	39
3.4 Sosial learning theory	40
3.5 Theory of planned behavior	40
3.5.1 Extended theory of planned behavior	41
3.6 Financial self interest model	43
3.7 Fischer model	46
3.8 Expanded Fischer model	47
3.9 The application of Fischer model in zakat compliance behavior	55
3.10 Zakat Compliance Behavior	58
3.11 Individual factors	59
3.11.1 Attitude	59
3.11.2 Religiosity	61
3.11.3 Knowledge	64
3.12 Social factor	66
3.12.1 Reference group	66
3.13 Institutional factor	68
3.13.1 Perceived corporate credibility	68
3.14 Economic factors	71
3.14.1 Tax rebate	71
3.14.2 Level of income	72
3.15 Direct effect of attitude	73
3.15.1 The relationship between religiosity and attitude	73
3.15.2 The relationship between knowledge and attitude	75
3.15.3 The relationship between reference group and attitude	77
3.15.4 The relationship between perceived corporate credibility and attitude	77
3.15.5 The relationship between tax rebate and attitude	78
3.15.6 The relationship between level of income and attitude	79
3.16 Mediating effect of attitude	80
3.16.1 The mediating effect of attitude between religiosity and compliance	81
3.16.2 The mediating effect of attitude between knowledge and compliance	82
3.16.3 The mediating effect of attitude between reference group and compliance	83
3.16.4 The mediating effect of attitude between perceived corporate credibility	84
3.16.5 The mediating effect of attitude between tax rebate and compliance	84
3.16.6 The mediating effect of attitude between level of income and compliance	85
3.17 Chapter summary	86

CHAPTER 4: METHODOLOGY

4.0 Introduction	88
4.1 Research framework	89
4.2 Hypotheses development	93
4.2.1 The relationship between attitude and compliance	93
4.2.2 The relationship between religiosity and compliance	94
4.2.3 The relationship between knowledge and compliance	95
4.2.4 The relationship between reference group and compliance	95
4.2.5 The relationship between perceived corporate credibility and compliance	96
4.2.6 The relationship between tax rebate and compliance	97
4.2.7 The relationship between level of income and compliance	98
4.2.8 Direct and indirect effect of attitude	99
4.2.8.1 The relationship between religiosity and attitude	99
4.2.8.2 The relationship between knowledge and attitude	100
4.2.8.3 The relationship between reference group and attitude	102
4.2.8.4 The relationship between perceived corporate credibility and attitude	103
4.2.8.5 The relationship between tax rebate and attitude	104
4.2.8.6 The relationship between level of income and attitude	105
4.3 Research design	106
4.4 Data collection	106
4.5 Population and sampling	107
4.5.1 Population	107
4.5.2 Sample size	111
4.5.3 Sampling technique	112
4.5.4 Sampling procedure	113
4.5.5 Data collection procedure	114
4.6 Operational definition and measurement	114
4.6.1 Dependent variable	115
4.6.1.1 Zakat compliance behavior on savings	115
4.6.2 Independent variables	115
4.6.2.1 Attitude	115
4.6.2.2 Religiosity	116
4.6.2.3 Knowledge	117
4.6.2.4 Reference group	118
4.6.2.5 Perceived corporate credibility	119
4.6.2.6 Tax rebate	120
4.6.2.7 Level of income	121
4.7 Technique of data Analysis	121
4.7.1 Descriptive analysis	122
4.7.2 PLS path modelling	122
4.7.3 Mediation procedure using SmartPLS	123
4.8 Pilot test	125
4.8.1 Reliability analysis	125
4.8.2 Factor analysis	126
4.8.3 Result of pilot study	127
4.9 Chapter summary	130

CHAPTER 5: FINDINGS

5.0 Introduction	131
5.1 Response rate	132
5.2 Descriptive analysis	132
5.2.1 Data screening	132
5.2.1.1 Missing values	133
5.2.1.2 Outliers	134
5.2.2 Demographic profile	135
5.2.3 Cross-tabs on public and private sectors of respondents	137
5.2.4 Research variables	139
5.3 Non-response bias	143
5.4 Homogeneity of variance of participants	145
5.5 Common method variance test	146
5.6 Multivariate assumptions	147
5.6.1 Normality	147
5.6.2 Multicollinearity	149
5.7 Assessment of PLS-SEM path model results	151
5.8 Assessment of measurement model	151
5.8.1 Indicator reliability	152
5.8.2 Internal consistency reliability	155
5.8.3 Convergent validity	155
5.8.4 Discriminant validity	156
5.9 Assessment of the structural model	158
5.9.1 Result of direct effect on zakat compliance behavior on savings	160
5.9.1.1 The relationship between attitude and zakat compliance behavior on savings	161
5.9.1.2 The relationship between religiosity and zakat compliance behavior on savings	161
5.9.1.3 The relationship between knowledge and zakat compliance behavior on savings	161
5.9.1.4 The relationship between reference group and zakat compliance behavior on savings	162
5.9.1.5 The relationship between perceived corporate credibility and zakat compliance behavior on savings	162
5.9.1.6 The relationship between tax rebate and zakat compliance behavior on savings	162
5.9.1.7 The relationship between level of income and zakat compliance behavior on savings	163
5.9.2 Direct relationship on attitude toward zakat on savings	163
5.9.2.1 The relationship between religiosity and attitude toward zakat on savings	164
5.9.2.2 The relationship between knowledge and attitude toward zakat on savings	165
5.9.2.3 The relationship between reference group and attitude toward zakat on saving	165
5.9.2.4 The relationship between perceived corporate credibility and attitude toward zakat on savings	166
5.9.2.5 The relationship between tax rebate and attitude toward zakat on savings	166

5.9.2.6 The relationship between level of income and attitude toward zakat on savings	166
5.9.3 Mediating effect of attitude	167
5.9.4 Assessment of variance explained	170
5.9.5 Assessment of effect size (f^2)	171
5.9.6 Assessment of predictive relevance (Q^2)	173
5.10 Importance performance matrix analysis	174
5.11 Chapter summary	177
CHAPTER 6: DISCUSSION	
6.0 Introduction	178
6.1 Overview of the research	178
6.2 Research objectives and result	180
6.2.1 Direct relationship on zakat compliance behavior on savings	180
6.2.1.1 Attitude toward zakat compliance behavior on savings	181
6.2.1.2 Organizational religiosity and non-organizational religiosity	181
6.2.1.3 Knowledge	183
6.2.1.4 Reference group	184
6.2.1.5 Perceived corporate credibility	185
6.2.1.6 Tax rebate	186
6.2.1.7 Level of income	187
6.2.2 Direct relationship on attitude toward zakat compliance behavior on savings	188
6.2.2.1 Organizational religiosity and non-organizational religiosity	188
6.2.2.2 Knowledge	190
6.2.2.3 Reference group	191
6.2.2.4 Perceived corporate credibility	192
6.2.2.5 Tax rebate	193
6.2.2.6 Level of income	194
6.2.3 Mediating effect of attitude	194
6.3 The application of Fischer model in zakat compliance behavior	196
6.4 The implications for zakat institutions	199
6.4.1 Attitude toward zakat on savings	199
6.4.2 Non-organizational religiosity	201
6.4.3 Knowledge	202
6.4.4 Reference group	204
6.4.5 Perceived corporate credibility	206
6.4.6 Tax rebate	209
6.5 The implications for methodological	209
6.6 Recommendations for future research	210
6.7 Conclusion	211
REFERENCES	213

LIST OF TABLES

Table 1.1 Types of zakat collection and its amount from 2012-2014	4
Table 2.1 Zakat calculation for amount of money not fixed	30
Table 2.2 Zakat calculation for fixed deposit	31
Table 2.3 Zakat calculation for savings in more than one account	31
Table 4.1 Statistics of zakat collection on savings	108
Table 4.2 Result of reliability analysis (n = 55)	128
Table 4.3 Result of factor analysis	129
Table 5.1 Demographic profile of participants (n=280)	136
Table 5.2 Cross-tabs between public and private sectors employees with gender, age, academic qualification and monthly gross income (n= 280)	138
Table 5.3 Result of minimum, maximum, mean and standard deviation	140
Table 5.4 Result of T-test for non-response bias	144
Table 5.5 Result of T-test for sector of employment on zakat compliance behavior on savings	145
Table 5.6 Correlation matrix of latent variables	150
Table 5.7 Values of tolerance and VIF	151
Table 5.8 Loadings, Cronbach's alpha, composite reliability and average variance extracted	154
Table 5.9 Correlations among latent variable and square roots of average variance extracted	156
Table 5.10 Cross loading for each latent variable	157
Table 5.11 Result of direct relationship on zakat compliance behavior on savings	160
Table 5.12 Result of direct relationship on attitude toward zakat on savings	164
Table 5.13 Result of exogenous and endogenous variables without mediator variable (First step)	168
Table 5.14 Result of indirect relationship with the mediator variable (Second step)	169
Table 5.15 Result of mediation effect of attitude for reference group and perceived corporate credibility	170
Table 5.16 Average variance explained for endogenous variables	171
Table 5.17 Effect size of attitude toward zakat on savings and zakat compliance behavior on savings	172
Table 5.18 Results of cross-validated redundancy for endogenous variables	173
Table 5.19 IPMA value of zakat compliance behavior on savings	175
Table 5.20 IPMA value of attitude toward zakat on savings	177

LIST OF FIGURES

Figure 3.1 Theory of planned behavior	41
Figure 3.2 Financial self interest model	43
Figure 3.3 Fischer model of tax compliance behavior	47
Figure 3.4 Expanded model of taxpayer compliance	48
Figure 3.5 Mahamad's model of tax compliance	49
Figure 3.6 Taxpayer compliance attitude	50
Figure 3.7 Significant structural model of United States and Hong Kong	51
Figure 3.8 Chau and Leung's model of tax compliance	52
Figure 3.9 Alabede's model of tax compliance	53
Figure 3.10 Wan Mazlan's model of tax non-compliance	54
Figure 4.1 Proposed research model	92
Figure 5.1 Normal probability plot between attitude and zakat compliance behavior on savings	148
Figure 5.2 Measurement model of zakat compliance behavior on savings	153
Figure 5.3 Full structural model of zakat compliance behavior on savings	159
Figure 5.4 IPMA representation of zakat compliance behavior on savings	175
Figure 5.5 IPMA representation of attitude toward zakat on savings	176
Figure 6.1 Final model of zakat compliance behavior on savings	198



LIST OF APPENDICES

Appendix A	List of Organizations Involved	237
Appendix B	Questionnaire	238
Appendix C	Result of Pilot Test	253
Appendix D	Normal Probability Plot	272
Appendix E	Skewness and Kurtosis	278



LIST OF ABBREVIATIONS

AVE	Average Variance Extracted
EPF	Employee Provident Fund
IPMA	Importance Performance Matrix Analysis
IRBM	Inland Revenue Board of Malaysia
JAWHAR	Jabatan Wakaf, Zakat and Haji
KMO	Kaiser Meyer Olkin
MTD	Monthly Tax Deduction
PLS-SEM	Partial Least Square Structural Equation Modeling
PPZ-MAIWP	Pusat Pungutan Zakat Majlis Agama Islam Wilayah Persekutuan
SIRCS	State Islamic Religious Council
SmartPLS	Smart Partial Least Square
SPSS	Statistical Package for Social Sciences
TPB	Theory of Planned Behavior
TRA	Theory of Reasoned Action
UAE	United Arab Emirates
VIF	Variance Inflation Factor



UUM
Universiti Utara Malaysia

CHAPTER 1

INTRODUCTION

1.0 Background of the study

Zakat is one of the pillars of Islam. Every Muslim has the obligation to fulfill the responsibility to Allah. The purpose of paying zakat is to purify the wealth of an eligible Muslim. The word of zakat (taking alms) is consistently mentioned in the Quran. For example, verse 103 of surah at-Taubah says, “Of their goods take alms, that so thou mightest purify and sanctify them; and pray on their behalf. Verily thy prayers are a source of security for them: and Allah is One Who heareth and knoweth” (Ali, 1994, p.183). This Quranic verse clearly shows the emphasis Islam put on zakat obligation.

As a form of worship, zakat purifies the soul and the wealth of zakat payers. An individual who pays zakat consciously helps others who are in needs. Zakat can reduce the gap between the rich and the poor. It generates income for the community and increases its purchasing power. Consequently, zakat can be an important source of income for improving the socio-economic status of Muslims. As zakat has been said to be one of the factors that contribute to the economic growth of a country (Mohammed, 2011), it is, therefore, important to increase zakat collection. The

important role zakat plays also reflected in the establishment of a specific institution responsible for collecting and managing the zakat collection, which is the State Islamic Religious Council (SIRCs). The current study attempts to help the zakat agencies and the government in finding ways to devise strategies to increase the collection of zakat in Malaysia.

Over the years, there has been an increase in the zakat collection in Malaysia. For example, Pusat Pungutan Zakat-Majlis Agama Islam Wilayah Persekutuan (PPZ-MAIWP) managed to collect RM484.63 million from 128,061 zakat payers on zakat on wealth in 2013, an increase from RM402.81 from 114,412 zakat payers in 2012. The zakat collection on wealth rose by 20 percent and the number of zakat payers also increased between 2012 and 2013 (Majlis Agama Islam Wilayah Persekutuan, 2014). As a center of zakat collection and distribution, zakat institutions plays a major role in encouraging zakat payers to fulfill their religious obligation.

Zakat payment has to be made to eligible *amil* or directly to the zakat institutions based on standard guidelines and procedures. The law of zakat in Kedah 1374H (1955M) section 9 states that it is illegal for people who are not authorized to collect and distribute zakat to any party in the state. Those who are found guilty will receive a fine or go to jail. Majlis Fatwa Kebangsaan also unanimously agrees that no one individual is not allowed to distribute zakat on his own: only the appointed institutions have the legitimate right to do so (Jawatankuasa Fatwa Majlis Kebangsaan, 2006). Therefore, if zakat payers comply with the ruling, the zakat collection reported will be higher than the estimated zakat collection in the future.

Zakat can be paid on employment income, business, savings, crops and agriculture, gold and silver, and natural resources. Table 1.1 shows all types of zakat collection and its amount by the state in Malaysia. Although zakat collection is reported to be increasing every year, more will be collected if Muslims fulfill their religious obligation.



Table 1.1
Types of zakat collection and its amount from 2012-2014

YEAR / STATE	EMPLOYMENT INCOME (RM)			BUSINESS (RM)			SAVINGS (RM)		
	2012	2013	2014	2012	2013	2014	2012	2013	2014
Wilayah Persekutuan	264,814,612	318,789,659	369,796,560	74,424,879	97,161,344	86,168,015	20,473,912	23,377,180	24,833,184
Selangor	260,788,288	308,984,578	350,144,739	84,925,124	92,713,771	108,015,978	30,479,991	33,957,712	34,056,383
Perlis	ND	ND	ND	ND	ND	ND	ND	ND	ND
Kedah	60,761,209	63,272,098	78,895,163	19,667,204	29,655,033	24,828,054	8,103,444	8,944,101	9,660,772
Pulau Pinang	37,586,503	43,015,680	48,361,763	22,013,838	23,123,734	17,694,358	6,835,869	7,539,628	8,173,337
Perak	20,933,974	ND	33,899,020	42,849,314	40,015,127	33,780,739	21,507,547	ND	25,105,301
Kelantan	62,670,497	74,162,999	91,886,186	23,836,432	30,660,740	23,429,611	7,124,967	8,506,360	8,454,044
Terengganu	42,531,695	59,902,206	56,281,832	32,165,127	33,663,087	28,555,697	19,182,993	20,473,511	20,694,038
Pahang	37,889,441	42,342,052	48,500,334	48,699,222	51,513,979	38,407,924	9,365,458	10,253,202	11,021,306
Negeri Sembilan	32,037,331	37,060,672	46,601,847	12,286,550	18,359,391	16,408,885	12,498,887	14,259,608	15,279,144
Johor	51,618,948	66,018,261	85,094,462	59,649,645	59,100,538	62,485,297	44,377,602	57,752,173	46,527,898
Melaka	20,852,866	25,052,219	30,427,272	8,698,025	13,147,568	11,113,063	9,053,883	9,682,386	11,049,698
Sabah	15,449,999	19,530,396	24,957,430	23,031,666	18,297,037	15,735,912	2,196,329	2,744,711	3,040,869
Sarawak	31,814,281	38,995,327	43,744,605	9,246,329	20,654,469	12,507,908	3,950,379	4,006,826	4,543,627

Table 1.1 (Continued)

YEAR / STATE	SHARES (RM)			EMPLOYEES PROVIDENT FUND (RM)			GOLD AND SILVER (RM)		
	2012	2013	2014	2012	2013	2014	2012	2013	2014
Wilayah Persekutuan	1,308,424	1,483,083	1,509,197	3,652,853	3,763,591	3,734,646	1,486,581	1,679,873	1,806,894
Selangor	7,783,423	9,714,550	10,785,562	7,759,884	7,927,337	9,112,087	2,122,444	2,413,994	2,433,929
Perlis	ND	ND	ND	ND	ND	ND	ND	ND	ND
Kedah	254,098	243,907	251,187	824,916	809,613	894,818	594,212	744,026	729,269
Pulau Pinang	197,130	223,286	242,123	1,223,430	1,389,665	1,482,912	627,391	654,499	733,858
Perak	253,338	ND	363,857	2,035,902	ND	2,490,529	598,319	ND	547,922
Kelantan	357,206	369,230	304,753	ND	ND	ND	396,123	499,098	526,676
Terengganu	ND	ND	ND	ND	ND	ND	644,066	769,381	804,793
Pahang	218,015	241,957	324,658	ND	ND	ND	486,822	541,455	520,592
Negeri Sembilan	324,311	419,165	458,453	1,652,945	1,859,216	1,921,051	493,820	535,087	563,443
Johor	583,656	539,467	617,512	ND	ND	ND	724,963	806,727	867,537
Melaka	1,026,883	1,208,161	1,458,249	ND	ND	ND	465,310	528,325	515,387
Sabah	35,511	95,005	114,696	ND	ND	ND	195,882	252,795	274,217
Sarawak	727,885	645,943	833,361	195,344	243,521	240,328	145,811	144,142	186,320

Table 1.1 (Continued)

YEAR / STATE	CROPS AND AGRICULTURE (RM)			OTHERS COLLECTION (RM)		
	2012	2013	2014	2012	2013	2014
Wilayah Persekutuan	15,024	ND	ND	44,013,510	38,377,299	45,066,565
Selangor	2,624,444	2,896,746	2,734,137	35,991,556	39,155,226	44,273,298
Perlis	ND	ND	ND	ND	ND	ND
Kedah	4,106,142	4,483,766	5,226,747	5,257,326	45,346	616,651
Pulau Pinang	315,777	373,315	374,986	4,518,620	4,456,342	6,490,456
Perak	1,989,705	3,247,608	2,422,501	2,584	ND	7,817,452
Kelantan	565,488	359,254	551,464	10,324,776	11,598,627	62,212
Terengganu	513,528	458,728	628,425	6,310,032	6,802,829	7,173,819
Pahang	269,823	248,656	332,688	5,947,054	4,099,224	3,496,812
Negeri Sembilan	161,507	203,230	177,963	1,863,493	2,067,216	2,600,218
Johor	321,904	299,245	323,015	2,552	16,771	5420
Melaka	127,449	146,276	148,474	474,940	ND	ND
Sabah	36,471	42,213	29,394	ND	ND	ND
Sarawak	12,632	5,632	5741	249,609	373,393	313,756

Note. ND = No data

Source: Jabatan wakaf zakat dan haji (2015) ; PPZ-MAIWP (2012, 2013, 2014)

Of the zakat collection, zakat on savings is reported to be the third highest after zakat on employment income and zakat on business in every state (refer to Table 1.1). It shows that the collection of zakat on savings is important to help the country in the economic development. Many people are reported to save their money in savings, fixed deposit, and current saving accounts. Thus, there is a potential to increase zakat collection on savings if the factors that encourage zakat compliance behavior on savings are understood.

According to the Economic Planning Unit (2012), poverty is still a national issue in Malaysia. Between 2007 and 2009, poverty rose from 3.6% to 3.8%, but it dropped to 1.7% in the year 2012. Even though poverty seems to be in a decline, the media occasionally reports cases of people who are poor financially, such as a case of a poor single mother who is raising her eight children, aged between 2 and 19 (Syamilah, 2013). Cases like these indicate the need for zakat institutions to receive more zakat collection to help those in need. Effective zakat collection will alleviate poverty in the country and reduce the gap between the rich and the poor (Mohd Rodzi, Roshaliza, & Mohd Nazli, 2013).

Three technical aspects of zakat on savings that should be considered. The first aspect is the way the payment of zakat on savings is made. If fulfilled the requirement, many employees pay zakat on employment income through a monthly salary deduction scheme. As a result, the zakat collection on employment income is higher. It is difference from zakat on savings and others zakat collection because it is being made voluntarily to the zakat institutions. If the eligible Muslims do not aware

about their responsibility of paying zakat on savings, they might not fulfilled the obligation of paying zakat on savings.

The second aspect is related to the source of zakat. While the source of zakat on employment income is fixed, the sources of income for zakat on business and zakat on savings are not fixed. Zakat on business should be paid only when the business generates a profit. Zakat paid for the business might be higher or lower during the year depending on the profit and loss. In the context of zakat on savings, the sources of income may come from the salary received every month, business income, a gift, dividend income and so on. Although the sources of income are the same which is not fixed, but the environment of zakat on the business and zakat on savings is difference. This is because individual who are paying zakat on business only come from the group of people who are involved in business, while individuals who are fulfilled the requirement in paying zakat on savings is coming from different types of background like employment, business, farmers, retired person and so on. Therefore, the factors that influence zakat payment on savings are likely to be different from those that determine zakat payment on business.

The third aspect relates to the calculation of zakat on savings. The calculation of zakat on savings in Kedah is based on the ending balance reported in an account. Individuals who wish not to pay the zakat on savings will withdraw their money towards the end of the year so that the amount is less than the *nisab* required. Therefore, if the factors that influence zakat compliance on savings could be understood, zakat institutions can develop effective strategies to increase zakat collection on savings.

1.1 Problem statement

Advanced technology has allowed zakat institutions to enhance zakat payment facilities. Zakat can now be paid via the post office, scheduled zakat deduction, internet banking, moveable counter, etc. Despite these available facilities, the amount received is still not satisfactory (Kahf, 1999). The statistic reported by Jabatan Wakaf, Zakat and Haji (JAWHAR) indicate that the total zakat collection in Malaysia was RM2 billion in 2014, but the collection was still low compared to the number of individuals who are eligible to pay zakat (Jabatan Kemajuan Islam Malaysia, 2014). The poor collection of zakat may be explained by the low zakat compliance behavior among Muslims (Huda, Rini, Mardoni, & Putra, 2012; Kamil, 2002; Mohd Ali, Hairunnizam, & Nor Ghani, 2004; Nur Barizah & Hafiz Majdi, 2010; Zainol, 2008). For instance, only 35% of the respondents working with the federal government were found to pay zakat on employment income in Kedah (Kamil, 2002). This issue also occurred in zakat on business when previous study also emphasizes that zakat institution facing difficulties to increase zakat collection on business (Mohamad Noor Sahidi, 2013). Only a small percentage of Muslim companies in Malaysia registered with the Companies Commission of Malaysia were observed to have paid zakat on business (Mohd Rahim, Ariffin, & Abd Samad, 2011). In Pulau Pinang, only 4.49% Muslims contractors paid zakat (Ahmad Radzuan, 2009). It was also reported in the news that only 27% of 3954 companies paid zakat on business in Kuala Lumpur, Putrajaya, and Labuan ("Hanya 27% syarikat tunai zakat," 2009).

Generally speaking, the low collection of zakat is not confined to a specific type of zakat. For example, low compliance behavior was also reported for zakat on savings.

Previous research found that 56.1% of the respondents working at federal and state government in Kedah paid zakat on savings (Farah Mastura & Zainol, 2013). Besides that, only 35% of the respondents working as lecturers at a matriculation center in Kedah complied with zakat payment on savings (Nurul Farida, 2014). In 2014, the collection of zakat in Kedah was RM9,660,772 (PPZ-MAIWP, 2014), which is considered low because of the low compliance behavior of Muslims in Kedah. Even though the amount of zakat collection on savings was reported to be increasing every year, but previous empirical evidences related to zakat on savings found that the estimated collection by zakat institutions and the reported amount still cannot be achieved.

Past research on low compliance with zakat payment on savings is available. However, the research focused on a limited group of the population, such as those working at Universiti Utara Malaysia (Zainol, Mohd Zainudin, & Farah Mastura, 2013) and at federal and state government (Farah Mastura & Zainol, 2013) in Kedah. These two studies used the theory of planned behavior to examine the factors that influence zakat compliance on savings. However, other factors (besides those related to the theory of planned behavior) should be considered, and the population should be broadened to increase the external validity of the findings. Furthermore, the environment for zakat on savings is difference from others zakat on wealth in terms of the way the payment is made, source of zakat and calculations of zakat on savings. Most past research tended to concentrate on zakat on employment income (Mohd Ali et al., 2004; Nur Barizah & Hafiz Majdi, 2010; Raedah, Noormala, & Marziana, 2011; Zainol, Kamil, & Faridahwati, 2009) and zakat on business (Heikal, Khaddafi, & Falahuddin, 2014; Kamil, Zainol, & Ram Al Jaffri, 2012; Mohd Rahim et al.,

2011). However, limited study is available to explain the phenomenon why zakat collection on savings is still unsatisfactory. The factors that influence zakat compliance on savings could also be difference from others zakat on wealth. Hence, this present study investigated other factors that influence zakat compliance behavior on savings among a wider population (public and private organizations in Kedah) since it was at the early stage of study.

This current study applied the Fischer model in investigating zakat compliance behavior on savings. The Fischer model was developed by Fischer, Wartick, and Mark (1992) to explain about tax compliance. It was widely applied in tax compliance literature with some modifications to expand the model (Alabede, Zaimah, & Kamil, 2011; Chan, Troutman, & O' Bryan, 2000; Chau & Leung, 2009; Hajah Mustafa, 1996; Mahamad, 1998; Nor Aziah, Hasseldine, & Hodges, 2005; Wan Mazlan, 2015). It is also possible to apply the theory to zakat compliance literature. This is because the tax and zakat compliance environment are similar, especially in terms of the collection and utilization of the funds. The Fischer model has also been used to investigate individual compliance behavior (Alabede et al., 2011; Chan et al., 2000; Hajah Mustafa, 1996; Mahamad, 1998; Nor Aziah et al., 2005). However, as far as the researcher is concerned, to date, no studies have applied the Fischer model in the context of zakat on savings. Besides, research that looked at the direct relationship on attitude and its role as a mediator either in tax or zakat environment is scarce. Previous studies only considered the direct relationship between attitude and zakat compliance behavior (Heikal et al., 2014; Huda et al., 2012; Ram Al Jaffri, Kamil, & Zainol, 2009; Zainol et al., 2009). Therefore, this study investigated the factors that influence zakat compliance behavior on savings,

attitude toward zakat on savings and the role of attitude as the mediator by applying the Fischer model as the underlying conceptual framework.

1.2 Research questions

The key focus of this study was to understand compliance behavior of zakat on savings among Muslim employees at public and private organizations in Kedah. The present study will answer the following questions:

- 1) What are the factors influence zakat compliance behavior on savings among public and private sector employees?
- 2) What are the factors influence attitude toward zakat compliance behavior on savings among public and private sector employees?
- 3) Does attitude mediate the relationship between:
 - a) Religiosity and zakat compliance behavior on savings?
 - b) Knowledge and zakat compliance behavior on savings?
 - c) Reference group and zakat compliance behavior on savings?
 - d) Perceived corporate credibility and zakat compliance behavior on savings?
 - e) Tax rebate and zakat compliance behavior on savings?
 - f) Level of income and zakat compliance behavior on savings?

1.3 Research objectives

Based on the research questions stated above, the objective of this study are:

- 1) To determine the factors that influence zakat compliance behavior on savings among public and private sector employees.
- 2) To determine the factors that influence attitude toward zakat compliance behavior on savings among public and private sector employees.
- 3) To investigate whether attitude mediates the relationship between:
 - a) Religiosity and zakat compliance behavior on savings.
 - b) Knowledge and zakat compliance behavior on savings.
 - c) Reference group and zakat compliance behavior on savings.
 - d) Perceived corporate credibility and zakat compliance behavior on savings.
 - e) Tax rebate and zakat compliance behavior on savings.
 - f) Level of income and zakat compliance behavior on savings.

1.4 Scope of the study

The purpose of this study was to determine the factors of zakat compliance behavior on savings among Muslim employees in Kedah. The population involved in this study was all Muslims employee working at public and private sectors organizations and unit of analysis was individual. Besides, the sample only involved the group of employees who are subject to Monthly Tax deduction (MTD) since the amount imposed on individuals to pay tax higher than the nisab to pay zakat on savings in a year. Thus, they are the high potential of zakat payers. A detailed explanation for only choosing this target group and Kedah as the place of study is offered in Chapter 4 (section 4.5.1). The period of data collection started from early January 2015 until early March 2015.

1.5 Significance of the study

The present study contributes to zakat literature in three ways. The first are theoretical contributions. To date, studies on zakat compliance behavior on savings are limited. Most studies focused on zakat compliance behavior on employment income and business only. The key difference in zakat on savings and other forms of zakat is the source of income. For the former, sources of savings are numerous, such money in current accounts, fixed deposit, saving account, and unit trusts (e.g., Amanah Saham Bumiputra, Amanah Saham Nasional, etc.) that will be added together for calculating the zakat. Other sources include savings from an extra of the monthly salary, bonuses, royalties, etc. For zakat on employment income and zakat on business, the sources are come originally from the monthly salary and the business income, respectively. Therefore, this current study examines the factors that influence zakat compliance behavior on savings among employees who are working at the public and private sectors.

Moreover, previous studies only focused on the behavioural intention of zakat on savings because it was assumed that intention could lead to actual behavior (Farah Mastura & Zainol, 2013, Zainol et al., 2013). Limited research, especially in the context of zakat on savings, considered actual behavior. Therefore, this study filled the gap by examining the actual behavior of zakat compliance behavior on savings.

Previous studies on zakat compliance tended to use psychological and behavioral theory like theory of planned behavior (Huda et al., 2012; Raedah et al., 2011; Zainol, 2008) and theory of maximum expected utility (Mohd Rahim et al., 2011; Sanep, Nor Ghani, & Zulkiffli, 2011). Studies that considered the Fischer model as

the underlying framework are hard to be found. By applying the Fischer model, this study looked at other variables purported to influence zakat on savings, such as religiosity, knowledge, perceived corporate credibility, tax rebate, and level of income.

In this context, the present study extends the Fischer model by including additional variables of religiosity and perceived corporate credibility. The next contribution of this study is the inclusion of attitude as a mediating variable, which was not widely considered in the context of tax and zakat environment. Previous study tested the mediating effect of attitude on subjective norms and intention to pay zakat on employment income (Zainol et al., 2009). In contrast, there is limited research that considered this mediator effect in the context of zakat on savings. Moreover, this present study also investigates the mediating effect of attitude between religiosity, knowledge, reference group, perceived corporate credibility, tax rebate, level of income and zakat compliance behavior on savings. Thus, this present study examines the mediating effect of attitude by using Fischer model in the context of zakat on savings.

The study also makes practical contributions in that the findings can be used by the zakat institutions to devise relevant strategies to improve the level of zakat compliance. For example, the result of descriptive statistics which is mean score on perceived corporate credibility informs either zakat payers perceived positively or negatively on the credibility of zakat institutions in managing zakat funds. The significant relationship between the independent and dependent variables will also

help the institutions on what factors that need to be emphasized in their zakat collection strategy.

Besides, the study can help zakat institutions to increase the level of awareness among Muslim employees by understanding the factors that influence zakat compliance behavior on savings and knowing the level of knowledge related to zakat on savings. Zakat institutions can plan the strategy to make aggressive promotion and educate zakat payers in complying with the payment of zakat on savings. Abdul Hakim Amir Osman, who is a Senior Operation Manager PPZ-MAIWP also mentioning that there is low public awareness on zakat on savings (Kepentingan bayar zakat, 2011). It shows that the end result of this study is essential for zakat institution in knowing the right ways to attract more zakat payers in paying zakat on savings.

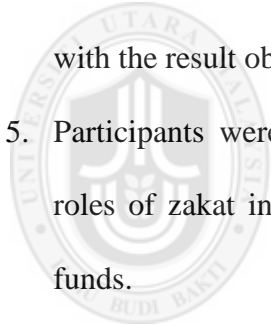
It is also hoped that the finding of this study will stir academic interest and discussion and encourage more research works in the future.

Lastly, the study makes methodological contributions to test the applicability of Fischer model by using Partial least square structural equation modeling (PLS-SEM) as the statistical tool to analyze the data in the context of zakat compliance behavior. As far as the researcher concern, previous studies that applied the Fischer model in the tax compliance behavior only used SPSS in analyzing the data. Hence, it is hoped that the PLS-SEM results can confirm the applicability of the Fischer model that only tested for the individual Muslims.

1.6 Assumptions of the study

This present study was based on the following assumptions:

1. The sample was assumed to be sufficient to represent the population. The population was individual Muslim employees working at public sector organizations, such as the federal government, state government, statutory bodies, and private sectors organizations.
2. The population was assumed to be homogeneous across the organizations. The sample was individual Muslim employees who made a monthly tax deduction (MTD).
3. Participants took part in the study voluntarily.
4. The result of reliability and validity is assumed to be approximately similar with the result obtained in the pilot study.
5. Participants were assumed to have an understanding of the functions and roles of zakat institutions in Kedah in collecting and distributing the zakat funds.



UUM
Universiti Utara Malaysia

1.7 Organization of the thesis

This thesis comprises six chapters. The first chapter introduced the background of the study by explaining the context of the study. Then, the key gaps in the literature were identified, followed by the research questions and research objectives. Next, the next section described the theoretical and practical contributions of the study while the last section explained the assumptions and limitations related to this study.

Subsequently, chapter two discusses the background of zakat administration in Malaysia and explains specifically the context of the study related to zakat on savings. Chapter three reviews the relevant literature and discusses the supporting theories and main theory used. Then, chapter four explains the research methodology employed. This chapter starts with the formulation of the research framework, hypothesis development, sampling, and data collection procedure. This study also elaborates the technique of data analysis and the result of a pilot test. Next, chapter five presents in detail the findings of this study. Lastly, chapter six discusses the results and the implications for zakat institutions. It also offers recommendations for future research. The limitations of the study are also highlighted in this chapter.

CHAPTER 2

ZAKAT ADMINISTRATION SYSTEM AND ZAKAT ON SAVINGS

2.0 Introduction

Generally, the zakat administration system in Malaysia has evolved along with the advancement of the technology. The zakat institutions have introduced several initiatives to increase zakat collection, such as increasing the awareness of zakat payers. The zakat institutions have also been corporatized to make them more efficient in collecting and distributing the zakat funds. However, the corporatization of the zakat institutions seems not to be able to make a difference in the amount of zakat collected (Sanep & Hairunnizam, 2005). The sources of zakat collection also have been expanded to include zakat on employment income, zakat on share, zakat on savings, etc. Even though the amount of zakat collection is rising, it is still not considered satisfactory.

2.1 History of zakat administration

The history of zakat administration began since the time of Prophet Muhammad (s.a.w). Several officers were appointed to administer the zakat collection and distribution, and it became part of the country administration (Mahmood Zuhdi, 2009). Zakat was in its glorious days during the time of Umar Al-Khattab (r.a.). There were excesses in zakat funds because no one was eligible to accept them. The same situation occurred during the period of Umar Abdul Aziz, who then suggested that the funds were used to buy slaves and release them, develop rest areas along the highways, and assist young couples who wanted to get married (Ahmed, 2004). These narratives inform us that zakat funds could help alleviate social problems and encourage economic development of a country. However, to achieve this goal, zakat payers need to be aware first about the significance of their religious duty.

The importance of paying zakat was underscored under the leadership of Abu Bakar (r.a.), who declared war to those who did not fulfil their religious obligation (Nik Mustapha, 1987). The action taken by Abu Bakar was indeed the starting point for the enforcement of zakat law, suggesting that noncompliance with zakat payment had a long history indeed. Therefore, this current study will assist zakat institutions in offering recommendations to persuade zakat payers to fulfil their obligation to Allah.

2.2 The administration of zakat in Malaysia

In Malaysia, law of zakat depends on the constitution of Malaysia and fatwa (or religious rulings) issued by the State Islamic Religious Council (SIRC) in each state. Because of this, every state in Malaysia has its own zakat enactment and become the rule that is followed by the SIRC. The SIRC handles the collection and distribution of zakat, and any other zakat-related matter. In Kedah, however, the agency responsible for the administration of zakat is Lembaga Zakat Negeri Kedah.

In 1990, many zakat agencies in different states were corporatized for the effective administration of zakat in each state. Now, these agencies are known as Pusat Pungutan Zakat Wilayah Persekutuan, Lembaga Zakat Selangor, Pusat Urus Zakat Pulau Pinang, Pusat Kutipan Zakat Pahang, Pusat Zakat Negeri Sembilan, and Pusat Zakat Melaka (Azman, Mohammad, & Syed Mohd Najib, 2012). Tabung Baitulmal Sarawak and Pusat Zakat Sabah were corporatized in 2001 and 2007, respectively.

The establishment of each zakat institution in Malaysia is governed by the zakat laws of the state. There are four types of zakat corporations (Azman et al., 2012). The first corporation is based on zakat enactment. For example, Zakat Enactment of Negeri Kedah (1955) governs the administration of Jabatan Zakat Negeri Kedah (recently known as Lembaga Zakat Negeri Kedah), whereas Sarawak Islamic Council (Corporation) (Amendment) 1984 regulates Tabung Baitulmal Sarawak.

The next corporation, the zakat institution is set up by the state administration based on the Islamic Law enactment like Lembaga Zakat Selangor and Pusat Urus Zakat Pulau Pinang. Another type of zakat corporation is created based on the state

administration of Islamic law, but the zakat agency is only responsible for managing zakat collection, such as Pusat Pungutan Zakat Majlis Agama Islam Wilayah Persekutuan (Harta Suci Sdn. Bhd.), Pusat Zakat Melaka (Pusat Zakat Melaka Sdn. Bhd.), Pusat Zakat Negeri Sembilan (Pusat Zakat Negeri Sembilan Sdn. Bhd), and Pusat Kutipan Zakat Pahang (Pusat Kutipan Zakat Pahang Sdn. Bhd.). In these states, the zakat collected is given to the SIRC to be distributed to the recipients. Lastly, some states have a special unit of Baitulmal or zakat that manages the zakat collection and distribution under the supervision of the SIRC, such as Johor, Perlis, Perak, Kelantan, Terengganu, and Sabah.

The initiatives taken by zakat institutions show that the trend of zakat collection is increasing year by year but there is still low awareness among Muslims in paying the zakat. This is because the potential zakat payer is higher than the reported zakat collection that has been received by zakat institutions (Ahmad Shahir & Adibah, 2010). Therefore, the present study investigates the underlying factors that can influence zakat payers to pay zakat especially related to zakat on savings in the future.

2.3 The administration of zakat in Kedah

In Kedah, the laws and regulations related to zakat began in 1355H with the provision of an advisory notice on zakat. However, the specific zakat enactment was introduced in 1955, known as Zakat Enactment of Negeri Kedah. This enactment has gone through several amendments. The last amendment was Peraturan-peraturan Zakat 1982. Since 1 January 2016, Jabatan Zakat Negeri Kedah is known as Lembaga Zakat Negeri Kedah and it is governed by “Enakmen Lembaga Zakat

Kedah Darul Aman 2015". Kedah is the only state that separates the Zakat Enactment from the Islamic Religious Administration Enactment (Mohammad Azam & Zuryati, 2005).

Lembaga Zakat Negeri Kedah is responsible for managing zakat collection and distribution. It is overseen directly by Kebawah Duli Yang Maha Mulia (K.D.Y.M.M) Tuanku Sultan Abdul Halim Mu'adzam Shah as the head of the Islamic religion in the state. There are six divisions in Lembaga Zakat Negeri Kedah. They are human resources, corporate, dakwah and collection, distribution and development of asnaf, information technology, and finance. Each division has its own role in ensuring the administration of Lembaga Zakat Negeri Kedah is efficient and effective to serve the Muslim society.

2.4 Savings behavior in Malaysia

Savings can be defined as the surplus of income more than the expenditure on consumption (Keynes, 1936). Savings is important to fulfill the need of future consumption and at the same time as a way of investment. Most of financial institutions in Malaysia provide several types of accounts like savings accounts, fixed deposit accounts and current accounts. People who are saving now will forgo the current consumption and they want to be rewarded for their savings. According to Bank Negara Malaysia (2015b), more people are saving their money now. Between 2011 and 2015, the number of customers at the financial institutions with active deposit accounts rose from 87% to 92%. Besides, the private savings were also increasing year by year, which are in 2013, 2014 and 2015 rose from RM203, 646 million, RM 233, 653 million and RM 259, 831 million respectively (Bank Negara

Malaysia, 2015a). It indicates that more people are aware about the importance of savings for the future.

National savings can be increased by influencing individuals to save more (Nurul Shahnaz & Tabiani, 2013). Individual savings will provide a lot of benefits to the society that helps to create a positive economic effect and reduce the level of poverty in the country. Researches had been conducted to investigate the factors that influence savings behavior. The purpose of previous studies is to understand the savings behavior in order to nourish savings culture among the society in Malaysia. For example, Delafrooz and Laily (2011a) found that financial management practices and financial literacy, positive and significantly influence savings behavior among employees at public and private sectors in Malaysia. In another study, researchers examined socio demographic factors in understanding savings behavior. They found that the most significant factors that influence savings behavior were financial literacy, level of income and marital status (Delafrooz & Laily, 2011b). Besides, Nurul Shahnaz and Tabiani (2013) later confirmed that financial literacy significantly influenced savings behavior.

In addition, Sudin and Norafifah (2000) also found that real rate of return positive and significantly influenced the amount of deposit in the Islamic banking. The results also indicated that interest rate provided by the conventional bank was found to be negatively related. Individuals will save more when there is high profit regardless whether the saving is at the conventional or Islamic institutions.

Besides, previous study also found that gross domestic product (GDP) per capita and inflation rate had a positive and significant influenced on private savings while government current budget had a negative influenced towards private savings (Shee, Har, Yew, Lee, & Leong, 2015). The study implies that individual savings behavior also depends on the current economic conditions of the country. People will save more if they perceived that the current economic condition is good and the future economic condition is likely to be bad.

Previous empirical evidences show that there are several factors that influenced individual savings behavior in Malaysia. The strategic ways implement by the government and financial institutions policy will help to boost the individual amount of savings. However, individual Muslims should be aware about their obligations to Allah when the savings meet the requirement of haul and nisab and they should comply in paying zakat on savings.

2.5 Zakat compliance behavior on savings

In 2016, the number of population in Malaysia was 31.70 million (Department of Statistic, 2016). Statistic shows that around 61.3% of the population was Muslim community (Department of Statistic, 2010). However, no available information is disclosed on the number of Muslim population in Malaysia at this moment. Therefore, in 2016, it is predicted that the number of Muslim population in Malaysia was 19.43 million. In 2014, the average monthly household income reported was RM6141 and it was on the rise every year (Department of Statistic, 2015). The majority of them might keep some amount of money that they received every month in their savings account for their future. Financial management of an individual will

be affected if they do not have enough savings because of the current economic situation (Delafrouz & Laily, 2011b). They are encouraged to save every month even though only some amount of money for their future. However, as religious laws stipulate, they need to pay zakat on savings if the savings exceeds the zakat requirements. So, if all zakat payers fulfil their obligation of paying zakat on savings every year, the zakat funds on savings will increase and can benefit the zakat recipients.

2.6 Definition and calculation of zakat on savings

Literally, zakat means 'to grow and to increase' (Al Qardawi, 1999). Technically, it means a sum of money or in kind received from specific types of wealth after it reaches specific time duration, and it should be distributed to specific recipients in a specific manner (Zulkifli, 2011). There are two types of zakat, i.e., zakat fitrah and zakat on wealth. Zakat fitrah is paid in the month of Ramadhan, and it is compulsory upon every Muslim. On the other hand, zakat on wealth is mandatory only after the wealth has met the requirement of nisab and haul. Zakat on wealth can be divided into several categories. They are zakat on employment income, business, savings, shares, employee provident fund (EPF), gold and silver, crops and agriculture, and natural resources.

2.6.1 Definition of zakat on savings

Zakat on savings is the sum of money kept either in the form of gold or silver or paper notes or coins that have value for exchange and have fulfilled the sharia requirement (Ezani, 2011). However, this study only focused on money saved in financial institutions, such in current account or fixed deposit, savings account, savings for investment, or cash on hand. It is the responsibility of the depositors, not the institutions, for paying zakat on savings from the amount of money deposited in these establishments (Jabatan Wakaf, Zakat dan Haji, 2010). Zakat on savings from gold and silver and employee provident fund (EPF) belong to other categories of zakat on wealth.

Zakat on savings should be valued based on the local currency and current situation. Paper notes or coins are zakatable because they are the medium of transactions that has an exchange value like gold and silver. Any money saved, whether in financial institutions or at home, is zakatable once it fulfils the requirement of haul and nisab. The rate of zakat on savings is equivalent to the current value of gold (85 gram) and silver (595 gm). The amount will be calculated at the rate of 2.5% if the savings meets the haul requirement of one year (354 days). Besides haul and nisab, other conditions that should be fulfilled for zakat on savings is made compulsory are the payee has to be a Muslim, has the legitimate ownership of the savings, and has the full right of ownership of the savings.

There are Quranic injunctions (Ezani, 2011) and the saying of the Prophet (s.a.w.) (Ezani, 2011; Jabatan Zakat Negeri Kedah, 2013; Pusat Zakat Melaka, 2014) that stipulate the need to pay zakat on saving as follows:

“O ye who believe! There are indeed many among the priests and anchorites, who in Falsehood devour the substance of men and hinder (them) from the way of Allah. And there are those who bury gold and silver and spend it not in the way of Allah. Announce unto them a most grievous penalty” (Surah At-taubah: 34)

“On the Day when heat will be produced out of that (wealth) in the fire of Hell, and with it will be branded their foreheads, their flanks, and their backs, their flanks, and their backs."This is the (treasure) which ye buried for yourselves: taste ye, then, the (treasures) ye buried!" (Surah At-taubah: 35)

From Saidina Ali, Prophet Muhammad (s.a.w) said:

"When you possess two hundred dirhams and one year passes on them, five dirhams are payable. Nothing is incumbent on you, that is, on gold, till it reaches twenty dinars. When you possess twenty dinars and one year passes on them, half a dinar is payable. Whatever exceeds, that will be reckoned properly" (Narrated by Abu Daud).

Even though generally speaking, Islamic scholars unanimously agree on the obligation of paying zakat on savings (Ezani, 2011), different Islamic schools of thought vary in their opinions with regards to the obligation on what is zakatable and what is not (Hasan, 2011). Hasan stated that Syafie school of thought argues that zakat on savings should be paid for the currency notes while Hanafi and Maliki schools of thought contend that it is compulsory to pay zakat if the currency notes can be exchanged for gold and silver. The Hambali school of thought, on the other

hand, argues that there is no obligation to pay zakat on currency notes except zakat on gold and silver.

Based on the above Quranic verses, hadith, mazhab opinion and Muslim scholar clearly show that an individual who have savings and fulfilled the condition of paying zakat should comply to pay zakat on savings because there is a severe punishment in the hereafter. Human being is the trustee to keep all the wealth but only Allah is the real owner of all the wealth. Therefore, individuals should keep in minds that paying zakat is an act of worship to Allah because Allah knows what is in the deepest heart and intention.

2.6.2 Calculation of zakat on savings

The calculation of zakat on savings is different from the state of Kedah to other states in Malaysia. In Kedah, zakat on savings is calculated based on the last amount of balance reported (Jawatankuasa Fatwa Negeri Kedah, 1985). In other states, the calculation of zakat relies on the lowest amount during the year.

Zakat payers should also pay attention to the dividends received (Ezani, 2011). They need to know the source of the dividend received from their investment for the calculation of zakat on savings. If the dividend is obtained from a permitted (*halal*) investment, it needs to be added to the amount of savings, but if the source is gained from a prohibited investment, it cannot be considered for the calculation of zakat on savings. The same concept is also applied to the savings with interests. If the money is kept in a conventional bank, the interests received should not be considered for the calculation.

Zakat on savings is calculated on a fixed amount of money (fixed deposit or current account) and/or savings that are not fixed. Savings without a fixed amount are those in a savings account and cash on hand. Table 2.1 illustrates zakat calculation for the amount of money that is not fixed while Table 2.2 shows zakat calculation for a fixed deposit.

Table 2.1
Zakat calculation for amount of money not fixed

DATE	CREDIT (RM)	DEBIT (RM)	BALANCE (RM)
01/01/2014		25000	25000
25/04/2014	3000		22000
24/05/2014	3000		19000
08/07/2014		240 (Interest)	19240
22/08/2014		2760	22000
02/10/2014	2000		20000
31/12/2014		500	20500

Note:

- 1) The amount has exceeded the nisab (RM11390)
- 2) End year is 1/01/2014-31/12/2014

As mentioned earlier, in Kedah, the calculation of zakat on savings is made based on the last amount of balance during the year which is RM20500. The interest rate should be deducted first from the amount before calculating the zakat payment. Therefore, $RM20500 - 240 = 20260$ and the zakatable amount is $RM20260 \times 2.5\% = RM506.50$. However, in other states, the amount zakatable is $RM19000 \times 2.5\% = RM475$. The above example is applicable to a person who has only one savings account. If the person has more than one savings account, all the last balance in the

accounts should be added together regardless of whether the stated amount fulfils the requirement of nisab. This example is illustrated in Table 2.3.

Table 2.2
Zakat calculation for fixed deposit

Year	Savings (RM)	Nisab	Zakat (RM)
2010	15 000	2.50%	375
2011	18 000	2.50%	450
2012	20 000	2.50%	500

Table 2.3
Zakat calculation for savings in more than one account

Savings	Lowest balance (RM)	Last balance (RM)
Account 1	4000	5000
Account 2	3000	3000
Account 3	7000	9000
Total	14000	17000

Note:

- 1) The amount has exceeded the nisab (RM10 833.25)
- 2) End year is 1/02/2014-31/01/2014

Zakatable amount for the state of Kedah is $RM17000 \times 2.5\% = RM425$ while the amount of zakat that should be paid in other states is $RM14000 \times 2.5\% = RM350$.

2.7 Zakat on savings in others countries

Muslims in different countries have different perceptions toward zakat. In Islamic countries like Kuwait, Bahrain, Saudi Arabia, and United Arab Emirates (UAE), Muslims generally have a favourable attitude towards zakat. Hence, their level of compliance with paying zakat is high (Guermat, Al-Utaibi, & Tucker, 2003). In these countries, zakat is paid on livestock, gold and silver, business, mineral wealth, and agriculture. The rate of zakat is 2.5% for capital and 5% or 10% for agriculture. However, no agreement has been made on zakat on investment, such as fixed assets, shares, bonds and bank deposits (Guermat et al., 2003). There is also no zakat on savings even though their income is high. 62% out of 159 respondents from Kuwait, Bahrain, Saudi Arabia and UAE agreed on the proposal for zakat on the financial investment should be paid to the authority. Most of the respondents are from Saudi Arabia investors while the respondents from Bahrain are disagree on the proposal. Furthermore, the respondents from Kuwait and UAE are agreed to make the zakat payment is compulsory (Guermat et al., 2003). Besides, Indonesia that has the majority of Muslim society, zakat on savings also should be paid if the amount of deposits fulfilled the requirement of haul and nisab. The payment should be made at 2.5%. In this country, zakat is paid on employment income, business and savings (Firdaus, Beik, Irawan, & Juanda, 2012).

On the other hand, in some non-Muslim countries, such as Switzerland, zakat on savings is compulsory when the savings have exceeded the nisab of CHF 2000. Zakat in this country is paid on savings, gold and silver, cattle, agriculture, equities, stocks, bonds, and mining products (Ndiaye, 2007).

2.8 Comparison of zakat and taxation

Generally, the concept of taxation and zakat (Islamic taxation) is similar as both refer to some amount of money imposed on individuals or businesses when they have met the requirements to be used for the benefits of the society. However, paying tax is a govern-imposed obligation while paying zakat is a religious duty. Furthermore, tax is imposed on everyone, but zakat is compulsory for Muslims only. The tax rate is decided by the government, but the nisab rate is stated in the Quran and Sunnah. In Islam, because all wealth belongs to Allah, paying zakat is, therefore, an act of purifying one's soul. In contrast, the objective of paying tax is to fund the government administration, defence, state, and social and economic development. The laws that govern taxation and zakat are also different. In Malaysia, Inland Revenue Board of Malaysia (IRBM) enforces the Income Tax Act 1967 and other laws permitted by parliament. On the contrary, the laws of zakat are based on the constitution of Malaysia and fatwa issued by the SIRC in each state.

Another difference between zakat and taxation is in enforcement (Nur Barizah & Abdul Rahim, 2007). Tax planning can be done to reduce the amount of taxes as long as the laws permit it. Such act is called tax avoidance. However, tax evasion is prohibited by the law. A taxpayer will be penalized if they are found guilty of evading tax. However, in the context of zakat, a zakat payer is prohibited from engaging in zakat avoidance or evasion. Zakat payers are obliged to pay zakat when the requirements are satisfied. As zakat is an act of worship, those who fail their duty are committing a religious crime.

Zakat and tax also differ in the economic and social impacts (Nur Barizah & Abdul Rahim, 2007). Taxes help the government to manage the country well, but they do not create a multiplier effect because the taxes are not distributed to other people. They benefit the society in terms of the facilities and services made available by the government. On the other hand, zakat helps to generate income for the poor and the needy, which they can use to mitigate their condition. It generates a multiplier effect because it can reduce poverty at the individual and national level.

Despite the laws on zakat, enforcement is still lacking compared to the implementation on taxation. As a result, zakat becomes a voluntary act even though it is a religious duty enshrined in the Quran and Hadith. In other words, payment of zakat highly depends on individual compliance. Therefore, there is a need to investigate zakat compliance behavior especially in the context of savings.

2.9 Chapter summary

This chapter described an overview of zakat administration system and zakat on savings. In Malaysia, zakat collection and distribution are governed by the Islamic Religious Administration Enactment or zakat enactment act. The obligation of paying zakat on savings is stated clearly in the Quran and Hadith. An individual is obliged to pay zakat on savings when the requirements of haul and nisab are met. However, the payment of zakat on savings to the zakat institutions is based on the voluntary act. As a result, zakat collection is hardly able to achieve a satisfactory level because it highly depends on the individual compliance behavior in fulfilling the obligation. The positive perceptions among zakat payers in paying zakat on savings will lead to increase more collection in the future.

CHAPTER 3

LITERATURE REVIEW

3.0 Introduction

This chapter reviews the current and related literature on zakat. Specifically, it explains about the relevant theories that support this study, and the Fischer model used as a base to develop the research model on zakat compliance behavior. This chapter also describes on the applicability of Fischer model in explaining zakat compliance behavior. The variables that represent individual (attitude, religiosity, and knowledge), social (reference group), institutional (perceived corporate credibility), and economics factors (tax rebate, and level of income) are also discussed in the next section. It also explains on the relationship for each of the variables and supports the relationship with the past studies that were also examined individual behavior. The aim is to provide a better understanding on the important of the variables in strengthening the application of Fischer model in the context of zakat compliance behavior on savings.

3.1 Attitude from the perspective of Al-quran and hadith

Islam was propagated to guide Muslim action and behavior. To be a good Muslim, one has to have a positive attitude and behavior. To develop such attitude and behavior, one needs to refer to divine injunctions stated in the Quran and the sayings of the Prophet Muhammad (s.a.w.), as these are two key sources of guidance in Islam (Mohd Nor, Siti Fatahiyah, & Ismaniza, 2012). Many Quranic verses stress the importance of a correct attitude. One of them is as follows:

“And remember We took a covenant from the Children of Israel (to this effect): Worship none but Allah. Treat with kindness your parents and kindred, and orphans and those in need speak fair to the people be steadfast in prayer and practise regular charity. Then did ye turn back, except a few among you, and ye backslide (even now)” (Surah Al-baqarah: 83)

A saying by the Prophet Muhammad (s.a.w.) states,

“ It is narrated on the authority of Abu Ayyub that a man came to the Prophet (may peace be upon him) and said: Direct me to a deed which draws me near to Paradise and takes me away from the Fire (of Hell). Upon this, he (the Holy Prophet) said: You worship Allah and never associate anything with Him, establish prayer, and pay Zakat, and do good to your kin. When he turned his back, the Messenger of Allah (may peace be upon him) remarked: If he adheres to what he has been ordered to do, he would enter Paradise” (Narrated by Sahih Muslim).

A person who has a strong belief in the Islamic faith will not find any difficulties when carrying their religious responsibilities, such as praying, fasting, and paying zakat, towards Allah. Therefore, it is important to investigate individual attitude to have a better understanding of individual behavior.

3.2 The meaning of attitude

Attitude has been defined in many ways. For example, Allport (1935, as cited in Oskamp, 1991) defined attitude as “a mental or neural state of readiness, organized through experience, exerting a directive or dynamic influence upon the individual’s response to all objects and situations with which it is related”. Attitude is, therefore, not an action of doing something, but is the tendency to respond in performing the specific behavior.

It means that the person behavior can be predicted from the person attitude towards the object. Attitude object is referring to situations, actions, location, opinion or things. Individuals’ behavior depends on their attitude and other factors that are also motivated the persons to act. Organization or people that understand the person attitudes will help them to predict the person actual behavior in the future.

In contrast, Sherif and Hovland (1961) considered attitude as a set of categories that allow judgment and evaluation based on the communication of the issue. They introduced attitude theory based on the concept of attitude latitude. An individual will accept or reject the behavior. Previous authors also stated that the elements of cognitive and affective should be linked to each others in the process of making judgements about the desired object (Sherif & Hovland, 1961).

Fishbein and Ajzen (1975) defined attitude as a learning tendency to react either in a positive or negative way with regard to something while Ajzen (1991) stated that attitude is the favorable or unfavorable judgment an individual has toward an object. Due to the different definitions of attitude, Oskamp (1991) simplified it by defining attitude as a mental set or disposition, willingness to act, the psychological basis, their stability, their learned nature and able to make judgement.

Oskamp (1991) outlined three components of attitude. They are cognitive, affective and behavioral. The cognitive component is related to the thought and belief a person has towards an object. For instance, a person believes that paying zakat is a favorable act because it contributes to the economic wellbeing of a nation. Or, a person thinks that it is not easy to pay zakat because of the lack of facilities. Another component of attitude is affective. The affective component relates to how the person feels about the object. For example, a person is happy with the quality of services provided by a zakat institution. Or, he or she is concerned that the zakat paid is not appropriately distributed to the people eligible for it. The last component of attitude is behavioral, which refers to how a person acts toward the object. A person who thinks that paying zakat is worthwhile and is enthusiastic about the idea that zakat can help alleviate poverty is likely to act by paying zakat. However, if a person does not think that paying zakat makes any difference to the societal well-being, he or she is likely to pay.

Although it has been argued that attitude should be decomposed into three components (Oskamp, 1991), some scholars contend that it also can be investigated

as a unidimensional construct (Ajzen & Fishbein, 1980). Therefore, this study considered attitude as a unidimensional component.

3.3 Cognitive theory

Jackson and Milliron (1986) stated that cognitive theory is relevant in tax compliance decision because it explains how attitude shapes behavior. Fishbein and Ajzen (1975) point out that there are three important factors of attitude and behavior relations. The first factor was the strong correlation can be obtained if there is a high correlation between at least the target and the action. Besides, the attitude also is the most relevant determinants of the behavior and the last factor is the level of aggregation between the attitude and behavior as the predictor of the behavior.

According to cognitive theory, the most important factors that influence compliance are personal morality and the level of moral development (Sutinen & Kuperan, 1999). Personal morality refers to “the internal obligation in which an individual follows his sense of what is right and what is wrong” (Alabede, 2012). When a person knows that paying zakat is the correct thing to do because it is a divine instruction, he or she is likely to pay zakat. This is because a person with Islamic morality will strive to be close to Allah (Mohd Faizal, Muhammad Ridhwan, & Kalsom, 2013), and comply His orders as a way of submission to Allah.

Another important factor is level of moral development. It was emphasized by previous studies that increase in the moral development will lead to increase in the level of compliance because compliance is part of the ethical behavior (Chan et al., 2000; Sutinen & Kuperan, 1999).

3.4 Sosial learning theory

Social learning theory postulates that an individual's behavior is determined from reinforcement learning and vicarious learning (Bandura, 1977). Reinforcement learning is come through direct experience, a person learns from the effect of performing the behavior. On the other hand, vicarious learning happens when the individual observes other people's behavior.

Personal factors that based on the direct experience alone cannot preserve the same behavior in the different situations. However, if the person has both factors which are personal and social environmental factor like friends and parents, it will create the possibility that the person might change the behavior. The behavior of reference group that have been observed and their experiences will be hold and remembered by the person. Thus, the person will learn from the direct experience and reference group before performing the behavior.

3.5 Theory of planned behavior

Theory of planned behavior (TPB) introduced by (Ajzen, 1985) was the extension of theory of reasoned action (TRA) (Ajzen & Fishbein, 1980). Previous study argued that the little theory is more valuable in explaining the behavior under the volitional control, but the performance is poor in explaining the behavior that has incomplete volitional control (Godin & Kok, 1996). With regard to this limitation, Ajzen (1991) extend the theory by including another variable which is perceived behavioral control in the TPB. Both theories focus on the intention in performing the behavior. Thus, the key variables that purported to influence intention and the subsequent behavior in

the TPB are attitude, subjective norms and perceived behavioral control. Figure 3.1 shows the TPB framework.

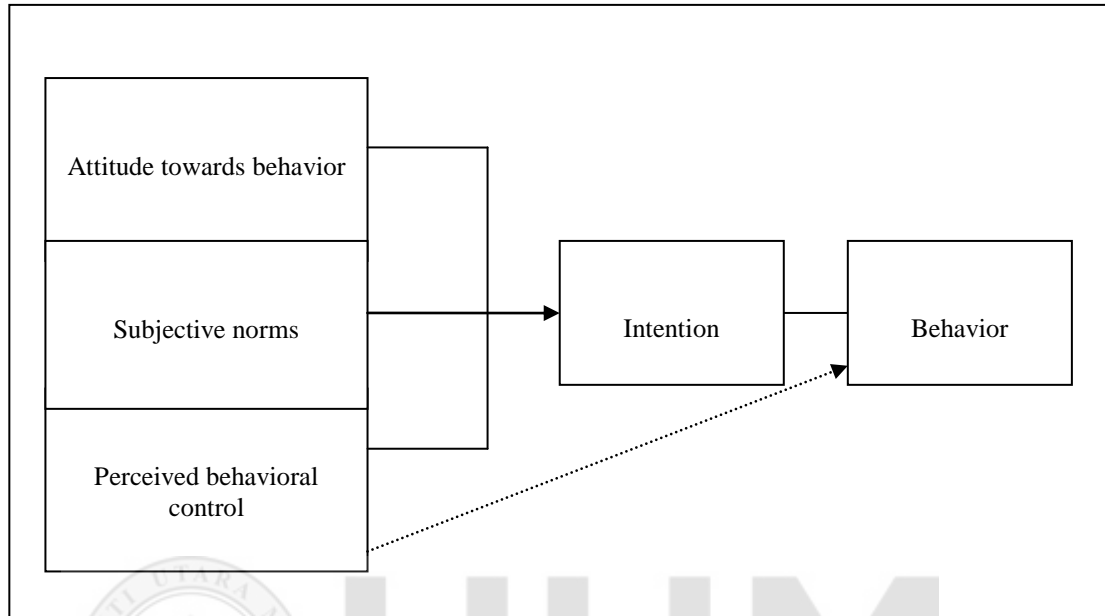


Figure 3.1
Theory of planned behavior
Source: Ajzen (1991)

3.5.1 Extended theory of planned behavior

TPB was developed to predict and explain individual behavior in specific situations (Ajzen, 1991). Previous studies widely applied TPB to explain zakat and tax compliance behavior. For example, Zainol (2008) extended the TPB model by added service quality, perceived corporate credibility, promotion and self-efficacy. However, the study only measured on the direct relationship on intention towards zakat on employment income without included the information on zakat compliance behavior.

In zakat on business, Ram Al Jaffri (2010) extended the TPB model by introducing the moderator variable of religiosity, cash flow and trust to examine zakat

compliance behavior on business. Besides, Heikal et al. (2014) added past behavior as one of the determinants of intention to pay zakat on business.

In tax compliance area, Natrah (2009) extend the model by introducing fairness perceptions to examine the compliance behavior among salaried taxpayer in Malaysia. In addition, Damayanti, Sutrisno, Subekti, and Baridwan (2015) added trust and uncertainty condition as the moderating variable in the TPB model to examine the tax compliance behavior of entrepreneur in Central Java Province, Indonesia. The study showed that trust plays the role of moderating variable while the result for uncertainty condition was not supported.

Past literatures showed that TPB can be used to examine the compliance behavior either in zakat or tax environment. In this study, TPB was applied as one of the supporting theories to strengthen the underlying conceptual framework of Fischer model in examining zakat compliance behavior on savings. However, no intention variable will be discussed later since the focus is to measure directly on the zakat compliance behavior on savings as proposed by the Fischer model. Previous study that applied the TPB model also measured directly on the actual behavior without the inclusion of the intention variable (Ramayah, Yeap, & Ignatius, 2013). The study argued that intention will be applied as the proxy of actual behavior when it is difficult to measure directly on the actual behavior. Thus, it is apt to apply the TPB model as the supporting theory even though this study measured directly on zakat compliance behavior on savings.

3.6 Financial self interest model

Two models, i.e., financial self-interest model and expanded model that consist of non-economic variables, have been developed to explain tax compliance (Fischer et al., 1992).

Financial self interest model was originally developed by Becker (1968) who applied the model in the context of crime and punishment by using an economic approach. The probability of being caught, the amounts that will be imposed if get caught, and the punishments received when caught are economic factors that determine whether people will comply or not. Figure 3.2 illustrates the financial self-interest model. This model assumes that individuals will try to maximize the benefits of evasion and minimize the cost of being detected before performing the behavior. If the benefits are larger than the cost, they will execute the behavior.

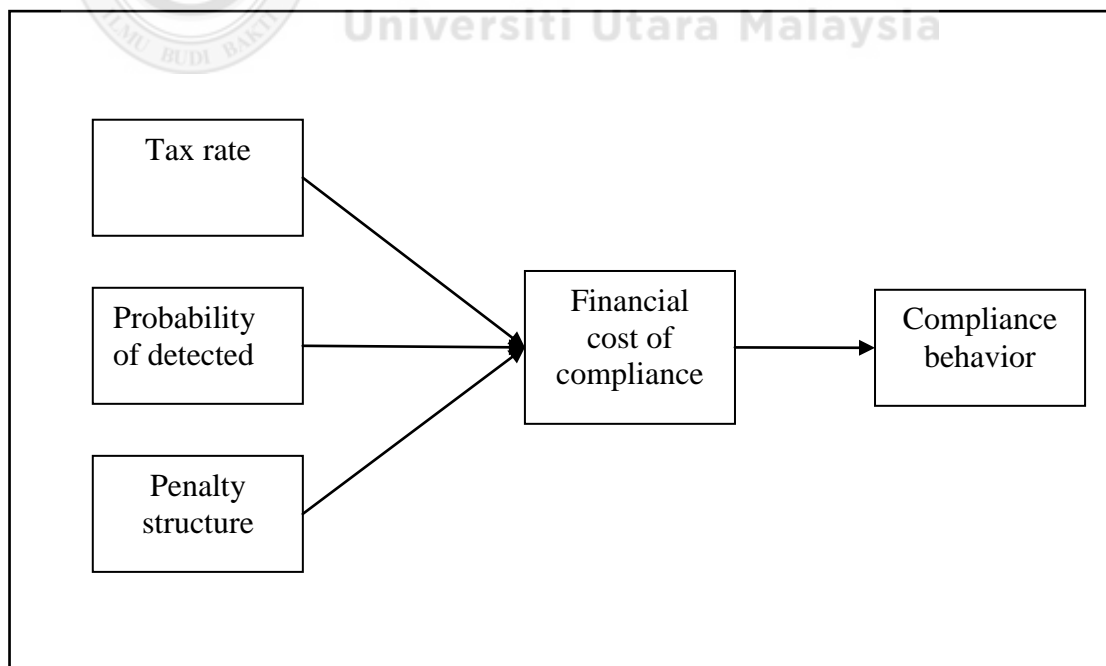


Figure 3.2
Financial self interest model
Source: Becker (1968)

Then, this model was applied on the taxpayer to investigate their decision either they want to declare their real income or declare less than the real income to the tax authorities (Allingham & Sandmo, 1972). A decision to pay tax is a decision under uncertainty because taxpayer will comply to pay tax if they feel that the penalties that will be imposed to them are higher until affecting their satisfaction. If they do not report the true income and tax authorities fail to detect it, then they will not comply to pay tax.

This model is recognized as the initial studies in the area of tax evasion and tax compliance (Ritsatos, 2014). The financial self-interest model has been used widely in studies on tax evasion and tax compliance (Alm, Jackson, & McKee, 1992; Hindriks & Myles, 2006; Park & Hyun, 2003; Srinivasan, 1973; Tuzova, 2009). Previous study found that tax rate significantly related with tax compliance (Alm et al., 1992; Park & Hyun, 2003). Another variables which were audit rate and penalty rate also revealed the same result (Park & Hyun, 2003). It showed that these three economics variables play important role in investigating tax compliance behavior.

While the model is able to explain compliance behavior, some scholars argued that economic factors alone cannot explain the phenomenon (Alm, 1991), and suggested that of economic and non-economic variables are included (Alm & McClellan, 2012; Alm, Sanchez, & Juan, 1995). As a result, an expanded model was later developed by integrating economic, sociological, and psychological factors (Fischer et al., 1992).

The financial self-interest model was also applied to explain zakat compliance but with some modifications made to the model. For example, Diabi (1993) investigated whether a person's faith, attitude toward being detected, and the implementation of penalty influence zakat evasion. Using an economic approach, Diabi found the only penalty was significantly influential in reducing zakat evasion.

Another modification to the model was made by Sanep et al. (2011), who examined the factors purported to influence zakat compliance among zakat payers in the Province of Aceh, Indonesia. They integrated the psychological, sociological, and Islamic factors in the model. They showed that the demographic factors (gender, age, education and monthly spending), knowledge of zakat, reference group, and perception towards zakat system were significant predictors. However, zakat law, faith, trust of the institution and access to the payment system did not influence zakat compliance. One of the limitations of this study is that it does not mention specifically whether the study covers all types of zakat collection or only focusing on one type of zakat collection. The second limitation is that his findings are not generalizable to other contexts, such as Malaysia because the environment and zakat laws in the Province of Aceh are different from those in Malaysia.

3.7 Fischer model

Fischer et al. (1992) expanded the earlier model pioneered by Becker (1968) based on the works of Jackson and Milliron (1986), who reviewed past studies on tax compliance. They found 14 key variables commonly considered in tax compliance literature. They were age, sex, education, income level, withheld income source, occupation, compliant peers, ethics, fairness, complexity, IRS contact, sanction, probability of detection and tax rate. Fischer et al. (1992) later simplified Jackson and Milliron's (1986) model by grouping the variables into four categories: (a) demographic variables that consist of age and gender; (b) non-compliance opportunity that is related to education, income level, income source, and occupation; (c) attitude and perceptions that are related to ethics, perceived fairness of the tax system, and peer influence; and (d) the structure of the tax system, which consists of complexity, IRS contact, sanctions, probability of detection, and tax rates.

Figure 3.3 illustrates the Fischer model of tax compliance behavior. Three categories of the variables (non-compliance opportunity, attitude and perceptions, and structure of tax systems) are purported to influence compliance behavior directly. In contrast, the demographic factors are excluded from the research equation because they are assumed not to have a direct impact and play roles as the proxy for other variable (Fischer, 1993).

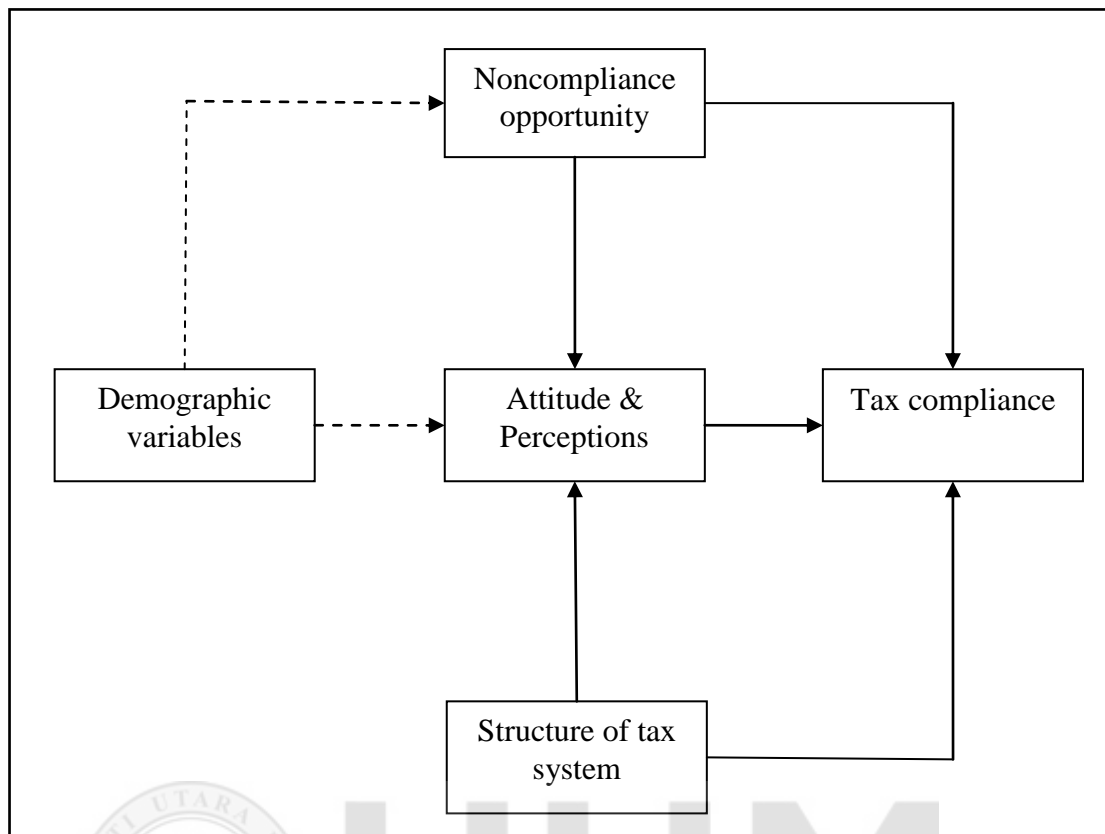


Figure 3.3
Fischer model of tax compliance behavior
 Source: Fischer et al. (1992)

3.8 Expanded Fischer model

Many studies have applied the Fischer model. However, many expanded the model to suit the context of their study by adding new variables. For example, Hajah Mustafa (1996) included knowledge and understanding as additional variables to the existing Fischer model tax compliance of the current tax systems would have a positive attitude and perception toward tax, resulting in tax compliance. He showed that knowledge was important in encouraging voluntary compliance. Figure 3.4 shows the expanded model by Hajah Mustafa.

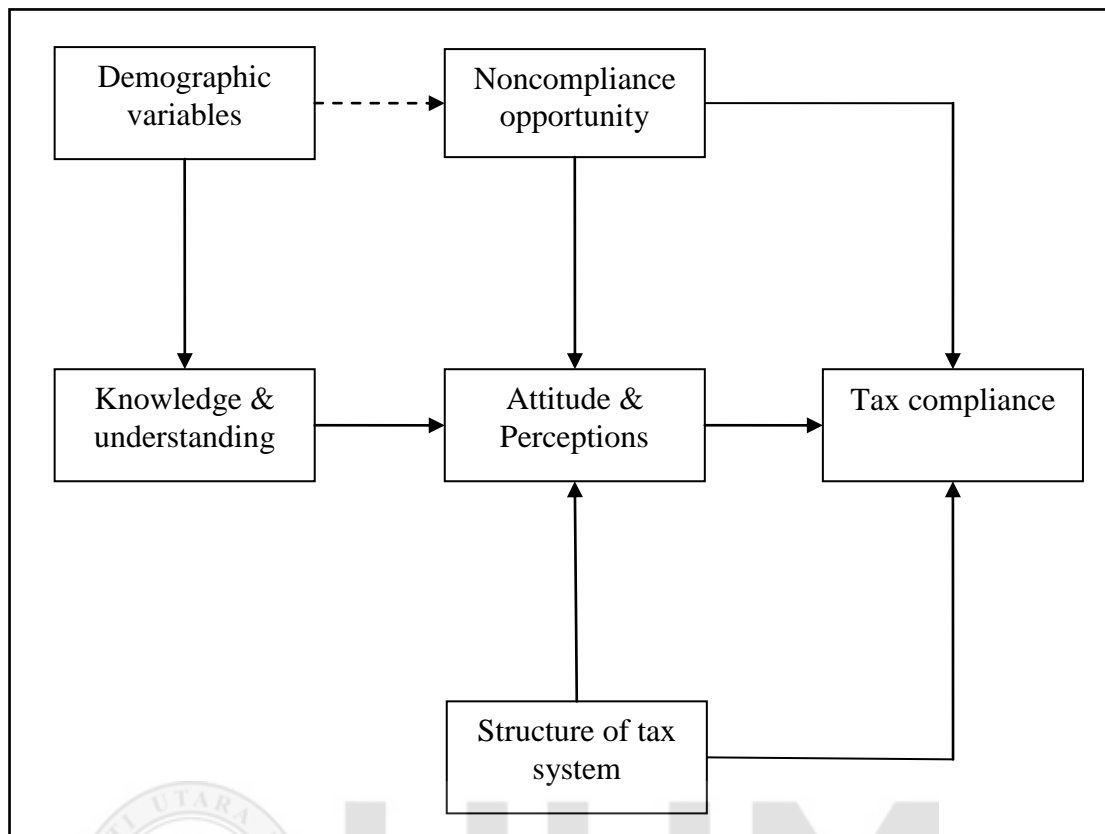


Figure 3.4
 Expanded model of taxpayer compliance
 Source: Hajah Mustafa (1996)

Mahamad (1998) also applied the Fischer model to investigate local taxpayers' compliance behavior in Malaysia. Two additional variables were included. They were quality of service and information disclosure. He revealed that taxpayers had the intention to pay tax if the municipal councils disclosed the information in their annual report. Quality of service was also found to be an importance determinant of taxpayer compliance. It shows that this model was appropriate to be applied to the taxpayer in paying local property taxes. However, no further investigation had been done to analyze the relationship between the suggested variables and tax compliance variables. Figure 3.5 illustrates Mahamad's expanded model.

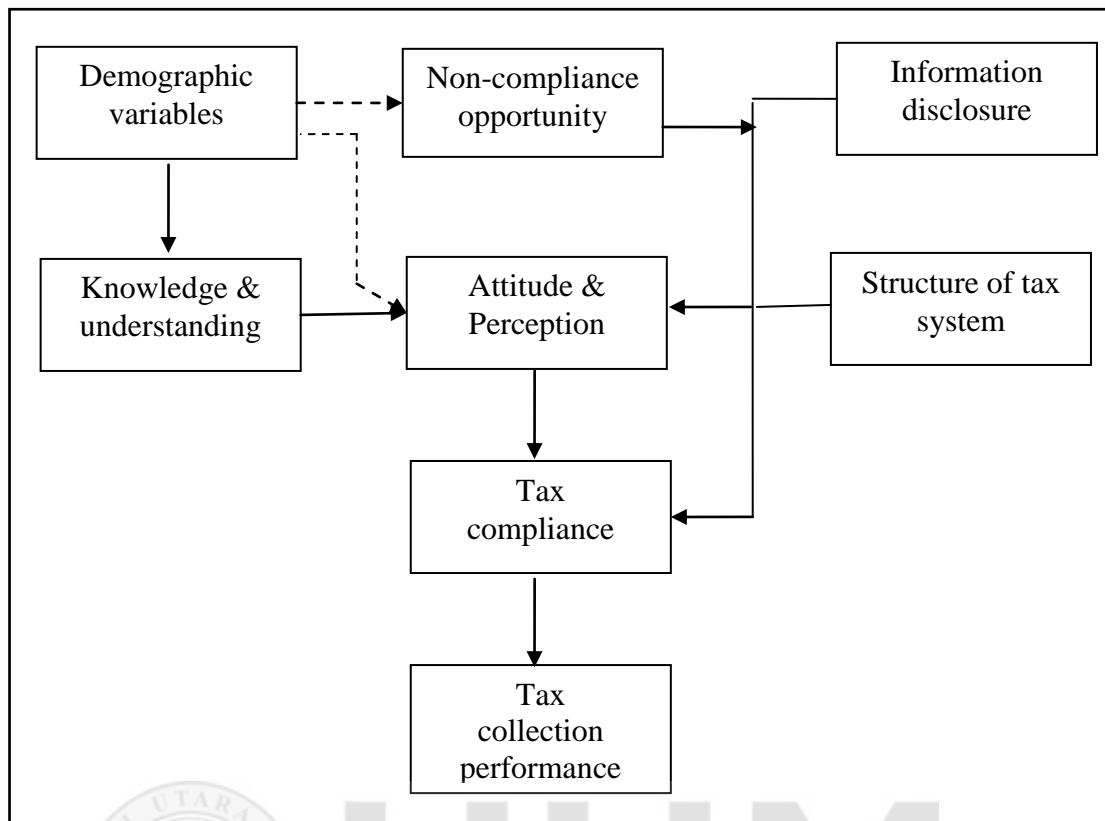


Figure 3.5
 Mahamad's model of tax compliance
 Source: Mahamad (1998)

Nor Aziah et al. (2005) studied land tax administration and compliance attitudes in Malaysia by applying the Fischer model. She added race as one of the demographic factors. Also included were the type of land and incentives. She found that race, type of land, and incentives significantly influenced taxpayers' attitude. It shows that Fischer model was also applicable to be applied in understanding taxpayer compliance attitude. However, the study only measured the factor that influence taxpayer attitude and there is no information about taxpayer compliance behavior. Figure 3.6 illustrates Nor Aziah's research model of compliance attitude.

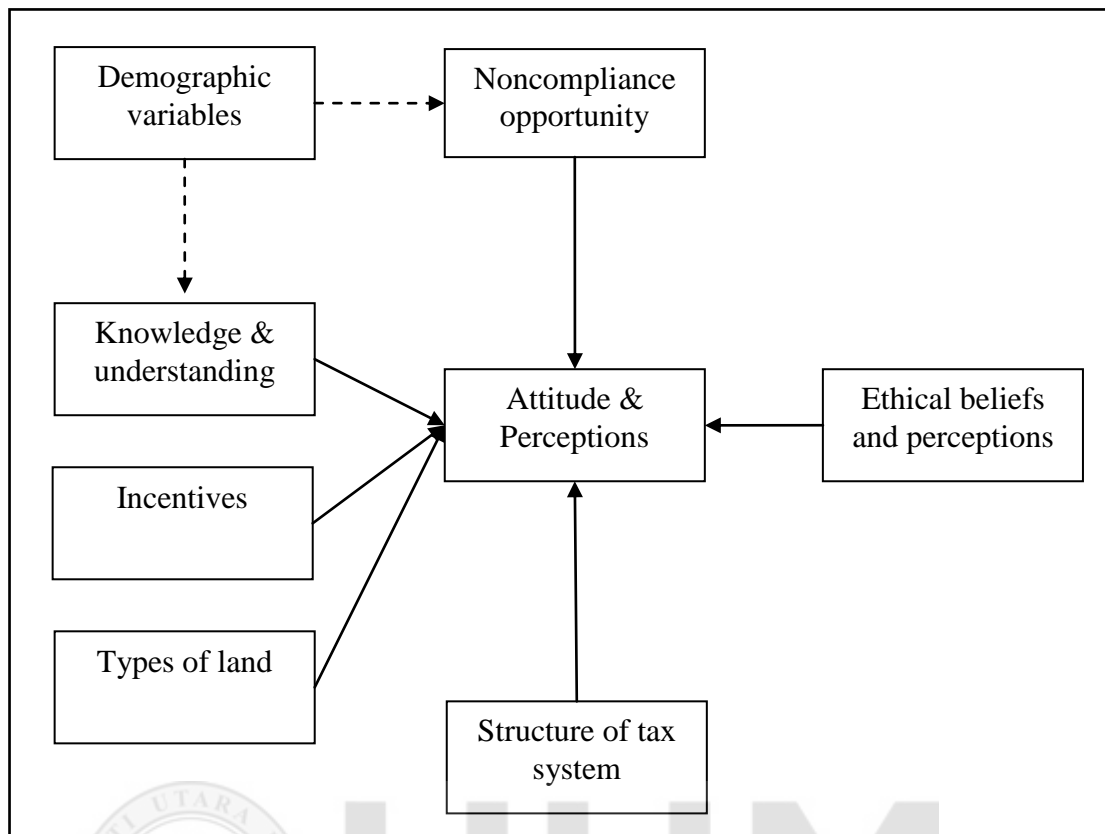


Figure 3.6
Taxpayer compliance attitude
 Source: Nor Aziah (2004)

Chan et al. (2000) applied the Fischer model to investigate taxpayers' compliance behavior by comparing two countries, i.e., the United States and Hong Kong. The construct of attitude and perceptions was measured by two variables, namely, taxpayer moral development and attitude toward the fairness of the tax system. Age and gender were used to measure the demographic variables while educational and income level reflected the noncompliance opportunity construct. National cultural differences were also added in the model. The study also investigated the direct and moderating effect on the links between national differences and non-compliance opportunity, moral development or attitude and compliance. They found that national culture differences had a significant influence on tax compliance behavior. They also found the moderating effect of higher stage of moral development and better attitude

on the link between education and tax compliance behavior. The result showed that the Fischer model was applicable to investigate tax compliance behavior in the United States and Hong Kong. Figure 3.7 illustrates Chan et al.'s structural model.

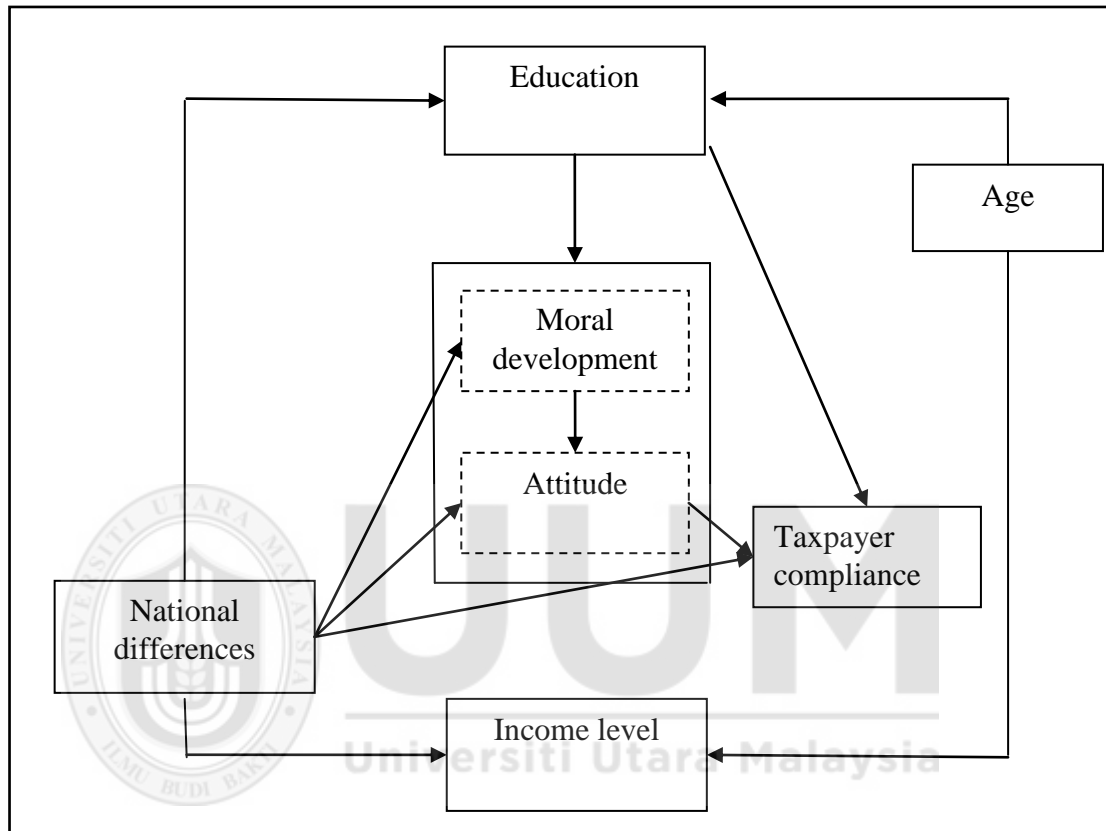


Figure 3.7
Significant structural model of United States and Hong Kong
 Source: Chan et al. (2000)

Chau and Leung (2009) reviewed the determinants of tax compliance in the Fisher model used by previous researchers. They added culture as the environmental factor to be tested in investigating the interaction effect of non-compliance opportunity and structure of tax system (Chau & Leung, 2009). Figure 3.8 shows the modified model of tax compliance by Chau and Leung (2009).

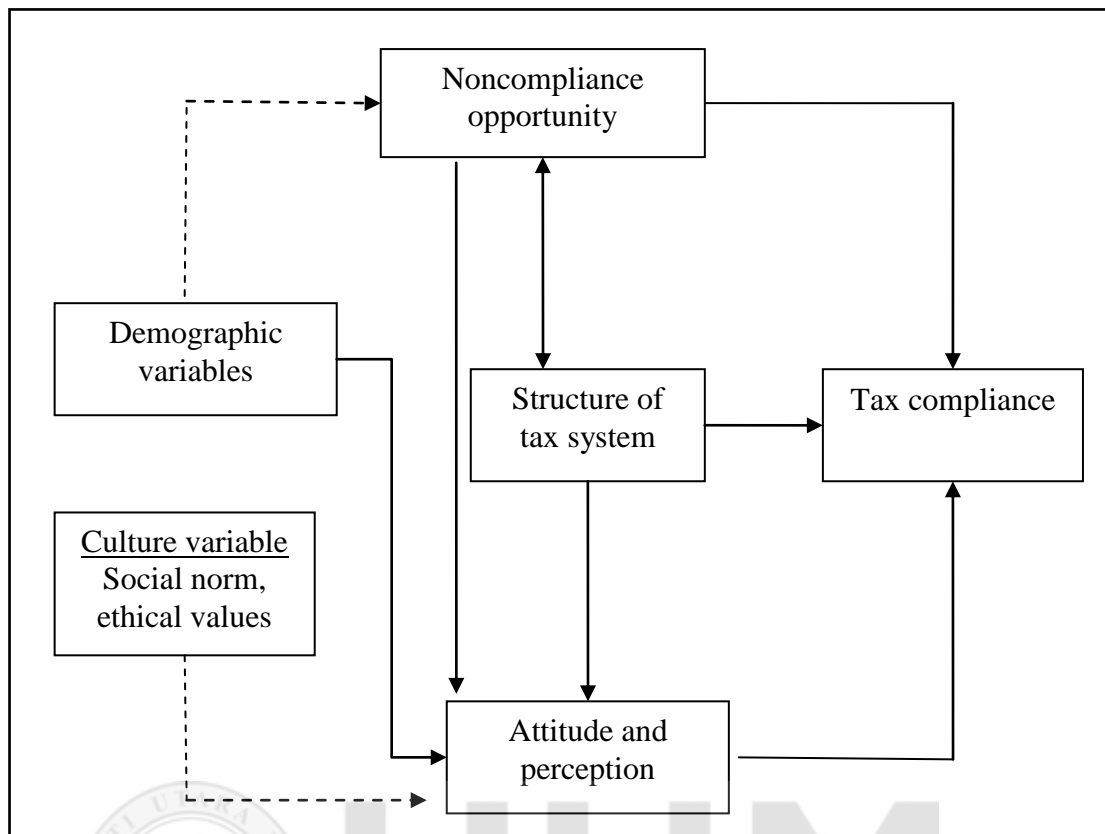


Figure 3.8
Chau and Leung's model of tax compliance
 Source: Chau and Leung (2009)

Alabede (2012) also applied the Fischer model to investigate the factors that influence tax compliance behavior in Nigeria. This study added tax service quality, public governance quality, ethnic diversity, and the moderating effect of personal financial condition and risk preference. The result showed that tax service quality and public governance quality were positively and significantly related to tax compliance behavior. Race also showed a significant relationship with tax compliance behavior. Financial condition significantly moderated the relationship between tax system structure, moral reasoning, occupation, and tax compliance behavior. Risk preferences were found to moderate the relationship between attitude, income source, and compliance behavior. The result showed that the Fischer model

is also applicable to investigate tax compliance behavior among Nigerian taxpayers.

Figure 3.9 illustrates the expanded tax compliance model of Alabede (2012).

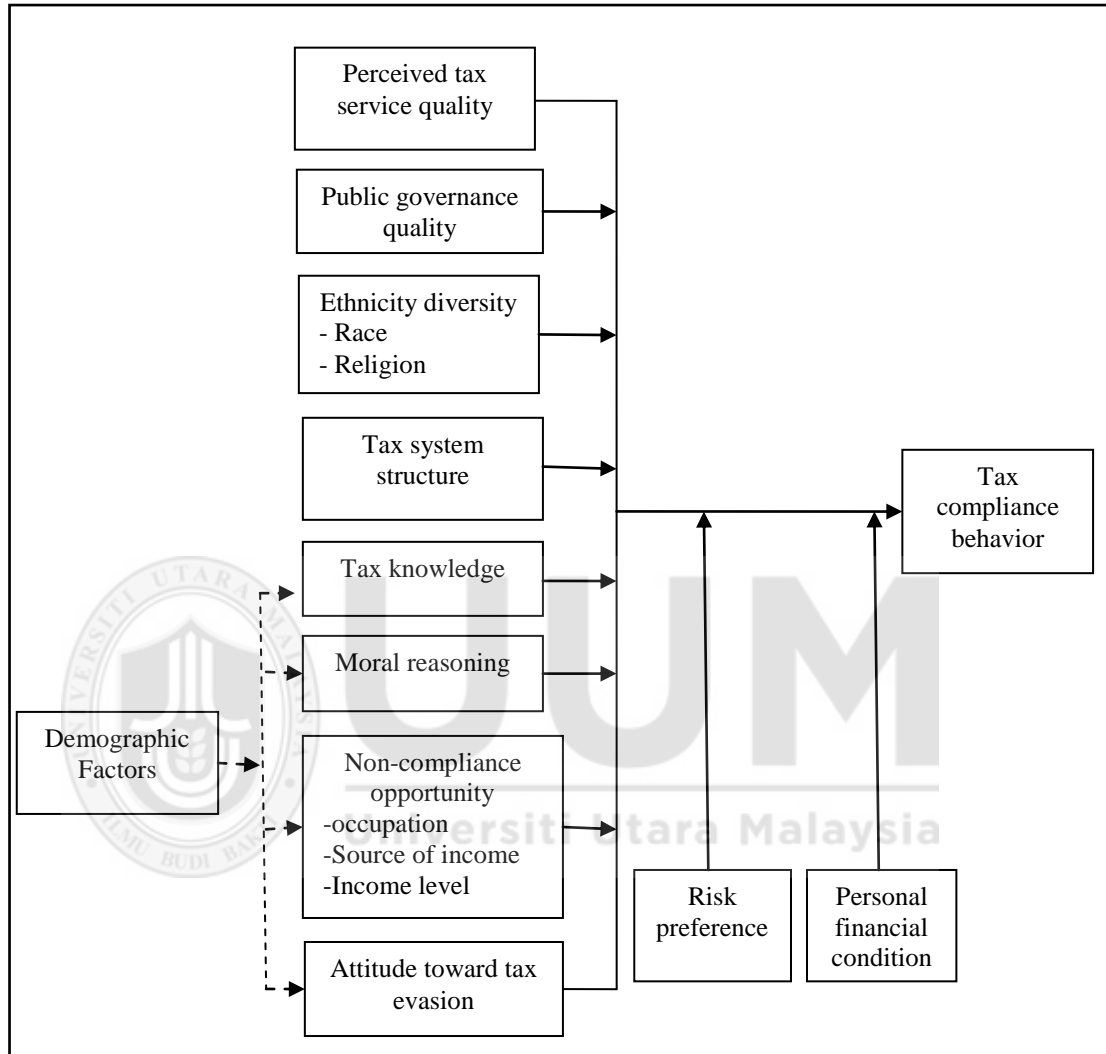


Figure 3.9
Alabede's model of tax compliance
Source: Alabede (2012)

Recently, Wan Mazlan (2015) used the Fisher model to examine the factors that influence tax non-compliance behavior among importers in the field of import tax. He added corruption to the model and investigate the mediating effect of corruption between knowledge, tax complexity, forwarding agent, law, enforcement and tax non-compliance. Results indicate that knowledge, complexity of tax system, forwarding agent, law and corruption significantly influence tax non-compliance. He also observed that corruption mediated between knowledge, tax complexity, forwarding agent, and tax non-compliance. Figure 3.10 shows the expanded tax non-compliance model done by Wan Mazlan (2015).

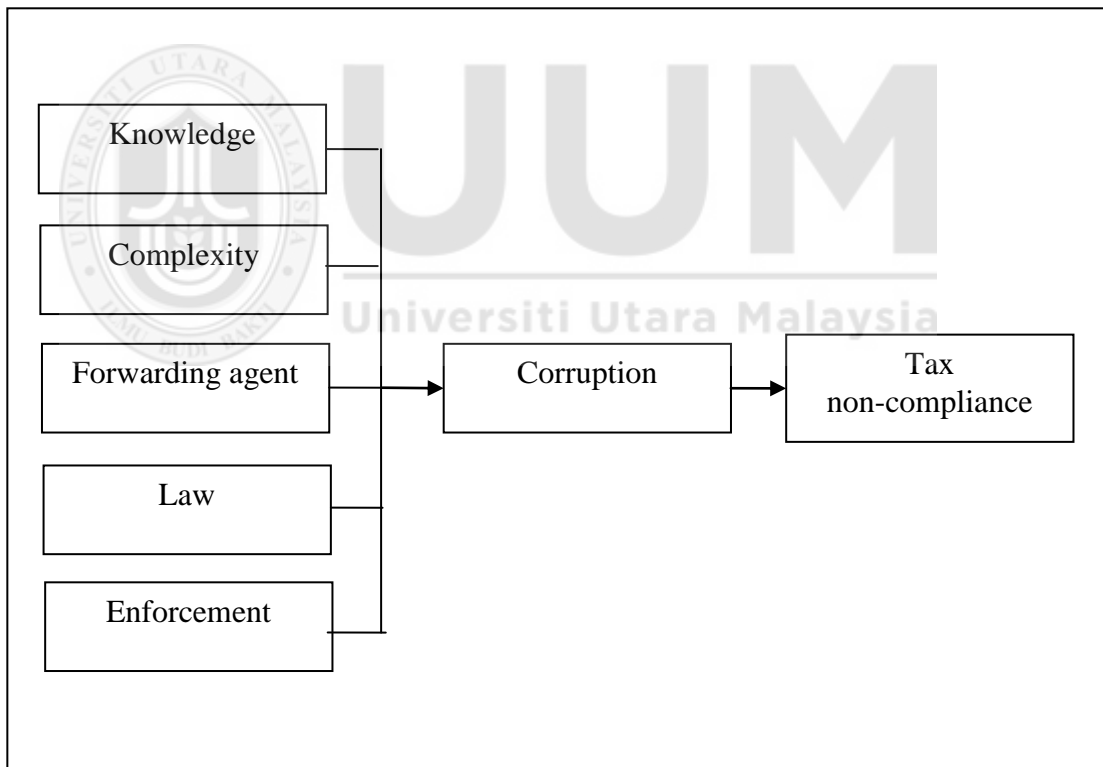


Figure 3.10
Wan Mazlan's model of tax non-compliance
Source: Wan Mazlan (2015)

Previous empirical researches show that Fischer model is applicable to be applied in the context of zakat compliance. Although, the tax is applied to the conventional environment while zakat is applied to the Islamic environment but there is a similarity in the taxation and zakat systems. Thus, it becomes the nearest way to be observed beside other zakat literatures. It is proven when Fischer model was previously applied by other researchers but some modification was made to suit with the context of study. Previous studies also shown that this model was successful to be applied in the Malaysian context as well as other countries. Therefore, Fischer Model was applied in the present study as the underlying conceptual framework. Further explanation on the application of Fisher model is explained in the next section of this study.

3.9 The application of Fischer model in zakat compliance behavior

Based on previous research works, it appears that the Fischer model is applicable to the study of zakat compliance for several reasons. Firstly, the Fischer model seems to be a comprehensive model by including key variables purported to influence tax compliance behavior. They include demographic factors, noncompliance opportunity, attitudes and perceptions, and the structure of tax systems. The model has been applied in a heavily regulated environment, such as tax. Even though zakat is a loosely regulated environment, previous works applied tax compliance model to investigate zakat compliance behavior (Kamil, 2002; Sanep et al., 2011). Hence, the Fischer model seems suitable for this study.

Secondly, the Fischer model considers factors, such as non-compliance opportunity and the structure of tax system, in affecting attitude and consequent compliance

behavior. Since this present study also focuses on the role of attitude in directly and indirectly affecting zakat compliance on savings, the model is appropriate to be applied.

Thirdly, the Fischer model in zakat compliance is suitable because there are similarities in the taxation and zakat systems. Both funds are collected from individuals and used in ways to develop the country. While zakat is distributed to the eight eligible recipients which are *fakir, miskin, 'amil, muallaf, al-riqab, al-gharimin, fisabilillah and ibnu al-sabil* as mentioned in the Quran Surah At-Taubah: 60, taxes are utilized by the government to improve the facilities and help fund the government activities. Fourthly, both tax and zakat are governed by their respective laws. The former is regulated by the Income Tax Act 1967 while the former is based on the constitution of Malaysia and fatwa issued by the SIRC in each state.

The Fischer model is appropriate to be applied in this present study because it is also a behavioral model that investigate individual behavior. For example, the theory of planned behavior was applied previously in the context of taxation (Affiza, Zaleha, & Norul Syuhada, 2014; Natrah, 2009), zakat (Huda et al., 2012; Raedah et al., 2011; Zainol, 2008) and other areas like intention to read the menu label (Kim, Ham, Yang, & Choi, 2013), intention to enrol in an offshore course (Li, Mizerski, Lee, & Liu, 2009), halal restaurant (Tawfik Salah & Md Aminul, 2011) and so on. Another example is theory of maximum expected utility that was previously applied in the context of taxation (Allingham & Sandmo, 1972; Srinivasan, 1973; Tuzova, 2009) and zakat (Mohd Rahim et al., 2011; Sanep et al., 2011) areas.

As the Fischer model is a behavioural model, it is appropriate for studying zakat compliance behavior, particularly when the variables associated with the model have been tested previously in the zakat environment, such as attitude (Huda et al., 2012; Kamil, 2002; Ram Al Jaffri et al., 2009; Zainol et al., 2009), compliance (Huda et al., 2012; Kamil, 2002; Raedah et al., 2011; Ram Al Jaffri et al., 2009; Zainol et al., 2009), and the structure of tax system like tax rebate (Ram Al Jaffri, 2010), non-compliance opportunity like income level (Hairunnizam, Mohd Ali, & Sanep, 2005; Nur Azura, Norazlina, & Nor Fadzlin, 2005). However, past studies that investigated these variables in the context of zakat on savings by applying the Fischer model as a whole are hardly to be found. It showed that even though previous studies applied other theories and model but, these variables also offered in the Fischer model.

Despite the potential applicability of this model in explaining zakat compliance on savings in Malaysia, modifications need to be made to the original Fischer model to suit the zakat context. The present thus integrated individual, social, institutional, and economic factors in examining zakat compliance behavior on savings. These factors will be discussed next.

3.10 Zakat Compliance Behavior

Zakat compliance occurs when a zakat payer pays zakat by following the fatwa, rules, and procedures set by zakat institutions (Kamil, 2002). In tax studies, compliance means reporting all earnings and paying the amount of taxes based on the standard rules and regulations (Alm, 1991). It also can be defined as the readiness of an individual and any organization liable to pay tax as stated in the tax law and administration to perform the payment voluntarily (James & Alley, 2002).

The literature in zakat compliance is very limited. Most researchers constructed their zakat compliance framework based on tax compliance model (e.g., Kamil, 2002). Even though the zakat literature is growing, studies that looked at zakat compliance behavior, particularly zakat on savings, are scarce. Most studies concentrated on zakat on employment income (Kamil, 2002; Nur Barizah & Hafiz Majdi, 2010; Raedah et al., 2011; Zainol et al., 2009) and zakat on business (Mohd Rahim et al., 2011; Ram Al Jaffri et al., 2009). Even if any, past literature on zakat on savings primarily used the theory of planned behavior that considers the intention of zakat payers (Farah Mastura & Zainol, 2013; Zainol et al., 2013).

Previous study argued that an individual might not perform the intention when during the stipulated time, the person had been given difference alternatives for not performing the behavior, and there is a possibility that the person does not perform the desired behavior before (Gollwitzer, 1999). Thus, it is better to study on the actual behavior rather than the intention itself because there is a possibility that the person might not perform the desired behavior.

In addition, researchers also stated that intention will be used as the proxy when it is difficult to analyze actual behavior (Ramayah et al., 2013). However, there are past studies that had been conducted to measure on the actual behavior like Kamil (2002), Mohd Rahim et al. (2011) and Sanep et al. (2011) in the context of zakat.

Therefore, this study applied the Fischer model as the underlying framework and measure on the actual behavior of zakat payers. The respondents involve in this study also include the employees from the public and private sector in Kedah which are larger from the population involved in the previous study conducted by Farah Mastura and Zainol (2013) and Zainol et al. (2013). Besides, this present study investigates other factor, which has not been tested in the context of zakat on saving before, and investigates the role of mediating variable in the model.

3.11 Individual factors

Three individual factors were examined in this study namely, attitude, religiosity and knowledge.

3.11.1 Attitude

In most of the theory or research model, attitude is among the important determinants that being investigated by researcher in predicting or knowing human behavior. It is also among the important determinant in the Fischer model. It was investigated as the direct relationship on tax compliance behavior, while in this present study, it will be tested on the direct relationship toward zakat compliance behavior on savings and it role as the mediator.

Attitude is one of the key determinants of behavior (Fishbein & Ajzen, 1975). A person's attitude toward an object will affect not only his or her behavior but also other people's behavior. In studying zakat compliance behavior that related with an individual behavior, zakat payer's attitude is among the important variable to be investigated because knowing individual attitude will help zakat institutions in finding the strategies to form a positive attitude in paying zakat in the future.

Past studies have overwhelmingly found a significant association between attitude and behavior in various contexts and using different models. For instance, attitude was found to be significantly related to zakat compliance behavior (Kamil, 2002; Ram Al Jaffri et al., 2009). Using theory of reasoned action, Zainol et al. (2009) found a significant association with zakat compliance intention on employment income. Heikal et al. (2014) also observed the relationship between attitude and zakat compliance intention on business by applying the theory of planned behavior in Indonesia.

In other areas, attitude and behavior were also revealed to be significantly related to road traffic crashes (Mirzaei et al., 2014), tax compliance behavior (Natrah, 2009), buying organic food behavior (Tarkiainen & Sundqvist, 2005), individual debt behavior (Wang, Lv, & Jiang, 2011), and knowledge sharing behavior (Zhang & Ng, 2012).

Based on the research that has been conducted, attitude is among the essential factors that should be investigated especially in the context of zakat on saving. This is because previous studies only investigate the relationship between attitude and zakat

compliance intention on savings which is the proxy of actual behavior (Farah Mastura & Zainol, 2013; Zainol et al., 2013) while this present study investigates the relationship of attitude directly on zakat compliance behavior on savings. Therefore, this study examines either attitude is among the influencing factors of zakat compliance behavior on savings or not.

3.11.2 Religiosity

Religion comes directly from God. Islam provides comprehensive guidelines through Al Quran and hadith to the Muslims. These two sources will state clearly what is permitted and not permitted in Islam. Islam can be defined as a way of submission to Allah (Ateeq-ur-Rehman & Muhammad Shahbaz, 2010). Individual behavior will be influenced by their belief toward Allah. An individual who has a strong belief will obey all the command of Allah including comply to pay zakat.

As zakat is a religious duty ordained by Allah s.w.t., it is imperative that religious values and elements are considered when investigating zakat compliance behavior. In this study, religiosity was added to the Fisher model. It is tested as the direct and indirect relationship on zakat compliance behavior on savings through attitude. Religiosity was found to be a significant predictor of zakat compliance behavior (Kamil et al., 2012; Zainol, 2008). Besides, another study also emphasize on the importance of religiosity to be included in investigating zakat compliance behavior (Mohd Rahim et al., 2011). As such, its influence cannot be ignored, especially on voluntary behavior, such as zakat on savings.

Religiosity, from a larger perspective, deals with numerous aspects of human action, commitment, and belief (religious principles) while, from the narrow viewpoint, religiosity refers to more or less the person in practicing daily activities either the person is strictly following the rules or not (Syed Shah, Hawati, Che Aniza, & Mst. Nilufar, 2012). In zakat studies, scholars have defined religiosity as an individual's way of life in conducting his or her activities, and he or she believes in the outcome of performing zakat (Kamil et al., 2012). It shapes an individual behavior to perform good deeds. In the Fischer model, there is no elements of the Islamic value had been stress on. Thus, it acts as one of the important determinant to be investigated in this present study because it will influence an individual in making decisions either to pay or not to pay zakat.

Previous studies also examined the relationship between religiosity and human behavior in various fields (Ateeq-ur-Rehman & Muhammad Shahbaz, 2010; Mukhtar & Butt, 2012; Syed Shah et al., 2012). It was proven that this factor is important to be investigated because it has a significant influence on human behavior. For example, religiosity is investigated as the independent variable in knowing muslims behavior in accepting new product. It shows the positive relationship between these two variables (Ateeq-ur-Rehman & Muhammad Shahbaz, 2010).

Another study also examines the relationship between religiosity and intention to apply with Islamic home financing. A total of 300 questionnaires was distributed to the Muslim respondents living in Klang Valley areas. They found that religiosity was significantly influenced the intention of Muslims consumer to use Islamic Home Financing provided in Malaysia (Syed Shah et al., 2012).

Besides that, the determinant of religiosity was investigated in knowing consumer intention in choosing halal product. The data were gathered from the respondents living near to Pakistani cities of Rawalpindi and Islamabad. This study measured religiosity in two dimensions which are intra-personal dimension that relate to cognitive (belief) and inter-personal dimension that relate to individual involvement in religious occasions (behavior). However, only one dimension which is intra-personal significantly influences consumer behavior in choosing halal product while inter-personal dimension does not have a direct influence on the behavior (Mukhtar & Butt, 2012). The study showed that the person who has strong religious belief would enhance their intention in performing the behavior while the person who are occasionally attend the religious activities does not influence the intention in performing the behavior.

In another area, previous study also stated that religiosity was significantly influenced the perception of socio-cultural impact on tourism. Various perceptions in the community will affect the number of tourists to visit the country. It is because the stronger the belief towards Allah, the stronger they think that tourism development does not affected by social problems (Zamani-Farahani & Ghazali, 2012).

Religiosity becomes one of the crucial factors to be investigated in knowing the individual behavior generally in the context of Islamic perspectives and particularly in the context of zakat perspectives. It is because zakat is paid voluntarily while tax is paid non-voluntarily. Therefore, this determinant should be investigated further in this study in understanding individual compliance behavior in the context of zakat on savings.

Previous researchers only focus on zakat on employment income (Nur Barizah & Hafiz Majdi, 2010; Raedah et al., 2011; Zainol et al., 2009) and zakat on business (Kamil et al., 2012; Mohd Rahim et al., 2011). There are only limited literatures concerning the relationship between religiosity and zakat compliance behavior on savings. Therefore, this present study investigates the relationship in having a better understanding of an individual behavior in the context of zakat on savings.

3.11.3 Knowledge

Knowledge has been argued to determine behavior. In tax compliance behavior, knowledge refers to the person ability to understand and comply with the tax principles (Jackson & Milliron, 1986).

Meanwhile, according to Bensaid and Machouche (2013), learning of religion is part of worship and total submission to God because it gives people a clear understanding of what is prohibited and not prohibited, and act or behave accordingly. For example, an individual who does not have knowledge of zakat will not perform zakat on savings even when the requirements are met. A person who has knowledge will act differently from a person who does not have the knowledge of zakat because the former knows that they have a responsibility to fulfill. The person is likely to know what zakat is, how and where to pay zakat, and who is eligible to pay zakat.

Knowledge was considered in this past study for several reasons. Prior literature has found that knowledge significantly influences zakat compliance behavior on employment income (Kamil, 2002; Mohd Ali et al., 2004; Sanep et al., 2011; Zainol,

2008). Another studies also proposed to investigate this relationship in the context of zakat compliance behavior on business (Mohd Rahim et al., 2011).

Besides, Hajah Mustafa (1996) recommended that knowledge is added to the Fischer model. He investigated taxpayer behavior towards the existing self administration system. Other studies revealed that an individual who acquired more knowledge of taxation tended to pay taxes (Kirchler, Hoelzl, & Wahl, 2008). Also, knowledge was found to be an influential determinant of behavior in various contexts, such as impulsive buying behavior (Liang, 2012).

Past studies show that understanding knowledge of an individual will help the organization, firm or institution to predict either the person will perform the behavior or not. It is not only related to the tax compliance behavior (Hajah Mustafa, 1996; Kirchler et al., 2008), but other research also considered knowledge as one of important determinant to express the individual desired behavior (Liang, 2012). However, literatures that considered this relationship in the context of zakat on savings is hardly to be found. Therefore, this study investigated the relationship on knowledge of zakat and zakat compliance behavior on savings.

3.12 Social factor

In this present study, the social factor refers to a reference group.

3.12.1 Reference group

In the Fischer model, peer influence is one of the variables purported to influence individual behavior. In the theory of planned behavior, peer influence is part of subjective norms, also known as a reference group (Ajzen, 1991). Subjective norms refer to the persons who have a close relationship with the individual like peers, spouse, parents, siblings, etc. Hence, peer influence is one types of reference group in the Fischer model.

The reference group will influence behavior before the person conducting the behavior. For example, individuals will not perform the behavior if their family or friends feel that there is a bad impact on the persons if they perform the behavior. Their opinions and deeds will be the guidance before they perform the behavior. Consequently, they will follow the other person's suggestion because they trust the persons who are close to them more than others.

Studies on zakat have found a significant relationship between the reference group and zakat compliance behavior (Heikal et al., 2014; Sanep et al., 2011; Zainol et al., 2009). Similarly, in tax compliance studies, Bobek, Roberts, and Sweeney (2007) found that subjective norm was among the important determinants in predicting intention to pay tax. Mohd Rizal and Ahmad Fariq (2011) later confirmed Natrah's (2009) finding on the relationship between the reference group and tax compliance behavior in the self-assessment system. Zainol and Faridahwati (2013) also found the

same result in their study that examined manufacturers' intention to comply with good and service tax in Perlis and Kedah.

A similar result is reported in other research contexts, such as innovation in infused soft drinks (Tong, Tong, & Yin, 2012). This study also stated that the most influencing item in the subjective norm was parents. Another study also found that parents had a dominant influence in seeking opinions on job choice decisions (Kulkarni & Nithyanand, 2013). Both of the studies reveal that parents as part of family members become one of the essential factors in influencing individual behavior because they always care about their family member behavior. The family will highly influence individual behavior in doing good deeds by giving them support, opinion and explanation before executing the behavior.

Based on the empirical research highlighted before, reference group show a significant influence towards the behavior in many disciplines as well as zakat perspectives. Although reference group was investigated in the context of zakat on savings by Farah Mastura and Zainol (2013), they focused on public sector employees only. A larger population was considered in the present study to enhance the external validity of the findings.

3.13 Institutional factor

The institutional factor in this study refers to perceived corporate credibility.

3.13.1 Perceived corporate credibility

An individual perception towards a corporation or institution will have a significant impact on their behavior. Before the person really expose with other sources of information, an individual will have a positive or negative perception towards the institution. Perceived corporate credibility means how far customers believe that the company has the expertise and ability to implement its promise and whether the company is honest in telling the truth (Newell & Goldsmith, 2001). A credible company will attract more customers in buying its product because the customers believe that the company will provide them with a quality product. Hence, it is not surprising that marketing and advertising literature consistently considers this variable because it can affect the company's bottom line (Goldsmith, Lafferty, & Newell, 2000).

No matter either it is a profit or non-profit organization, credibility of the organization always be in the minds of society. Studies have also indicated that the credibility of a non-profit organization is among the important aspects that donors are looking for before giving a donation (Bendapudi, Singh, & Bendapudi, 1996). Both organizations will involve in the advertising and marketing activities. The purpose is actually to generate a positive impact towards the organizations. Profit organization will involve in such activity in order to maintain the existing and attracting new customer. On the other hand, non-profit organization will make an advertising and marketing activity to provide information to the societies about their

current activities. A favorable perception of the credibility of an organization is likely to promote positive behavior towards the organization like purchasing, donating, compliance behavior to pay zakat or tax, etc. On the contrary, if an organization is perceived negatively, the individual is less likely to engage in behavior consistent with the organizational expectation. Thus, understanding society opinions on the credibility of the organization will help the organization to come out with a better plan and arrange their activities in building positive perceptions towards the organizations as well as influencing their positive behavior in making decisions.

In the zakat environment, corporate credibility is paramount because it affects zakat compliance behavior. Since zakat is distributed by the zakat institutions, who are the legitimate agencies for such purpose, zakat payers need to be certain that it reaches the eligible beneficiaries. If the zakat payers perceive that the funds are not collected and distributed fairly and justly, they may be not motivated to pay zakat directly to the agencies, and will likely pay directly to the zakat recipients themselves, or do not perform zakat at all. This situation will lead to injustice towards others zakat recipients because only zakat institutions really know which types of zakat recipients' should receive the funds. They have the records on the eight potentials of zakat recipients that really need the funds. Previous study also revealed zakat payers refused to pay zakat directly to the zakat institutions because they perceived that the agencies were inefficient in handling zakat distribution (Sanep & Hairunnizam, 2004). Therefore, corporate credibility plays an important role in influencing zakat payers to pay zakat to the eligible institutions.

In the context of zakat on employment income, Zainol and Kamil (2011) found a positive relationship between corporate credibility and intention to comply with zakat on employment income among 250 Muslim employees at public and private sector organizations in Kedah.

Other literature also showed a significant influence of corporate credibility on individual behavior. Lafferty and Goldsmith (1999) found that corporate credibility positively influenced purchase intention. Goldsmith et al. (2000) extended the research by Lafferty and Goldsmith (1999) and reported a significant relationship. They also noted that corporate credibility was more influential than endorser credibility when it relates with purchase intention.

Although most of previous studies examine the relationship of perceived corporate credibility on intention buying behavior but, in the area of corporate social marketing, Inoue and Kent (2012) put a link between environmental corporate credibility and pro-environmental behaviors, such as daily recycling behavior and in-game recycling behavior among consumers. It was evaluated based on their awareness of the environmental programs that has been conducted. Result of the study indicates that there is a positive influence on the tested relationship. It shows that perceived corporate credibility also could be applied to examine the actual consumer behavior.

Even though this variable had been tested in the context of zakat (Zainol & Kamil, 2011), it is hardly examined in the context of zakat on savings. Therefore, this variable was added to the Fischer model.

3.14 Economic factors

The economic factors of this study are tax rebate and level of income.

3.14.1 Tax rebate

Nor Aziah et al. (2005) suggested that incentive is to be added in the Fischer model. Zakat payers are offered an incentive from the government in the form of tax deduction when they pay zakat in Malaysia. Such incentive is called as tax rebate. It is enshrined in Section 6A (3) Income Tax Act 1967. The amount of zakat paid is deducted from the payment of taxable income when a tax payer produces a receipt as a proof of zakat payment. Such incentive is likely will encourage zakat payers to pay zakat.

Previous studies in the context of zakat on employment income also emphasized that tax rebate positively influence individual behavior to pay zakat (Hairunnizam, Sanep, & Mohd Ali, 2007; Nur Barizah & Hafiz Majdi, 2010). Other studies in the context of zakat on business also highlighted that tax rebate is among the important determinant to influence zakat compliance behavior (Adibah & Joni, 2014). Also, Ram Al Jaffri (2010) showed that tax rebate as one of the important variables that representing second order of construct perceived behavioral control in the theory of planned behavior, was significantly related to intention to pay zakat on business. However, this study does not test this variable directly on zakat compliance behavior.

Feld and Frey (2007) also discovered the important role of incentive in enhancing compliance in taxation. Beltramini and Chapman (2003) also reported the same finding in the automobile industry in that rebate, and low-interest rate significantly

influenced lease of vehicles. Wonder, Wilhelm, and Fewings (2008) examined the relationship between rebate and customer loan choice in the automobile industry and reported the same result. Even though incentive seems to play a crucial role in an individual decision making, its role in zakat compliance behavior on savings is yet to be assessed, which the present study aimed to do.

3.14.2 Level of income

Level of actual income is among the demographic variable that was suggested by Fischer model to be investigated in the area of tax compliance. In the context of zakat, previous studies have demonstrated a significant and positive association between the level of income and zakat compliance behavior (Hairunnizam et al., 2005; Nur Azura et al., 2005).

However, in the context of tax compliance, previous study stated that an individual who had higher income always associated with high non-compliance opportunity that lead to high tax evasion among taxpayer (Fischer, 1993). It is proven when in a survey of 33000 West German households, Lang, Nohrbaß, and Stahl (1997) revealed a negative relationship between the level of actual income and tax compliance among Germany taxpayers. Yet other researchers found that the level of income did not make a significant difference to tax compliance (Park & Hyun, 2003).

In contrast to the previous study, another study found a positive relationship between level of actual income and tax compliance (Alm et al., 1992). Yet other researchers found that the level of income did not make a significant difference to tax compliance (Park & Hyun, 2003). There are mixed result had been reported by

previous studies in tax compliance behavior but, lack of empirical research that investigates the relationship between level of income and zakat compliance behavior on savings.

Previous empirical researches show that level of income is important to investigate individual behavior in paying zakat (Hairunnizam et al., 2005; Nur Azura et al., 2005) because it will assist zakat institutions to persuade zakat payers who not comply to pay zakat in the future. Moreover, higher level of income is also associated with the ability to pay zakat on savings because they might save some for the future. Therefore, if the savings fulfills the requirement of haul and nisab during the year, they should comply in paying zakat on savings. Thus, this study investigated further this relationship among employee who working at public and private sectors in Kedah.

3.15 Direct effect of attitude

3.15.1 The relationship between religiosity and attitude

Previous literature has shown a positive relationship between religiosity and attitude in various contexts. For example, in the area of tax compliance, Raihana and Pope (2014) found that religiosity played a significant and positive role in attitude toward tax compliance.

In another area related to Islamic marketing, previous studies also reported that religiosity to have significant and positive influence on attitude towards halal cosmetic products (Azmawani, Asrarhaghi, & Suhaimi, 2015). The study has been conducted among Muslims respondents between the ages of 18 to 50 years old

by using convenience sampling. It indicates that religiosity is among the important factors that influencing the behavior for the Islamic study. Thus, it cannot be ignored in this study.

In the similar area of marketing, but focusing on service marketing, the same relationship was also observed by Siala (2013) in investigating the effect of religiosity on attitude toward purchasing decisions of religiously branded indemnity services like car insurance among individual Muslims customer in the United Kingdom.

In their review of studies that examined religiosity and health attitude, Rew and Wong (2006) found that 36 of 43 studies reported a significant and positive relationship. It clearly shows that highly religious person who have positive attitude will take a good care about the health rather than the person who are not highly religious.

In another study, Albaum and Peterson (2006) conducted a survey to 2942 undergraduate business students by comparing three groups of students who were categorized as very religious, somewhat religious, and not very religious. They showed that students who had a higher level of religiosity had positive attitudes toward business ethics than students who were somewhat and not very religious.

Based on the previous findings, even though, they were conducted in the different area, but the elements of religiosity show a significance influence on attitude toward the behavior. It was proven that the religious person will generate more positive

attitude towards individual behavior. Religiosity also becomes one of the important determinants of attitude in examining individual behavior. Therefore, this present study investigates the direct relationship between religiosity and attitude toward zakat compliance behavior on savings.

3.15.2 The relationship between knowledge and attitude

Although the effect of knowledge on attitude toward zakat compliance has not yet examined, the literature that is closest to zakat compliance is tax compliance. Mohd Rizal and Ahmad Fariq (2011) showed a significant and positive relationship between the two. In a quasi-experiment involving two different groups of students of marketing and law, Eriksen and Fallan (1996) found that those who had knowledge of taxation reported that they be ethical by paying tax while those who did not have the knowledge of taxation did not change their attitude toward tax evasion.

In other field of studies, Qu, Zhang, Guo, and Sun (2010) revealed that knowledge was significantly influenced attitudes. The rising cases of HIV/AIDS reported in China were lead to the study in investigating the relationship between knowledge and attitudes towards the disease among nursing students. There were seven dimensions had been applied in analyzing the relationship which were preventive knowledge, specialty knowledge, knowledge of transmission routes, knowledge of nontransmission routes, negative attitude towards HIV/AIDS, positive attitude towards HIV/AIDS and occupational attitude. The purpose of the study was to provide better educational programs on HIV/AIDS to the nursing students. The finding of the study illustrated that knowledge of transmission routes and nontransmission route and specialty knowledge direct and indirectly, influenced a

negative attitude. Besides that, specialty knowledge also direct and indirectly, influenced a positive attitude towards HIV/AIDS. Thus, the study was proved that knowledge influenced the positive and negative attitude of a person.

In the area related to food organic industries, Aertsens, Mondelaers, Verbeke, Buysse, and Huylenbroeck (2011) demonstrated the significant influence of subjective and objective knowledge on attitude towards organic food.

The past literature has shown the essential role knowledge plays in affecting attitude. Aertsens et al. (2011) also stated that new knowledge could alter an individual behavior and their attitude towards the behavior. Even though, an individual has a negative attitude towards the behavior but if there is more knowledge on the areas, it will change the negative attitude to become a positive attitudes towards the behavior.

This shows that an individual that acquire more knowledge concerning the behavior will have a favourable attitude towards the behavior. Hence, this study considered this factor in investigating the direct effect of knowledge on attitude toward zakat on savings.

3.15.3 The relationship between reference group and attitude

The theory of planned behavior postulates that subjective norms are directly related to intention (Ajzen, 1991). Besides, Fishbein and Ajzen (1975) also argued that attitude and subjective norm should be linked separately because it influences individual behavior differently but, many previous studies put an intersection between subjective norm and attitude. For example, in the organic food buying area, Tarkiainen and Sundqvist (2005) found a positive relationship between subjective norms and attitude toward buying in a survey of 200 consumers on the purchase of organic food. Miniard and Cohen (1983), Ramayah et al. (2013) and Shimp and Kavas (1984) also found the same result in their study.

In addition, there was also previous study that put the link between subjective norm and attitude in the context of zakat compliance behavior on employment income (Zainol et al., 2009). They also found that this relationship was significantly related. Despite the importance of subjective norms or reference group in influencing attitude, the link is yet to be broadly investigated in the context of zakat on savings.

3.15.4 The relationship between perceived corporate credibility and attitude

Previous studies found that corporate credibility had a significant influence on individual attitude. For example, Lafferty and Goldsmith (1999), in comparing the role of corporate credibility in consumer attitudes, showed that respondents had a positive attitude toward the advertisement and the brand when the credibility of the company was high rather than when the credibility was low. Another study also found the same result when they extend the research done by Lafferty and Goldsmith in 1999 (Goldsmith et al., 2000). Moreover, researchers also found a positive and

significant relationship between corporate credibility on the construct of attitude toward the advertisement and attitude toward the brand (Newell & Goldsmith, 2001). These empirical researches clearly show that customer's attitude becomes more favourable towards buying the product when there is high corporate credibility.

In the zakat literature, very few studies have looked at the direct relationship between perceived corporate credibility and attitude toward zakat on savings. Previous research tended to be concerned about the link in zakat on employment income (Zainol & Kamil, 2011). It is important to know whether the credibility of zakat institution has a significant impact on attitude or not because the positive perceptions of the credibility of zakat institutions will give a favourable or positive attitude in paying zakat. Besides, it will increase the confidence level of zakat payers and at the same time encourage them to pay more zakat. Hence, this study investigated the direct relationship between perceived corporate credibility and attitude in paying zakat on savings.

3.15.5 The relationship between tax rebate and attitude

An incentive given by the government will affect individual attitudes towards performing the behavior. It will give the positive or negative perception in performing the behavior. If individuals feel that incentive is one of the important determinant in performing the behavior, he or she will execute the desired behavior and vice versa.

Previous study found a significant relationship between tax rebate and attitude. This study has been conducted among taxpayer in examining either the tax rebate will

influence their attitude toward the current tax system (Hasseldine & Hite, 2003). In the marketing area, Khare, Ahtani, and Khattar (2014) also reported the same result that incentives given in the forms of price consciousness, deal proneness and coupon redemption significantly related with attitude toward retailer.

Zakat payers will have a positive attitude in paying zakat on savings if they feel that a tax rebate is important in reducing their payment of the taxable income. Thus, this study investigated further the direct effect of tax rebate on attitude in paying zakat on savings whether it will give a significance influence or not.

3.15.6 The relationship between level of income and attitude

In tax literature, Nor Aziah et al. (2005) found a significant and negative influence between level of income and taxpayer attitude. There is a key difference between zakat payer and tax payer in terms of the spiritual aspect. The payment of zakat is one of the religious obligations while the payment of tax is a govern-imposed obligation. An individual who has higher level of income will lead to the favourable attitude towards zakat compliance. Besides, in other area, level of income was also investigated in understanding the person attitude toward epilepsy. They found a significant and positive influence on this relationship (Neni, Ahmad Zubaidi, Wong, & Lua, 2010). Another study conducted by Gurd and Or (2011) that investigated level of income and attitude toward retirement planning among Singapore Chinese respondents also found the same result. An individual who had higher income level had more appropriate retirement planning rather than low income level.

Since the zakat literature is hardly available in documenting the link, the present study filled the gap.

3.16 Mediating effect of attitude

A mediator variable means a variable that explains the relationship between an independent variable and a dependent variable (Baron & Kenny, 1986). In this study, attitude was treated as a mediator purported as a mechanism that links between the independent variables (religiosity, knowledge, reference group, perceived corporate credibility, tax rebate, and level of income) and zakat compliance behavior on savings.

A mediator can be introduced when there is a significant influence between an independent variable and a dependent variable (Baron & Kenny, 1986). Previous research showed a significant relationship between attitude and compliance behavior (Huda et al., 2012; Kamil, 2002; Ram Al Jaffri et al., 2009; Zainol et al., 2009). Thus, attitude can be introduced as a mediator in this present study.

Another reason for including attitude as a mediator because behavioral is among the components of attitude and others component are cognitive and affective (Oskamp, 1991). The act of paying zakat is likely when an individual has a positive attitude towards zakat. Bedini (1998, as cited in Funderburk, McCormick, and Austin, 2007) emphasized that the elements of attitude in evaluating something either to excute or not to excute will give an impact toward the behavior.

Besides, Oskamp (1991) also stated that attitude can be proposed as the mediator variable that capable to explain the environmental situation and action toward the behavior. For example, an individual pays zakat directly to the asnaf, but when he or she meet an *amil* appointed by zakat institutions, he or she ignores the *amil*. His or her behavior may be attributed to the negative attitude he or she has toward the zakat institution in managing the collection and distribution the zakat funds.

Since attitude as a mediator has also been tested before in the context of zakat on employment income and result show that it play the role of mediator (Zainol et al., 2009), it is possible to examine it in zakat on savings. Furthermore, Zainol et al. only examined the mediation of attitude between subjective norms and intention to comply. There is a lack of study that considered the indirect effect of attitude on zakat compliance. Therefore, this present study investigated the mediation of attitude between religiosity, knowledge, reference group, perceived corporate credibility, tax rebate, the level of income, and zakat compliance behavior on savings.

3.16.1 The mediating effect of attitude between religiosity and compliance

This study investigates the indirect effect of attitude on the relationship between religiosity and zakat compliance behavior on savings. Previous studies that used the Fischer model for investigating the relationship are limited. However, it is expected that an indirect effect is likely to be found as past literature demonstrated a significant link on these three paths which were religiosity and zakat compliance behavior (Kamil et al., 2012; Zainol, 2008), religiosity and attitude (Raihana & Pope, 2014; Siala, 2013), and attitude and zakat compliance behavior (Huda et al., 2012; Raedah et al., 2011; Ram Al Jaffri et al., 2009; Zainol et al., 2009). Thus, this study

investigated further, whether attitude plays the role of mediator between religiosity and zakat compliance behavior on savings.

3.16.2 The mediating effect of attitude between knowledge and compliance

In this present study, knowledge is tested not only on the direct relationship, but also on the indirect relationship on zakat compliance behavior on savings through attitude. A previous study only applied the Fischer model to investigate the direct relationship between knowledge and compliance behavior (Hajah Mustafa, 1996). The zakat compliance literature also seems to focus on the direct influence of knowledge and zakat compliance behavior (Kamil, 2002; Mohd Ali et al., 2004; Sanep et al., 2011; Zainol, 2008).

It is possible that knowledge affects zakat on savings through attitude because past works have shown a significant link between attitude and zakat compliance behavior (Huda et al., 2012; Raedah et al., 2011; Ram Al Jaffri et al., 2009; Zainol et al., 2009), and knowledge and attitude toward behavior (Eriksen & Fallan, 1996; Mohd Rizal & Ahmad Fariq, 2011). Eriksen and Fallan (1996) also suggested that attitude should be investigated as a mediator variable between knowledge and behavior. Thus, this study investigated the indirect effect of attitude between the relationship of knowledge and zakat compliance behavior on savings.

3.16.3 The mediating effect of attitude between reference group and compliance

In the Fischer model, peer influence is proposed to have a direct relationship with compliance behavior. In the present study, the reference group was expected to have a direct and indirect relationship with zakat on savings. Previous studies also tested the indirect effect between subjective norm and intention through attitude (Shalihen, 2011; Zainol et al., 2009). Zainol et al. (2009) found that attitude mediated between subjective norms and intention to comply with zakat on employment income. Shalihen (2011) also investigated the direct and indirect effect of subjective norm on tax compliance. Subjective norm was decomposed into primary normative belief and secondary normative belief. The result showed that primary normative belief and secondary normative belief significantly influenced intention to comply with local sales tax through attitude.

The above empirical research indicates that the link between reference group, attitude, and zakat compliance behavior on savings warrants investigation. The motivation and support given by the reference group will create a favorable attitude toward zakat on savings, and, consequently, zakat compliance. Since past research that tested this link is almost non-existent, this study filled the gap.

3.16.4 The mediating effect of attitude between perceived corporate credibility and compliance

Perceived corporate credibility is added in the Fischer model framework. This study investigated the direct and indirect effect of perceived corporate credibility on zakat compliance behavior on savings through attitude.

Previous studies found a significant relationship between corporate credibility and zakat compliance (Zainol & Kamil, 2011), corporate credibility and attitude toward behavior (Goldsmith et al., 2000; Lafferty & Goldsmith, 1999; Newell & Goldsmith, 2001), and attitude and zakat compliance behavior (Huda et al., 2012; Raedah et al., 2011; Ram Al Jaffri et al., 2009; Zainol et al., 2009). Based on the evidences, this study expected that the mediating link exists. Hence, this study investigated the mediating effect of attitude between perceived corporate credibility and zakat on savings.

3.16.5 The mediating effect of attitude between tax rebate and compliance

This present study investigated the direct and indirect relationship between tax rebate and zakat compliance behavior on savings through attitude. Previous studies that applied Fischer model only investigated the direct relationship between incentive and attitude toward tax compliance (Nor Aziah et al., 2005).

Previous studies found a significant relationship between tax rebate and intention to pay zakat on business (e.g., Ram Al Jaffri, 2010). Even though past research did not investigate tax rebate directly on zakat compliance behavior in business, this study predicted that tax rebate will also have a significant influence on zakat compliance

behavior on savings. This is because other studies showed that incentive significantly influenced a person's behavior (Beltramini & Chapman, 2003; Wonder et al., 2008).

Besides, past studies found a significant relationship between incentive and attitude toward tax compliance (Hasseldine & Hite, 2003; Khare et al., 2014), and attitude and zakat compliance behavior (Huda et al., 2012; Raedah et al., 2011; Ram Al Jaffri et al., 2009; Zainol et al., 2009). The significant path found shows that attitude can be a potential mediator between tax rebate and zakat compliance behavior on savings. Therefore, this study filled the gap by investigating the mediator role of attitude through tax rebate and zakat compliance behavior on savings.

3.16.6 The mediating effect of attitude between level of income and compliance

In the Fischer model, the level of income was suggested to have a direct relationship on compliance behavior. This study investigates the direct and indirect relationship between the level of income and zakat compliance behavior on savings through attitude.

There is a lack of empirical research that investigates the indirect relationship between the level of actual income and zakat on savings. Previous studies only investigated the direct relationship between the level of income and zakat compliance behavior and found a significant relationship (Hairunnizam et al., 2005; Nur Azura et al., 2005). A significant relationship was also found between the level of income and attitude toward tax (Nor Aziah et al., 2005) and other areas like attitude toward epilepsy (Neni et al., 2010) and attitude toward retirement planning (Gurd & Or, 2011). Previous studies also found a significant relationship between attitude and

zakat compliance behavior (Huda et al., 2012; Raedah et al., 2011; Ram Al Jaffri et al., 2009; Zainol et al., 2009). Based on the empirical evidences, an indirect effect of attitude was expected to exist between the level of income and zakat on savings. Therefore, this present study investigated on this relationship by introducing attitude as the mediator and applying Fischer model as the based.

3.17 Chapter summary

This chapter discussed relevant theories that explain zakat compliance. Attitude from the perspective of Al-quran and hadith, the meaning of attitude, cognitive theory, social learning theory, and theory of planned behavior were invoked to help understand why individuals engage in a certain behavior. The Fischer model, based on financial self-interest model introduced by Becker in 1968, was discussed as the underlying theoretical framework that underpins the present research. Unlike the financial self-interest model that focuses on the economic factors that determine compliance, the Fischer model considers both the economic and non-economic factors.

The Fischer model has been widely applied and modified to suit the context of the study (Alabede et al., 2011; Chan et al., 2000; Chau & Leung, 2009; Hajah Mustafa, 1996; Mahamad, 1998; Nor Aziah et al., 2005; Wan Mazlan, 2015). Even though, it is widely applied in the tax area, but there is also previous study that tested the application of Financial self interest model in zakat environment (Diabi, 1993; Sanep et al., 2011). In general, the model was found to be applicable to explain compliance behavior. There is also a limited study in zakat compliance literatures that using the

Fischer model as the based. As such, it was chosen as a theoretical basis for this study.



CHAPTER 4

METHODOLOGY

4.0 Introduction

This chapter elaborates the research methodology applied to investigate zakat compliance behavior on savings by using the Fischer model as the underlying model. The research framework developed based on the literature discussed in Chapter 3. Then, it is used to formulate the hypotheses. Besides, the chosen research design is also discussed later. This chapter also details on the population and sampling like unit of analysis, sample size, sampling technique, and sampling procedure. In the next section, this chapter explains on how the data collection was conducted. For the instrumentations, the operational definition and scale applied for each variable is also discussed. Subsequently, this chapter also elaborates on how the data was analyzed in this study. Lastly, the result of reliability and validity for the data collected in the pilot study is reported.

4.1 Research framework

In the Fischer model, four main groups of variables are identified. They are (a) demographic variables (age and gender); (b) non-compliance opportunity (education, income level, income source, and occupation); (c) attitudes and perceptions related to ethics, perceived fairness of the tax systems, and peer influence; (d) structural variable (tax systems, IRS contact, sanctions, probability of detection, and tax rates). Demographic, non-compliance opportunity and structural variables are linked to attitudes and perceptions, and compliance behavior.

Figure 4.1 illustrates the proposed research model. This research model is modified based on the Fischer model previously applied in tax compliance. In the present model, individual, social, institutional and economic factors are predicted to influence zakat compliance behavior on savings. Three variables represent individual factors (i.e., attitude, religiosity, and knowledge). Social and institutional factors are reference group and perceived corporate credibility, respectively. Tax rebate and income level are considered economic factors. Zakat compliance behavior on savings is purported to be influenced by religiosity (organizational religiosity and non-organizational religiosity), knowledge, reference group, perceived corporate credibility, tax rebate, and income level. All of these factors affect zakat compliance through the mediation of attitude toward zakat compliance.

In the present study, all variables are treated as unidimensional. Even though Newell and Goldsmith (2001) considered perceived corporate credibility as a multidimensional construct with two dimensions, namely, expertise and trustworthiness, Zainol and Kamil (2011) treated it as a unidimensional construct to

predict intention toward paying zakat on employment income. Inoue and Kent (2012) also measured corporate credibility as a unidimensional construct in investigating actual consumer voluntary behavior. Besides, result of pilot study also shows that perceived corporate credibility cannot be split into two factors. This variable is more suitable to be applied in the form of unidimensional. Hence, this study examined perceived corporate credibility as a unidimensional to examine zakat compliance behavior on savings.

In this study, the demographic variables are not included in the research equation because they are not expected to influence compliance behavior directly, following Fischer's (1993) argument, because they act as a proxy for other variables (Fischer, 1993). Past study also showed that age and gender did not significantly influence compliance behavior (Chan et al., 2000).

Besides, in investigating the mediating role of attitude toward zakat compliance behavior on savings, three conditions have to be met. Firstly, the mediator variable (attitude) should have a significant influence on the dependent variable (zakat compliance behavior on savings). Secondly, the independent variable (demographic variables) should have a significant influence on the mediator variable (attitude), and thirdly, the independent variable (demographic variables) should also have a significant influence on the dependent variable (zakat compliance behavior on savings) (Baron & Kenny, 1986). Even though, there are previous studies that examine the demographic variables (age and gender) with zakat compliance behavior, but past studies have reported mixed findings on the direct link. As indicated by Hairunnizam et al. (2005) and Sanep et al. (2011), they found a

significant influence of age on zakat compliance behavior, while Kamil (2002) did not find any significant relationship.

Similar results were also reported by previous studies that examine on the relationship between gender and zakat compliance behavior. Hairunnizam et al. (2005) and Sanep et al. (2011) found a significant and negative relationship between gender and zakat compliance behavior. Female were more compliant with paying zakat than male. In contrast, Mohd Ali et al. (2004) found a significant and positive relationship between gender and zakat on employment income among professional employees of Universiti Kebangsaan Malaysia. They showed that male was more compliant with paying zakat than female. Other studies did not found any significant result (Kamil, 2002; Nur Azura et al., 2005). Based on the evidences above, the inconsistent results on the influence of age and gender on zakat compliance behavior show that a moderating variable should be introduced rather than a mediating variable. Such decision is consistent with Baron and Kenny's (1986) recommendation. Thus, the demographic variables are excluded in the present study.

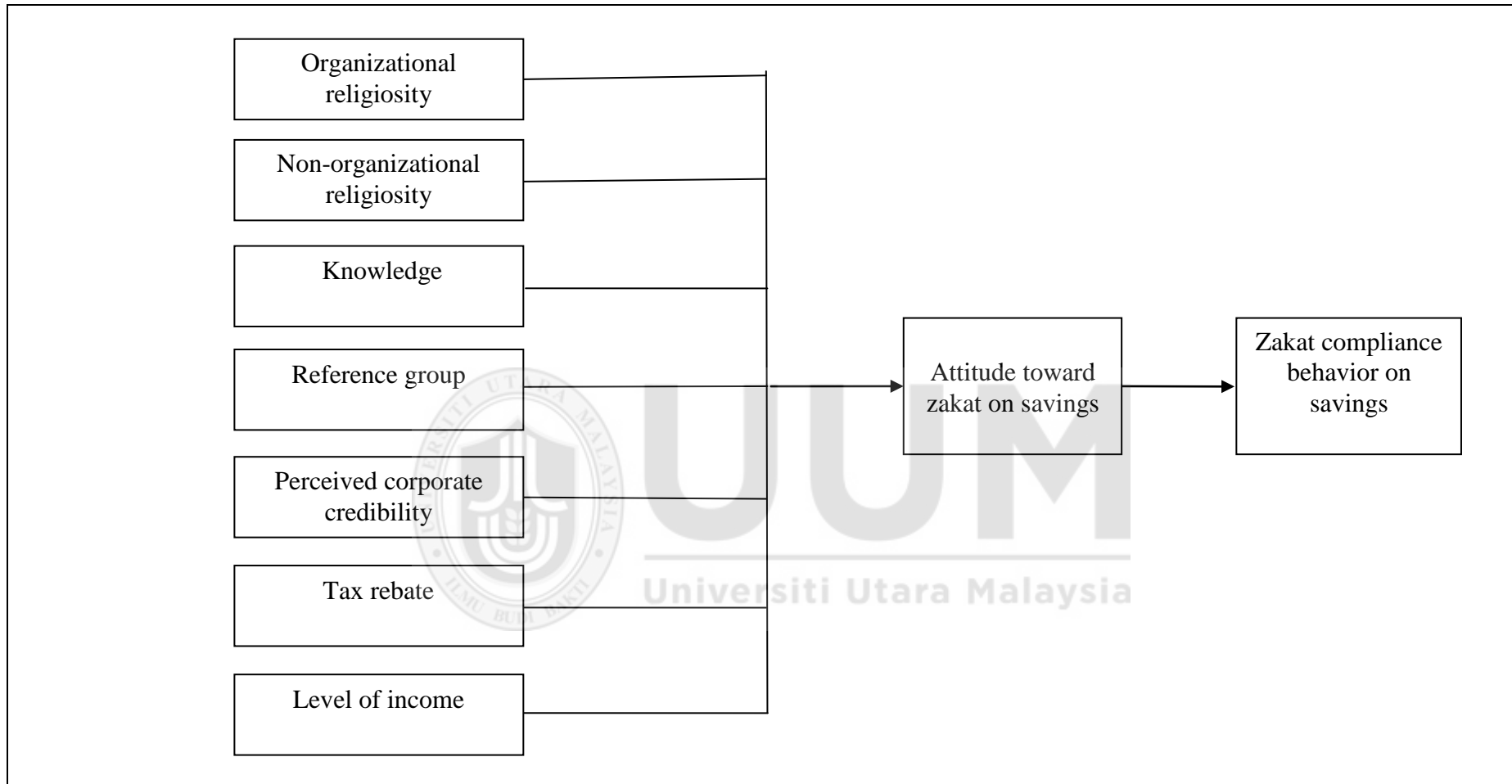


Figure 4.1
Proposed research model

4.2 Hypotheses development

4.2.1 The relationship between attitude and compliance

In zakat literature, attitude was significantly found to influence compliance behavior to pay zakat, such as zakat on employment income (Kamil, 2002). Moreover, the same result was reported by Zainol et al. (2009) in predicting zakat payers' intention to pay zakat. Raedah et al. (2011) also found a significant and positive relationship between attitude and zakat compliance intention on employment income among academicians.

In the context of zakat on business, previous study also found that attitude positively influence zakat compliance behavior (Ram Al Jaffri et al., 2009) and intention to pay zakat on business (Heikal et al., 2014). Besides, the same result also had been reported when investigating zakat payer intention to pay zakat on wealth. This study had been conducted among the respondents in Jakarta and applied theory of planned behavior (Huda et al., 2012).

Besides, previous studies also reported that attitude was significantly related to behavior in various fields (Mirzaei et al., 2014; Natrah, 2009; Tarkiainen & Sundqvist, 2010; Wang et al., 2011; Zhang & Ng, 2012). Therefore, the following hypothesis is formulated:

H₁: Attitude is positively related to zakat compliance behavior on savings.

4.2.2 The relationship between religiosity and compliance

Religiosity was found to influence zakat compliance behavior significantly (Kamil et al., 2012; Zainol, 2008). In the context of zakat compliance behavior on employment income, Zainol (2008) found a significant and positive relationship between organizational religiosity and intention to pay zakat on employment income even though he failed to find the effect of non-organizational religiosity. In the context of zakat on business, Kamil et al. (2012) treated religiosity as a multidimensional construct that has three components, i.e., optional religious worship, belief in God's reward, and belief in God's punishment. All elements showed a positive relationship with paying zakat on business.

Other studies also revealed a positive correlation between religiosity and individual behavior (Ateeq-ur-Rehman & Muhammad Shahbaz, 2010; Mukhtar & Butt, 2012; Syed Shah et al., 2012).

Even though previous studies have investigated the relationship between religiosity and zakat compliance, there is limited research on the context of zakat on savings. Therefore, the following hypotheses are developed:

H_{2a}: Organizational religiosity is positively related to zakat compliance behavior on savings.

H_{2b}: Non-organizational religiosity is positively related to zakat compliance behavior on savings.

4.2.3 The relationship between knowledge and compliance

Knowledge and zakat compliance were found to be positively and significantly related to zakat compliance behavior (Kamil, 2002; Mohd Ali et al., 2004; Sanep et al., 2011; Zainol, 2008). An increase in the level of knowledge leads to an increase in the level of compliance.

Previous studies have also shown that knowledge is significantly related to individual behavior (Liang, 2012). Because of this, this variable cannot be neglected because it will influence individual in performing the behavior. Thus, based on the empirical evidence, the hypothesis below is formulated:

H₃: Knowledge is positively related to zakat compliance behavior on savings.

4.2.4 The relationship between reference group and compliance

A positive and significant relationship between reference group and zakat compliance behavior was found (Sanep et al., 2011). Subjective norms were also found to be significantly related to intention to pay zakat (Heikal et al., 2014; Zainol et al., 2009). Zainol (2008) also reported that parents and spouse were significant reference groups in influencing intention to pay zakat on employment income. It shows that parents and spouse which is among the family member have a significant impact toward zakat payment.

In the tax compliance literature, previous studies also reported a significant influence of reference group on tax compliance in a self-assessment system (Mohd Rizal & Ahmad Fariq, 2011; Natrah, 2009). Zainol and Faridahwati (2013) also found a

positive and significant relationship between subjective norms and manufacturers' intention to comply with good and services tax.

Bobek et al. (2007) examined the role of social norms in Australia, Singapore, and the United States. They investigated four dimensions of social norms but reported that personal and subjective norms were the most influential in determining tax compliance behavior. Tong et al. (2012) also found that subjective norms had a positive and significant influence on innovation in infused drinks.

Based on the empirical evidence above, reference group found to be significantly related with behavior in the area of zakat, tax and consumer behavior. Thus, the following hypothesis is proposed:

H₄: Reference group is positively related to zakat compliance behavior on savings.

4.2.5 The relationship between perceived corporate credibility and compliance

Past study found a positive and significant relationship between corporate credibility and intention to pay zakat on employment income (Zainol & Kamil, 2011). Previous researchers also reported that corporate credibility significantly influenced purchase intention (Goldsmith et al., 2000; Lafferty & Goldsmith, 1999). Even though, previous studies focusing on intention of the customer which is the proxy of actual behavior, but another study demonstrated that environmental credibility had a significant and positive relationship with actual customer behavior in corporate social marketing programs (Inoue & Kent, 2012).

Previous empirical studies show that this relationship should be investigated further in the context of zakat area especially zakat on savings. It is difficult to find literatures that investigated this relationship in the context of zakat on savings. An individual who has a positive perception of the credibility of a zakat institution will pay zakat because he or she believes that the collected fund will be distributed fairly to the eligible recipients. Thus, the suggested hypothesis is as follows:

H₅: Perceived corporate credibility is positively related to zakat compliance behavior on savings.

4.2.6 The relationship between tax rebate and compliance

Nor Aziah et al. (2005) proposed an incentive to be added in the Fischer Model. In the context of zakat, incentive is given by the government in the form of tax rebate. The previous study found that tax rebate and other variables of perceived behavioral control were found positively and significantly to influence zakat on business (Ram Al Jaffri, 2010). Other studies also highlighted that tax rebate will give a significance influence on zakat compliance behavior (Hairunnizam et al., 2007; Nur Barizah & Hafiz Majdi, 2010).

Other researchers also observed that incentives significantly influenced lessee behavior in an automobile industry (Beltramini & Chapman, 2003) and customer loan behavior (Wonder et al., 2008). Based on the past findings, the following hypothesis is proposed:

H₆: Tax rebate is positively related to zakat compliance behavior on savings.

4.2.7 The relationship between level of income and compliance

Income level was found to influence positively and significantly zakat compliance behavior (Hairunnizam et al., 2005; Nur Azura et al., 2005). Both of the study stated that increase in the level of income lead to the increase in the level of compliance in paying zakat.

In tax literature, mixed results on the level of income and tax compliance were reported. For example, Alm et al. (1992) found a positive and significant result, but Lang et al. (1997) reported a negative and significant influence. Park and Hyun (2003) demonstrated no significant influence of income level on attitude. Kirchler, Muehlbacher, Kastlunger, and Wahl (2007) suggested that mediating or moderating variables can be introduced to explain the ambiguous results.

The literature on the effect of income level on zakat on savings is very few. Previous studies only investigated such influence on zakat on employment income (Hairunnizam et al., 2005; Nur Azura et al., 2005). Therefore, based on the findings in the zakat environment literature, the proceeding hypothesis is formulated:

H₇: Level of income is positively related to zakat compliance behavior on savings.

4.2.8 Direct and indirect effect of attitude

4.2.8.1 The relationship between religiosity and attitude

Religiosity is an important determinant to be investigated because a religious person will have a positive attitude toward performing a behavior. Past researchers found a positive and significant link between religiosity and attitude (Azmawani et al., 2015; Raihana & Pope, 2014; Siala, 2013).

Religiosity should also be positive and significantly related with attitude towards zakat on savings. An individual who has high religiosity will have a favourable attitude in paying zakat on savings. The person that is always involved in the religious activities will have greater influence in paying zakat compare to the person that not highly religious. The persons will have more understanding and build a positive perception in paying zakat on savings, which is one of the Shariah requirements. Thus, this study investigates the direct effect of this relationship.

Besides, previous literature that examined the indirect effect of attitude between religiosity and zakat compliance behavior on savings was hardly to be found. This study will further examine on this relationship. Previous studies show that there was a significant relationship between religiosity and attitude toward the behavior (Raihana & Pope, 2014; Siala, 2013). There is also a significant relationship between attitude and zakat compliance behavior (Huda et al., 2012; Raedah et al., 2011; Ram Al Jaffri et al., 2009; Zainol et al., 2009) and religiosity and zakat compliance behavior (Kamil et al., 2012; Zainol, 2008). The results of previous studies show that the potential of indirect effect will be existed if it is tested. Thus, the following hypotheses are offered:

H_{8a}: Organizational religiosity is positively related to attitude toward zakat on savings.

H_{8b}: Non-organizational religiosity is positively related to attitude toward zakat on savings.

H_{9a}: Organizational religiosity is positively related to zakat compliance behavior on savings mediated by attitude.

H_{9b}: Non-organizational religiosity is positively related to zakat compliance behavior on savings mediated by attitude.

4.2.8.2 The relationship between knowledge and attitude

Knowledge and attitude was found to be positively and significantly related (Eriksen & Fallan, 1996). Eriksen and Fallan showed that the students under study changed their attitude toward paying tax after knowing what taxation was. In another study, Mohd Rizal and Ahmad Fariq (2011) also reported that tax knowledge significantly influenced attitude toward tax compliance.

In a different study, Qu et al. (2010) showed that specialty knowledge had a significant influence on attitude towards HIV/AIDS patients. Aertsens et al. (2011) divided knowledge into two dimensions, i.e., subjective and objective knowledge. They showed that both dimensions significantly influenced attitude towards organic food. Therefore, this study investigates the direct effect of knowledge on attitude toward zakat on savings.

Even though the indirect effect of knowledge on zakat compliance behavior through attitude is hardly to be investigated in the context of zakat on savings, past research

indicates that such indirect link is likely. This is because knowledge and attitude were found to be significantly related (Eriksan & Fallan, 1996; Mohd Rizal & Ahmad Fariq, 2011). Attitude and zakat compliance were also found to be significantly linked (Huda et al., 2012; Raedah et al., 2011; Ram Al Jaffri et al., 2009; Zainol et al., 2009). Studies have also documented a significant association between knowledge and zakat compliance behavior (Kamil, 2002; Mohd Ali et al., 2004; Sanep et al., 2011; Zainol, 2008). Based on the previous empirical evidences highlighted before, there is high possibility that the mediator role of attitude is existed between knowledge and behavior.

Eriksan and Fallan (1996) also suggested that attitude can be investigated as a mediator variable between knowledge and individual behavior. An increase in the level of knowledge will enhance a person's attitude, which subsequently influence the actual execution of the behavior. Therefore, the hypotheses below are proposed:

H₁₀: Knowledge is positively related to attitude toward zakat on savings.

H₁₁: Knowledge is positively related to zakat compliance behavior on savings mediated by attitude.

4.2.8.3 The relationship between reference group and attitude

In the context of zakat, Zainol et al. (2009) found a positive and significant partial mediation of attitude in the relationship between subjective norms and intention to comply with zakat on employment income.

In tax compliance, researchers also found that attitude partially mediated the relationship between two components of subjective norms, i.e., primary normative belief and secondary normative belief, and intention to pay local sales tax (Shalihen, 2011). However, Kim et al. (2013) demonstrated full mediation of attitude in the link between subjective norm and intention to read menu label. In different studies, subjective norms were significantly related to attitude toward brand choice (Miniard & Cohen, 1983), knowledge sharing behavior (Ramayah et al., 2013) and organic food (Tarkiainen & Sundqvist, 2005).

The previous findings suggest that subjective norm is an important variable that influences attitude toward behavior; hence, the following hypotheses are formulated:

H₁₂: Reference group is positively related to attitude toward zakat on savings.

H₁₃: Reference group is positively related to zakat compliance behavior on savings mediated by attitude.

4.2.8.4 The relationship between perceived corporate credibility and attitude

Past studies showed that corporate credibility had a positive and significant influence on attitude toward behavior (Goldsmith et al., 2000; Lafferty & Goldsmith., 1999; Newell & Goldsmith, 2001). In zakat compliance literature, previous study only reported a direct relationship between corporate credibility and intention to pay zakat on employment income (Zainol & Kamil, 2011). Hence, this study investigates the direct relationship between perceived corporate credibility and attitude toward zakat on savings.

This study also examined the indirect effect of attitude in the relationship between perceived corporate credibility and zakat compliance behavior on savings because of the limited research available. The indirect link is expected to occur because past literature indicates a significant association between corporate credibility and attitude (Goldsmith et al., 2000; Lafferty & Goldsmith., 1999; Newell & Goldsmith, 2001), attitude and zakat compliance behavior (Huda et al., 2012; Kamil, 2002; Ram Al Jaffri et al., 2009; Zainol et al., 2009), and corporate credibility and zakat compliance behavior (Zainol & Kamil, 2011). Putting these separate evidence together, this study assesses the direct and indirect effect of attitude toward zakat compliance. Thus, the suggested hypotheses are as follows:

H₁₄: Perceived corporate credibility is positively related to attitude toward zakat on savings.

H₁₅: Perceived corporate credibility is positively related to zakat compliance behavior on savings mediated by attitude.

4.2.8.5 The relationship between tax rebate and attitude

Past study on taxation found that tax rebate or incentive had a positive and significant influence on attitude toward the current tax system (Hasseldine & Hite, 2003). In other area, incentives and attitude toward retailer was also revealed to be positive and significantly related (Khare et al., 2014).

This present study investigates the direct and indirect effect of attitude on the relationship between tax rebate and zakat compliance behavior on savings. Separate studies showed a significant and positive association between tax rebate or incentive and attitude toward behavior (Hasseldine & Hite, 2003; Khare et al., 2014), attitude and zakat compliance behavior (Huda et al., 2012; Kamil, 2002; Ram Al Jaffri et al., 2009; Zainol et al., 2009), and tax rebate and zakat compliance behavior (Ram Al Jaffri, 2010). Hence, the following hypotheses are proposed:

H₁₆: Tax rebate is positively related to attitude toward zakat on savings.

H₁₇: Tax rebate is positively related to zakat compliance behavior on savings mediated by attitude.

4.2.8.6 The relationship between level of income and attitude

In tax compliance literature, Nor Aziah et al. (2005) found that the level of income was significantly and negatively related to attitude toward compliance. But, other studies showed a positive and significant influence on attitude toward epilepsy (Neni et al., 2010), and attitude toward retirement planning (Gurd & Or, 2011). As studies that investigate the link are very few, especially in zakat literature, it is important that the effect of the level of income is examined.

This study also investigates the indirect effect of attitude in the link between the level of income and zakat compliance behavior on savings because separate studies have shown that such link is theoretically possible. Past studies showed a significant relationship between the level of income and attitude (Gurd & Or, 2011; Neni et al., 2010; Nor Aziah et al., 2005), attitude and zakat compliance behavior (Huda et al., 2012; Raedah et al., 2011; Ram Al Jaffri et al., 2009; Zainol et al., 2009), and the level of income and zakat compliance behavior (Hairunnizam et al., 2005; Nur Azura et al., 2005). Furthermore, the mixed results of the level of income and compliance behavior suggest that the link could be explained by the mediating or moderating variables (Kirchler et al., 2007). Even though in zakat literatures, there is limited study available to investigate the direct link of attitude and indirect link between level of income and zakat compliance through attitude, but based on the result found by previous studies that showed a significant and positive link between level of income and zakat compliance (Hairunnizam et al., 2005; Nur Azura et al., 2005), the following hypotheses are formulated:

H₁₈: Level of income is positively related to attitude toward zakat on savings.

H₁₉: Level of income is positively related to zakat compliance behavior on savings mediated by attitude.

4.3 Research design

A research design is a strategy for conducting research. It involves making decisions about the assumptions of the study, methods applied, and analysis used (Creswell, 2009). The aim of this study is to examine the purported influence of the factors on zakat compliance behavior on savings. To meet the research objective, a quantitative approach was chosen as it involves hypothesis testing (Creswell, 2009). This study was also cross-sectional in nature because the data collected only at one point in time. A survey was the primary research design of this study. This design was widely applied in previous studies on zakat compliance (Kamil, 2002; Huda et al., 2012; Raedah et al., 2011; Sanep et al., 2011; Zainol, 2008).

4.4 Data collection

There are several techniques of data collection, such as interview, questionnaire, observation of individual or events, etc. In the present study, data were collected using survey questionnaires. This technique was chosen because the participants working in the public and private sector organizations were scattered in the state of Kedah. Sekaran and Bougie (2012) stated several advantages of personally administered questionnaires. Using this technique allows the researcher to gather the data quickly, with less cost, and less time consuming in comparison to other techniques, such as interview. It also gives the researcher the opportunity to clarify

questions from the participants. Besides, the technique was employed in studies that used the Fischer model (Alabede, 2012; Chan et al., 2000; Hajah Mustafa, 1996; Nor Aziah, 2004).

4.5 Population and sampling

A population is any complete group of entities that has a common set of characteristics under investigation (Sekaran & Bougie, 2012; Zikmund, Babin, Carr, & Griffin, 2013). Meanwhile, a sample is a subset of the population (Sekaran & Bougie, 2012). The unit of analysis in the present study was individual Muslim employee working at public and private sector organizations.

4.5.1 Population

The population of this study was all Muslim employees working at public and private sector organizations in Kedah. In 2013, there were 4,538 public and private sector organizations in Kedah with a total number of employees who were subject to Monthly tax deduction (MTD) is 77,644 (Mohd Yasin Mohd Ali, personal communication, November 13, 2014). If only half of the total number of Muslim employees (38,822 employees) paid zakat on savings, the collected funds were still relatively low. The Jabatan Zakat Negeri Kedah reported that only 6,049, 6,167, and 6,361 individual Muslims paid their zakat on savings in 2012, 2013, and 2014, respectively (PPZ-MAIWP, 2012, 2013, 2014).

Individual Muslim employees working at public and private sector organizations were chosen because they represented the highest source of zakat collected on

employment income in all the states (refer table 1.1). It shows this group of employees has a high potential to pay zakat.

Moreover, most of the sources of zakat on savings in 2012, 2013, and 2014 paid to PPZ-MAIWP were from individual zakat payers, who made up of 97.50%, 98%, and 98.45%, respectively, of the overall number of zakat payers (Muhsin Paizin, personal communication, October 12, 2015). Table 4.1 shows the sources and statistics of zakat collection on savings. At present, this type of information was not available from Lembaga Zakat Negeri Kedah (Mohd Fahmi Salleh Hilmi, personal communication, December 18, 2016). Therefore, the present study is also based on individual Muslims. Even though the highest collection of zakat on savings was from individuals, but the number of zakat payers was still low.

Table 4.1
Statistics of zakat collection on savings

Zakat collection on saving and percentage of zakat collection						
Sources of collection	2012 (RM)	%	2013 (RM)	%	2014 (RM)	%
Individual	19,963,429.09	97.50	22,678,711.31	98.00	24,100,807.63	98.45
Enterprise / Trading /Sole-proprietorship	435,531.15	2.13	346,677.73	1.50	314,986.86.	1.29
Non-Governmental Organization (NGO)	-	-	1400.00	0.01	-	-
Semi-government / Statutory Body	22,543.00	0.11	23,612.00	0.10	34,950.70	0.14
Limited company	5,933.00	0.03	19,132.00	0.08	6,710.00	0.03
Private limited company	46,475.44	0.23	69,055.35	0.30	22,296.00	0.09
Professional Firm	-	-	3,000.00	0.01	-	-
Total collection	20,473,911.68	100	23,141,590.39	100	24,479,753.19	100

Source: Muhsin Paizin (personal communication, October 12, 2015)

This group of employees was also selected because they receive their salary every month. If it was assumed that they would save some for the future, then they would have to pay zakat on the savings if the requirement of haul and nisab is fulfilled. Furthermore, they were subject to pay income tax via MTD. Income tax is imposed on individuals earning at least RM33,000 per year (Lembaga Hasil Dalam Negeri, 2013). However, zakat on savings is imposed on savings of RM11,499 (Jabatan Zakat Negeri Kedah, 2014). Hence, those who have to pay income tax have to pay zakat, too.

Kedah was chosen as the place of study because of the distinctive management of the zakat system. K.D.Y.M.M Tuanku Sultan Abdul Halim Mu'adzam Shah, who is the head of Islam, monitors the management activities of Lembaga Zakat Negeri Kedah directly. Besides, Kedah is the first state to gazette the enactment of Zakat in 1955 (Mohammad Azam & Zuryati, 2005). The zakat institution has the authority to punish anyone who does not comply with the law. It is also the first state that brings the case of non-compliance for court action. However, the low enforcement toward zakat payment shows that until now the collection of zakat is still unsatisfactory, and the zakat institution primarily depends on the compliance behavior of individual Muslims for more zakat collections. Thus, it is important to investigate the factors that influence zakat compliance behavior on savings in Kedah to help Lembaga Zakat Negeri Kedah and other zakat institutions increase their zakat collection.

Another reason for choosing Kedah was the method of calculating zakat on savings. Zakat on savings in other states is computed based on the lowest amount of balance of the year. In contrast, zakat on savings in Kedah is calculated based on the last

amount of balance of the year (Jawatankuasa Fatwa Negeri Kedah, 1985). Furthermore, this is an early stage of study for zakat on savings and there is no differences for the selected respondent choose in this study and other employees who are working at public and private sectors in other states in Malaysia because the same working policies are applied for them.

Because of this, the selected sample size will not have significant difference if the study only conducted among the employees who are working in the public and private sectors in the state of Kedah. Thus, the present study becomes the based in other zakat institutions in finding an effective ways to influence zakat payers to pay zakat in the future.

Farah Mastura and Zainol (2013) showed in their study that 56.1% of public sector employees in Kedah paid zakat on savings, and Nurul Farida (2014) revealed that 35% of lecturers at Matriculation Centre in Kedah did the same. As these studies indicated that the level of zakat compliance on savings in Kedah is still not satisfactory, it is apt that the present research is undertaken.

4.5.2 Sample size

As suggested by Coakes, Steed, and Ong (2010), the minimum sample size to conduct factor analysis and regression is five times the independent variables involved. A sample size of 20 times for standard or hierarchical regression and more than 200 for factor analysis is necessary for better results. Other scholars also emphasized that the suggested sample size for the generalization purpose is between 15 and 20 observations for each independent variable (Hair, Anderson, Tatham, & Black, 1998). However, for a structural equation modelling analysis to be conducted, more than 200 observations are required (Hair et al., 1998), and the rule of thumb to carry out a PLS path model should be at least 10 times the maximum number of arrowheads showing to the construct (Hair, Hult, Ringle, & Sarstedt, 2014).

In this present study, 600 questionnaires were distributed. This number was chosen so that the number of usable questionnaires was equal or larger than the sample size suggested by Coakes et al. (2010), Hair et al. (1998), and Hair et al. (2014). It is also to avoid the possibility of participants not answering and returning the questionnaire. Therefore, the total number of distributed questionnaires should be sufficient.

4.5.3 Sampling technique

There are two types of sampling technique, i.e., probability and non-probability sampling. Probability sampling can be defined as all the elements in the population that have an equal chance to be selected (Zikmund et al., 2013). In contrast, non-probability sampling is the possibility that the elements in the population being selected are unknown. Non-probability sampling can be further categorized as convenience sampling, judgment sampling, quota sampling, and snowball sampling while probability sampling refers to simple random sampling, systematic sampling, stratified sampling, and cluster sampling.

In this present study, cluster sampling was chosen for several reasons. Firstly, the target population consisted of two groups, public and private sector employees. Secondly, this sampling technique was previously applied by Mahamad (1998) in his study on tax compliance and Zainol (2008) on zakat compliance behavior on employment income. Thirdly, Sekaran and Bougie (2012) stated that cluster sampling is used when there is heterogeneity within group and homogeneity across groups. In this study, each group was heterogeneous because it consisted of both public and private sector employees that have different policies in terms of job security, income scheme, organizational structure, work ethics and willingness to participate in zakat activities while the two groups were similar in the sense that they were subject to MTD and should fulfilled the requirement of haul and nisab.

Cochran (1977) and Kumar (2011) also stated that cluster sampling is appropriate when a population frame is unavailable and to construct such a list is costly. In this present study, IRBM only provided the total number of employees in Kedah who are

subject to MTD but did not release the information on the list of employees who were subject to MTD in each of the organization.

4.5.4 Sampling procedure

The total number of organizations (4,538 public and private sector organizations) that is subject to MTD in Kedah given by IRBM was later divided into two clusters to represent public and private sector organizations. Then, only large organizations that had more than 20 employees who were subject to MTD were chosen. The organizations also should consist of many Muslims employees. Thirty public and private sectors organizations were involved. Appendix A shows the list of organizations involved. The reason for choosing more 20 employees from each organization was also to fulfill the number of distributed questionnaires suggested (20 employees x 30 organizations = 600) in ensuring that the number of usable questionnaires was also sufficient.

At the organizational level, a list of employees' name that subject to MTD was asked for each of the organizations and simple random sampling was conducted to choose the participants.

4.5.5 Data collection procedure

The data were collected within a two-month period. Questionnaires were distributed to the participants with the help of human resource department or head of the department. It was distributed only to the employees who are subject to MTD and only 20 questionnaires were given to each organization. The questionnaires were collected after one week. This gives opportunity to the respondents to fill the questionnaire during free time. The respondents also have ample time to think before answering the questions. After a week, a follow-up was made where the participants were given additional one week to fill in the questionnaire. The researcher assumed that the participants did not wish to participate if they did not return the questionnaire after the second week was over. Appendix B shows the final questionnaire used.

4.6 Operational definition and measurement

The dependent variable in this study is zakat compliance behavior on savings. Compliance behavior has been suggested in the underlying Fischer model as the dependent variable. Meanwhile, religiosity, knowledge, reference group, perceived corporate credibility, tax rebate and level of income are the independent variables. Attitude is the mediating variable.

4.6.1 Dependent variable

4.6.1.1 Zakat compliance behavior on savings

Zakat compliance behavior on savings is operationalized as the actual behavior of paying zakat on savings to zakat institutions based on the approved standard guidelines and procedure. Zakat compliance behavior is measured by using an instrument adapted from Ram Al Jaffri (2010) that previously taken from Ajzen (2002). Ajzen stated that individual behavior could be measured based on target, action, context and time. Therefore, this study investigates zakat compliance behavior on savings (action) among individual Muslims employee who are working in public and private sectors (target) when the savings (context) reached the requirement of haul and nisab (time).

Four questions measured on a five-point Likert scale ranging from '1' "strongly disagree" to '5' "strongly agree" was used. A sample of the question asked is "I pay zakat on savings to Jabatan Zakat Negeri Kedah."

4.6.2 Independent variables

4.6.2.1 Attitude

Attitude is defined as the degree of which an individual has favorable or unfavorable evaluations towards the desired behavior (Ajzen, 1991). In this study, the operationalized definition of attitude refers to the level of which an individual has positive or negative evaluations towards paying zakat on savings. This variable was measured by using the instrument of Ajzen (2002). Seven questions were asked of which two were negatively worded. A five-point Likert scale was used to measure the variable. Questions asked include "I am happy to fulfill my obligations to the

religion by paying zakat on savings” and “Paying zakat on savings is not my priority”. The highest score for the positive and negative statement is 35 (7 item x 5 marks) that indicate the persons is very positive towards the payment of zakat on saving whereas the minimum score is 7 (7item x 1 mark) that indicate the persons has a negative evaluation in paying zakat on savings.

4.6.2.2 Religiosity

Chatters, Levin, and Taylor (1992) measured religiosity as three dimensions that consist of organizational, non-organizational and subjective religiosity. The first dimension of religiosity known as organizational religiosity is defined as individual involvement in the religious activities conducted by the religious institutions such as become a member to the institutions in organizing the activities, participate in the activities and so on. Another dimension of religiosity is non-organizational activities that had been defined as an individual behavior that take place outside the formal institutions like watching religious programs, listening to the radio, searching religious information via the internet and so on. The last dimension is subjective religiosity that relate to psychological aspects of the person like knowledge, attitude, belief, experience and the person characteristics with regards to the religion.

The operationalized definition of religiosity was the involvement of an individual in the religious activities and how far the person interested in the religious matters. The instrument was adapted from Kamil (2002), whose items were originally developed by Chatters et al. (1992).

The items suggested by Chatters et al. (1992) only related to Christianity and Judaism. Therefore, some modification was done to suit with Islamic culture applied in this country. The dimensions applied in this study are regarded to the person's involvement in Islamic activities and the tendency that the persons will get involves in the religious matters. These dimensions were organizational religiosity and non-organizational religiosity. It had been done by Kamil (2002) before. The instrument was later applied by Zainol (2008) in his study on zakat on employment income.

There were 14 questions asked to the respondents and each questions was given 1 to 5 scores. An example of question is 'how often you attend fiqh classes/lectures?'. The highest score is 70 (14 item x 5 marks) while the lowest score is 14 (14 item x 1 mark). The highest score represent that the persons is highly religious and interested in religious matters while the lowest score represent that the person is the other way around.

4.6.2.3 Knowledge

Kamil (2002) defined knowledge as knowledge and understanding of individual Muslim employee in evaluating their zakat on employment income. In this study, knowledge refers to employee understanding of matters related to zakat on savings, such as principles, rate of nisab, method of calculation, rate of zakat on savings, and incentive on zakat payment.

To measure this variable, this study adapted the instrument applied by Kamil (2002) but with some adaptations to fit the context of zakat on savings. Seven questions were asked to the respondents. Each right answer will be given only 1 score except

for the question 1 that will be given 4 scores. A sample question was “The calculation of zakat on savings in Kedah is based on”. The maximum score for this variable is 10. The maximum total score obtain by the respondent show that the person is having high level of knowledge related to zakat on savings. In contrast, the lowest score means that the person knowledge is very low pertaining to zakat on savings.

4.6.2.4 Reference group

Ajzen (1991) defined subjective norm (reference group) as the perception of the social pressure either to execute or not to execute the desired behavior. In this present study, reference group refers to the family that the individual asks for opinions or suggestions. Hence, the operationalized definition of this variable refers to family pressures on the individual to pay zakat on savings. To measure this variable, the items were adapted from Zainol (2008). They were originally taken from Ajzen and Driver (1992).

There are four questions was asked to the respondents regarding their agreement, opinions, support and advice for this variable. The total questions are four and all questions are positive statements on a five point Likert scale ranging from ‘1’ “strongly disagree” to ‘5’ “strongly agree”. A sample of question is “My family thinks that I should pay zakat on savings”. The highest score is 20 (4 item x 5 marks) showing that the person has a positive perception towards the reference group in paying zakat on savings. In contrast, the perception towards the reference group is low when the person only obtains the lowest score of 4 (4 item x 1 mark).

4.6.2.5 Perceived corporate credibility

Perceived corporate credibility can be defined as how far customers believe that the company has the ability to implement its promise and whether the company is honest in telling the truth (Newell & Goldsmith, 2001). The operationalized definition of perceived corporate credibility is individual's perception of the credibility of a zakat institution in managing the collection and distribution of zakat funds. The instrument to measure this variable was adapted from Zainol (2008). It was originally developed by Goldsmith and Newell (2001). Eight questions were asked that comprise of six positive statements and two negative statements. A sample question is "Jabatan Zakat Negeri Kedah has a great amount of experience in the collection and distribution of zakat". Participants were asked to indicate their agreement on a five-point Likert scale ranging from '1' "strongly disagree" to '5' "strongly agree". The highest score is 40 mark (8 item x 5 marks) showing that the person has high positive perceptions towards zakat institutions while the lowest score of 8 mark (8 item x 1 mark) showing that the person has a negative perception towards zakat institutions.

4.6.2.6 Tax rebate

Previously, tax rebate is defined as facility and opportunity provided by government to the traders who pay zakat on business (Ram Al Jaffri, 2010). A zakat payer is allowed to make a deduction on the whole amount of zakat payment from the maximum amount of tax that should be paid to the IRBM as stipulated by Section 6A (3) Income Tax Act 1967.

In this present study, the operational definition for tax rebate is an incentive given by the government to the zakat payer who pays zakat on savings to the eligible amil or zakat institution. The instrument to measure this variable was adapted from Ram Al Jaffri (2010) and originally from Taylor and Todd (1995).

Four questions were asked to the respondents in the form of positive statements. The respondents were asked to indicate their level of agreement or disagreement on a five-point Likert scale ranging from '1' "strongly disagree" to '5' "strongly agree". An example of a question is "Tax rebate encourage me to pay zakat". The highest score is 20 marks (4 item x 5 marks) which means that the persons is highly attracted with the incentives given by the government while the lowest score of 5 marks (5 item x 1 mark) means that the persons not attracted with the incentive given by the government in paying zakat on savings.

4.6.2.7 Level of income

Level of income refers to a gross monthly income (Alabede, 2012). The operationalized definition of level of income is the gross monthly income of the respondents. This question is adapted from Alabede (2012), Nor Aziah (2004) and Hajah Mustafa (1996). It was categorized as three level namely low income, medium income and high income level (Alabede, 2012) while the range of each level was RM3000.

In this present study, the income level was categorized into three groups of RM3000-RM6000, RM6001-RM9000, and RM9001 and above. The minimum level of RM3000 was chosen because the minimum requirement to be subject to MTD is around RM2750. It was measured as categorical scale.

4.7 Technique of data Analysis

After completing the data collection procedure, it is important to choose appropriate tools for data analysis. In order to analyze the data, the Statistical Package for Social Sciences (SPSS) version 20 and Smart Partial Least Square (SmartPLS) statistical software version 3.0 were employed in this study. SPSS was conducted for initial data screening. Then, SmartPLS 3.0 was applied to obtain the test hypotheses.

4.7.1 Descriptive analysis

Descriptive analysis was applied to explain the characteristics of the data in the form of frequencies, measures of central tendency, and dispersion (Sekaran & Bougie, 2012). Frequencies can be defined as the number of occurrences of the data. It is presented in terms of percentage and cumulative percentage. This study also provides the information on the measure of central tendency which is mean and measure of dispersion was standard deviation.

4.7.2 PLS path modelling

PLS-SEM was used to examine the research model by using SmartPLS 3.0 software (Ringle, Wende, & Becker, 2015). PLS-SEM is preferred for several reasons. Hair, Ringle, and Sarstedt (2011) stressed that PLS-SEM is preferred for an exploratory study and when the focus of the research is to predict or develop a theory. Since studies on the factors that influence zakat compliance behavior on savings are limited, and since the present study is the first attempt to apply the Fischer model as the underlying model in the zakat compliance environment, the use of this statistical technique was apt.

Moreover, according to Hair et al. (2011), PLS path modeling is appropriate when a study is complex involving many constructs and indicators. In this study, nine latent variables were involved that also includes one mediating variable. This statistical technique is also chosen because of its friendly graphical user interface that allows

users to test the mediating effect using bootstrapping techniques suggested by Preacher and Hayes (2004; 2008) in examining the simple mediation models.

Besides, previous study also stated that PLS path modelling also has the capability to estimate the links between latent variables (structural model) and the links between indicators and latent variables (measurement model) simultaneously (Chin, Marcolin, & Newsted, 2003). Thus, this statistical technique is more preferable.

Finally, using PLS-SEM allows the researcher to conduct importance performance matrix analysis (IPMA) in order to help zakat institutions to increase zakat collection. Hair et al. (2011) asserted that when a researcher plans to include IPMA to help policymakers or practitioners make better decisions, PLS-SEM should be employed.

4.7.3 Mediation procedure using SmartPLS

Mediation analysis was conducted to investigate whether attitude mediates the relationship between all the independent variables (religiosity, knowledge, reference group, perceived corporate credibility, tax rebate, and level of income) and the dependent variable (zakat compliance behavior on savings).

There are several approaches to test the mediation effect. They are causal step approach proposed by Baron and Kenny (1986), Sobel test or also known as product of coefficient approach (Sobel, 1982), distribution of the product approach (Mackinnon, Lockwood, Hoffman, West, & Sheets, 2002; Mackinnon, Lockwood, & Williams, 2004), and bootstrapping approach (Preacher & Hayes, 2004, 2008). This

present study chose the bootstrapping because this approach is better than the other approaches (Preacher & Hayes, 2008). It is also becoming the latest mediation analysis approach because of the accuracy in examining the mediating effect and has the combination of the best Type 1 error control (Hayes, 2009).

Bootstrapping creates an empirical representation of the sampling distribution of the indirect effect by considering large subsample with a replacement that is randomly drawn from the original sample size. Three procedures should be followed to test the mediation role. Firstly, the bootstrapping method estimates the direct effect between the independent and dependent variables without considering the mediator variable. It should be significantly related. Secondly, the path model should be estimated by considering the mediator variable. The indirect effect of this path model also should be significantly related. Lastly, the significant relationship is examined by using the formula provided by Kock (2014) as shown below:

$$T = \frac{a \times b}{S a b}$$

Where:

T = t-value for the significant mediation effect

a = value of path coefficient on the link between independent variable and the mediator variable

b = value of path coefficient on the link between mediator variable and dependent variable

Sab = modified standard error on the product of a and b

The mediation effect is examined by multiplying path coefficient of 'a' and 'b'. Then, this value is divided by the modified standard error of 'a' and 'b' as presented in the equation below. The same method in testing the mediation effect was also used in recent studies (Al Shdaifat, 2014; Aminu, 2015; Bambale, 2013; Nura, 2014).

$$Sab = \sqrt{b^2 \cdot S_a^2 + a^2 \cdot S_b^2 + S_a^2 \cdot S_b^2}$$

4.8 Pilot test

This section presents the result of a pilot test conducted to 55 participants. The purpose of the pilot test was to know the reliability and validity of the instrument applied in this study.

4.8.1 Reliability analysis

Reliability is defined as the level of consistency among all items that measure a variable (Hair, Black, Babin, & Anderson, 2010). Reliability analysis was conducted for attitude, religiosity, reference group, perceived corporate credibility, tax rebate, and zakat compliance behavior on savings. Several methods can be used to test reliability. They are Cronbach's alpha, split half, and test-retest method. In this study, the Cronbach's alpha method was used because it was widely applied by previous researchers (Hair et al., 2010; Sekaran & Bougie, 2012; Zikmund et al., 2013). Churchill (1979) suggested that this test should be performed first in analyzing the quality of the instrument. This method was also applied in the area of zakat (Kamil,

2002; Zainol, 2008) and tax compliance (Alabede, 2012; Nor Aziah, 2004). The Cronbach alpha ranges from 0 to 1. However, Hair et al. (2010) set the lower limit is 0.70 and 0.60 for an exploratory study while Zikmund et al. (2013) stated that reliability value ranging from 0.80 to 0.95 is very good, 0.70 to 0.80 is good, 0.60 to 0.70 is fair, and 0.60 and below is poor.

4.8.2 Factor analysis

All the constructs were also tested for validity analysis. Validity value refers to the degree to which the value presents the concept being measured (Hair et al., 1998; Zikmund et al., 2013). Validity analysis was performed by using factor analysis in SPSS. Factor analysis is a technique to which all variables that are related to each other are entered simultaneously, by applying a variation concept and linear composites of the variables (Hair et al., 1998). Generally, factor analysis is also known as data reduction because it has the ability to summarize the data. It determines the dimensions of the structures and the variable explained for each dimension (Hair et al., 1998). It was widely applied to confirm the dimensions of a construct (Churchill, 1979) and was also applied in studies on zakat (Raedah et al., 2011; Sanep et al., 2011) and tax (Alabede et al., 2011).

As suggested by Churchill (1979), the procedure to develop a better measure is to assess its construct validity. Construct validity is testing whether the items used to measure the instrument fit with the theories or concept being applied. Construct validity can be assessed through convergent and discriminant validity (Sekaran & Bougie, 2012). Convergent validity can be established when the result obtained correlates highly with other methods applied to measure the same construct while

discriminant validity refers to the degree to which the items measured represent the construct and not the other variables (Churchill, 1979).

In order to perform factor analysis, it is important to ensure that the data matrix has sufficient correlation. One of the measures to ensure the degree of intercorrelations between items is Kaiser Meyer Olkin (KMO). The value ranges from 0 to 1. If the result obtained is in the range of 0.80 and above, it is very good; 0.70 and above good; 0.60 and above average; 0.50 and above, low and below 0.50 is unacceptable (Hair et al., 1998).

4.8.3 Result of pilot study

For the purpose of pilot test, any place can be chosen as long as the sample still represents the preferred target population (Light, Singer, & Willett, 1990). In this present study, Universiti Utara Malaysia was chosen because it is among the largest organization that has many employees who subject to MTD. The minimum requirement of 30 should be sufficient for the pilot test (Johanson & Brooks, 2010). Thus, a total of 120 questionnaires were distributed to employees working at Universiti Utara Malaysia to increase the number of usable questionnaires. Out of 120, 60 questionnaires were returned, and only 55 can be used for further analysis. In addition, it should be noted that this usable sample was not included in the actual study. Reliability analysis was conducted by applying Cronbach's alpha, and factor analysis was performed for testing the validity of the instrument.

The reliability analysis showed that the values of the Cronbach's alpha of each construct were between 0.76 and 0.95. The values were considered good (Hair et al., 2010). Tax rebate has the lowest alpha value of 0.76 while reference group and

perceived corporate credibility showed the highest alpha value of 0.95. Table 4.2 shows the result of reliability analysis and details of information is displayed in appendix C-1.

Table 4.2
Result of reliability analysis (n = 55)

	Number of item	Cronbach Alpha
1. Attitude	7	0.90
2. Religiosity	13	0.82
3. Reference group	8	0.95
4. Perceived corporate credibility	8	0.95
5. Tax rebate	4	0.76
6. Zakat compliance behavior on savings	4	0.92

Next, factor analysis was run for the entire constructs. The result showed that the KMO values were in the range of 0.72 and 0.88. Tax rebate had the lowest value of KMO of 0.72 while attitudes and perceived corporate credibility showed the highest value of 0.88. The constructs also passed the Bartlett's Test of Sphericity. The value was significant (Sig. = 0.0000). Table 4.3 shows the result of factor analysis (refer appendix C-2 for further information).

Table 4.3
Result of factor analysis (n = 55)

	No. of item	No. of factor	KMO value	Variance explain
1. Attitude	7	1	0.88	66.08
2. Religiosity	13	4	0.76	66.77
3. Reference group	8	2	0.87	83.26
4. Perceived corporate Credibility	8	1	0.88	74.18
5. Tax rebate	4	1	0.72	58.89
6. Zakat compliance behavior on savings	4	1	0.76	82.76

Notes: KMO = Kaiser Meyer Olkin

Based on the pilot study result, some modifications were made by dropping the construct of reference group (friends). Even though the KMO value for referent group was above the suggested value of 0.70, there was a cross loading between family and friends. The details result of loading for each item in reference group is reported in appendix C-2-3. In order to distinguish and interpret a factor, items for the variable should have a loading of 0.50 or higher on the particular factor and at the same time, the item also should not load more than 0.35 in other factors (Igbaria, Iivari, & Maragahh, 1995). Besides, Zainol (2008) found that all items for reference group (friends) had high cross-loadings with other factors. He later deleted the items. Due to these reasons, this present study proceeded with reference group (family) only.

Family is the closest person that can influence zakat payer in complying with zakat payment. It is proven when the previous study stated that parents and spouse has a

significant influence towards intention in paying zakat on employment income (Zainol, 2008). Other studies also reported that family members has the dominance influence on individual behavior (Kulkarni & Nithyanand, 2013; Tong et al., 2012). Based on previous explanation, this study only considering reference group (family) in the later discussion as one of the factors that influence zakat compliance behavior on savings.

4.9 Chapter summary

This chapter demonstrated the research model using the Fischer model to examine the determinants of compliance behavior on zakat savings. Hypotheses were formulated based on previous studies. This study is a quantitative approach by using the survey method. In order to test the hypotheses and to answer the research questions, several procedures are followed like sampling, measuring instruments and data collection. Following the data collection stage, technique of data analysis by using SPSS and SmartPLS also have been summarised in order to obtain the results of this study. Finally, this study presented the result of a pilot study aimed at testing the reliability and validity of the instruments used.

CHAPTER 5

FINDINGS

5.0 Introduction

This chapter presents the findings obtained from the data analysis described in the previous chapter. This chapter is organized as follows. It begins with a description of the response rate. Next, the data screening is conducted to identify any missing values and outliers. This chapter also describes on the demographic profile of the respondents. It is followed by the description of research variables. Then, non-response bias procedure, homogeneity of variance and common method variance test are offered. Besides, the results of checking the normality and multicollinearity assumptions are presented. The chapter moves on in presenting the results of the examination of the measurement model by using partial least square structural equation modelling. Subsequently, the findings for each of the hypotheses are reported at the structural model stage. Finally, the findings of the importance-performance matrix analysis are displayed.

5.1 Response rate

As mentioned earlier, 600 questionnaires were distributed to the participants, but only 377 were returned, yielding a response rate of 63%. The response rate was calculated by dividing the number of returned questionnaires with the number of distributed questionnaires (Zikmund et al., 2013). The response rate of this study is equivalent to that reported in previous studies on zakat. Kamil (2002) had a response rate of 54% while Zainol (2008) 52%. The high response rate in this study was achieved due to follow-up calls made to the human resource personnel or head of the department at the particular organizations before collecting the questionnaires (Silva, Smith, & Bammer, 2002; Zikmund et al., 2013).

5.2 Descriptive analysis

Descriptive analysis was performed to screen the data to identify missing values and outliers. It was also applied to analyze the demographic data of the participants and all the items involved in this study.

5.2.1 Data screening

All data were entered into SPSS version 20. The items were negatively worded were reverse coded first before the analysis was run. Once the data were entered, the analysis began by screening the data. Data screening is important to ensure the accuracy of data entered into the data file before the main analysis is conducted (Tabachnick & Fidell, 2001). The data were screened for missing values and outliers.

5.2.1.1 Missing values

Missing value refers to the blank response left by the respondents while others information is available (Hair et al., 2010). If more than 15% of the questionnaire were not answered or if a case has less than 15% of nonresponses but it has a high percentage of missing values for a single construct, the whole case should be discarded (Hair et al., 2014). As a result, out of 377 returned questionnaires, 14 cases were removed from the dataset.

In addition, the chosen respondent in this study is only the persons who are complying in paying zakat on saving. Consequently, this study also screened for the individuals who were not eligible to pay zakat on savings and did not pay zakat on savings based on the demographic profile of the participants. Besides, the participants were also examined based on the mean value of zakat compliance behavior on savings which are above three. For these reasons, another 73 questionnaires were discarded.

5.2.1.2 Outliers

Outliers can be defined as cases that have a unique combination of features that can be identified as different from the other cases (Hair et al., 2010). Outliers will distort the analysis, hence, displaying inaccurate results. Outliers should be carefully examined to determine whether they should be retained or deleted from the dataset. An outlier should be kept unless the data show that it is deviant from other observations and does not indicate a true observation in the population (Hair et al., 2010).

Descriptive statistics analysis was performed to examine univariate outliers in the data by looking at the standardized values of the variables. Hair et al. (2010) suggested that the cut-off value for univariate outliers is more than standardized values of 2.5 for a small sample size (less than 80) and up to standardized values of 4 for a large sample size. In this study, no univariate outliers were identified in the data.

In addition to univariate outliers, the data were checked for multivariate outliers by using Mahalanobis distance (D^2), which was divided by the number of the variables (D^2/df), the cut-off value also should be 2.5 for a small sample and 4 for large sample size (Hair et al., 2010). Ten multivariate outliers were found and deleted.

In the final analysis, 280 valid cases remained and used. The number of valid cases was sufficient because the desirable sample size to conduct a PLS path model should be 10 times larger than the maximum number of arrowheads showing to the construct (Hair et al., 2014). The minimum sample size should be 80 (10 x 8 arrowheads).

5.2.2 Demographic profile

This section explained on the demographic profile of the participants. Five characteristics of demographic profile included in this study, namely gender, age, academic qualification, monthly gross income, and sector while another three is to confirm whether respondents comply in paying zakat on savings (paid zakat on savings before, the last balance of savings account during the year 2014, and where the respondents paid zakat on savings). Besides, confirmation of paying zakat on savings among respondents also was done by using another category of questions in the form of interval scale.

Of 280 participants, 46.8% of them were male while 53.2% female. In terms of age, 11.4% of them were 20-30 years old, 36.5% 31-40 years old, 28.2% 41-50 years old, and 23.9% 51 years old and above. With regards to academic qualification, half of the participants had a diploma or a bachelor's degree (52.9%), followed by those who had primary and secondary school (40.7%). Very few had a master's or doctoral degree (6.4%). In terms of monthly salary, the majority earned between RM3000 and RM6000 (84.6%). Only 11.5% earned between RM6001 and RM9000, 3.9% collected more than RM9001 every month. In terms of place of work, 67.9% of the participants were public sector employees while 32.1% private sector workers. All participants indicated that they had paid zakat on savings' before. They paid the zakat either to the appointed amil/Jabatan Zakat Negeri Kedah or other zakat institutions. Lastly, in terms of nisab in 2014, only 35.7% indicated that they had a balance in their savings account that met the nisab requirement while the remaining did not have enough balance to allow them to pay the zakat on savings. Table 5.1 shows the demographic profile of the participants.

Table 5.1
Demographic profile of participants (n=280)

	Category	Frequency	Percentage
Gender	Male	131	46.8
	Female	149	53.2
	Total	280	100
Age	20-30 years old	32	11.4
	31-40 years old	102	36.5
	41-50 years old	79	28.2
	51 years old and above	67	23.9
	Total	280	100
Academic qualification	Primary and secondary school	114	40.7
	Diploma or Bachelor degree	148	52.9
	Master degree or Doctorate degree	18	6.4
	Total	280	100
Monthly gross income	RM3000-RM6000	237	84.6
	RM6001-RM9000	32	11.5
	RM9001 and above	11	3.9
	Total	280	100
Sector	Public	190	67.9
	Private	90	32.1
	Total	280	100
Paid zakat on savings before	Yes	280	100
	No	0	0
	Total	280	100
Last balance (in the year 2014)	Yes	180	64.3
	No	100	35.7
	Total	280	100
Paid zakat on savings to	Asnaf ^a	0	0
	Appointed amil/Jabatan Zakat Negeri Kedah and other zakat institutions	280	100
	Total	280	100

Note: ^aAsnaf is refer to the destitute, the poor or needy, newly Muslim converts (Muallaf), those in bondage (Al-riqab), those who are burden with debt (Al-gharimin), in the path of Allah (Fisabilillah) and the wayfarers (Ibnu sabil)

5.2.3 Cross-tabs on public and private sectors of respondents

The public sector employees and the private sector employees were further categorized based on the following criteria: gender, age, academic qualification and monthly gross income. The male population were 131 in number, representing 65.6% and 34.4% for public sector and private sector employees respectively. On the other hand, the population consist of 149 females in the ratios of 69.8% in the public sector and 30.2% in the private sector. Besides, the age brackets for the employees were 20 to 30 years, 31 to 40 years, 41 to 50 years and 50 years and above, all in the proportion of 56.2% and 43.8%, 78.4% and 21.6%, 62.0% and 38.0%, 64.2% and 35.8% respectively for public sector employees and private sector employees. The academic qualifications were sub-divided into primary and secondary, diploma or bachelor degree, and master degree or doctorate degree. 61.4 % of the population with primary and secondary school certificates were from the public sector employees, while those of the private sector employees with primary and secondary school certificates were 38.6%, public sector employees with diploma or bachelor degree were 74.3% of the population while 25.7% of the private sector employees had primary and secondary school certificates. In the master or doctorate degree category, only 55.6% were of the public sector employees and 44.4% for the private sector employees.

Finally, the last category was the monthly gross income sub-division in the range of RM3000- RM6000, RM6001-RM9000 and RM9001 and above. 73.8% of the public sector employees earned between RM3000 to RM 6000, while 40.6% earned RM6001 to RM9000 and 18.2% earned RM9001 and above respectively, for the private sector employees 26.2% earned RM3000 to RM 6000, 59.4% earned

RM6001 to RM9000 while those that earned RM9001 and above were 81.8%. Table 5.2 shows cross-tabs between public and private sectors employees with gender, age, academic qualification and monthly gross income.

Table 5.2

Cross-tabs between public and private sectors employees with gender, age, academic qualification and monthly gross income (n= 280)

Category	Frequency	Percentage		Total
		Public	Private	
<u>Gender</u>				
Male	131	65.6	34.4	100
Female	149	69.8	30.2	100
Total	280			
<u>Age</u>				
20-30 years old	32	56.2	43.8	100
31-40 years old	102	78.4	21.6	100
41-50 years old	79	62.0	38.0	100
51 years old and above	67	64.2	35.8	100
Total	280			
<u>Academic qualification</u>				
Primary and secondary school	114	61.4	38.6	100
Diploma or bachelor degree	148	74.3	25.7	100
Master degree or doctorate degree	18	55.6	44.4	100
Total	280			
<u>Monthly gross income</u>				
RM3000-RM6000	237	73.8	26.2	100
RM6001-RM9000	32	40.6	59.4	100
RM9001 and above	11	18.2	81.8	100
Total	280			

5.2.4 Research variables

Nine latent variables are examined in this study. They are attitude toward zakat compliance behavior on savings (ATT), organizational religiosity (REL_OR), non-organizational religiosity (REL_NOR), knowledge (KNOW), reference group (RG), perceived corporate credibility (CC), tax rebate (TAX), level of income (INC), and zakat compliance behavior on savings (ZC). They were subject to item analysis by using descriptive statistics.

Item analysis is conducted to determine the best quality of each item (Ary, Jacobs, Sorensen, & Razavieh, 2010) by using the value of mean and standard deviation. Standard deviation is the measurement used to show how the data are scattered in the study. It is compared with the mean value to identify how far it deviates from the mean value. The values of minimum, maximum, mean, and standard deviation for all items are illustrated in Table 5.3. Generally, the result of standard deviation shows that all items were below the acceptable value ± 2.58 (Chua, 2012) and ± 3 (Zikmund et al., 2013), which means that the data were normally distributed.

As mentioned earlier, all variables were measured on a five-point Likert scale, ranging from 1 “strongly disagree” to 5 “strongly agree. The value of mean for all items was above 3, which indicates moderate to high level of importance (Ary et al., 2010) except for three items of organizational religiosity (i.e., item 1, 2 and 7). Lastly, the minimum and maximum values of the data were within an acceptable range.

Table 5.3
Result of minimum, maximum, mean and standard deviation

	Items	Min	Max	Mean	Standard Deviation
Attitude					
1	I am happy to fulfill my obligations to the religion by paying zakat on savings.	4	5	4.72	0.451
2	I have done something beneficial to the Muslims society if I pay zakat on savings.	4	5	4.74	0.438
3	Paying zakat on savings is not my priority.	2	5	4.46	0.666
4	I feel guilty if do not pay zakat on savings.	2	5	4.56	0.625
5	Paying zakat on savings is a beneficial act.	3	5	4.66	0.504
6	Paying zakat on savings is a contribution to the Muslim society.	3	5	4.69	0.494
7	Paying zakat on savings is not important.	2	5	4.66	0.545
Organizational religiosity					
1	What is the level of your involvement in any registered or unregistered Islamic organizations (non-political)?	1	5	2.39	0.988
2	How often do you become a committee member in any religious program?	1	5	2.42	1.143
3	How often do you attend fiqh classes/lectures?	1	5	3.28	0.981
4	How often do you attend tawhid classes/lectures?	1	5	3.15	0.924
5	How often do you go to listen to religious talks?	2	5	3.65	0.806

6	How often do you pay zakat directly to the zakat recipients?	1	5	3.34	1.063
7	How often do you contact Jabatan Zakat Negeri Kedah?	1	5	2.69	0.987
8	How often do you participate in activities in mosque?	1	5	3.28	0.851
<hr/>					
Non-organizational religiosity					
<hr/>					
1	How often do you watch television related to religious programs?	2	5	4.09	0.703
2	How often do you listen to religious programs in the radio?	2	5	3.91	0.789
3	How often do you listen or watch compact disc (CD) related religious program?	1	5	3.33	0.900
4	How often do you surf internet for religious materials?	1	5	3.56	0.886
5	How often do you read books related to the religion?	2	5	3.64	0.754
6	If there are any problems related to zakat you usually refer to	1	5	3.84	1.227
<hr/>					
Knowledge		0	10	4.34	1.848
<hr/>					
Referent group					
<hr/>					
1	My family agrees that I should pay zakat on savings.	2	5	4.54	0.632
2	My family thinks that I should pay zakat on savings.	2	5	4.48	0.644
3	My family encourages me to pay zakat on savings.	2	5	4.50	0.605
4	My family always advises me to pay zakat on savings.	2	5	4.37	0.691
<hr/>					
Corporate credibility					
<hr/>					

1	Jabatan Zakat Negeri Kedah has a great amount of experience in the collection and distribution of zakat.	2	5	4.38	0.672
2	Jabatan Zakat Negeri Kedah is skilled in the collection and distribution of zakat.	2	5	4.33	0.709
3	Jabatan Zakat Negeri Kedah has great expertise in the collection and distribution of zakat.	2	5	4.24	0.769
4	Jabatan Zakat Negeri Kedah does not have much experience in the collection and distribution of zakat.	2	5	4.17	0.766
5	I trust Jabatan Zakat Negeri Kedah in managing the collection and distribution of zakat.	3	5	4.32	0.649
6	Jabatan Zakat Negeri Kedah makes truthful claims relating to collection and distribution of zakat.	3	5	4.24	0.689
7	Jabatan Zakat Negeri Kedah is honest in the collection and distribution of zakat.	2	5	4.24	0.699
8	I do not believe in what Jabatan Zakat Negeri Kedah tells me relating to collection and distribution of zakat.	2	5	4.20	0.793
<hr/>					
Tax rebate					
<hr/>					
1	Tax rebate encourages me to pay zakat.	1	5	3.86	1.127
2	Tax rebate can reduce my responsibility toward the payment of income tax.	1	5	4.00	0.947
3	After deducted the expenses, my net income is increased	1	5	3.72	0.988

with the present of tax rebate.

4	Tax rebate is beneficial to me	1	5	3.98	0.933
<hr/>					
Zakat compliance behavior on savings					
<hr/>					
1	I pay zakat on savings to Jabatan Zakat Negeri Kedah.	2	5	4.27	0.756
2	I pay zakat on savings every year if I fulfill the requirement to Jabatan Zakat Negeri Kedah.	2	5	4.24	0.737
3	I never miss to pay zakat on savings to Jabatan Zakat Negeri Kedah.	2	5	4.24	0.768
4	I have contacted amil or Jabatan Zakat Negeri Kedah when paying zakat on savings.	1	5	3.95	0.873

Note: Min = minimum; Max = maximum

5.3 Non-response bias

In this present study, a self-administered questionnaire was chosen to collect the data. It is important to perform a non-response bias test since some of the participants only responded to the survey after a being reminded to do so. Besides, the period of data collection was started from early of January 2015 until early of March 2015. A non-response bias can be defined as a significant difference that occurred in term of the characteristics of participants who did and did not respond to the questionnaires, and these characteristics were essential in the research (Dillman, 2007). Armstrong and Overton (1977) asserted that participants who responded after several reminders were given are deemed to be non-participants.

To test the non-response bias, a t-test was carried out (Chua, 2012; Pallant, 2001) by comparing between early and late participants for the key variables in the study

(Lindner, Murphy, & Briers, 2001). The first 30 participants were considered to be early participants and were coded as 1 while the last 30 participants were coded as 2.

Table 5.4 indicates the result of non-response bias for each latent variable. Based on the Levene test, no significant difference was found between the early and late participants at $p > 0.05$ significance level (Pallant, 2001). The homogeneity of variance that existed in both groups suggested no issues of non-response bias.

Table 5.4
Result of T-test for non-response bias

Latent variable	Levene test for equality of variances	
	F-value	Sign.
Attitude toward zakat on savings	0.720	0.400
Organizational religiosity	0.175	0.677
Non-organizational religiosity	0.008	0.931
Knowledge	0.670	0.416
Reference group	0.034	0.854
Perceived corporate credibility	0.179	0.674
Tax rebate	0.885	0.351
Level of income	3.794	0.056
Zakat compliance behavior on savings	0.382	0.539

5.4 Homogeneity of variance of participants

This present study consists of two groups of data which is the first group refer to the public sector organization and the second group refer to private sector organization. It is important to ensure that the variance in the both groups was the same. Thus, a t-test was run for this purpose. Table 5.5 shows the result of the Levene test for sector of employment on zakat compliance behavior on savings. Tabachnick and Fidell (2001) stated that Levene test result was very sensitive because it also examines the normality distribution, therefore researchers can increase the alpha value to 0.01 or 0.025. The result shows that public and private sector employees did not differ in terms of zakat compliance on savings at $p > 0.01$.

Table 5.5
Result of T-test for sector of employment on zakat compliance behavior on savings

Levene test for equality of variances		
Profile	F-value	Sign.
Sector	4.061	0.045

5.5 Common method variance test

Common method variance can be defined as variance that is attributable solely to the measurement procedure instead of to the construct examined (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003). Generally, researchers agreed that common method variance is one of the limitations in behavioral research that has an impact on the result (Lindell & Whitney, 2001; Podsakoff et al., 2003). However, the extent of how crucial it affects the result is still being debatable by scholars because of the different procedures was done to examine this issue (Bagozzi, 2011). Hence, its effect needs to be addressed.

Several ways to reduce the effect of common method variance in survey research are available. The effect can be minimized by using a good research design or by employing a statistical test (Podsakoff et al., 2003; Podsakoff, MacKenzie, & Podsakoff, 2012). Following the recommendations of Podsakoff and colleagues, the study informed the participants that the data gathered were confidential to reduce their apprehension. Besides, the wordings of the questions were simplified. Lastly, common method variance was also checked statistically using the Harman's single-factor test. All variables went through exploratory factor analysis and checked for the unrotated factor solution. The purpose was to determine whether a single factor emerges in explaining the variables.

Result of this study indicates that nine factors emerged from the unrotated factor solution that explained a cumulative of 71.45% of the variance. The total variance for the first factor was 28.20%, and no single factor accounted for the majority of the

covariance. It is similar with the result suggested by (Podsakoff et al., 2003). The result shows that common method variance was not a problem in this study.

5.6 Multivariate assumptions

It is important to fulfill the requirement of multivariate assumption because of the complexity of the research model, analyses and results (Hair et al., 2010). There are two important multivariate assumptions namely normality and multicollinearity that is examined in this study. It is due to PLS-SEM only required little demand for the assumption of normality distribution of the data (Hair et al., 2011; Urbach & Ahlemann, 2010). In addition, previous studies that also applied PLS-SEM also examined their data for normality and multicollinearity assumptions (Aminu, 2015; Kura, 2014).

5.6.1 Normality

Data does not necessarily have to be normally distributed when conducting PLS-SEM. However, Hair et al. (2014) suggested that researchers should make sure that the data does not have an extremely non-normal case because it will increase the standard errors in the bootstrapping procedure, decreasing the number of significant relationships (Henseler, Ringle, & Sinkovics, 2009). Previous studies also stated that normal data cases will provide accurate parameter estimates similar to CB-SEM (Hair et al., 2011; Henseler et al., 2009).

In a large sample size, it is better to examine the normality assumption by looking at the shape of the distribution (graphical method) rather than applying a formal inference test. This is because a large sample size will reduce the standard error of

skewness and kurtosis and consequently affect the normality test (Tabachnick & Fidell, 2001). Thus, this study looked at the normal probability plot to check for the normality distribution of the continuous data or metric data. It is important to check for the normality of data of interval or ratio scale (Chua, 2012). The distribution is considered normal when the line of the actual data in the normal probability plot is aligned with the diagonal (Hair et al., 2010). Based on the result of normal probability plot between attitude and zakat compliance behavior on savings shown in Figure 5.1, it was not violated the normality assumption. Results for others relationship also show the same pattern (referred Appendix D).

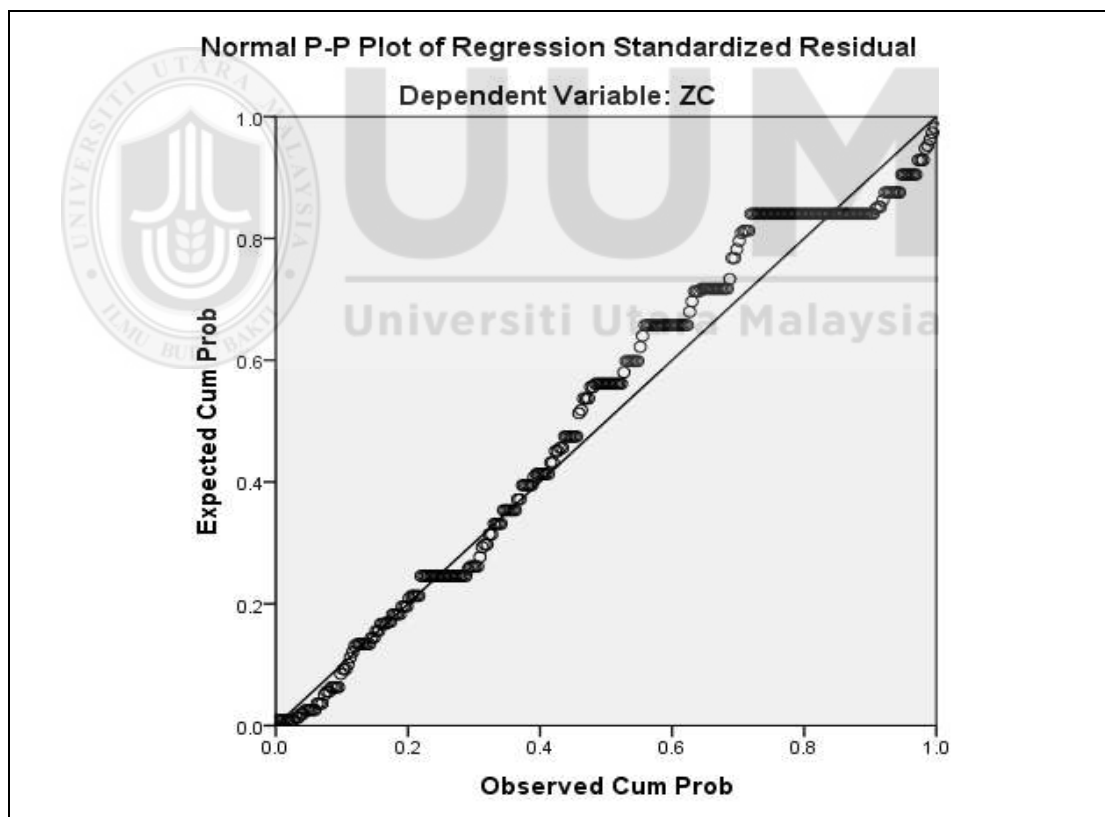


Figure 5.1
Normal probability plot between attitude and zakat compliance behavior on savings

This study also checked for the normality of data by using skewness and kurtosis. The cut-off value for skewness and kurtosis to provide sufficient normality is 2 and 7, respectively (Curran, West, & Finch, 1996). Other scholars proposed a cut-off value of smaller than 3 and 10, respectively (Kline, 2011). The result displayed in Appendix E shows that the data had sufficient normality as the skewness and kurtosis values were smaller than the recommended cut-off values.

5.6.2 Multicollinearity

Multicollinearity occurs when one of the independent variables is highly correlated with more than two independent variables (Hair et al., 2010). Data that have multicollinearity issues will create larger standard errors of parameter estimates (Chatterjee & Yilmaz, 1992). Besides, the high shared variance between the variables will also lead to underestimating the effect of the dependent variable and other independent variables (Hair et al., 2010).

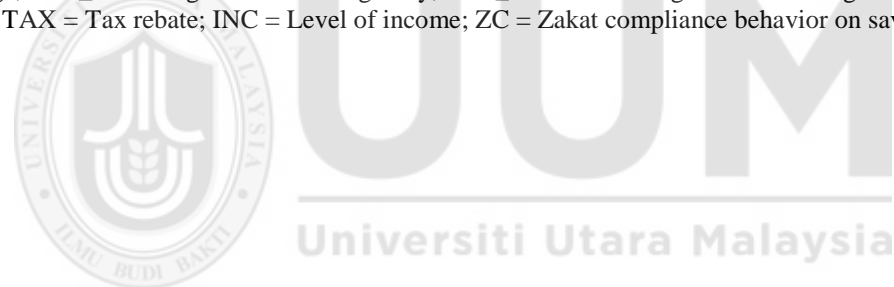
To detect the problem of multicollinearity, correlation matrix and the values of variance inflation factor (VIF) were examined (Chatterjee & Yilmaz, 1992). Table 5.6 illustrates the correlation matrix of the latent variables. As recommended by Hair et al. (2010), the correlation coefficient between the constructs should not exceed 0.90. On this basis, no multicollinearity was identified.

Table 5.6:

Correlation matrix of latent variables

	ATT	CC	INC	KNOW	REL_NOR	REL_OR	RG	TAX	ZC
ATT	1.000								
CC	0.394	1.000							
INC	0.136	0.086	1.000						
KNOW	0.289	0.174	0.106	1.000					
REL_NOR	0.239	0.155	0.112	0.173	1.000				
REL_OR	0.205	0.174	0.070	0.264	0.493	1.000			
RG	0.689	0.404	0.143	0.256	0.238	0.208	1.000		
TAX	0.291	0.190	0.124	0.197	0.133	0.075	0.354	1.000	
ZC	0.430	0.455	0.128	0.191	0.242	0.224	0.437	0.326	1.000

Note: ATT = Attitude toward zakat on savings; REL_OR = Organizational religiosity; REL_NOR = Non-organizational religiosity; KNOW = Knowledge; RG = Reference group; CC = Perceived corporate credibility; TAX = Tax rebate; INC = Level of income; ZC = Zakat compliance behavior on savings.



In addition, this study also examines for the collinearity statistics to detect for multicollinearity issue. When the values of tolerance and VIF were checked, no multicollinearity issue was found as the value of tolerance was more than 0.20 and the value of VIF was below 5 (Hair et al., 2014). Table 5.7 displays the result.

Table 5.7
Values of tolerance and VIF

Variables	Collinearity statistics	
	Tolerance	VIF
Attitude	0.499	2.006
Organizational religiosity	0.699	1.431
Non-organizational religiosity	0.709	1.411
Knowledge	0.867	1.153
Reference group	0.486	2.059
Perceived corporate credibility	0.800	1.250
Tax rebate	0.858	1.166
Level of income	0.965	1.036

Note: VIF = Variance inflation factor

5.7 Assessment of PLS-SEM path model results

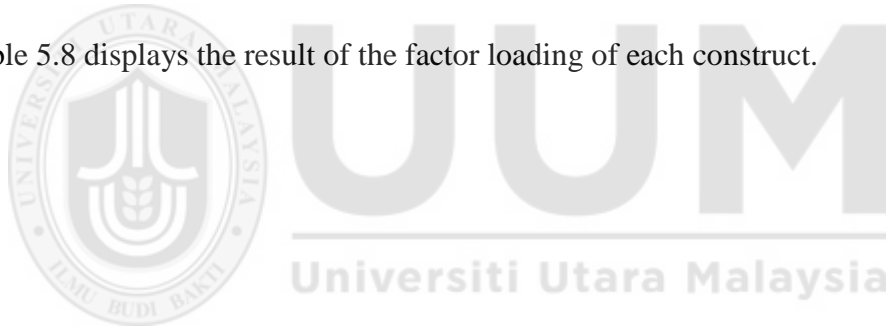
The research model was examined using PLS-SEM involving two stages. In the first stage, the measurement model was examined while the second stage involved analyzing the structural model (Hair et al., 2014; Henseler et al., 2009).

5.8 Assessment of measurement model

At the measurement stage, the focus is on the reliability and validity of all the constructs. Indicator reliability, internal consistency reliability, convergent validity and discriminant validity were examined.

5.8.1 Indicator reliability

Indicator reliability was examined by looking at the factor loading of the observed indicators (Hair et al., 2014; Hair, Sarstedt, Pieper, & Ringle, 2012). The minimum value for indicator reliability is 0.70 (Hair et al., 2011; Henseler et al., 2009). Multivariate analysis literature also recommended that the loading should be above the threshold of 0.70 to account for 50% of the variance of a variable (Hair et al., 2010). Following the rule of thumb, of 41 items in the measurement model, 5 were deleted from the construct of organizational religiosity and 2 from non-organizational religiosity because their loadings were lower than the cut-off value of 0.70. Therefore, only 34 items remained in the measurement model. Figure 5.2 illustrates the measurement model of zakat compliance behavior on savings while Table 5.8 displays the result of the factor loading of each construct.



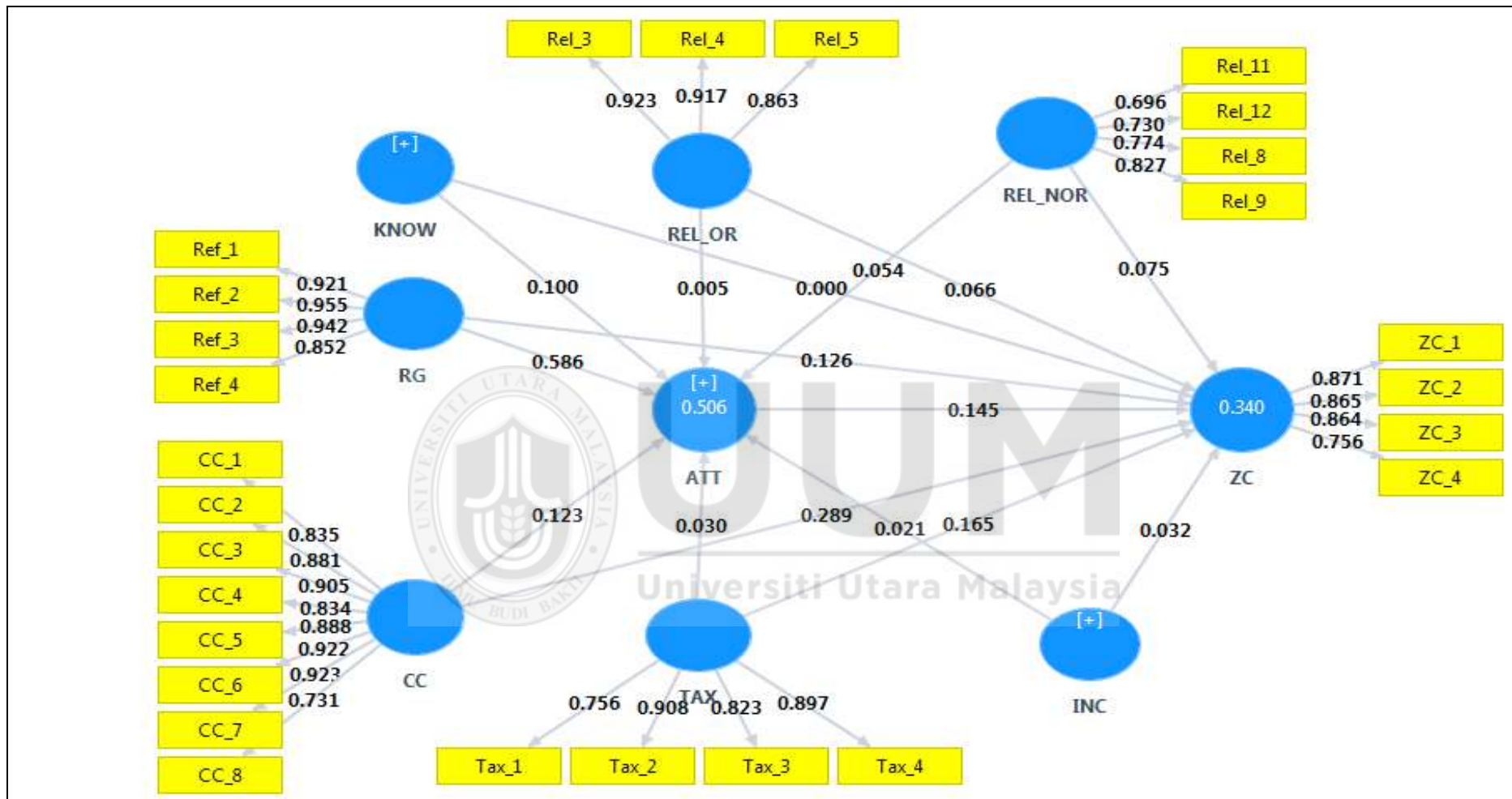


Figure 5.2
Measurement model of zakat compliance behavior on savings

Table 5.8

Loadings, Cronbach's alpha, composite reliability and average variance extracted

Construct	Indicators	Loadings	Cronbach alpha	Composite reliability	Average variance extracted
Attitude	Att_1	0.845	0.914	0.932	0.664
	Att_2	0.823			
	Att_3	0.718			
	Att_4	0.826			
	Att_5	0.858			
	Att_6	0.888			
	Att_7	0.730			
Organizational religiosity	Rel_3	0.923	0.885	0.928	0.812
	Rel_4	0.917			
	Rel_5	0.863			
Non-organizational religiosity	Rel_8	0.774	0.754	0.843	0.575
	Rel_9	0.827			
	Rel_11	0.696			
	Rel_12	0.730			
Reference group	Ref_1	0.921	0.938	0.956	0.844
	Ref_2	0.955			
	Ref_3	0.942			
	Ref_4	0.852			
Corporate credibility	CC_1	0.835	0.952	0.960	0.751
	CC_2	0.881			
	CC_3	0.905			
	CC_4	0.834			
	CC_5	0.888			
	CC_6	0.922			
	CC_7	0.923			
	CC_8	0.731			
Tax Rebate	Tax_1	0.756	0.871	0.911	0.719
	Tax_2	0.908			
	Tax_3	0.823			
	Tax_4	0.897			
Zakat compliance behavior on savings	ZC_1	0.871	0.860	0.906	0.707
	ZC_2	0.865			
	ZC_3	0.864			
	ZC_4	0.756			

5.8.2 Internal consistency reliability

Internal consistency reliability is defined as the extent to which set of items in the measurement independently measuring the same concept (Sekaran & Bougie, 2012; Sun et al., 2007). In tax and zakat literature, researchers usually examined internal consistency reliability by looking at the Cronbach's alpha value (Alabede et al., 2011; Heikal et al., 2014; Huda et al., 2012; Sanep et al., 2011) and composite reliability (Natrah, 2009; Zainol et al., 2009). The value of Cronbach's alpha and composite reliability is presented in Table 5.8. The values of Cronbach's alpha ranged from 0.754 to 0.952. The values were above the cut-off value of 0.70 (Hair et al., 2010). However, this method is sensitive to the number of items in the scale and assumes that the values of the items are equally reliable (Brown & Chin, 2004; Hair et al., 2014). For this reason, composite reliability was used. It also deemed to be a more accurate measure of internal consistency reliability (Brown & Chin, 2004). Table 5.8 shows that the values of composite reliability for all constructs were above the acceptable value of 0.70 (Hair, Ringle, & Sarstedt, 2011). They ranged from the lowest of 0.843 (non-organizational religiosity) to the highest of 0.960 (perceived corporate credibility).

5.8.3 Convergent validity

Convergent validity occurs when the items of particular construct share a high proportion of variance or converge in measuring the concept (Hair et al., 2010). Convergent validity was examined by considering the average variance extracted (AVE) suggested by Fornell and Larcker (1981). The result presented in Table 5.7 indicates that all AVE values were above the recommended value of 0.50 (Hair et al.,

2011). Non-organizational religiosity had the lowest value of 0.575 while reference group had the highest value of AVE (0.844).

5.8.4 Discriminant validity

Discriminant validity refers to how far the construct is distinct when compared with other constructs (Hair et al., 2010). There are two ways to examine discriminant validity. The first one is the Fornell and Larcker (1981) criterion. The second one involves cross-loadings of the latent variable (Chin, 1998; Henseler et al., 2009). First, all latent variables were examined by using the Fornell and Larcker (1981) criterion. The value of square root of AVE should be larger than the value of correlation among the constructs. Table 5.9 shows that the recommended rule was followed, hence, discriminant validity was ascertained.

Table 5.9
Correlations among latent variable and square roots of average variance extracted

Construct	ATT	CC	REL_NOR	REL_OR	RG	TAX	ZC
ATT	0.815						
CC	0.394	0.867					
REL_NOR	0.239	0.155	0.758				
REL_OR	0.205	0.174	0.493	0.901			
RG	0.689	0.404	0.238	0.208	0.918		
TAX	0.291	0.190	0.133	0.075	0.354	0.848	
ZC	0.430	0.455	0.242	0.224	0.437	0.326	0.841

Note: Bold values represent the square root of AVE. ATT = Attitude toward zakat on savings; REL_OR = Organizational religiosity; REL_NOR = Non-organizational religiosity; RG = Reference group; CC = Perceived corporate credibility; TAX = Tax rebate; ZC = Zakat compliance behavior on savings.

Then, cross loading was examined. All the indicator loading for each construct was higher than the cross loading (refer Table 5.10) (Chin, 1998). Again, discriminant validity was ascertained. Thus, the results show that it is sufficient for further analysis.

Table 5.10

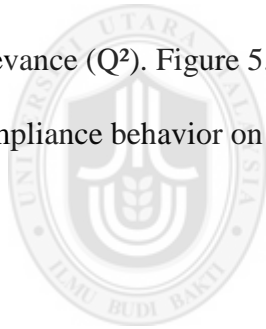
Cross loading for each latent variable

	ATT	REL_OR	REL_NOR	RG	CC	TAX	ZC
Att_1	0.845	0.151	0.215	0.583	0.281	0.227	0.342
Att_2	0.823	0.128	0.216	0.543	0.265	0.207	0.307
Att_3	0.718	0.256	0.170	0.522	0.357	0.186	0.334
Att_4	0.826	0.210	0.183	0.569	0.335	0.237	0.345
Att_5	0.858	0.118	0.146	0.594	0.361	0.264	0.389
Att_6	0.888	0.172	0.215	0.607	0.348	0.308	0.428
Att_7	0.730	0.138	0.224	0.499	0.292	0.215	0.284
Rel_3	0.175	0.923	0.416	0.155	0.148	0.062	0.191
Rel_4	0.159	0.917	0.426	0.171	0.118	0.101	0.192
Rel_5	0.213	0.863	0.479	0.227	0.195	0.045	0.219
Rel_8	0.190	0.399	0.774	0.162	0.177	0.103	0.185
Rel_9	0.208	0.399	0.827	0.202	0.154	0.100	0.216
Rel_11	0.157	0.299	0.696	0.188	0.004	0.122	0.146
Rel_12	0.163	0.391	0.730	0.173	0.110	0.083	0.180
Ref_1	0.685	0.171	0.214	0.921	0.405	0.287	0.409
Ref_2	0.684	0.209	0.248	0.955	0.373	0.334	0.414
Ref_3	0.636	0.202	0.198	0.942	0.372	0.342	0.384
Ref_4	0.507	0.183	0.215	0.852	0.330	0.344	0.403
CC_1	0.348	0.199	0.157	0.355	0.835	0.179	0.327
CC_2	0.337	0.190	0.176	0.374	0.881	0.149	0.367
CC_3	0.314	0.169	0.074	0.358	0.905	0.180	0.368
CC_4	0.341	0.117	0.138	0.297	0.834	0.179	0.388
CC_5	0.363	0.140	0.123	0.389	0.888	0.162	0.460
CC_6	0.355	0.155	0.154	0.376	0.922	0.155	0.440
CC_7	0.361	0.169	0.135	0.376	0.923	0.168	0.444
CC_8	0.309	0.066	0.115	0.267	0.731	0.151	0.331
Tax_1	0.143	0.071	0.080	0.179	0.069	0.756	0.199
Tax_2	0.330	0.067	0.138	0.346	0.200	0.908	0.299
Tax_3	0.178	0.075	0.077	0.297	0.172	0.823	0.277
Tax_4	0.284	0.051	0.138	0.338	0.174	0.897	0.309
ZC_1	0.354	0.167	0.205	0.357	0.407	0.270	0.871
ZC_2	0.366	0.152	0.176	0.351	0.409	0.244	0.865
ZC_3	0.424	0.198	0.206	0.384	0.329	0.328	0.864
ZC_4	0.296	0.237	0.228	0.377	0.383	0.249	0.756

Note: ATT = Attitude toward zakat on savings; REL_OR = Organizational religiosity; REL_NOR = Non-organizational religiosity; RG = Reference group; CC = Perceived corporate credibility; TAX = Tax rebate; ZC = Zakat compliance behavior on savings.

5.9 Assessment of the structural model

After the measurement model had been examined, the structural model was analyzed. The standard bootstrapping procedure was conducted on 5000 samples to examine the significant relationships in the structural model. Since all hypotheses involved in this study were directional, the critical value for a one-tailed test is 1.645 which is significant at 95% (Hair et al., 1998). In addition, this study also included a path coefficient at a significance level of 10% since this study on zakat on savings was at the early stage of study (Hair et al., 2014). The results on the direct relationship between zakat compliance behavior as well as the direct and indirect relationship of attitude toward zakat on savings are reported in this section. This section also explains coefficient of determination (R^2 value), effect size (f^2), and predictive relevance (Q^2). Figure 5.3 illustrates the result of estimates for the full model of zakat compliance behavior on savings.



UUM
Universiti Utara Malaysia

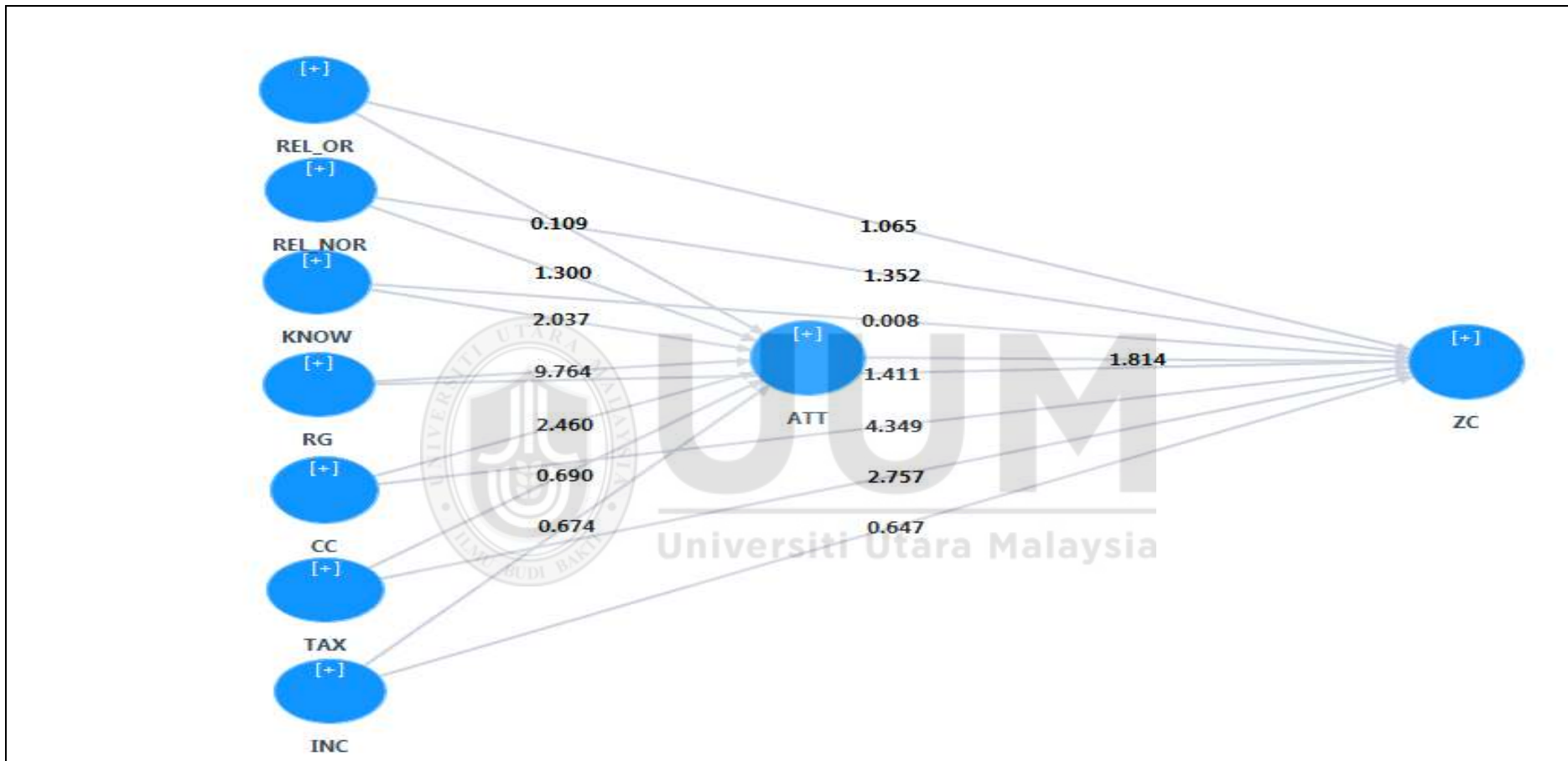


Figure 5.3
Full structural model of zakat compliance behavior on savings

5.9.1 Result of direct effect on zakat compliance behavior on savings

Of eight hypotheses on the direct relationship with zakat compliance behavior, only five showed a significant relationship, while another three are insignificant. Table 5.11 summarizes the result of the direct relationship with zakat compliance behavior on savings while the following sub-sections elaborate the results.

Table 5.11
Result of direct relationship on zakat compliance behavior on savings

Hypothesis	Relationship	Beta	Standard Error	T-value	P-value	Findings
H ₁	ATT→ZC	0.145	0.080	1.814	0.035**	Supported
H _{2a}	REL_OR→ZC	0.066	0.062	1.065	0.144	Not supported
H _{2b}	REL_NOR→ZC	0.075	0.055	1.352	0.088*	Supported
H ₃	KNOW→ZC	0.000	0.057	0.008	0.497	Not supported
H ₄	RG→ZC	0.126	0.089	1.411	0.079*	Supported
H ₅	CC→ZC	0.289	0.067	4.349	0.000***	Supported
H ₆	TAX→ZC	0.165	0.060	2.757	0.003***	Supported
H ₇	INC→ZC	0.032	0.050	0.647	0.259	Not supported

Note: *p<0.10, **p<0.05, ***p<0.01. ATT = Attitude toward zakat on savings; REL_OR = Organizational religiosity; REL_NOR = Non-organizational religiosity; KNOW= Knowledge; RG = Reference group; CC = Perceived corporate credibility; TAX = Tax rebate; INC = Level of income; ZC = Zakat compliance behavior on savings.

5.9.1.1 The relationship between attitude and zakat compliance behavior on savings

Hypothesis 1 proposes that attitude is positively related to zakat compliance behavior on savings. Result shows in Table 5.10 imply a significant and positive relationship was found between attitude and zakat compliance behavior on savings ($\beta = 0.145$, $t = 1.814$, $p = 0.035$). The more positive attitude an individual has toward zakat on savings, the more likely he or she will pay zakat on savings. Thus, H_1 was supported at $p < 0.05$.

5.9.1.2 The relationship between religiosity and zakat compliance behavior on savings

H_{2a} and H_{2b} predict that organizational religiosity and non-organizational religiosity are positively related to zakat compliance behavior on savings. As presented in Table 5.10, result indicates that a significant and positive association was found for non-organizational religiosity ($\beta = 0.075$, $t = 1.352$, $p = 0.088$) but not for organizational religiosity ($\beta = 0.066$, $t = 1.065$, $p = 0.144$). Individuals who are involved in non-organizational activities are more likely to pay zakat on savings than those who are involved in organizational programs. Hence, H_{2b} was accepted but not H_{2a} .

5.9.1.3 The relationship between knowledge and zakat compliance behavior on savings

Knowledge was hypothesized to be positively related to zakat compliance behavior on savings. Based on Table 5.10 result indicates that a positive but non-significant relationship was found between knowledge and zakat compliance behavior on savings ($\beta = 0.000$, $t = 0.008$, $p = 0.497$). The positive relationship means that zakat payers who acquire more knowledge will enhance them in comply to pay zakat on

savings. However, this direction not supported the proposed hypothesis and H_3 was not supported.

5.9.1.4 The relationship between reference group and zakat compliance behavior on savings

This study predicted that reference group will have a significant influence on zakat compliance behavior on savings. As stated in Table 5.10, this hypothesis (H_4) was accepted at $p < 0.10$ ($\beta = 0.126$, $t = 1.411$, $p = 0.079$). Zakat payers who receive more family support tend to pay zakat on savings.

5.9.1.5 The relationship between perceived corporate credibility and zakat compliance behavior on savings

Perceived corporate credibility was hypothesized to have a positive and significant influence on zakat compliance behavior on savings. In this present study, result shows that perceived corporate credibility has positive relationship with zakat compliance behavior on savings and it was significant at $p < 0.01$ ($\beta = 0.289$, $t = 4.349$, $p = 0.000$) (refer Table 5.10). Zakat payers who have positive perceptions of the zakat institutions will pay zakat on savings. Therefore, H_5 was supported.

5.9.1.6 The relationship between tax rebate and zakat compliance behavior on savings

Tax rebate was predicted to have a positive and significant influence on paying zakat on savings. As shown in Table 5.10, tax rebate implies a positive relationship with zakat compliance behavior on savings at $\beta = 0.165$ and significant at $p < 0.01$ ($t = 2.757$, $p = 0.003$). Result of this study reveals that tax rebate is likely to make zakat payers pay their zakat on savings. Thus, H_6 was supported.

5.9.1.7 The relationship between level of income and zakat compliance behavior on savings

Level of income as one of the economic factors was hypothesized to have a positive and significant influence on paying zakat on savings. However, result shows in Table 5.10 reveals that no significant relationship was observed ($\beta = 0.032$, $t = 0.647$, $p = 0.259$). The level of income does not have a significant impact on paying zakat on savings. Hence, H_7 was not supported.

5.9.2 Direct relationship on attitude toward zakat on savings

With regards to the direct relationship with attitude toward zakat on savings, seven hypotheses were proposed. However, only two were significant at $p < 0.01$, one was significant at $p < 0.05$, and another one significant at $p < 0.10$. The remaining three hypotheses did not receive empirical support. Table 5.12 summarizes the result of a direct relationship with attitude toward zakat on savings. The sub-sections that follow elaborate the results further.

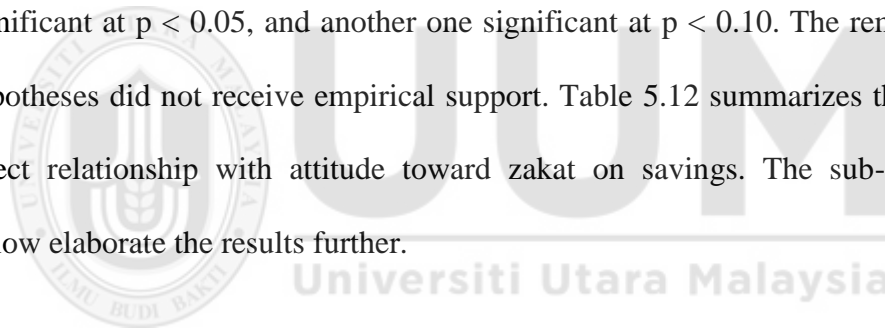


Table 5.12

Result of direct relationship on attitude toward zakat on savings

Hypothesis	Relationship	Beta	Standard Error	T-value	P-value	Findings
H _{8a}	REL_OR→ATT	0.005	0.047	0.109	0.456	Not supported
H _{8b}	REL_NOR→ATT	0.054	0.042	1.300	0.097*	Supported
H ₁₀	KNOW→ATT	0.100	0.049	2.037	0.021**	Supported
H ₁₂	RG→ATT	0.586	0.060	9.764	0.000***	Supported
H ₁₄	CC→ATT	0.123	0.050	2.460	0.007***	Supported
H ₁₆	TAX→ATT	0.030	0.044	0.690	0.245	Not supported
H ₁₈	INC→ATT	0.021	0.031	0.674	0.250	Not supported

Note: *p<0.10, **p<0.05, ***p<0.01. ATT = Attitude toward zakat on savings; REL_OR = Organizational religiosity; REL_NOR = Non-organizational religiosity; KNOW= Knowledge; RG = Reference group; CC = Perceived corporate credibility; TAX = Tax rebate; INC = Level of income; ZC = Zakat compliance behavior on savings.

5.9.2.1 The relationship between religiosity and attitude toward zakat on savings

Organizational religiosity and non-organizational religiosity were hypothesized to have a positive and significant relationship with attitude toward zakat compliance behavior on savings. Based on the result shown in Table 5.11, both constructs that refer to organizational religiosity and non-organizational show a positive influence on attitude toward zakat on savings with a beta value of 0.005 and 0.054 respectively. This shows that increasing the level of religiosity among zakat payers enhance their positive attitude in paying zakat on savings. However, only non-

organizational religiosity is found to have significant influence on attitude toward zakat on savings ($t = 1.300$, $p = 0.097$) while organizational religiosity is insignificantly related ($t = 0.109$, $p = 0.456$). Therefore, H_{8b} was supported at $p < 0.10$ but H_{8a} rejected.

5.9.2.2 The relationship between knowledge and attitude toward zakat on savings

H_{10} proposed that knowledge has a positive and significant influence on attitude toward zakat on savings. Table 5.11 also illustrates that a positive and significant link was demonstrated between knowledge and attitude toward zakat on savings at $p < 0.05$ ($\beta = 0.100$, $t = 2.037$, $p = 0.021$). As individuals have more knowledge of zakat, they will have a positive attitude toward paying zakat on savings. Hence, H_{10} was supported.

5.9.2.3 The relationship between reference group and attitude toward zakat on savings

It was hypothesized that reference group has a positive and significant relationship with attitude toward zakat on savings. Result of this study shows that reference group has the same direction and significantly related on attitude toward zakat on savings ($\beta = 0.586$, $t = 9.764$, $p = 0.000$) (refer Table 5.11). Family pressure leads to individuals having a positive attitude toward paying zakat on savings. Therefore, H_{12} was supported at $p < 0.01$.

5.9.2.4 The relationship between perceived corporate credibility and attitude toward zakat on savings

Perceived corporate credibility was hypothesized to have a positive and significant influence on attitude toward zakat on savings. As presented in Table 5.11, again, this hypothesis was supported ($\beta = 0.123$, $t = 2.460$, $p = 0.007$). As individuals perceive that zakat institutions are credible in collecting and distributing zakat funds, they are likely to have a positive attitude toward paying zakat on savings. Thus, H_{14} was supported at $p < 0.01$.

5.9.2.5 The relationship between tax rebate and attitude toward zakat on savings

H_{16} proposed a significant and positive relationship between tax rebate and attitude toward zakat on savings. The result of this study found that the direction was positively related ($\beta = 0.030$), but it is insignificant ($t = 0.690$, $p = 0.245$) (refer Table 5.11). The explanation for this direction is increased in the incentive given which is tax rebate will increase positive attitudes among zakat payers to comply in paying zakat on savings. However, H_{16} was not supported to influence positive attitude of zakat payer in paying zakat on savings.

5.9.2.6 The relationship between level of income and attitude toward zakat on savings

Level of income was expected to have a positive and significant relationship with attitude toward zakat on savings. As shown in Table 5.11, the result indicates that level of income positively related with attitude toward zakat on savings ($\beta = 0.021$), but it was not significant ($t = 0.674$, $p = 0.250$). This positive direction implies that increase in level of income lead to an increase in positive attitude in paying zakat on

savings. However, the level of income does not give a significant impact. Hence, H₁₈ was not supported.

5.9.3 Mediating effect of attitude

The third objective of this study is to investigate whether attitude mediates the relationship between the exogenous variables (religiosity: organizational religiosity and non-organizational religiosity; knowledge; reference group; perceived corporate credibility; tax rebate; and level of income) and the endogenous variable (zakat compliance behavior on savings). In order to test the mediating effect of attitude toward zakat on savings, this study applied the approach recommended by Preacher and Hayes (2004, 2008). The bootstrapping procedure was conducted to analyze the indirect effect. At first, the relationship between the exogenous and endogenous variables was examined to see whether they are significantly related or not without the inclusion of the mediator variable. Table 5.13 shows that of seven hypotheses, only four hypotheses (H_{9b}, H₁₃, H₁₅, and H₁₇) were supported. Another three hypotheses (H_{9a}, H₁₁ and H₁₉) are not significantly related and no mediation effects exist on this relationship. Therefore, H_{9a}, H₁₁ and H₁₉ are not supported in this study.

Table 5.13

Result of exogenous and endogenous variables without mediator variable (First step)

Hypothesis	Relationship	Beta	Standard error	T-value	P-value	Findings
H _{9a}	REL_OR→ZC	0.066	0.060	1.098	0.136	Not supported
H _{9b}	REL_NOR→ZC	0.083	0.053	1.572	0.058*	Supported ^a
H ₁₁	KNOW→ZC	0.016	0.059	0.281	0.389	Not supported
H ₁₃	RG→ZC	0.212	0.066	3.205	0.001**	Supported ^a
H ₁₅	CC→ZC	0.310	0.064	4.858	0.000**	Supported ^a
H ₁₇	TAX→ZC	0.168	0.060	2.796	0.003**	Supported ^a
H ₁₉	INC→ZC	0.035	0.049	0.719	0.236	Not supported

Note: *p<0.10, **p<0.01. REL_OR = Organizational religiosity; REL_NOR = Non-organizational religiosity; KNOW= Knowledge; RG = Reference group; CC = Perceived corporate credibility; TAX = Tax rebate; INC = Level of income; ZC = Zakat compliance behavior on savings.

^aResult of direct effect is supported for the first step.

In the second step, the indirect effect of the exogenous variables on the endogenous variable through the mediator variable (ATT) was analyzed. Only two hypotheses (H₁₃ and H₁₅) were significantly supported (refer Table 5.14). These significant relationships will be entitled to the next stage, while another two hypotheses (H_{9b} and H₁₇) were concluded that there was no mediation effect exists between these relationships. Hence, H_{9b} and H₁₇ were not supported in this study.

Table 5.14

Result of indirect relationship with the mediator variable (Second step)

Hypothesis	Relationship	Beta	Standard Error	T-value	P-value	Findings
H _{9b}	REL_NOR→ZC	0.008	0.008	0.998	0.159	Not supported
H ₁₃	RG→ZC	0.085	0.048	1.765	0.039**	Supported ^a
H ₁₅	CC→ZC	0.018	0.012	1.528	0.063*	Supported ^a
H ₁₇	TAX→ZC	0.004	0.008	0.541	0.294	Not supported

Note: *p<0.10, **p<0.05. REL_NOR = Non-organizational religiosity, RG = Reference group; CC = Perceived corporate credibility; TAX = Tax rebate; ZC = Zakat compliance behavior on savings.

^aResult of indirect effect is supported for the second step.

In the last step, the remaining significant path model (H₁₃ and H₁₅) were included in the following formula to determine the significant indirect effect.

$$T = \frac{a \times b}{S(a \times b)}$$

H₁₃ proposed that attitude toward zakat on savings mediates the relationship between reference group and zakat compliance behavior on savings. The result shows that attitude toward zakat on savings mediated the relationship between reference group and zakat compliance behavior on savings at $p < 0.05$ (see Table 5.15). Thus, H₁₃ was supported.

H₁₅ proposed attitude toward zakat on savings mediates the relationship between perceived corporate credibility and zakat compliance behavior on savings. As shown

in Table 5.15, this hypothesis is supported when result show attitude mediates the relationship between perceived corporate credibility and zakat compliance behavior on savings at $p < 0.10$.

Table 5.15

Result of mediation effect of attitude for reference group and perceived corporate credibility

Hypothesis	Relationship	Beta	Standard Error	T-value	P-value	Findings
H ₁₃	RG→ATT→ZC	0.086	0.048	1.773	0.039**	Supported
H ₁₅	CC→ATT→ZC	0.018	0.013	1.387	0.083*	Supported

Note: * $p < 0.10$, ** $p < 0.05$. RG = Reference group; CC = Perceived corporate credibility; ATT= Attitude toward zakat on savings; ZC = Zakat compliance behavior on savings.

5.9.4 Assessment of variance explained

After examining the significant path of correlation in the structural model, the next stage was to analyze the average variance explained (Hair et al., 2011; Henseler et al., 2009), which is also called coefficient of determination (R^2). R^2 value indicates the percentage of variance explained by the exogenous variable in predicting the endogenous variables (Hair et al., 2010). The R^2 value shows that all constructs predicted 50.60% of the variance in attitude toward zakat on savings and 34.00% of the variance in zakat compliance behavior on savings (refer Table 5.16). The value of R^2 depends on the field of study and the complexity of the research model (Hair et al., 2014). However, it is suggested that R^2 values of 0.67, 0.33, and 0.19 can be interpreted as being substantial, moderate, and weak respectively (Chin, 1998). The R^2 values were both moderate.

Table 5.16
Average variance explained for endogenous variables

Endogenous variable	Variance explained (R²)
Attitude toward zakat on savings	50.60%
Zakat compliance behavior on savings	34.00%

5.9.5 Assessment of effect size (f^2)

It is also important to assess the effect size (f^2) as it determines the change in the R² value when a specific construct is excluded from the model. Cohen (1988) suggested a small, medium, and large effect when the value is 0.02, 0.15, and 0.35 respectively.

In Table 5.17, the result reveals that reference group had a large effect size on the endogenous variable of attitude while knowledge and perceived corporate credibility had a small effect size. No effect size was found for organizational religiosity, non-organizational religiosity, tax rebate, and level of income on attitude toward zakat on savings. In contrast, the effect size for attitude, perceived corporate credibility, and tax rebate on zakat compliance behavior was small, while no effect size was found for organizational religiosity, non-organizational religiosity, knowledge, reference group, and level of income.

Even though, there are small and no effect sizes are found, but it should not be the only benchmark. It should be noted that the degree of effect of the construct should not be the only criterion to determine the significance of research; but the study should also be evaluated based on the characteristics of the research, the type of outcome, and the practical significance of the construct (Durlak, 2009). According to

Chin et al. (2003), a small effect size does not mean that it is not an important effect.

Therefore, the assessment of the model should not only focus on the effect size of the construct but on the result as a whole.

Table 5.17

Effect size of attitude toward zakat on savings and zakat compliance behavior on savings

Latent variable	f²	Effect size
Attitude toward zakat on savings:		
Organizational religiosity	0.00	None
Non-organizational religiosity	0.00	None
Knowledge	0.02	Small
Reference group	0.50	Large
Perceived corporate credibility	0.03	Small
Tax rebate	0.00	None
Level of income	0.00	None
Zakat compliance behavior on savings:		
Attitude	0.02	Small
Organizational religiosity	0.01	None
Non-organizational religiosity	0.01	None
Knowledge	0.00	None
Reference group	0.01	None
Perceived corporate credibility	0.10	Small
Tax rebate	0.04	Small
Level of income	0.00	None

5.9.6 Assessment of predictive relevance (Q^2)

The structural model was then examined for its predictive relevance. This study applied Stone-Geisser's Q^2 value as the measurement of predictive relevance (Stone, 1974). The endogenous variables of this study were reflective measures. As a result, Q^2 was conducted by using a blindfolding procedure by changing the omission distance (D) to calculate for the cross-validated redundancy (Chin, 1998). The Q^2 value of the endogenous variable should be larger than zero in order to have predictive relevance (Hair et al., 2014; Henseler et al., 2009). Hair et al. (2014) asserted that the endogenous variable has a predictive relevance of small, medium, and large when the value is 0.02, 0.15, and 0.35, respectively. Table 5.18 shows the result of cross-validated redundancy. Attitude toward zakat on savings and zakat compliance behavior on savings had medium predictive relevance with a value of 0.328 and 0.226, respectively.

Table 5.18
Results of cross-validated redundancy for endogenous variables

Endogenous variables	SSO	SSE	1-SSE/SSO
Attitude toward zakat on savings	1,960.000	1,316.489	0.328
Zakat compliance behavior on savings	1,120.000	866.567	0.226

Note: SSO = Sum of squares of observations; SSE = sum of squares of prediction errors.

5.10 Importance performance matrix analysis

This present study extends the findings by including also importance-performance matrix analysis (IPMA) (Hock, Ringle, & Sarstedt, 2010). The result of IPMA allows the recognition of the latent variable that has a relatively high importance and relatively low performance (Hair et al., 2014) to assist zakat institutions in their short-term and long-term planning. IPMA was performed by adding another dimension of the actual performance of each variable. The results is presented in a priority map and table. IPMA compares the total effects (importance) at the x-axis with the average values of the variable scores (performance) at the y-axis. The value of the total effect shows how zakat payers perceive the importance of each construct. Meanwhile, the value of performance shows how zakat payers perceive the performance of each construct. The value of performance is presented in the range of 0 to 100 (Hock et al., 2010). A higher value implies a better result and zakat institutions should work to maintain the level of performance.

Before conducting IPMA, a target variable was identified. To meet the first research objective, the target variable was zakat compliance behavior on savings. Figure 5.4 shows the graphical result of IPMA for zakat compliance behavior on savings and Table 5.19 presents the value of IPMA for zakat compliance behavior on savings. IPMA for zakat compliance behavior indicates that perceived corporate credibility was the most important (0.325) in influencing compliance to pay zakat on savings. However, its performance was slightly low (71.941) compared to the other constructs like attitude toward zakat on savings (77.216), reference group (82.586), and tax rebate (72.712). Attitude and reference group had high performance and high importance. Therefore, zakat institutions should focus more on these constructs.

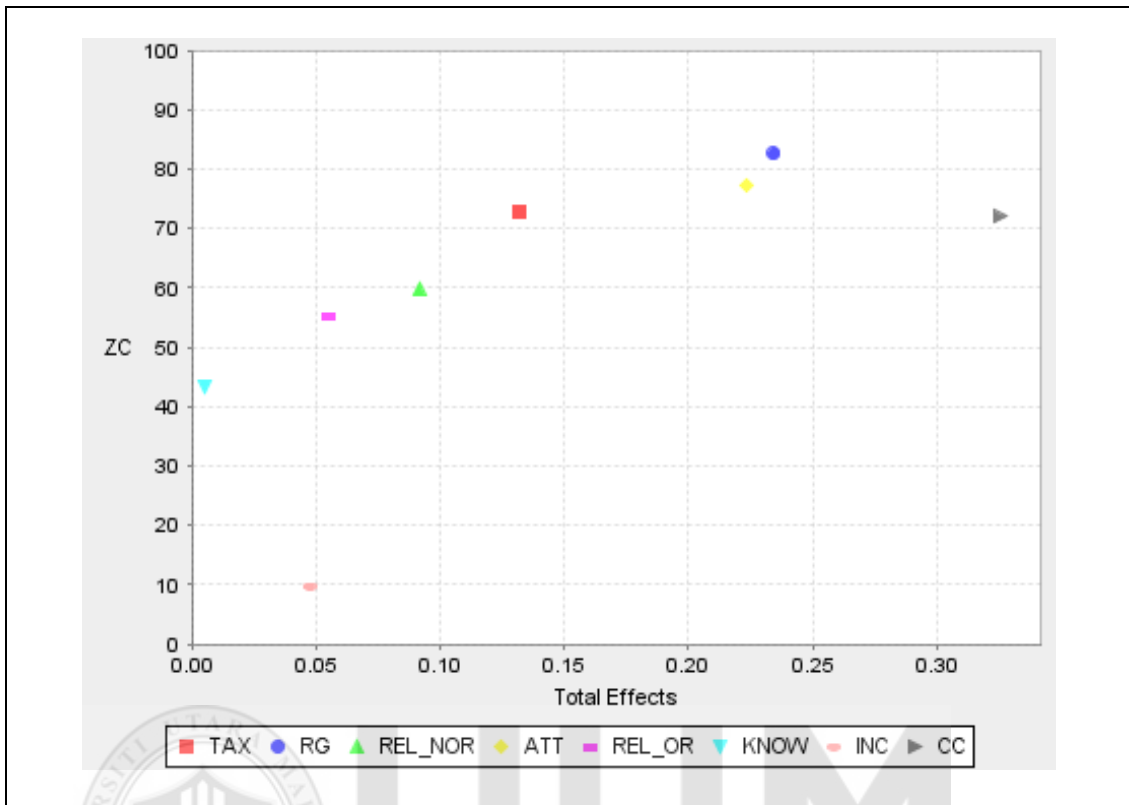


Figure 5.4
IPMA representation of zakat compliance behavior on savings

Table 5.19
IPMA value of zakat compliance behavior on savings

Latent variable	Importance	Performance
Attitude toward zakat on saving	0.223	77.216
Organizational religiosity	0.055	55.322
Non-organizational religiosity	0.092	59.629
Knowledge	0.005	43.429
Reference group	0.234	82.586
Perceived corporate credibility	0.325	71.941
Tax rebate	0.132	72.712
Level of income	0.047	9.643

The second objective of this study is to determine factors that influence attitude toward zakat on savings. The target variable to conduct IPMA was attitude. Figure 5.5 illustrates the graphical result. Meanwhile, Table 5.20 shows the value of IPMA for attitude toward zakat on savings. IPMA for attitude toward zakat on savings revealed that reference group was the most important (0.422) and had the highest performance (82.586) compared to the other constructs. In the short term, zakat institutions should focus on reference group more than other constructs. However, other variables should not be neglected even though they had less importance because they had high performance in influencing attitude toward zakat on savings.

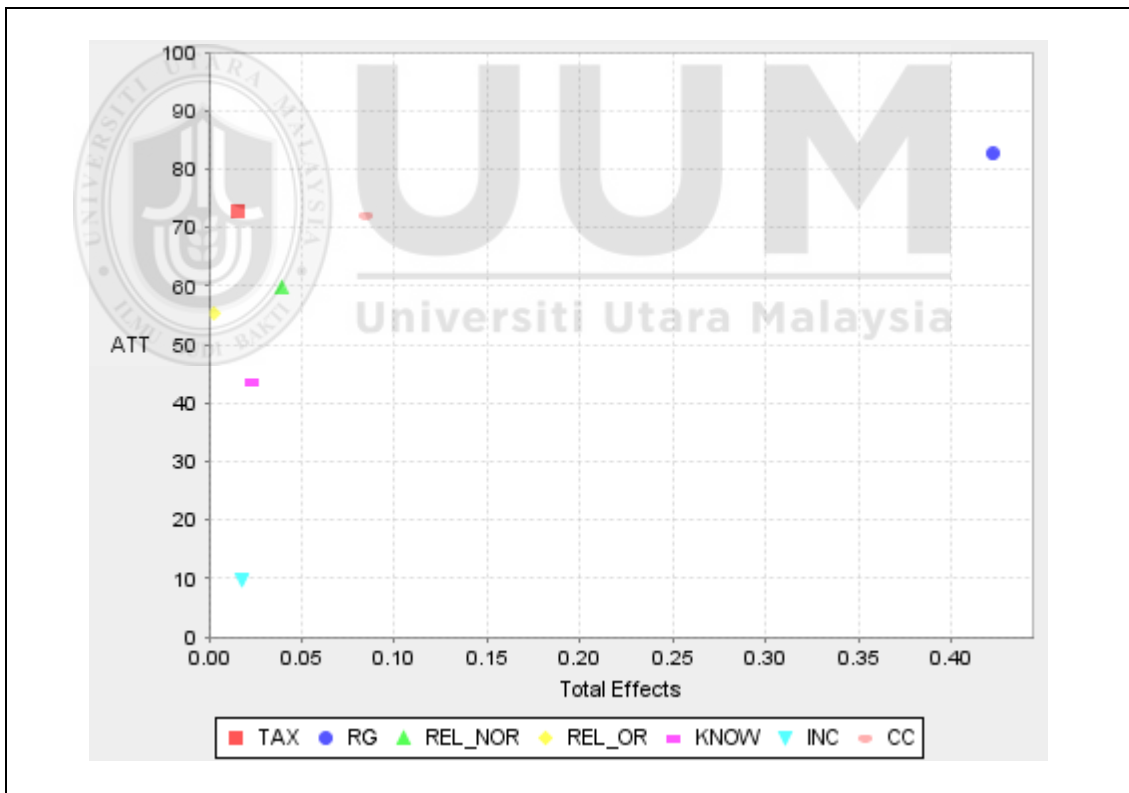


Figure 5.5
IPMA representation of attitude toward zakat on savings

Table 5.20
IPMA value of attitude toward zakat on savings

Latent variable	Importance	Performance
Organizational religiosity	0.003	55.322
Non-organizational religiosity	0.039	59.629
Knowledge	0.023	43.429
Reference group	0.422	82.586
Perceived corporate credibility	0.084	71.941
Tax rebate	0.015	72.712
Level of income	0.018	9.643

5.11 Chapter summary

This chapter reported the findings of the study. It started with a report on the response rate, which was within the acceptable range. At the preliminary stage of data analysis, this study conducted data screening for missing values and outliers. Then, the result of non-response bias was presented. Before conducting the PLS-SEM analysis, normality and multicollinearity assumptions of the data were checked. Next, the measurement and structural models were analyzed. At the measurement stage, the indicator reliability, internal consistency, convergent validity and discriminant validity values for all constructs were above the suggested cut-off point. Subsequently, the data was examined in the structural model. The results were reported based on the three objectives of the study. Other requirements for the structural stage were also reported in this chapter like the assessment for variance explained, effect size and predictive relevance. Finally, this chapter also reported the result of importance-performance matrix analysis to offer suggestions to zakat institutions based on the importance and performance of each construct.

CHAPTER 6

DISCUSSION

6.0 Introduction

This final chapter begins with an overview of the research. Following this section is the discussion on the findings presented in the previous chapter. It is discussed according to the research objectives. At first, this study discussed on the implication toward the theory. Then, this study also explained on the application of Fischer model as the underlying framework. Next, the implications of the study for practice and future research are highlighted. Finally, some concluding remarks are offered.

6.1 Overview of the research

The importance of the zakat collection to the Muslim society cannot be argued anymore. It is beneficial to zakat recipients if it can be distributed properly to the eight zakat recipients. Even though, various efforts are carried out by zakat institutions to increase zakat collection, the collection of zakat is still unsatisfactory due to the low level of zakat compliance among the Muslim society in Malaysia. Most of past studies only focused for zakat on employment income and zakat on business and lack of study has been conducted to explain why zakat collection on saving is still low. Hence, this study adds to the zakat compliance literature by

considering another form of zakat, i.e., zakat on savings. In particular, it seeks to investigate the factors that influence zakat compliance behavior on savings. In order to do so, the Fischer model developed by Fischer et al. (1992) was applied. Even though the Fischer model was developed to explain tax compliance, the present study decided to implement it because it takes into account various factors purported to influence compliance.

Three primary research objectives have been outlined. The first objective is to determine the factors that affect zakat compliance behavior on savings. The second objective is to determine the factors that influence attitude toward zakat on savings. The third objective is to investigate whether attitude mediates the relationship between the factors (i.e., religiosity [organizational and non-organizational religiosity], knowledge, reference group, perceived corporate credibility, tax rebate, and level of income) and zakat compliance behavior on savings.

Data were collected using self-administered questionnaires to employees at public and private sector organizations in Kedah. The total number of latent variables is nine. All the latent variables are in the form of constructing except for knowledge and demographic variables. The construct variables have gone through the reliability and validity analysis during the pilot test study. The results for reliability and validity analysis indicate that the value is in the acceptable range.

Then, cluster sampling was chosen to select the sample. Of 600 questionnaires distributed, only 280 were used in the final analysis. The data were analyzed using SPSS version 20 and SmartPLS version 3.0. SPSS was applied to screen the data,

develop a profile of the participants, and run item analysis, response bias, normality and multicollinearity test. Then, SmartPLS was employed to examine the measurement and structural models. The examination of the measurement model involved testing for the constructs' reliability and validity. Then, the structural model was assessed to meet the research objectives.

Generally, all the research objectives were met. Of 22 hypotheses developed, 11 were supported. Five hypotheses supported the first objective, four hypothesis supported the second objective, and two hypotheses supported the last objective. A detailed discussion based on the research objectives is offered next.

6.2 Research objectives and result

6.2.1 Direct relationship on zakat compliance behavior on savings

The first objective of this study is to determine the factors that influence zakat compliance behavior on savings among employees at public and private sector organizations. Eight hypotheses were proposed. Five factors were found to significantly and positively affect zakat on savings. They were attitude toward zakat on savings, non-organizational religiosity, reference group, perceived corporate credibility, and tax rebate. Organizational religiosity, knowledge, and level of income were not significantly related. Another three of the variables which are organizational religiosity, knowledge and level of income are not significantly related. Thus, the first objective is fulfilled and at the same time, the research question is answered.

6.2.1.1 Attitude toward zakat compliance behavior on savings

Based on H_1 formulated, the result reveals a significant and positive relationship between attitude and zakat compliance behavior on savings suggests that employees who have a positive attitude will pay zakat on savings. Muslim employees are willing to pay zakat on savings because it is a religious duty, and fulfilling the duty is means submitting to the commands of Allah. The obligation creates a positive attitude toward paying zakat which leads to zakat compliance on savings.

This result supports the Fischer model on the role of attitude in influencing compliance. Besides, previous studies also reported a significant relationship between attitude and intention to pay zakat on employment income (Raedah et al., 2011; Zainol et al., 2009) and zakat on business (Heikal et al., 2014). Another study also found that attitude positively influence zakat payers in paying zakat on business (Ram Al Jaffri et al., 2009). Thus, this study concludes that attitude has a significant influence in paying zakat on saving.

6.2.1.2 Organizational religiosity and non-organizational religiosity

Literature found that religious principles are among the main influence to encourage people in becoming a responsible person and reduce egotistic in oneself by assisting others who are in need (Raihana & Pope, 2014). Therefore, individuals who have a high level of religiosity are expected to fulfill their religious duty of paying zakat.

Religiosity is a new variable included in Fischer model because paying zakat is a religious behavior. The result of the present study showed that religiosity plays a

major role in zakat compliance behavior on savings. In particular, non-organizational religiosity, such as listening to and watching religious programs, and searching for Islamic information, was found to influence zakat compliance behavior on savings significantly.

This finding is congruent with previous studies on the role of religiosity in influencing individual in complying with zakat payment. For example, previous studies found that religiosity positively related with zakat compliance behavior on employment income (Kamil et al., 2006) and zakat compliance behavior on business (Kamil et al., 2012). In other areas, religiosity also found to have a significant influence toward individual behavior (Ateeq-ur-Rehman & Muhammad Shahbaz, 2010; Mukhtar & Butt, 2012; Syed Shah et al., 2012).

The significant relationship implies that employees who are more interested with activities or programs outside the formal institution more comply in paying zakat on saving. Nowadays, there are more interesting Islamic programs that attract employee's attention that can be watched from the television or listened from the radio. Moreover, employees also can get Islamic information easily from their reading like a book, newspaper, magazines and so on. Even though, they are busy with their daily activities but they still can spend their time to seek any Islamic information especially with regards to zakat issues and at the same time attract them to pay zakat.

However, surprisingly, no significant link was found between organizational religiosity and zakat compliance behavior on savings. Getting involved in Islamic

programs or activities organized by Islamic bodies appears to be not significant in influencing individuals to pay zakat on savings. One explanation for the findings is that people who are likely to be involved in such programs tend to retirees or self-employed, who have ample time at their disposal. In comparison, people who work in public and private sector organizations may not have such privilege. Nonetheless, the result of this study is similar with that reported by Mohd Rahim, Rohani, Arifin, and Abdol Samad (2014) who found the non-significant role of religiosity in paying zakat on business.

Hence, it can be summarized that increase in the level of non-organizational religiosity among employees will increase the level of zakat compliance behavior among Muslim employees while organizational religiosity does not give a significant impact in paying zakat on saving.

6.2.1.3 Knowledge

Zakat payers that have more knowledge in zakat will enhance them in paying zakat. This is because zakat payer should be aware of the calculation of zakat, the rate of zakat and haul requirement before comply to pay zakat. This basic knowledge will create a positive behavior in paying zakat. This study also predicted that knowledge has a significant and positive influence on zakat compliance behavior on savings. Unexpectedly, no significant link was observed. It means this variable does not give any effect towards the payment of zakat on saving. This finding is inconsistent with that reported by previous works (Kamil, 2002; Mohd Ali et al., 2004; Sanep et al., 2011; Zainol, 2008), but it is in line with the finding of Hairunnizam et al. (2005) who studied zakat on wealth.

One possible explanation for the non-significant finding is this study selected different context of zakat area. Zakat payers only comply to pay zakat on savings based on the amount that has been suggested by zakat institutions and lack of knowledge on zakat on savings. It is proven when findings of this study show that the mean value for knowledge on zakat savings among employees was only 4.34 (the maximum value was 10). In comparison, Zainol (2008) reported that the mean value for knowledge on zakat employment income was 11.14 (the maximum value was 18). Ram Al Jaffri (2010) showed that the mean value for knowledge of zakat on business was 4, and the maximum value was 11. It show that the level of knowledge for zakat on employment income was higher than zakat on savings and zakat on business because zakat on employment income can be paid through monthly zakat deduction but not for zakat on savings and zakat on business. Employees will become more alert at least with the basic knowledge for zakat on employment income like zakat rate, nisab and method of payment.

6.2.1.4 Reference group

Reference group was found to affect zakat compliance behavior on savings significantly. The finding supports the Fischer model that suggested reference group as one of the variables that influence compliance behavior. Family members like parents, siblings and spouse as the closest persons who are likely to affect an individual on paying zakat on savings by giving their support and assistance.

In zakat area, a similar result was reported elsewhere that found reference group has a significant influence on intention to pay zakat on savings (Farah Mastura & Zainol,

2013). The result is also parallel with other studies that examined the relationship between reference group and intention to comply with zakat on employment income (Zainol et al., 2009) and zakat on business (Heikal et al., 2014). Sanep et al. (2011) also found that reference group significantly affected zakat compliance behavior on wealth.

In other behavioral studies, a similar result was documented. For example, Mohd Rizal and Ahmad Fariq (2011) and Natrah (2009) reported that reference group and tax compliance behavior was significantly related. Furthermore, previous study also stated that subjectives norm was significant and at the same time among the strong factors that influence the young consumer in innovation of soft drink (Tong et al., 2012). It can be concluded from the previous discussions that increase in moral support and advice given by the family lead to an increase in the payment of zakat compliance behavior on savings.

6.2.1.5 Perceived corporate credibility

Previously, literatures show that Muslim society not satisfied with the management of zakat institutions (Hairunnizam, Sanep, & Radiah, 2009). However, nowadays, zakat payers have a positive perception toward the credibility of zakat institutions. The result of this study also shows that zakat payer concerned about the credibility of zakat institutions when the mean value for all the items of perceived corporate credibility is more than 4 (refer table 5.2). Besides, the result showed that perceived corporate credibility was positively and significantly related to zakat compliance behavior on savings. It implies that positive perception toward credibility of zakat institutions in handling the collection and distribution of zakat funds having a

significant impact in complying to pay zakat on saving. Thus, this result contributes significantly to the underlying theory because it is added into the Fischer model in examining Muslims behavior in paying zakat on saving as well as to the zakat literatures.

This finding is also consistent with the previous result reported in zakat compliance intention behavior on employment income (Zainol & Kamil, 2011). In other field of studies, other researchers also found that corporate credibility was significantly related to purchase intention (Goldsmith et al., 2000; Lafferty & Goldsmith, 1999). In addition, it is also similar to the result reported by previous study that examine on the relationship between environmental credibility and pro-environmental behavior (Inoue & Kent, 2012). Thus, finding of this study clearly indicates that an increase in the positive perceptions that employees have toward the credibility of zakat institutions will increase in the level of zakat compliance behavior on savings.

6.2.1.6 Tax rebate

There is limited literature on the influence of tax rebate on zakat compliance behavior, with the exception of the work of Ram Al Jaffri (2010) that examined tax rebate as one of the construct that belong to the perceived behavioral control in theory of planned behavior. Thus, the significant finding on the relationship between tax rebate and zakat compliance on savings reported in this study contributes significantly to the zakat compliance literature. The result showed that a monetary incentive such as a tax rebate is likely to encourage individuals to pay zakat on savings because by doing so they can reduce the liability in paying income tax.

This result is parallel with previous finding that incentives have a significant influence on individual behavior (Beltramini & Chapman, 2003; Wonder et al., 2008). In conclusion, increase in monetary incentives given by the government in the form of tax rebate lead to an increase in the level of zakat compliance behavior on savings.

6.2.1.7 Level of income

In the Fischer model, level of income is proposed to have an impact on compliance behavior because taxpayers have an opportunity to evade tax when they have more income. In the Islamic environment, level of income is proposed to have a positive and significant influence on zakat compliance behavior. It is proven by previous studies in zakat compliance behavior (Hairunnizam et al., 2005; Nur Azura et al., 2005). However, result of this study not inlined with past studies, no significant link was observed. It indicates that level of income does not have significant influence in paying zakat on savings.

The level of income does not make a difference in paying zakat on savings because the obligation to pay this form of zakat depends on the last amount of savings that individuals have at the end of the year. Hence, if the amount is not sufficient to meet the requirement, zakat on savings is not mandatory. However, previous studies looked at zakat on employment income. When an individual's income increases, he or she is required to pay zakat on employment income. Another reason for the non-significant relationship is that paying zakat is a religious obligation. So, if an individual wishes to purify and seek the blessing of Allah on the wealth that he or she has, he or she will pay zakat regardless of the income earned.

6.2.2 Direct relationship on attitude toward zakat compliance behavior on saving

The second objective of this study is to determine the factors that influence attitude toward zakat compliance behavior on savings. There are seven hypotheses is suggested in this present study. The results showed that non-organizational religiosity, knowledge, reference group and perceived corporate credibility were positively and significantly related to attitude on zakat compliance behavior on savings, but not organizational religiosity, tax rebate, and level of income. The findings make a significant contribution to zakat compliance behavior literature due to limited studies as such. This study also has an important impact in tax compliance literatures. Even though, previous studies like Alabede (2012), Hajah Mustafa, (1996) and Mahamad (1998) applied Fischer model in tax compliance literatures, but limited studies tested on the direct relationship on attitude toward compliance behavior. Hence, the second objective of this study also has been accomplished and answers the research questions.

6.2.2.1 Organizational religiosity and non-organizational religiosity

Based on the previous discussion, literatures emphasize that religiosity will influence attitude toward the behavior. It is due to the basis of faith that comes from religion that influences a person's belief and opinion. It is supported when result of this study showed that non-organizational religiosity had a significant influence on attitude in paying zakat. When individuals are involved in activities conducted outside the formal institutions, their attitude toward paying zakat on savings is enhanced.

It is the first attempt to include this variable in the Fischer model and the finding contributes significantly to the theory and zakat literatures especially zakat on savings. There is limited research concerning on this relationship because previous studies only emphasize on the relationship between religiosity and zakat compliance behavior in the context of zakat on employment income (Kamil et al., 2006) and zakat on business (Kamil et al, 2012). Therefore, this finding shows that non-organizational religiosity plays an important role in increasing attitude toward paying zakat on savings.

In tax compliance area, previous study also reported similar result when examines the relationship between religiosity and attitude toward tax compliance behavior (Raihana & Pope, 2014). In marketing studies, religiosity was also found significantly to influence attitude toward the behavior (Azmawani et al., 2015; Siala, 2013).

Unexpectedly, organizational religiosity was found to be not significant in determining attitude toward zakat on savings. Such finding is inconsistent with the result reported in previous studies. This result suggests that whether or not an individual is directly involved in religious programs or activities conducted by religious institutions, such as by becoming a committee member in any religious activity and attending religious classes, does not have an impact on attitude toward zakat on savings. This may be because programs or materials related to Islam that are available on other media are more informative. Thus, employees are more interested in the activities conducted by outside the formal institution rather than by the formal institution.

6.2.2.2 Knowledge

An individual who has more knowledge of zakat will have a more positive attitude toward paying zakat. The result of this study supported the hypothesis when indicates that knowledge significantly influence attitude in paying zakat on savings. It means that employees who are more knowledgeable will have a positive attitude in complying with the payment of zakat savings compare to employee who only has little knowledge.

Previously, knowledge was proposed to be added in Fischer model to examine tax compliance behavior by Hajah Mustafa (1996). Then, this study is the first attempt to examine the relationship between knowledge and attitude in the Fischer model in the context of zakat compliance literatures. Besides, previous studies only focused on the relationship between knowledge and zakat compliance behavior on employment income like Kamil (2002), Mohd Ali et al. (2004), Sanep et al. (2011) while Zainol (2008) concentrated on the relationship between knowledge and intention to comply. There is only limited study that examines on the relationship between knowledge and attitude. Thus, this significant relationship contributes significantly into zakat literatures especially in the area of zakat on savings.

Previous studies also reported the same findings on the role of knowledge in tax compliance behavior (Eriksen & Fallan, 1996; Mohd Rizal & Ahmad Fariq, 2011). Other studies also found that knowledge significantly influenced attitude toward the behavior (Aertsens et al., 2011; Qu et al., 2010). Thus, it can be summarized that increase in level of knowledge especially concerning to zakat on savings will

enhance positive attitude in paying zakat among employees who are working in public and private sectors.

6.2.2.3 Reference group

Reference group who has a positive perception and a strong belief in paying zakat on savings will attract the nearest person to them in having the same perceptions. The finding showed that reference group had a significant impact on attitude in paying zakat on savings. Family members who are supportive are likely to influence an individual to form a positive attitude toward zakat on savings.

Furthermore, this significant relationship should make an important contribution in the context of zakat on savings. Sanep et al. (2011) only investigated on the relationship between reference group and zakat compliance behaviour. Meanwhile, Heikal et al. (2014) also examined on the link between subjective norms and intention to pay zakat on business. Others zakat compliance and tax compliance area should also test on the relationship between reference group and attitude toward compliance behavior. Thus, this result provides new insights that reference group not only important in investigating the individual behavior but also in understanding the person's attitude before performing the behavior.

The result also supports past finding in other areas on the relationship between subjective norms and attitude toward the behavior (Miniard & Cohen, 1983; Ramayah et al., 2013; Tarkiainen & Sundqvist, 2005). Hence, if there are more positive people that always give support and advices, it will encourages more positive attitude in paying zakat on savings among zakat payers.

6.2.2.4 Perceived corporate credibility

Perceived corporate credibility was proposed to predict the attitude in paying zakat on savings. It is parallel with the hypothesis when the result also showed that perceived corporate credibility has a significant impact on the attitude in paying zakat on savings. It means employees who perceive that zakat institution is credible in handling the collection and distribution of zakat funds will have a positive attitude toward zakat on savings.

The finding fills a gap in the literature as past studies looked at perceived corporate credibility and intention to pay zakat on employment income rather than on attitude toward zakat compliance (Zainol & Kamil, 2011). Hence, this variable that is introduced contributes significantly to the underlying theoretical framework applied in this study as well as toward zakat literatures.

In other field of studies, it also supports the previous result on the link between perceived corporate credibility and attitude toward the behavior (Goldsmith et al., 2000; Lafferty & Goldsmith, 1999; Newell & Goldsmith, 2001). Therefore, increase in perceived corporate credibility lead to an increase in positive attitude in paying zakat on savings among the employees.

6.2.2.5 Tax rebate

Another important factor that was suggested to influence attitude in paying zakat on saving is tax rebate. Unexpectedly, tax rebate was found to be not significant in influencing attitude toward zakat on savings. It implies that monetary incentives given by the government does not create positive attitude in paying zakat on savings. The finding is not consistent with past work which demonstrated the significant influence of tax rebate on attitude toward the current tax system (Hasseldine & Hite, 2003). Another study also stated that incentives positively related with attitude toward mall promotions (Khare et al., 2014).

One possible reason for the non-significant finding is that zakat payers think that tax rebate is not important for them because paying zakat is one of the religious obligation. Consequently, it does not give a significant effect toward attitude in paying zakat on savings. However, result of this study show that tax rebate has a significant influence in paying zakat on savings because zakat payers still want the rebate offers as the ways in reducing the tax liability.

6.2.2.6 Level of income

The result showed that level of income was positively related with attitude in paying zakat on savings, but not significant. There is limited literature concerning on this relationship in the field of zakat compliance. Besides, the result does not support previous work that found a negative relationship between level of income and attitude in tax compliance (Nor Aziah et al., 2005).

This result implies that the belief in paying zakat already exists among the employees since basic religious knowledge always stress on the obligation of paying zakat because it is one of the five pillars of Islam. They still have positive attitude without concerning on the level of income because it is the religious obligation. In contrast, tax obligation is the government requirement when the level of income increases, the payment of tax also should be increased. Taxpayers view this as an opportunity to evade tax that consequently develops a negative attitude in paying tax. Hence, this factor does not significantly influence the attitude of zakat payer in paying zakat on savings.

6.2.3 Mediating effect of attitude

The third objective of this study is to investigate whether attitude mediates the relationship between organizational religiosity, non-organizational religiosity, knowledge, reference group, perceived corporate credibility, tax rebate, and level of income with zakat compliance behavior on savings. The result of this study showed that attitude toward zakat on savings mediated the reference group-zakat compliance behavior on savings and perceived corporate credibility-zakat compliance behavior on savings links. It indicates that the third objective of this study has been fulfilled

and answers the research question. This finding provides a vital contribution because a limited number of studies that predict on the indirect effect of attitude in the area of tax and zakat compliance behavior.

The first result is relating to the indirect effect of attitude on the relationship between reference group and zakat compliance behavior on savings. The finding suggests the importance of a reference group in influencing attitude and subsequent behavior of paying zakat on savings. The mediating effect of attitude was also reported by Zainol et al. (2009) in their study on zakat on employment income. Other studies also indicated that attitude mediated the relationship between subjective norm and behavior (Han, Hsu, & Sheu, 2010; Kim et al., 2013). It can be concluded that the formation of attitude characteristics relating to zakat on savings influence by family members shape the person behavior in paying zakat on savings.

Another result is relating to the indirect effect of attitude on the relationship between perceived corporate credibility and zakat compliance behavior on savings. The credibility of a zakat institution in collecting and distributing zakat funds was also found to be a significant determinant of attitude toward zakat and the subsequent behavior of paying zakat on savings. The possible explanation on this relationship comes from the expected indirect effect that might be existed because of the significant path found by previous studies. Previous studies found that there is a significant relationship between perceived corporate credibility and intention to comply with zakat on employment income (Zainol & Kamil, 2011). Besides, previous studies also found a significant relationship between perceived corporate credibility and attitude toward the behavior (Goldsmith et al., 2000; Lafferty &

Goldsmith, 1999; Newell & Goldsmith, 2001). There is also significant relationship was reported by previous studies in examining attitude and zakat compliance behavior (Huda et al., 2012; Raedah et al., 2011; Ram Al Jaffri et al., 2009; Zainol et al., 2009). This finding is among the main contribution because there is a paucity of research that examined on the indirect effect of attitude on the relationship between perceived corporate credibility and zakat compliance behavior on savings.

The result of this study, however, failed to find support for the mediating role of attitude in the link between religiosity (organizational and non-organizational), knowledge, tax rebate, level of income, and zakat compliance behavior on savings. These finding show that attitude does not play the mediator role in explaining these relationships.

6.3 The application of Fischer model in zakat compliance behavior

The Fischer model has been widely applied in tax literature but not in zakat research particularly zakat on savings. The result of this study indicates that the Fischer model also applicable to be applied in zakat environment. The applicability of the Fischer model in zakat compliance behavior on saving can be determined from the value of variance explained (R^2 value). R^2 value for the endogenous variable of zakat compliance behavior and attitude toward zakat on savings is 34% and 51% respectively. It shows that the exogenous variables explained 34% variance in zakat compliance behavior on savings and 51% in attitude toward zakat on savings. In other field such as taxation, past studies that applied Fischer model also reported a similar R^2 value of 40% (Alabede, 2012) and an adjusted R^2 value of 35% (Nor Aziah, 2004).

Other theories that have been used in the taxation field, but also applied in zakat compliance behavior area like theory of planned behavior (Huda et al., 2012; Raedah et al., 2011; Zainol, 2008) and theory of maximum expected utility (Sanep et al., 2011) also stated the value of R^2 around this present study. For example, the R^2 value for study that applied theory of planned behaviour were 16% (Huda et al., 2012), 49% (Raedah et al., 2011) and 47% (Zainol, 2008). Besides, the R^2 value for theory of maximum expected utility was Cox and Snell (48%) and Nagelkerke (55%) (Sanep et al., 2011). Another study that also applied the variables in the taxation environment reported the R^2 value of Cox and Snell (40%) and Nagelkerke (55%) (Kamil, 2002). Thus, the R^2 value of this study is still in the acceptable range.

Besides, the applicability of the Fischer model in zakat compliance on savings is demonstrated by the significant relationships found. For the first objective, five factors were found to be significant determinants of zakat compliance behavior on savings. They were attitude toward zakat on savings, non-organizational religiosity, reference group, perceived corporate credibility, and tax rebate. For the second objective, with regards to attitude toward zakat on savings, non-organizational religiosity, knowledge, reference group, and perceived corporate credibility were shown to be significant predictors. For the last objectives, out of seven proposed hypotheses, two of the indirect effect were successful which were reference group and perceived corporate credibility.

Next, the inclusion of non-organizational religiosity and perceived corporate credibility to the Fischer model supports further the applicability of the model in explaining zakat on savings.

Based on the above discussion, findings of this study by using the Fischer model as the theoretical basis show that all the research objectives were fulfilled and the research questions were answered. These findings provide a significant theoretical contribution by investigating zakat compliance behavior on savings. Figure 6.1 illustrates the final model of zakat compliance behavior on savings based on the Fischer model. Thus, it is proven that the Fischer model is relevant to be applied in the context of zakat compliance behavior especially in the context of zakat on savings and at the same time extend understanding on the zakat literatures.

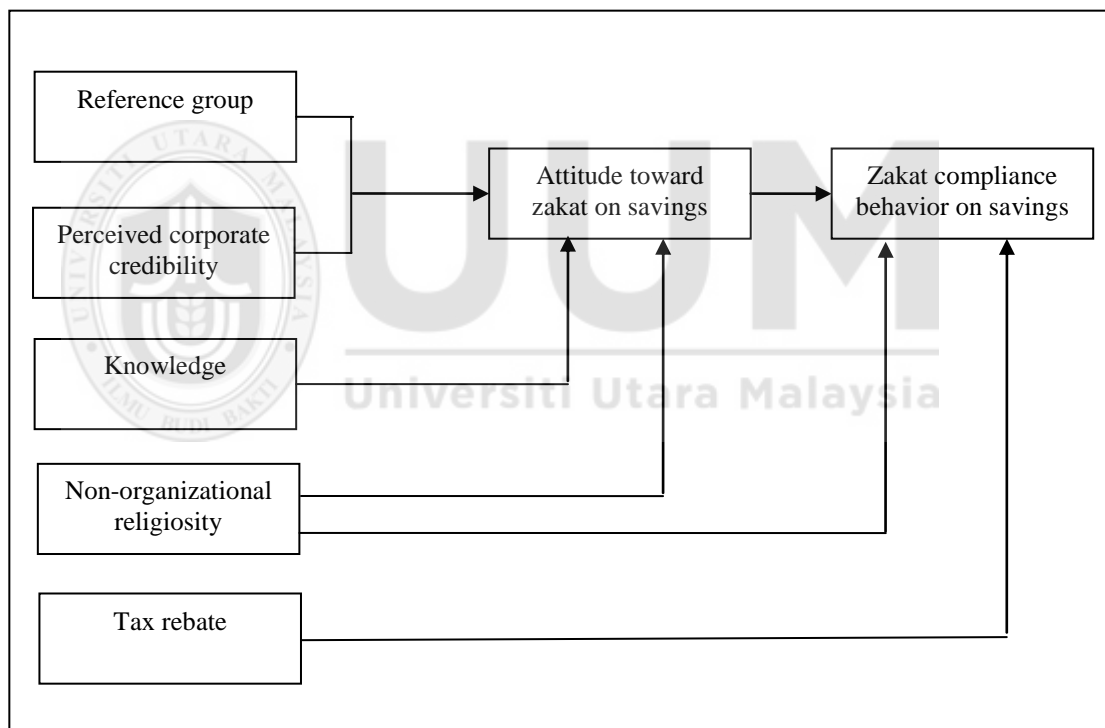


Figure 6.1
Final model of zakat compliance behavior on savings

6.4 The implications for zakat institutions

The findings of the present study have notable implications for zakat institutions. Zakat institutions should concentrate on the need of zakat payers to be concerned about how their compliance behavior will affect the collection of zakat. Before zakat institutions can implement the strategies, they should have systematic planning and strategy that can change the negative perceptions to positive perceptions. This will attract zakat payers in paying zakat on savings that ultimately increase the collection of zakat funds in the future. However, the paucity of research relating to zakat on savings makes zakat institutions difficult to find the appropriate strategy to be implemented. Therefore, this study was conducted to examine the factors that can influence zakat payers in paying zakat on savings and several recommendations for zakat institutions were discussed below. The recommendations highlighted in this study also based on the results of IPMA presented in Chapter 4.

6.4.1 Attitude toward zakat on savings

The result of this study showed that attitude toward zakat on savings was significantly related to zakat compliance behavior on savings. Zakat institutions should acknowledge the importance of attitude toward paying zakat on savings. The result of IPMA also suggests that this variable had a high level of importance and performance. It means that the institutions should maintain and improve their activities so that zakat payers always form a positive attitude toward zakat on savings.

Besides, it is important to make sure that there is a less negative attitude among Muslim employees in paying zakat on savings. The zakat institutions should

intensify more efforts by becoming more creative in information distribution channel like to collaborate with a telecommunication company, so that they can send the information or the remainder through messaging. This includes disseminating the information about the remainder of zakat payment, the benefits of paying zakat and the collection and distribution of the zakat funds to the Muslim society. It encourages zakat payers to become more aware and concerned about the importance of zakat funds that lead to greater participation in paying zakat on savings.

Moreover, in line with the development of information and technology, many new ways in paying zakat have been introduced by zakat institutions such as payment via online banking, smartphone, moveable counter and post office. The information relating to this new method should be disseminated to zakat payers because most of them still do not know about this convenient way in paying zakat. Then, if there are any problems arising before, during or after performing the behavior, it will lead to negative feelings in performing the behavior. The best way is to counter back with the positive feelings. Therefore, zakat institutions should give details explanation and solve the problems as soon as possible so that the others zakat payers will also get the clarification and benefits from the issues arise.

6.4.2 Non-organizational religiosity

In this present study, non-organizational religiosity was found to have a significant influence on zakat compliance behavior on savings. Zakat institutions should conduct more informal activities. By utilizing the available technologies, such as newspaper, magazine, television, radio, and internet, the institutions publish materials related to zakat on savings. The mass media also can be as a medium of promotion to increase awareness and attract more zakat payers in paying zakat on savings.

Besides the importance of non-organizational religiosity to zakat compliance behavior, finding of this study also shows that non-organizational religiosity effect attitude in paying zakat on savings. Thus, zakat institutions should also recognize the importance of this relationship. They can cooperate with book publisher to produce interesting books or a compilation of articles that discuss about zakat issues. Zakat payers will become more interested to read those books and articles because it relate to the obligation of paying zakat. They also can post any articles or activities that will be conducted through their website or Facebook. Interesting reading will provide new knowledge that will influence their attitude in paying zakat. Thus, it will develop a more positive attitude in paying zakat and at the same time will encourage them to comply in paying zakat on savings.

Moreover, the result of IPMA for non-organizational religiosity lies in high performance, but less importance towards zakat compliance behavior and attitude toward zakat compliance. Even though, result shows that the current activities done by zakat institutions with regards to non-organizational religiosity has less impact for zakat payers but, the current level of performance show that this variable offer major

improvement in enhancing positive attitude as well as comply in paying zakat on savings. Results also show that this variable significantly influence attitude toward zakat on savings and zakat compliance behavior on savings. Therefore, zakat institutions should give more focus on this variable and more effort should be done to increase the level of zakat compliance and enhance positive attitude in paying zakat.

In addition, zakat institutions should pay more emphasis on zakat payers who are not working in religion-related organizations, such as Syariah court, Tabung Haji, and Bank Islam. Zakat payers who work at these organizations tend to be exposed to zakat-related issued more than those who do not work in such organizations. Zakat institutions can organize seminar, forums or talks at public and private organizations to attract the zakat payers. This approach will enhance awareness among zakat payers, resulting in a positive attitude and subsequently zakat compliance.

6.4.3 Knowledge

In this present study, the result of IPMA showed that the effect of knowledge on attitude had a low level of performance and a low level of importance. It indicates that zakat payers perceived knowledge as being less important in influencing their attitude toward paying zakat on savings. The current activities of zakat institutions were still perceived to be low. This situation occurs because zakat payers still have a low level of knowledge. Result also show that knowledge was found to have a significant influence on attitude toward zakat on savings, zakat institutions should think of ways on how to increase the level of knowledge of zakat on savings and subsequently enhance a positive attitude toward paying zakat on savings.

The first recommendation is for the zakat institution to introduce a special course like zakat accounting to students at secondary schools and universities. Such move will give an early exposure about every type of zakat and its calculation to potential zakat payers. They will become a job seeker after they graduated. Thus, they need to pay zakat if their savings fulfilled the requirement of haul and nisab of zakat on savings.

Secondly, zakat institutions should play their role to increase zakat collection in the future like issue a circular on the obligation of paying zakat for every type of zakat collection including zakat on savings. Zakat institutions also can explain on the role of zakat institutions in managing and distributing zakat funds. Then, zakat institutions can email it to the public and private organization and subsequently, the organizations can email it to their staff. This strategy will help zakat institutions to increase the awareness among zakat payers and distribute the information more effective and efficient.

Thirdly, the institution can organize a national campaign to increase the level of awareness. Banners that say “Paying zakat is our responsibility” can be posted on public transportations during the campaign. Inviting zakat payers to click the “like” button on the institutions’ Facebook can also be implemented. Other ways to communicate include setting up booths and distributing flyers, posters and banners at the public places. This approach will lead to strong support among zakat payers and the same time enhance positive attitude in paying zakat.

Finally, the zakat institutions can also educate zakat payers by organizing a “zakat payers open day” to clarify issues related to zakat, such as the differences between

zakat on employment income and zakat on savings. Zakat payers may not be aware that they need to pay zakat on employment income and zakat on savings. Some of them still confuse because they believe that if they required to pay zakat on employment income, so they do not oblige to pay zakat on savings. This approach will lead to increase in awareness among zakat payers especially related to zakat on savings and at the same time will create a good relationship between zakat institutions and zakat payers.

6.4.4 Reference group

Reference group is significantly related with zakat compliance behavior and attitude in paying zakat on savings. This present study also confirmed the result of indirect effect of attitude on the relationship between reference group and zakat compliance behavior on savings.

The result of IPMA suggests that a reference group for zakat compliance behavior and attitude had a high level of importance and a high level of performance. It indicates that reference group appear to have very importance for employees. In addition, zakat institutions should maintain the good services and make more improvement on the programs that can enhance strong support from the Muslims society. Hence, zakat institutions should recognize the important role of a reference group in increasing the level of zakat compliance in the future by finding ways to maintain and increase the quality of services provided to zakat payers.

Zakat institutions can implement the following suggestion to attract zakat payers to pay zakat on savings. Firstly, zakat institutions should care for the provision of

response from the reference group to the individuals regardless whether they are paying or not paying zakat on savings. It is because the opinions or response provided by reference group such as sibling, spouse and parents are essentials because they can influence zakat payer to comply in paying zakat on savings. Zakat institutions should receive the response or criticism given in a positive ways.

Secondly, zakat institutions like the head of department and administrators' staff should sustain a favorable environment that greeting any new ideas, concerned on any response and give continuous support for cooperation among zakat staff. This situation will create a positive competition among staff in providing the best services to zakat payers. The good environment systems with a credible zakat staff will create a positive attitude and encourage zakat payers in continuously comply and influence others in paying zakat on savings. Hence, all staff at zakat institutions plays their role in increasing the probability of a favorable behavior by maximizing the reference group to develop positive attitude in paying zakat on savings.

Lastly, zakat institutions can directly meet with zakat payers by giving any new information and educate them because this will help to spread the information quickly to their family members and friends. Such word of mouth, especially from the family members, can help zakat payers to develop a positive attitude and encourage others zakat payers to pay zakat on savings. This is because individual Muslim who always meets with positive and knowledgeable person will influence the person in performing the obligation in paying zakat on savings. Thus, sensitizing reference group to others individual will develop a positive attitude in paying zakat and affect the higher level of zakat compliance behavior.

6.4.5 Perceived corporate credibility

Perceived corporate credibility is among the important factor because it will reduce the gap between zakat institutions and zakat payers that consequently turn into a close relationship. It is proven when perceived corporate credibility is found to be significantly related with zakat compliance behavior and attitude toward zakat on savings.

Besides, this study also proven that attitude mediates the relationship between perceived corporate credibility and zakat compliance behavior on savings. It illustrates that zakat institutions should acknowledge zakat payers that have more positive attitude because it appears to increase higher level of zakat compliance behavior on savings.

In addition, the result of IPMA for perceived corporate credibility toward zakat compliance behavior on savings suggests a high level of importance and performance. It means zakat institutions should seek to maintain and improve the services provided. In contrast, perceived corporate credibility on attitude toward zakat on savings showed a high level of importance but a low level of performance. This means that zakat institutions should improve their efforts and give more focus in developing a positive attitude among zakat payers. Based on this finding, a number of recommendations are offered for zakat institutions to increase the performance on the programs related to perceived corporate credibility that will enhance more positive attitude and at the same time increase the level of zakat compliance behavior on savings.

The first recommendation is zakat institutions can show the public the transformation in people's lives from one of the zakat recipients and now he or she becomes one of zakat payers or having a better life as a result of the disbursement of zakat funds. Such programs, whether broadcast online or offline, can help a positive perception toward zakat institutions in handling zakat collection and distributions. It also will be the benchmark and example for others asnaf to seek for a better life and indirectly will reduce the level of poverty in the country.

Besides, the institutions can examine the post-experiences of zakat payers to gauge their satisfaction level of the services provided. They can carry out an online survey or face-to-face interviews. Zakat institutions can make improvement from the testimony given by zakat payers.

In addition, this survey also will help to improve the quality of services provided to zakat payers because it illustrates that zakat institutions is highly credible in managing their daily work. The survey will becomes as the guidelines for the performance of the staff especially frontliner's staffs that directly meet with zakat payer. Zakat instutions can assess the performance of their staff in three ways which are the level of zakat payer satisfaction, recommendations by zakat payer and the quantity of zakat payers that they can asses in a month or year. Then, zakat institutions can provide reward and certificate as a form of appreciations to the staff that can increase level of satisfaction among zakat payers. The appropriate reward systems will help to motivate the staff in providing the best sevice quality to zakat payers.

A service is deemed to be of quality when customers do not have to wait long to be served by frontliner staff at the counter. Hence, improving the implementation of the Qmatic numbering system (queue management system) in zakat institutions is crucial. Meanwhile, the good services provided by the frontliner staff to serve more people within the allocated amount of time should be linked with the key performance indicator (KPI) of the staffs. Frontliner staffs will become more efficient in handling their work as well as increase the quality of services provided to zakat payers by reducing the waiting time. The zakat institutions can also benchmark their services against the practice of private sector organizations which tend to be efficient in handling their work like punctuality of time in meeting their customer, highly discipline among staff and cooperate to achieved the target given.

In order to develop a positive image of credibility that will influence positive attitude, zakat institutions need to be transparent in how they manage the zakat funds. They can disclose the information about zakat collection and distribution in their annual report or disseminate such information through various means. They also need to provide clear explanations if there is any surplus during the year which means that the amount of zakat collected is not equal to the amount distributed. Besides, the collection and distribution of zakat funds should also be audited annually to avoid any mismanagement and malpractices. This strategy will increase the level of satisfaction among zakat payer and at the same time create a positive perceptions on zakat institutions.

6.4.6 Tax rebate

Tax rebate was found to be significantly related to zakat compliance behavior on savings. This incentive appears as the acknowledgement for zakat payer in paying zakat on saving. Besides, the result of IPMA also showed that zakat payer perceived that tax rebate had high level of importance and activities conducted by zakat institutions had high level of performance. Therefore, zakat institutions should acknowledge the importance of tax rebate for zakat payers as a form of incentive by maintaining and keep improving the current level of performance in order to increase the collection of zakat on savings in the future.

In light of the findings, the main suggestion is zakat institutions should continue working with the tax authority on the implementation of a tax rebate in the future. This strategy is important in order to develop the continuous support from current zakat payers as well as encourage more zakat payers in paying zakat on savings in the future.

6.5 The implications for methodological

Previous studies that applied the Fischer model as the underlying model chose SPSS in analyzing the data (Alabede, 2012; Hajah Mustafa, 1996; Mahamad, 1998; Nor Aziah, 2004; Wan Mazlan, 2015). There is limited study that applied the Fischer model chose PLS-SEM as the statistical tools in analyzing the data. The main advantage to analyze the data by using PLS-SEM is it has the ability to estimate the relationship in the measurement and structural model simultaneously (Chin et al., 2003). In addition, PLS-SEM work efficiently to examine complex model that has many constructs and indicators (Hair et al., 2011). Thus, this study has a notable

implication for the methodological. This study had confirmed the applicability of the Fischer model by using PLS-SEM in the context of zakat compliance behavior which is only tested for the individual Muslims.

6.6 Recommendations for future research

The following are suggestions future research:

1. This study become as a guideline for future research in zakat compliance particularly, in a zakat on savings setting. Future researchers can extend the Fischer model further by including other variables like trust, satisfaction technology advancement.
2. The literature indicates mixed findings on the relationship between age, gender, and zakat compliance behavior. This present study focused more on the mediating effect of attitude toward zakat compliance behavior on savings. Therefore, it is suggested that future research extends the Fischer model by including moderating variables like age and gender.
3. Future research can also apply the Fischer model to examine the factors that influence zakat compliance behavior in other context of study like zakat on employment income or business.
4. Since this study was an early stage of zakat on savings area, it focused on employees in public and private sector organizations in Kedah. Future researchers may wish to expand the scope by considering zakat payers in other parts of Malaysia.

5. Further research can also focus on other groups of zakat payers who are also liable to pay zakat on savings, such as farmers, self-employed, and those working in non-profit organizations.

6.7 Conclusion

The aim of this study is to understand the compliance behavior of zakat on savings among Muslims employees who are working at public and private organizations in Kedah. The present study has fulfilled all the main objectives highlighted in chapter 1.

The present study also has provided valuable insights to zakat institutions on how to improve the collection of zakat on savings in Kedah. However, the findings can also be used by other zakat institutions in Malaysia in helping them increase their zakat collections. In particular, the focus should be given to such factors as attitude, non-organizational religiosity, reference group, perceived corporate credibility, and tax rebate as they were found to be significant in influencing zakat compliance on savings. Besides, non-organizational religiosity, knowledge reference group and perceived corporate credibility are important towards attitude in paying zakat on savings. There were also significant factors found on the indirect effect of attitude, which were on the relationship between reference group, perceived corporate credibility and zakat compliance behavior on savings. This present study also managed to find empirical support for the application of the Fischer model in explaining zakat compliance behavior on savings.

Hence, this study contributes for the implications toward the practical, theoretical and methodological especially in the context of zakat on savings and particularly, in zakat compliance behavior literatures.



REFERENCES

- Adibah, A. W., & Joni, T. B. (2014). Faktor penentu pembayaran zakat oleh entiti perniagaan di Malaysia: Satu tinjauan teori. *Shariah Journal*, 22(3), 295–322.
- Aertsens, J., Mondelaers, K., Verbeke, W., Buysse, J., & Huylenbroeck, G. Van. (2011). The influence of subjective and objective knowledge on attitude , motivations and consumption of organic food. *British Food Journal*, 113(11), 1353–1378. doi:10.1108/00070701111179988
- Affiza, M. T., Zaleha, A. S., & Norul Syuhada, A. H. (2014). Factors influencing E-Filing usage among Malaysian taxpayers: Does tax knowledge matters ? *Jurnal Pengurusan*, 40, 91–101.
- Ahmad Radzuan, G. (2009). *Kesan tahap keagamaan dan akauntabiliti peribadi terhadap niat membayar zakat perniagaan di kalangan kontraktor perniagaan tunggal Pulau Pinang*. (Unpublished master's thesis). Universiti Sains Malaysia, Malaysia.
- Ahmad Shahir, M., & Adibah, A. W. (2010). Pengurusan zakat di Negeri Selangor: Isu dan cabaran. In *Konvensyen Kebangsaan Perancangan & Pengurusan Harta dalam Islam*. Bangi, Selangor: Jabatan Syariah, Fakulti Pengajian Islam UKM.
- Ahmed, H. (2004). *Role of zakah and awqaf in poverty alleviation*. Jeddah, Saudi Arabia: Islamic Development Bank. Retrieved from http://www.ieaoi.ir/~ieaoi/files/site1/pages/ketab/english_book/201.pdf
- Ajzen, I. (1985). From intentions to actions : A theory of planned behavior. In J. Kuhl & J. Beckman (Eds.), *Action-control: From cognition to behavior* (pp. 11–39). Heidelberg: Springer.
- Ajzen, I. (1991). The theory of planned behavior. *Organizational Behavior and Human Decision Processes*, 50, 179–211.

- Ajzen, I. (2002). Perceived behavioral control, self-Efficacy, locus of control and the theory of planned behavior. *Journal of Applied Social Psychology*, 32(4), 665–683.
- Ajzen, I., & Driver, B. L. (1992). Application of the theory of planned behavior to leisure choice. *Journal of Leisure Research*, 24(3), 207–224.
- Ajzen, I., & Fishbein, M. (1980). *Understanding attitudes and predicting social behavior*. New Jersey: Prentice Hall.
- Al Qardawi, Y. (1999). *Fiqh al zakah (Volume 1): A comparative study of zakah, regulations and philosophy in the light of Quran and Sunnah*. Saudi Arabia: King Abdul Aziz University.
- Al Shdaifat, F. H. A. (2014). *Cross cultural competence, human resource management practices, cross cultural adjustment and adaptive performance among Jordanian military leaders in United Nations Nations Peacekeeping*. (Unpublished doctoral dissertation). Universiti Utara Malaysia, Malaysia.
- Alabede, J. O. (2012). *An investigation of factors influencing taxpayers' compliance behavior: Evidence from Nigeria*. (Unpublished doctoral dissertation). Universiti Utara Malaysia, Malaysia.
- Alabede, J. O., Zaimah, Z. A., & Kamil, M. I. (2011). Individual taxpayers' attitude and compliance behaviour in Nigeria: The moderating role of financial condition and risk preference. *Journal of Accounting and Taxation*, 3(5), 91–104.
- Albaum, G., & Peterson, R. A. (2006). Ethical attitudes of future business leaders: Do they vary by gender and religiosity? *Business & Society*, 45(3), 300–321. doi:10.1177/0007650306289388
- Ali, A. Y. (1994). *The holy Quran: Text and translation*. Kuala Lumpur: Islamic Book Trust.

- Allingham, M. G., & Sandmo, A. (1972). Income tax evasion: A theoretical analysis. *Journal of Public Economics*, 1, 323–338.
- Alm, J. (1991). A perspective on the experimental analysis of taxpayer reporting. *The Accounting Review*, 66(3), 577–593.
- Alm, J., Jackson, B. R., & McKee, M. (1992). Estimating the determinants of taxpayer compliance with experimental data. *National Tax Journal*, 45(1), 107–114.
- Alm, J., & McClellan, C. (2012). Tax Morale and Tax Compliance from the Firm's Perspective. *Kyklos*, 65(1), 1–17. doi:10.1111/j.1467-6435.2011.00524.x
- Alm, J., Sanchez, I., & Juan, A. De. (1995). Economic and non-economic factors of tax compliance. *Kyklos*, 48(1), 3–18.
- Aminu, I. M. (2015). *Mediating role of access to finance and moderating role of business environment on the relationship between strategic orientation attributes and performance of small and medium enterprises in Nigeria*. (Unpublished doctoral dissertation). Universiti Utara Malaysia, Malaysia.
- Armstrong, J. S., & Overton, T. S. (1977). Estimating nonresponse bias in mail surveys. *Journal of Marketing Research*, 14, 396–402.
- Ary, D., Jacobs, L. C., Sorensen, C., & Razavieh, A. (2010). *Introduction to research in education* (8th ed.). Wadsworth: Cengage learning.
- Ateeq-ur-Rehman, & Muhammad Shahbaz, S. (2010). The relationship between religiosity and new product adoption. *Journal of Islamic Marketing*, 1(1), 63–69. doi:10.1108/17590831011026231
- Azman, A. R., Mohammad, H. A., & Syed Mohd Najib, S. O. (2012). Zakat institution in Malaysia : Problems and issues. *GJAT*, 2(1), 35–42.

- Azmawani, A. R., Asrarhaghghi, E., & Suhaimi, A. R. (2015). Consumers and halal cosmetic products: Knowledge, religiosity, attitude and intention. *Journal of Islamic Marketing*, 6(1), 148–163. doi:10.1108/JIMA-09-2013-0068
- Bagozzi, R. P. (2011). Measurement and meaning in information systems and organizational research: Methodological and philosophical foundations. *MIS Quarterly*, 35(2), 261–292.
- Bambale, A. J. (2013). *The mediating effect of psychological ownership on the relationship between servant leadership and organizational citizenship behaviours in Kano, Nigeria*. (Unpublished doctoral dissertation). Universiti Utara Malaysia, Malaysia.
- Bandura, A. (1977). *Social learning theory*. Englewood Cliffs: Prentice Hall.
- Bank Negara Malaysia. (2015a). *Bank Negara Malaysia annual report* (p. P4). Kuala Lumpur. Retrieved from www.bnm.gov.my
- Bank Negara Malaysia. (2015b). *The financial stability and payment systems report 2015* (p. 76). Kuala Lumpur. Retrieved from www.bnm.gov.my
- Baron, R. M., & Kenny, D. A. (1986). The moderator-mediator variable distinction in social psychological research: Conceptual, strategic, and statistical considerations. *Journal of Personality and Social Psychology*, 51(6), 1173–1182.
- Becker, G. S. (1968). Crime and punishment: An economic approach. *Journal of Political Economy*, 76(2), 169–217.
- Beltramini, R. F., & Chapman, P. S. (2003). Do customer believe in automobile industry rebate incentives. *Journal of Advertising Research*, 43(1), 16–24.
- Bendapudi, N., Singh, S. N., & Bendapudi, V. (1996). Enhancing helping behavior : An integrative framework for promotion planning. *Journal of Marketing*, 60(3), 33–49.

- Bensaid, B., & Machouche, S. B. T. (2013). Exploring the relationship between Islamic religious learning and community: Special reference to 'Abdul Rahman Ibn Khaldun and Mohammad Tahir Ben Achour. *Multicultural Education & Technology Journal*, 7(4), 317–332. doi:10.1108/METJ-03-2013-0013
- Bobek, D. D., Roberts, R. W., & Sweeney, J. T. (2007). The Social Norms of Tax Compliance: Evidence from Australia, Singapore, and the United States. *Journal of Business Ethics*, 74, 49–64. doi:10.1007/s10551-006-9219-x
- Brown, S. P., & Chin, W. W. (2004). Satisfying and retaining customers through independent service representatives. *Decision Sciences*, 35(3), 527–550. doi:10.1111/j.0011-7315.2004.02534.x
- Chan, C. W., Troutman, C. S., & O' Bryan, D. (2000). An expanded model of taxpayer compliance: Empirical evidence from the United States and Hong Kong. *Journal of International Accounting, Auditing & Taxation*, 9(2), 83–103.
- Chatterjee, S., & Yilmaz, M. (1992). A review of regression diagnostics for behavioral research. *Applied Psychological Measurement*, 16(3), 209–227.
- Chatters, L. M., Levin, J. S., & Taylor, R. J. (1992). Antecedent and dimensions of religious involvement among older Black adults. *Journal of Gerontology*, 47(6), 269–278.
- Chau, G., & Leung, P. (2009). A critical review of Fischer tax compliance model: A research synthesis. *Journal of Accounting and Taxation*, 1(2), 34–40.
- Chin, W. W. (1998). The partial least squares approach to structural equation modeling. In G. A. Marcoulides (Ed.), *Modern Methods for Business Research* (pp. 295–336). New Jersey: Laurence Erlbaum Associates.
- Chin, W. W., Marcolin, B. L., & Newsted, P. R. (2003). A partial least squares latent variable modeling approach for measuring interaction effects: Results from a monte carlo simulation study and an electronic-mail emotion / adoption study. *Information Systems Research*, 14(2), 189–217.

- Chua, Y. P. (2012). *Asas statistik penyelidikan: Buku 2* (2nd ed.). Kuala Lumpur, Malaysia.: Mc Graw Hill (Malaysia) Sdn. Bhd.
- Churchill, G. A. (1979). Paradigm for developing better measures of marketing constructs. *Journal of Marketing Research*, 16(1), 64–73.
- Coakes, S. J., Steed, L., & Ong, C. (2010). *SPSS: Analysis without anguish: Version 17 for windows*. Milton: John Wiley & Sons Australia, Ltd.
- Cochran, W. G. (1977). *Sampling techniques*. New York: John Wiley and Sons.
- Cohen, J. (1988). *Statistical power analysis for the behavioral sciences* (2nd ed.). Hillsdale, NJ: Lawrence Erlbaum Associates.
- Creswell, J. W. (2009). *Research design: Qualitative, quantitative and mixed methods approaches* (3rd ed.). Thousand Oaks: Sage Publication.
- Curran, P. J., West, S. G., & Finch, J. F. (1996). The robustness of test statistics to nonnormality and specification error in confirmatory factor analysis. *Psychological Methods*, 1(1), 16–29.
- Damayanti, T. W., Sutrisno, Subekti, I., & Baridwan, Z. (2015). Trust and uncertainty orientation: An efforts to create tax compliance in social psychology framework. *Procedia-Social and Behavioral Sciences*, 211, 938–944. doi:10.1016/j.sbspro.2015.11.124
- Delafrooz, N., & Laily, P. (2011a). Determinants of saving behavior and financial problem among employees in Malaysia. *Australian Journal of Basic and Applied Sciences*, 5(7), 222–228.
- Delafrooz, N., & Laily, P. (2011b). Personal saving behavior among Malaysian employees: Socio demographic comparison. *International Conference on Social Science and Humanity IPEDR*, 5, 361–363, Singapore.
- Department of Statistic. (2010). Population, household and living quarters. Retrieved from <http://www.statistics.gov.my>

- Department of Statistic. (2015). Report of household income and basic amenities survey 2014. Retrieved from <http://www.statistics.gov.my>
- Department of Statistic. (2016). Current population estimates, Malaysia, 2014-2016. Retrieved from <http://www.statistics.gov.my>
- Diabi, A. (1993). The concept of zakah evasion: An economic interpretation. *Review of Islamic Economics*, 2(2), 17–28.
- Dillman, D. A. (2007). *Mail and internet surveys* (2nd ed.). Hoboken, New Jersey: John Wiley & Sons.
- Durlak, J. A. (2009). How to select , calculate , and interpret effect sizes. *Journal of Pediatric Psychology*, 34(9), 917–928. doi:10.1093/jpepsy/jsp004
- Economic planning unit. (2012). Incidence of poverty by ethnicity, strata and state, Malaysia, 1970-2012. Retrieved from <http://www.epu.gov.my/household-income-poverty>
- Eriksen, K., & Fallan, L. (1996). Tax knowledge and attitudes towards taxation ; A report on a quasi-experiment. *Journal of Economic Psychology*, 17, 387–402.
- Ezani, Y. (2011). Zakat Simpanan. In B. Hasan, M. N. Abd Halim, & N. Rawi (Eds.), *Fiqh zakat Malaysia* (pp. 133–145). Shah Alam: Institut Kajian Zakat Malaysia.
- Farah Mastura, N. A., & Zainol, B. (2013). Zakat compliance intention behavior on saving. *Proceedings Of World Universities' Islamic Philanthropy Conference 2013 Zakat*, Kuala Lumpur, Malaysia.
- Feld, L. P., & Frey, B. S. (2007). Tax Compliance as the result of a psychological tax contract : The role of incentives and responsive regulation. *Law & Policy*, 29(1), 102–120.

- Firdaus, M., Beik, I. S., Irawan, T., & Juanda, B. (2012). *Economic estimation and determinations of zakat potential in Indonesia*. Jeddah: Islamic Research and Training Institute.
- Fischer, C. M. (1993). *Perceived detection probability and taxpayer compliance: A conceptual and empirical examination*. (Doctoral dissertation, The Pennsylvania State University). Retrieved from <http://eserv.uum.edu.my/docview/304066627?accountid=42599>
- Fischer, C. M., Wartick, M., & Mark, M. M. (1992). Detection probability and taxpayer compliance: A review of the literature. *Journal of Accounting Literature*, 11, 1–46.
- Fishbein, M., & Ajzen, I. (1975). *Belief, attitude, intention and behavior: An introduction to theory and research*. Massachusetts: Addison Wisley Publishing Company.
- Fornell, C., & Larcker, D. F. (1981). Evaluating structural equation models with unobservable variables and measurement error. *Journal of Marketing Research*, 18, 39–50.
- Funderburk, J. A., McCormick, B. P., & Austin, J. K. (2007). Does attitude toward epilepsy mediate the relationship between perceived stigma and mental health outcomes in children with epilepsy? *Epilepsy & Behavior*, 11, 71–76. doi:10.1016/j.yebeh.2007.04.006
- Godin, G., & Kok, G. (1996). The theory of planned behavior: A review of its applications to health-related behaviors. *American Journal of Health Promotion*, 11(2), 87–98.
- Goldsmith, R. E., Lafferty, B. A., & Newell, S. J. (2000). The impact of corporate credibility and celebrity credibility on consumer reaction to advertisements and brands. *Journal of Advertising*, 29(3), 43–54.

- Gollwitzer, P. M. (1999). Implementation intentions: Strong effects of simple plans. *The American Psychologist*, 54(7), 493–503.
- Guermat, C., Al-Utaibi, A. T., & Tucker, J. P. (2003). *The practice of zakat : An empirical examination of four Gulf countries* (No. 03/02). Retrieved from <http://www.econbiz.de/Record/the-practice-of-zakat-an-empirical-examination-of-four-gulf-countries-guermat/10008852252>
- Gurd, B., & Or, F. K. H. (2011). Attitudes of Singaporean Chinese towards retirement planning. *Review of Pacific Basin Financial Markets and Policies*, 14(4), 671–692. doi:10.1142/S0219091511002354
- Hair, J. F., Anderson, R. E., Tatham, R. L., & Black, W. C. (1998). *Multivariate data analysis* (5th ed.). New Jersey: Prentice Hall.
- Hair, J. F., Black, W. C., Babin, B. J., & Anderson, R. E. (2010). *Multivariate data analysis: A global perspective* (7th ed.). New Jersey: Pearson Prentice Hall.
- Hair, J. F., Hult, G. T. M., Ringle, C. M., & Sarstedt, M. (2014). *A primer on partial least squares structural equation modeling (PLS-SEM)*. Thousand Oaks: Sage Publication.
- Hair, J. F., Ringle, C. M., & Sarstedt, M. (2011). PLS-SEM: Indeed a silver bullet. *The Journal of Marketing Theory and Practice*, 19(2), 139–152. doi:10.2753/MTP1069-6679190202
- Hair, J. F., Sarstedt, M., Pieper, T. M., & Ringle, C. M. (2012). The use of partial least squares structural equation modeling in strategic management research: A review of past practices and recommendations for future applications. *Long Range Planning*, 45(5-6), 320–340. doi:10.1016/j.lrp.2012.09.008
- Hairunnizam, W., Mohd Ali, M. N., & Sanep, A. (2005). Kesedaran membayar zakat: Apakah faktor penentunya? *IJMS*, 12(2), 171–189.
- Hairunnizam, W., Sanep, A., & Mohd Ali, M. N. (2007). Kesedaran membayar zakat pendapatan di Malaysia. *Islamiyyat*, 29, 53–70.

- Hairunnizam, W., Sanep, A., & Radiah, A. K. (2009). Pengagihan zakat oleh institusi zakat di Malaysia: Mengapa masyarakat Islam tidak berpuas hati? *Shariah Journal*, 17(1), 89–112.
- Hajah Mustafa, M. H. (1996). *An evaluation of the malaysian tax administrative system, and taxpayers' perceptions towards assessment systems, tax law fairness, and tax law complexity*. (Unpublished doctoral dissertation). Universiti Utara Malaysia, Malaysia.
- Han, H., Hsu, L. T., & Sheu, C. (2010). Application of the theory of planned behavior to green hotel choice : Testing the effect of environmental friendly activities. *Tourism Management*, 31(3), 325–334. doi:10.1016/j.tourman.2009.03.013
- Hanya 27% syarikat tunai zakat. (2009, April 1). *Utusan Malaysia*. Retrieved from <http://utusan.com.my>
- Hasan, B. (2011). Zakat emas dan perak. In B. Hasan, M. N. Abd Halim, & N. Rawi (Eds.), *Fiqh zakat Malaysia* (pp. 121–131). Shah Alam: Institut Kajian Zakat Malaysia.
- Hasseldine, J., & Hite, P. A. (2003). Attribute framing and political party affiliation. *eJournal of Tax Research*, 1(1), 5–18.
- Hayes, A. F. (2009). Beyond Baron and Kenny : Statistical mediation analysis in the new millennium. *Communication Monographs*, 76(4), 408–420. doi:10.1080/03637750903310360
- Heikal, M., Khaddafi, M., & Falahuddin. (2014). The intention to pay zakat commercial: An application of revised theory of planned behavior. *Journal of Economics and Behavioral Studies*, 6(9), 727–734. doi:10.1108/JAOC-07-2012-0059

- Henseler, J., Ringle, C. M., & Sinkovics, R. R. (2009). The use of partial least squares path modeling in international marketing. *Advances in International Marketing*, 20, 277–319. doi:10.1108/S1474-7979(2009)0000020014
- Hindriks, J., & Myles, G. D. (2006). *Tax compliance and evasion*. Mass: International Public Economics, The MIT Press.
- Hock, C., Ringle, C. M., & Sarstedt, M. (2010). Management of multi-purpose stadiums: Importance and performance measurement of service interfaces. *International Journal of Services Technology and Management*, 14(2/3), 188–207. doi:10.1504/IJSTM.2010.034327
- Huda, N., Rini, N., Mardoni, Y., & Putra, P. (2012). The analysis of attitudes, subjective norms, and behavioral control on muzakki's intention to pay zakah. *International Journal of Business and Social Science*, 3(22), 271–279.
- Igbaria, M., Iivari, J., & Maragahh, H. (1995). Why do individuals use computer technology? A Finnish case study. *Information & Management*, 29, 227–238.
- Inoue, Y., & Kent, A. (2012). Investigating the role of corporate credibility in corporate social marketing: A case study of environmental initiatives by professional sport organizations. *Sport Management Review*, 15(3), 330–344. doi:10.1016/j.smr.2011.12.002
- Jabatan Kemajuan Islam Malaysia. (2014). Zakat diperkasa, Ummah sejahtera. Retrieved from <http://www.islam.gov.my/en/khutbah-online>
- Jabatan wakaf zakat dan haji. (2010). *Manual pengurusan zakat perbankan*. Kajang, Selangor: Najjah One Trading & Services.
- Jabatan wakaf zakat dan haji. (2015). Statistik kutipan zakat harta dan fitrah. Retrieved from intranet.jawhar.gov.my/spmj/public/index.php
- Jabatan Zakat Negeri Kedah. (2013). Panduan zakat. Alor Setar: Jabatan Zakat Negeri Kedah.

- Jabatan Zakat Negeri Kedah. (2014). Nisab harga emas bagi 85gm. Retrieved from <http://www.zakatkedah.com/portalimages/Doc/Nisab.pdf>
- Jackson, B. R., & Milliron, V. C. (1986). Tax compliance research: Finding, problem and prospects. *Journal of Accounting Literature*, 5, 125–165.
- James, S., & Alley, C. (2002). Tax compliance, self-assessment and tax administration. *Journal of Finance and Management in Public Services*, 2(2), 27–42.
- Jawatankuasa Fatwa Majlis Kebangsaan. (2006). Hukum mengagihkan zakat secara bersendirian dan qada zakat. *Portal Rasmi Fatwa Malaysia*. Retrieved from <http://www.e-fatwa.gov.my/fatwa-negeri/hukum-mengagihkan-zakat-secara-persendirian-dan-qada>
- Jawatankuasa Fatwa Negeri Kedah. (1985). *Mengeluarkan zakat wang yang disimpan tambah selepas cukup nisab sebelum genap haul* (p. 6). Kedah: Majlis Agama Islam Negeri Kedah.
- Johanson, G. A., & Brooks, G. P. (2010). Initial scale development: Sample size for pilot studies. *Educational and Psychological Measurement*, 70(3), 394–400. doi:10.1177/0013164409355692
- Kahf, M. (1999). The performance of the institution of zakah in theory and practice. *International Conference on Islamic Economics Towards the 21st Century*, 1–40, Kuala Lumpur, Malaysia.
- Kamil, M. I. (2002). *Gelagat kepatuhan zakat pendapatan gaji di kalangan kakitangan awam persekutuan*. (Unpublished doctoral dissertation).Universiti Utara Malaysia, Malaysia.
- Kamil, M. I., Ayoib, C. A., Zainol, B., Nor Shaipah, A. W., Noor Afza, A., & Haslinda, H. (2006). *Gelagat kepatuhan zakat pendapatan penggajian di Malaysia*. Unpublished Manuscript Project IRPA. Universiti Utara Malaysia, Malaysia.

- 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.
- Kepentingan bayar zakat. (2011, December 24). *Harian Metro*. Retrieved from <http://www2.hmetro.com.my/articles/Kepentinganbayarzakat/Article>
- Keynes, J. M. (1936). *The general theory of employment, interest and money*. Japan: Maruzen Co. Ltd.
- Khare, A., Achtani, D., & Khattar, M. (2014). Influence of price perception and shopping motives on Indian consumers' attitude towards retailer promotions in malls. *Asia Pacific Journal of Marketing and Logistics*, 26(2), 272–295. doi:10.1108/APJML-09-2013-0097
- Kim, E., Ham, S., Yang, S. Il, & Choi, J. G. (2013). The roles of attitude, subjective norm, and perceived behavioral control in the formation of consumers' behavioral intentions to read menu labels in the restaurant industry. *International Journal of Hospitality Management*, 35, 203–213. doi:10.1016/j.ijhm.2013.06.008
- Kirchler, E., Hoelzl, E., & Wahl, I. (2008). Enforced versus voluntary tax compliance : The “slippery slope” framework. *Journal of Economic Psychology*, 29, 210–225. doi:10.1016/j.joep.2007.05.004
- Kirchler, E., Muehlbacher, S., Kastlunger, B., & Wahl, I. (2007). *Why pay taxes? A review of tax compliance decisions* (No. Working paper 07-03) (pp. 1–27). Atlanta.
- Kline, R. B. (2011). *Principles and practice of structural equation modeling* (3rd ed.). New York: The Guilford Press.
- Kock, N. (2014). Advanced mediating effects tests, multi-group analyses, and measurement model assessments in PLS-based SEM. *International Journal of E-Collaboration*, 10(1), 1–13.

- Kulkarni, M., & Nithyanand, S. (2013). Social influence and job choice decisions. *Employee Relations*, 35(2), 139–156. doi:10.1108/01425451311287844
- Kumar, R. (2011). *Research Methodology: A step by step guide for beginners* (3rd ed.). London: Sage Publication.
- Kura, K. M. (2014). *Organizational formal controls, groups norms and workplace deviance: The moderating role of self-regulatory efficacy*. (Unpublished doctoral dissertation). Universiti Utara Malaysia, Malaysia.
- Lafferty, B. A., & Goldsmith, R. E. (1999). Corporate credibility's role in consumers' attitudes and purchase intentions when a high versus a low credibility endorser is used in the ad. *Journal of Business Research*, 44, 109–116.
- Lang, O., Nohrbaß, K., & Stahl, K. (1997). On income tax avoidance: The case of Germany. *Journal of Public Economics*, 66, 327–347.
- Lembaga Hasil Dalam Negeri. (2013). Schedule of monthly tax deductions. Retrieved from <http://www.hasil.gov.my/pdf/pdfam/JadualPCB2013.pdf>
- Li, J., Mizerski, D., Lee, A., & Liu, F. (2009). The relationship between attitude and behavior: An empirical study in China. *Asia Pacific Journal of Marketing and Logistics*, 21(2), 232–242. doi:10.1108/13555850910950059
- Liang, Y. P. (2012). The relationship between consumer product involvement , product knowledge and impulsive buying behavior. *Procedia - Social and Behavioral Sciences*, 57, 325–330. doi:10.1016/j.sbspro.2012.09.1193
- Light, R. J., Singer, J. D., & Willett, J. B. (1990). *By design: Planning research on higher education*. Cambridge: Harvard University Press.
- Lindell, M. K., & Whitney, D. J. (2001). Accounting for common method variance in cross-sectional research designs. *Journal of Applied Psychology*, 86(1), 114–121. doi:10.1037//0021-9010.86.1.114

- Lindner, J. R., Murphy, T. H., & Briers, G. E. (2001). Handling nonresponse in social science research. *Journal of Agricultural Education*, 42(4), 43–53. doi:10.5032/jae.2001.04043
- Mackinnon, D. P., Lockwood, C. M., Hoffman, J. M., West, S. G., & Sheets, V. (2002). A comparison of methods to test mediation and other intervening variable effects. *Psychological Methods*, 7(1), 83–104.
- Mackinnon, D. P., Lockwood, C. M., & Williams, J. (2004). Confidence limits for the indirect effects: Distribution of the product and resampling methods. *Multivariate Behavior Research*, 39(1), 99–128. doi:10.1207/s15327906mbr3901
- Mahamad, T. (1998). *The determinants of assessment tax collection: The Malaysian local authority experience*. (Unpublished doctoral dissertation). University of Glamorgan, United Kingdom.
- Mahmood Zuhdi, A. M. (2009). Pemantapan sistem zakat dan cukai ke arah kemajuan ekonomi ummah. *Pusat Pungutan Zakat Majlis Agama Islam Wilayah Persekutuan*. Retrieved from <http://www.zakat.com.my/info/kertas-kerja/pemantapan-sistem-zakat-dan-cukai-ke-arrah-kemajuan-ekonomi-ummah/>
- Majlis Agama Islam Wilayah Persekutuan. (2014). Kutipan zakat wilayah persekutuan 2013 RM 492.01 juta. Retrieved from <http://www.maiwp.gov.my/i/index.php/berita-maiwp/392-kutipan-zakat-wilayah-persekutuan-2013-rm492-01-juta>
- Miniard, P. W., & Cohen, J. B. (1983). Modeling personal and normative influences behavior. *Journal of Consumer Research*, 10(2), 169–180.
- Mirzaei, R., Hafezi-nejad, N., Sabagh, M. S., Moghaddam, A. A., Eslami, V., Rakhshani, F., & Rahimi-Movaghar, V. (2014). Dominant role of drivers' attitude in prevention of road traffic crashes: A study on knowledge, attitude, and practice of drivers in Iran. *Accident Analysis and Prevention*, 66, 36–42. doi:10.1016/j.aap.2014.01.013

- Mohamad Noor Sahidi, J. (2013). Issues on the implementation of tax rebate on business zakat: The case of Malaysia. *5th Islamic Economics System Conference (iECONS 2013)*, 959–975, Kuala Lumpur, Malaysia.
- Mohammad Azam, H., & Zuryati, M. Y. (2005). Undang-undang Zakat di Negeri Kedah. *Ulum Islamiyyah*, 4(1), 63–85.
- Mohammed, Y. (2011). Zakat expenditure, school enrollment and economic growth in Malaysia. *International Journal of Business and Social Science*, 2(6), 175–182.
- 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.
- Mohd Faizal, P. R., Muhammad Ridhwan, A. A., & Kalsom, A. W. (2013). The entrepreneurs characteristic from al-Quran and al-Hadis. *International Journal of Trade, Economics and Finance*, 4(4), 191–196. doi:10.7763/IJTEF.2013.V4.284
- Mohd Nor, M., Siti Fatahiyah, M., & Ismaniza, I. (2012). Islamic philosophy on behaviour-Based environmental attitude. *Procedia - Social and Behavioral Sciences*, 49, 85–92. doi:10.1016/j.sbspro.2012.07.008
- Mohd Rahim, K., Ariffin, M. S., & Abd Samad, N. (2011). Compliance behavior of business zakat payment in Malaysia: A theoretical economic exposition. *8th International Conference on Islamic Economics and Finance*, 1–17, Doha, Qatar.
- Mohd Rahim, K., Rohani, M., Arifin, M. S., & Abdol Samad, N. (2014). Do religious practices influence compliance behaviour of business zakat among SMEs? *Journal of Emerging Economies and Islamic Research*, 2(2), 1–16.
- Mohd Rizal, P., & Ahmad Fariq, M. (2011). Factors affecting tax compliance behaviour in self assessment system. *African Journal of Business Management*, 5(33), 12864–12872. doi:10.5897/AJBM11.1742

- Mohd Rodzi, E., Roshaliza, T., & Mohd Nazli, M. N. (2013). Role of zakat to eradicate poverty in Malaysia. *Jurnal Pengurusan*, 39, 141–150.
- Mukhtar, A., & Butt, M. M. (2012). Intention to choose halal products: The role of religiosity. *Journal of Islamic Marketing*, 3(2), 108–120. doi:10.1108/17590831211232519
- Natrah, S. (2009). Fairness perceptions and compliance behaviour: The case of salaried taxpayers in Malaysia after implementation of the self-assessment system. *eJournal of Tax Research*, 8(1), 32–63.
- Ndiaye, A. (2007). *Islamic charities in switzerland and the practice of zakat*. Geneva, Switzerland: Graduate Institute of International Studies.
- Neni, S. W., Ahmad Zubaidi, A. L., Wong, S. Y., & Lua, P. L. (2010). Awareness, knowledge and attitudes towards epilepsy among rural populations in East Coast Peninsular Malaysia: A preliminary exploration. *Seizure: The Journal of the British Epilepsy Association*, 19(5), 280–90. doi:10.1016/j.seizure.2010.04.006
- Newell, S. J., & Goldsmith, R. E. (2001). The development of a scale to measure perceived corporate credibility. *Journal of Business Research*, 52(3), 235–247. doi:10.1016/S0148-2963(99)00104-6
- Nik Mustapha, N. H. (1987). Zakat in Malaysia-present and future. *Journal of Islamic Economics*, 1(1), 47–75.
- Nor Aziah, A. M. (2004). *Land tax administration and compliance attitude in Malaysia*. Unpublished doctoral dissertation, University of Nottingham, United Kingdom.
- Nor Aziah, A. M., Hasseldine, J., & Hodges, R. (2005). The determinants of Malaysian land taxpayers' compliance attitude. *eJournal of Tax Research*, 3(2), 206–221.

- Nur Azura, S., Norazlina, A. W., & Nor Fadzlin, M. B. (2005). Gelagat kepatuhan pembayaran zakat pendapatan: Kajian kes UUM. In *Pengukuhan dan transformasi ekonomi & kewangan Islam prosiding Seminar Ekonomi dan Kewangan Islam* (pp. 275–287). Bangi, Selangor: Jabatan Ekonomi Awam & Kewangan, Fakulti Ekonomi, Universiti Utara Malaysia, Sintok.
- Nur Barizah, A. B., & Abdul Rahim, A. R. (2007). A comparative study of zakah and modern taxation. *Islamic Economics*, 20(1), 25–40.
- 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.
- Nura, A. A. (2014). *Human resource management practices and employee performance management in Nigeria higher educational institutions*. (Unpublished doctoral dissertation). Universiti Utara Malaysia, Malaysia.
- Nurul Farida, A. (2014). *Determinants of zakah compliance intention behaviour on savings among lecturers in Kedah Matriculation College*. (Unpublished master's thesis). Universiti Utara Malaysia, Malaysia.
- Nurul Shahnaz, M., & Tabiani, S. (2013). The impact of financial literacy on individual saving: An exploratory study in the Malaysian context. *Transformations in Business & Economics*, 12(1), 41–55.
- Oskamp, S. (1991). *Attitudes and opinions* (2nd ed.). Englewood Cliffs: Prentice Hall.
- Pallant, J. (2001). *SPSS survival manual: A step by step guide to data analysis using SPSS for windows (version 10)*. Crows Nest: Allen & Unwin.
- Park, C. G., & Hyun, J. K. (2003). Examining the determinants of tax compliance by experimental data: A case of Korea. *Journal of Policy Modeling*, 25(8), 673–684. doi:10.1016/S0161-8938(03)00075-9

- Podsakoff, P. M., MacKenzie, S. B., Lee, J.-Y., & Podsakoff, N. P. (2003). Common method biases in behavioral research: A critical review of the literature and recommended remedies. *Journal of Applied Psychology*, 88(5), 879–903. doi:10.1037/0021-9010.88.5.879
- Podsakoff, P. M., MacKenzie, S. B., & Podsakoff, N. P. (2012). Sources of method bias in social science research and recommendations on how to control it. *Annual Review of Psychology*, 63, 539–69. doi:10.1146/annurev-psych-120710-100452
- PPZ-MAIWP. (2012). Statistik kutipan & agihan zakat negeri-negeri. In *Laporan zakat PPZ-MAIWP 2012*. Kuala Lumpur: Pusat Pungutan Zakat Majlis Agama Islam Wilayah Persekutuan.
- PPZ-MAIWP. (2013). Statistik kutipan & agihan zakat negeri-negeri. In *Laporan zakat PPZ-MAIWP 2013*. Kuala Lumpur: Pusat Pungutan Zakat Majlis Agama Islam Wilayah Persekutuan.
- PPZ-MAIWP. (2014). Statistik kutipan & agihan zakat negeri-negeri. In *Laporan zakat PPZ-MAIWP 2014*. Kuala Lumpur: Pusat Pungutan Zakat Majlis Agama Islam Wilayah Persekutuan.
- Preacher, K. J., & Hayes, A. F. (2004). SPSS and SAS procedures for estimating indirect effects in simple mediation models. *Behavior Research Methods, Instruments, & Computers*, 36(4), 717–731.
- Preacher, K. J., & Hayes, A. F. (2008). Asymptotic and resampling strategies for assessing and comparing indirect effects in multiple mediator models. *Behavior Research Methods*, 40(3), 879–891. doi:10.3758/BRM.40.3.879
- Pusat Zakat Melaka. (2014). Zakat wang simpanan. Retrieved from http://www.izakat.com/index.php?option=com_content&view=article&id=4&Itemid=6&lang=bn

- Qu, B., Zhang, Y., Guo, H., & Sun, G. (2010). Relationship between HIV/AIDS knowledge and attitude among student nurses: A structural equation model. *AIDS Patient Care and STDs*, 24(1), 59–63. doi:10.1089/apc.2009.0190
- Raedah, S., Noormala, A., & Marziana, M. (2011). A study on zakah of employment income: Factors that influence academics' intention to pay zakah. *2nd International Conference on Business and Economic Research*, 2492–2507.
- Raihana, M., & Pope, J. (2014). The influence of religiosity on taxpayers' compliance attitudes. *Accounting Research Journal*, 27(1), 71–91. doi:10.1108/ARJ-08-2013-0061
- Ram Al Jaffri, S. (2010). *Gelagat kepatuhan zakat perniagaan di Negeri Kedah Darul Aman*. (Unpublished doctoral dissertation). Universiti Utara Malaysia, Malaysia.
- Ram Al Jaffri, S., Kamil, M. I., & Zainol, B. (2009). Peranan sikap, moral, undang-undang dan penguatkuasaan zakat terhadap gelagat kepatuhan zakat perniagaan. *International Conference on Corporate Law (ICCL)*, 13, Surabaya, Indonesia.
- Ramayah, T., Yeap, J. A. L., & Ignatius, J. (2013). An empirical inquiry on knowledge sharing among academicians in higher learning institutions. *Minerva*, 51(2), 131–154. doi:10.1007/s11024-013-9229-7
- Rew, L., & Wong, Y. J. (2006). A systematic review of associations among religiosity/spirituality and adolescent health attitudes and behaviors. *The Journal of Adolescent Health*, 38, 433–42. doi:10.1016/j.jadohealth.2005.02.004
- Ringle, C. M., Wende, S., & Becker, J. M. (2015). Smart PLS 3. *Boenningstedt: SmartPLS GmbH*. Retrieved from www.smartpls.com
- Ritsatos, T. (2014). Tax evasion and compliance; from the neo classical paradigm to behavioural economics, a review. *Journal of Accounting & Organizational Change*, 10(2), 244–262. doi:10.1108/JAOC-07-2012-0059

- Sanep, A., & Hairunnizam, W. (2004). Persepsi dan kesedaran terhadap perluasan sumber zakat harta yang diikhtilaf. In *Seminar Halatuju Zakat Korporat di Alaf Baru* (pp. 35–62). Kajang, Selangor.
- Sanep, A., & Hairunnizam, W. (2005). Penerimaan dan tanggapan masyarakat terhadap sumber zakat harta yang diikhtilaf. *Islamiyyat*, 27(1), 45–65.
- Sanep, A., Nor Ghani, M. N., & Zulkiffli, D. (2011). Tax-based modeling of zakat compliance. *Jurnal Ekonomi Malaysia*, 45, 101–108.
- Sekaran, U., & Bougie, R. (2012). *Research methods for business: A skill buiding approach* (5th ed.). New York: John Wiley & Sons.
- Shalihen, M. S. (2011). *Faktor penentu niat kepatuhan cukai jualan tempatan*. (Unpublished doctoral dissertation). Universiti Utara Malaysia, Malaysia.
- Shee, K. K., Har, W. M., Yew, P. Y., Lee, K. H., & Leong, K. H. (2015). Determinant of private saving : An empirical study on Malaysia. *International Journal of Academic Research in Economics and Management Sciences*, 4(1), 200–209. doi:10.6007/IJAREMS/v4-i1/1610
- Sherif, M., & Hovland, C. I. (1961). *Social judgement: Assimilation and contrast effects in communication and attitude change*. New Haven, Yale University Press.
- Shimp, T. A., & Kavas, A. (1984). The theory of reasoned action applied to coupon usage. *Journal of Consumer Research*, 11(3), 795–809.
- Siala, H. (2013). Religious influences on consumers' high-involvement purchasing decisions. *Journal of Services Marketing*, 27(7), 579–589. doi:10.1108/JSM-02-2012-0046
- Silva, M. S., Smith, W. T., & Bammer, G. (2002). Telephone reminders are a cost effective way to improve responses in postal health surveys. *Epidemiol Community Health*, 56(2), 115–118.

- Sobel, M. E. (1982). Asymptotic confidence intervals for indirect effects in structural equation models. *Sociological Methodology*, 13(1982), 290–312.
- Srinivasan, T. N. (1973). Tax evasion-A model. *Journal of Public Economics*, 2, 339–346.
- Stone, M. (1974). Cross-validatory choice and assessment of statistical predictions. *Journal of the Royal Statistical Society*, 36(2), 111–147.
- Sudin, H., & Norafifah, A. (2000). The effects of conventional interest rates and rates and rate of profit on funds deposited with Islamic banking system in Malaysia. *Internatinal Journal of Islamic Financial Services*, 1(4).
- Sun, W., Chou, C. P., Stacy, A. W., Ma, H., Unger, J., & Gallaher, P. (2007). SAS and SPSS macros to calculate standardized Cronbach's alpha using the upper bound of the phi coefficient for dichotomous items. *Behavior Research Methods*, 39(1), 71–81. doi:10.3758/bf03192845
- Sutinen, J. G., & Kuperan, K. (1999). A socio-economic theory of regulatory compliance. *International Journal of Social Economics*, 26(1/2/3), 174–193. doi:10.1108/03068299910229569
- Syamilah, Z. (2013, August 4). Nasib anak seorang ibu tunggal miskin. *Sinar Harian*. Retrieved from <http://www.sinarharian.com.my/nasib-anak-seorang-ibu-tunggal-miskin-1.190002v>
- Syed Shah, A., Hawati, J., Che Aniza, C. W., & Mst. Nilufar, A. (2012). Is religiosity an important factor in influencing the intention to undertake Islamic home financing in Klang Valley ? *World Applied Sciences Journal*, 19(7), 1030–1041. doi:10.5829/idosi.wasj.2012.19.07.392
- Tabachnick, B. G., & Fidell, L. S. (2001). *Using multivariate statistics* (4th ed.). Needham Height: Pearson Education.

- Tarkiainen, A., & Sundqvist, S. (2005). Subjective norms , attitudes and intentions of Finnish consumers in buying organic food. *British Food Journal*, 107(11), 808–822. doi:10.1108/00070700510629760
- Tawfik Salah, M. A. N., & Md Aminul, I. (2011). Factors influencing Malaysian Muslims to patronage halal restaurants-Ambience as a mediator. *Business Review*, 6(2), 121–134.
- Taylor, S., & Todd, P. A. (1995). Understanding information technology usage : A test of competing models. *Information Systems Research*, 6(2), 144–176.
- Tong, D. Y. K., Tong, X. F., & Yin, E. (2012). Young consumers' views of infused soft drinks innovation. *Young Consumers*, 13(4), 392–406. doi:10.1108/17473611211282635
- Tuzova, Y. (2009). *A model of tax evasion with heterogeneous firms*. University of Minnesota, Minneapolis.
- Urbach, N., & Ahlemann, F. (2010). Structural equation modeling in information systems research using partial least squares. *Journal of Information Technology Theory and Application*, 11(2), 5–40.
- Wan Mazlan, W. M. (2015). *Faktor yang mempengaruhi gelagat ketidakpatuhan cukai import*. (Unpublished doctoral dissertation). Universiti Utara Malaysia, Malaysia.
- Wang, L., Lv, W., & Jiang, L. (2011). The impact of attitude variables on the credit debt behavior. *Nankai Business Review International*, 2(2), 120–139. doi:10.1108/20408741111139909
- Wonder, N., Wilhelm, W., & Fewings, D. (2008). The financial rationality of consumer loan choices: Revealed preferences concerning interest rates, down payments, contract length, and rebates. *The Journal of Consumer Affairs*, 42(2), 243–270.

- Zainol, B. (2008). *Faktor-faktor penentu niat gelagat kepatuhan zakat pendapatan gaji*. (Unpublished doctoral dissertation). Universiti Utara Malaysia, Malaysia.
- Zainol, B., & Faridahwati, M. S. (2013). Using theory of reasoned action to explain taxpayer intention to comply with goods and services tax (GST). *Middle-East Journal of Scientific Research*, 17(3), 387–394. doi:10.5829/idosi.mejsr.2013.17.03.12167
- Zainol, B., & Kamil, M. I. (2011). Peranan korporat kredibiliti terhadap niat gelagat kepatuhan zakat pendapatan gaji. *Jurnal Pembangunan Sosial*, 14(Jun), 43–65.
- 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(July), 85–102.
- Zainol, B., Mohd Zainudin, O., & Farah Mastura, N. A. (2013). Zakat compliance intention behavior on saving among Universiti Utara Malaysia's staff. *International Conference on Social Science Research*, 145–155, Penang, Malaysia.
- Zamani-Farahani, H., & Ghazali, M. (2012). The relationship between Islamic religiosity and residents' perceptions of socio-cultural impacts of tourism in Iran: Case studies of Sare'in and Masooleh. *Tourism Management*, 33(4), 802–814. doi:10.1016/j.tourman.2011.09.003
- Zhang, P., & Ng, F. F. (2012). Attitude toward knowledge sharing in construction teams. *Industrial Management & Data Systems*, 112(9), 1326–1347. doi:10.1108/02635571211278956
- Zikmund, W. G., Babin, B. J., Carr, J. C., & Griffin, M. (2013). *Business research methods* (9th ed.). Canada: Cengage learning.
- Zulkifli, M. A. B. (2011). Fatwa zakat kontemporari. In *Laporan zakat PPZ-MAIWP 2011* (p. 151). Kuala Lumpur: Majlis Agama Islam Wilayah Persekutuan.

APPENDIX A: LIST OF ORGANIZATIONS INVOLVED

Public

1. Jabatan Agama Islam/Mahkamah Syariah
2. Jabatan Akauntan & Audit
3. Jabatan Kastam Diraja Malaysia
4. Jabatan Imigresen Malaysia
5. Jabatan Kerja Raya
6. Jabatan Kesihatan
7. Jabatan Pendidikan Negeri
8. Jabatan Pengangkutan Jalan
9. Jabatan Tenaga Kerja
10. Mahkamah Tinggi
11. Majlis Amanah Rakyat
12. Majlis Bandaraya Alor Star
13. Pejabat Setiausaha Kerajaan Negeri (Wisma Negeri)
14. Perbadanan Kemajuan Negeri Kedah
15. Polis Diraja Malaysia (Ibu Pejabat Polis Kontijen)
16. Sekolah Menengah
17. Universiti Utara Malaysia

Private

1. Amanah Raya Berhad
2. Bank Islam Malaysia Berhad
3. Bank Rakyat
4. Kumpulan Wang Simpanan Pekerja
5. Lembaga Hasil Dalam Negeri
6. Pos Malaysia Berhad
7. Hotel Seri Malaysia
8. Tabung Haji
9. Telekom Malaysia Berhad
10. Celcom
11. Tenaga Nasional Berhad
12. CIMB Bank Berhad
13. Syarikat Air Darul Aman Sendirian Berhad

APPENDIX B: QUESTIONNAIRE

**TUNKU PUTERI INTAN SAFINAZ
SCHOOL OF ACCOUNTANCY
UNIVERSITI UTARA MALAYSIA**



Assalamualaikum

Dear Sir/Madam,

ZAKAT COMPLIANCE BEHAVIOR ON SAVINGS

I am a doctoral candidate at Universiti Utara Malaysia (UUM). I am currently doing a research on zakat to fulfil the requirement for the doctoral degree. The purpose of this research is to determine the compliance behavior of zakat on savings in the state of Kedah. You have been chosen to participate in this research. My favour is you can fill in this questionnaire without any prejudice or influenced by any party and hoped that you can returned it back to me.

All information you provide will be used for academic purposes only. All your responses will be treated in strict confidentiality and will be destroyed when are no longer used. Your response is a contribution to the Muslim society in an effort toward improving the zakat system in Kedah Darul Aman.

Your cooperation in filling the questionnaire is highly appreciated. Only Allah can repay your kindness. May Allah bless you in this endeavour.

Thank you, and wassalam.

Yours sincerely,

Farah Mastura Binti Noor Azman

Tunku Puteri Intan Safinaz School of Accountancy

Universiti Utara Malaysia

Email: fa_mastura@yahoo.com

SOAL SELIDIK

PUSAT PENGAJIAN PERAKAUNAN TUNKU PUTERI INTAN SAFINAZ UNIVERSITI UTARA MALAYSIA



Assalamualaikum

Tuan/Puan yang dihormati,

GELAGAT KEPATUHAN ZAKAT WANG SIMPANAN

Saya adalah calon doktor falsafah di Universiti Utara Malaysia (UUM). Saya sedang menjalankan satu kajian mengenai zakat bagi memenuhi syarat pengijazahan. Kajian ini bertujuan untuk mengetahui gelagat kepatuhan zakat wang simpanan di Negeri Kedah Darul Aman. Tuan/puan telah terpilih untuk menyertai kajian ini. Saya mohon jasa baik tuan/puan untuk mengisi borang soal selidik ini tanpa prejudis atau dipengaruhi oleh mana-mana pihak dan diharap tuan/puan dapat mengembalikannya semula kepada saya.

Segala jawapan yang tuan/puan berikan akan digunakan untuk tujuan semata-mata. Semua jawapan dianggap sulit dan rahsia dan akan dimusnahkan apabila tidak diperlukan lagi. Jawapan tuan/puan merupakan suatu sumbangan kepada masyarakat Islam khususnya dalam usaha untuk memperbaiki sistem zakat di Negeri Kedah Darul Aman.

Kerjasama tuan/puan dalam mengisi soal selidik ini amat dihargai. Hanya Allah sahajalah yang dapat membalasnya. Semoga Allah merahmati tuan/puan.

Terima kasih dan wassalam.

Yang benar,

Farah Mastura Binti Noor Azman

Pusat Pengajian Perakaunan Tunku Puteri Intan Safinaz

Universiti Utara Malaysia

Email: fa_mastura@yahoo.com

SECTION A – DEMOGRAPHIC

BAHAGIAN A: DEMOGRAFI

Please Tick (√) in the box provided.

Sila tandakan (√) di dalam kotak yang disediakan.

1. Gender/ *Jantina*

Male/*Lelaki*

Female/*Perempuan*

2. Age / *Umur*

20-30 years old/*Tahun*

41-50 years old/*Tahun*

31- 40 years old/*Tahun*

50 years old and above/
Tahun dan ke atas

3. Academic Qualification/ *Kelayakan akademik*

UPSR

Diploma

PMR/SRP

Bachelor's Degree /*Sarjana Muda*

SPM

Master's Degree /*Sarjana*

STPM

Doctor of Philosophy/
Doctor Falsafah

4. Gross monthly income/*Pendapatan kasar sebulan*

RM 3000-RM 6000

RM 9001 and above

RM 6001-RM 9000

5. Employment sector/*Sektor pekerjaan*

Public/*Awam*

Private/*Swasta*

6. Have you paid Zakat on savings* before.

*Pernahkah anda membayar zakat wang simpanan*sebelum ini.*

Yes/*Ya*

No/*Tidak*

* Zakat on saving is paid from the money saved in the bank either in the form of savings accounts, fixed deposits, current accounts or unit trust (trust fund) such as Amanah Saham Bumiputera, Amanah Saham Nasional, etc. This saving is added together with cash in hand and zakat will be paid if it fulfills the requirement of haul and nisab.

**Zakat wang simpanan ialah zakat yang dikeluarkan daripada wang yang disimpan di bank sama ada dalam bentuk akaun simpanan, simpanan tetap, akaun semasa atau unit amanah (trust fund) seperti Amanah Saham Bumiputra, Amanah Saham Nasional dan sebagainya. Wang simpanan ini dicampurkan dengan wang tunai di tangan dan dikeluarkan zakatnya apabila cukup nisab dan haul.*

7. In the year 2014, was your last balance in your savings accounts / fixed deposits / current accounts / unit trust RM11, 100 or more in a year? (If yes, proceed to the next question).

Adakah baki terakhir pada tahun 2014 akaun simpanan / akaun simpanan tetap / akaun semasa / unit amanah anda RM11,100 atau lebih?(Jika ya, sila jawab soalan yang seterusnya).

Yes

No

8. I paid zakat on savings to:

Saya membayar zakat wang simpanan kepada:

Asnaf (The destitute, the poor or needy, and other zakat recipients)
Asnaf (Fakir, miskin, dan lain-lain lagi)

Appointed amil/ Jabatan Zakat Negeri Kedah
Amil yang dilantik/ Jabatan Zakat Negeri Kedah

Other zakat institutions
Institusi zakat lain

SECTION B – ATTITUDE
BAHAGIAN B – SIKAP

Based on the scale given below, please circle the number that you think appropriate for each item. IMPORTANT: Please answer all questions.

Berdasarkan skala yang diberi, sila bulatkan pada nombor yang sesuai menurut pandangan anda terhadap item di bawah. PENTING: Tolong tandakan jawapan bagi semua soalan.

1	2	3	4	5
Strongly disagree	Disagree	Not sure	Agree	Strongly agree
<i>Sangat tidak setuju</i>	<i>Tidak setuju</i>	<i>Tidak pasti</i>	<i>Setuju</i>	<i>Sangat setuju</i>

1	I am happy to fulfill my obligations to the religion by paying zakat on saving. <i>Saya gembira dapat melaksanakan tanggungjawab saya kepada agama dengan membayar zakat wang simpanan</i>	1	2	3	4	5
2	I have done something beneficial to the Muslims society if I pay zakat on savings. <i>Saya telah melakukan sesuatu yang bermanfaat kepada masyarakat Islam jika saya membayar zakat wang simpanan.</i>	1	2	3	4	5
3	Paying zakat on savings is not my priority. <i>Membayar zakat wang simpanan bukan keutamaan saya.</i>	1	2	3	4	5
4	I feel guilty if I do not paying zakat on savings. <i>Saya rasa bersalah jika tidak membayar zakat wang simpanan.</i>	1	2	3	4	5
5	Paying zakat on saving is a beneficial act. <i>Membayar zakat wang simpanan adalah tindakan yang berfaedah.</i>	1	2	3	4	5
6	Paying zakat on savings is a contribution to the Muslim society. <i>Membayar zakat wang simpanan merupakan sumbangan kepada masyarakat Islam.</i>	1	2	3	4	5
7	Paying zakat on savings is not important. <i>Membayar zakat wang simpanan adalah tidak penting.</i>	1	2	3	4	5

SECTION C- RELIGIOSITY
 BAHAGIAN C- NILAI KEAGAMAAN

Please circle the number that you think appropriate for each item based on your opinion.

Sila bulatkan jawapan anda pada nombor yang sesuai mengikut pandangan anda.

1. What is the level of your involvement in any registered or unregistered Islamic organizations (non-political)?
Apakah tahap kegiatan anda dalam mana-mana pertubuhan Islam (bukan politik) yang berdaftar atau yang tidak berdaftar?

Not active/Never	Less active	Moderate	Active	Very active
<i>Tidak aktif/tidak pernah</i>	<i>Kurang aktif</i>	<i>Sederhana</i>	<i>Aktif</i>	<i>Sangat aktif</i>
1	2	3	4	5

2. How often do you become a committee member in any religious program?
Berapa kerapkah anda menjadi ahli jawatankuasa dalam mana-mana program agama?

Never	Seldom	Sometimes	Often	Always
<i>Tidak pernah</i>	<i>Jarang</i>	<i>Kadang-kadang</i>	<i>Sering</i>	<i>Selalu</i>
1	2	3	4	5

3. How often do you attend fiqh classes/lectures?
Berapa kerapkah anda mengikuti kelas/kuliah Fekah?

Never	Seldom	Sometimes	Often	Always
<i>Tidak pernah</i>	<i>Jarang</i>	<i>Kadang-kadang</i>	<i>Sering</i>	<i>Selalu</i>
1	2	3	4	5

4. How often do you attend tawhid classes/lectures?
Berapa kerapkah anda mengikuti kelas/kuliah Tauhid?

Never	Seldom	Sometimes	Often	Always
<i>Tidak pernah</i>	<i>Jarang</i>	<i>Kadang-kadang</i>	<i>Sering</i>	<i>Selalu</i>
1	2	3	4	5

5. How often do you go to listen for the religious talks?
Berapa kerapkah anda pergi mendengar ceramah agama?

Never	Seldom	Sometimes	Often	Always
<i>Tidak pernah</i>	<i>Jarang</i>	<i>Kadang-kadang</i>	<i>Sering</i>	<i>Selalu</i>
1	2	3	4	5

6. How often do you pay zakat directly to the zakat recipients?
Berapa kerapkah anda membayar zakat terus kepada orang yang berhak/asnaf?

Never	Seldom	Sometimes	Often	Always
<i>Tidak pernah</i>	<i>Jarang</i>	<i>Kadang-kadang</i>	<i>Sering</i>	<i>Selalu</i>
1	2	3	4	5

7. How often do you contact Jabatan Zakat Negeri Kedah?
Berapa kerapkah anda menghubungi Jabatan Zakat Negeri Kedah?

Never	Seldom	Sometimes	Often	Always
<i>Tidak pernah</i>	<i>Jarang</i>	<i>Kadang-kadang</i>	<i>Sering</i>	<i>Selalu</i>
1	2	3	4	5

8. How often do you watch television related to the religious programs?
Berapa kerapkah anda menonton rancangan televisyen yang berunsurkan agama?

Never	Seldom	Sometimes	Often	Always
<i>Tidak pernah</i>	<i>Jarang</i>	<i>Kadang-kadang</i>	<i>Sering</i>	<i>Selalu</i>
1	2	3	4	5

9. How often do you listen to the religious programs in the radio?
Berapa kerapkah anda mendengar rancangan radio yang berunsurkan agama?

Never	Seldom	Sometimes	Often	Always
<i>Tidak pernah</i>	<i>Jarang</i>	<i>Kadang-kadang</i>	<i>Sering</i>	<i>Selalu</i>
1	2	3	4	5

10. How often do you listen or watch compact disc (CD) related to religious program:
Berapa kerapkah anda mendengar atau menonton cakera padat (CD) yang berunsurkan agama?

Never	Seldom	Sometimes	Often	Always
<i>Tidak pernah</i>	<i>Jarang</i>	<i>Kadang-kadang</i>	<i>Sering</i>	<i>Selalu</i>
1	2	3	4	5

11. How often do you surf internet for religious materials?
Berapa kerapkah anda melayari internet yang berunsurkan agama?

Never	Seldom	Sometimes	Often	Always
<i>Tidak pernah</i>	<i>Jarang</i>	<i>Kadang-kadang</i>	<i>Sering</i>	<i>Selalu</i>
1	2	3	4	5

12. How often do you read books related to the religion?
Berapa kerapkah anda membaca buku-buku yang berunsurkan agama?

Never	Seldom	Sometimes	Often	Always
<i>Tidak pernah</i>	<i>Jarang</i>	<i>Kadang-kadang</i>	<i>Sering</i>	<i>Selalu</i>
1	2	3	4	5

13. If there are any problems related to zakat you usually refer to:
Apabila ada masalah tentang zakat kebiasaannya anda merujuk kepada:

Friends	Imam of the mosque	Religious teacher	Appointed amil	Jabatan Zakat
<i>Kawan-kawan</i>	<i>Imam masjid</i>	<i>Ustaz/Ustazah</i>	<i>Amil yang dilantik</i>	<i>Jabatan Zakat</i>
1	2	3	4	5

14. How often do you participate in activities in mosque?
Berapa kerapkah anda menyertai aktiviti masjid?

Never	Seldom	Sometimes	Often	Always
<i>Tidak pernah</i>	<i>Jarang</i>	<i>Kadang-kadang</i>	<i>Sering</i>	<i>Selalu</i>
1	2	3	4	5

SECTION D – REFERENT GROUP
 BAHAGIAN D – KUMPULAN RUJUKAN

Based on the scale given below, please circle the number that you think appropriate for each item. **IMPORTANT:** Please answer all questions.

Berdasarkan skala yang diberi, sila bulatkan pada nombor yang sesuai menurut pandangan anda terhadap setiap perkara di bawah. PENTING: Tolong tandakan jawapan bagi semua soalan.

1	2	3	4	5
Strongly disagree	Disagree	Not sure	Agree	Strongly agree
<i>Sangat tidak setuju</i>	<i>Tidak setuju</i>	<i>Tidak pasti</i>	<i>Setuju</i>	<i>Sangat setuju</i>

1	My family agrees that I should pay zakat on savings. <i>Keluarga saya bersetuju yang saya patut membayar zakat wang simpanan.</i>	1	2	3	4	5
2	My family thinks that I should pay zakat on savings. <i>Keluarga saya berpendapat saya patut membayar zakat wang simpanan.</i>	1	2	3	4	5
3	My family encourages me to pay zakat on savings. <i>Keluarga saya menyokong saya membayar zakat wang simpanan.</i>	1	2	3	4	5
4	My family always advises me to pay zakat on saving. <i>Keluarga saya selalu menasihati saya agar membayar zakat wang simpanan.</i>	1	2	3	4	5

SECTION E – KNOWLEDGE
BAHAGIAN E – PENGETAHUAN

Please Tick (√) in the box provided.

Sila tandakan (√) di dalam kotak yang disediakan.

- 1) The obligation of zakat on savings is based on:

Hukum zakat wang simpanan diwajibkan berdasarkan:

- Holy Quran /Al-Quran
- Hadith/ *Hadis*
- Opinions from Mazhab/ *Pendapat mazhab-mazhab*
- Opinions from the majority of scholars/ *Pendapat jumhur ulamak*
- Do not know/ *Tidak tahu*

- 2) The rate of nisab for zakat on savings in Kedah is around:

Nisab bagi zakat wang simpanan di negeri Kedah adalah sekitar:

- RM3000-RM6000
- RM6001-RM9000
- RM9001-RM12000
- RM12001-RM15000
- Do not know/ *Tidak tahu*

- 3) According to the religious laws, zakat on savings should be paid even though it does not fulfil the requirement of haul (one year):

Menurut hukum, zakat wang simpanan wajib dikeluarkan walaupun belum cukup haul (tempoh setahun):

- Yes/ *Ya*
- No/ *Tidak*
- Not sure/ *Tidak Tahu*

4) The calculation of zakat on savings in Kedah is based on:
Kaedah pengiraan zakat wang simpanan di Negeri Kedah adalah berdasarkan:

Lowest balance of savings in the account during the year /
Baki terendah wang simpanan dalam akaun bagi tempoh setahun

Last balance of savings in the account during the year /
Baki terakhir wang simpanan dalam akaun bagi tempoh setahun

Do not know / *Tidak Tahu*

5) The rate of nisab of zakat on savings is based on:
Nisab zakat wang simpanan adalah berasaskan:

Cereals/ *Bijirin*

Gold or Silver/ *Emas atau Perak*

Both/ *Kedua-duanya*

Do not know/ *Tidak tahu*

6) The rate of zakat on savings is:
Kadar zakat wang simpanan adalah:

2.5%

3.5%

5%

Do not know / *Tidak Tahu*

7) All payments of zakat on savings can be deducted from income tax (tax rebate):

Semua bayaran zakat wang simpanan boleh ditolak daripada cukai pendapatan (rebat cukai):

Yes/ *Ya*

No/ *Tidak*

Do not know/ *Tidak tahu*

SECTION F – PERCEIVED CORPORATE CREDIBILITY
 BAHAGIAN F- PERSEPSI KREDIBILITI KORPORAT

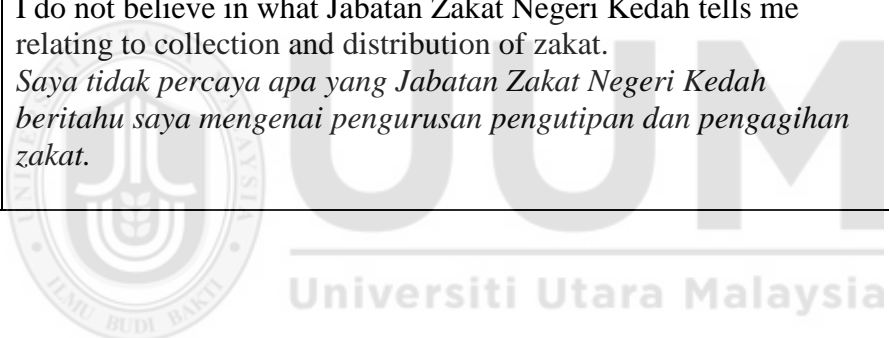
Based on the scale given below, please circle the number that you think appropriate for each item. IMPORTANT: Please answer all questions.

Berdasarkan skala yang diberi, sila bulatkan pada nombor yang sesuai menurut pandangan anda terhadap setiap perkara di bawah. PENTING: Tolong tandakan jawapan bagi semua soalan.

1	2	3	4	5
Strongly disagree	Disagree	Not sure	Agree	Strongly agree
<i>Sangat tidak setuju</i>	<i>Tidak setuju</i>	<i>Tidak pasti</i>	<i>Setuju</i>	<i>Sangat setuju</i>

1	Jabatan Zakat Negeri Kedah has a great amount of experience in the collection and distribution of zakat. <i>Jabatan Zakat Negeri Kedah mempunyai pengalaman yang luas dalam mengurus pengutipan dan pengagihan zakat.</i>	1	2	3	4	5
2	Jabatan Zakat Negeri Kedah is skilled in the collection and distribution of zakat. <i>Jabatan Zakat Negeri Kedah berkemahiran dalam mengurus pengutipan dan pengagihan zakat.</i>	1	2	3	4	5
3	Jabatan Zakat Negeri Kedah has great expertise in the collection and distribution of zakat. <i>Jabatan Zakat Negeri Kedah mempunyai kepakaran yang tinggi dalam mengurus pengutipan dan pengagihan zakat.</i>	1	2	3	4	5
4	Jabatan Zakat Negeri Kedah does not have much experience in the collection and distribution of zakat. <i>Jabatan Zakat Negeri Kedah tidak mempunyai banyak pengalaman dalam mengurus pengutipan dan pengagihan zakat.</i>	1	2	3	4	5

5	I trust Jabatan Zakat Negeri Kedah in managing the collection and distribution of zakat. <i>Saya percaya Jabatan Zakat Negeri Kedah boleh mengurus pengutipan dan pengagihan zakat.</i>	1	2	3	4	5
6	Jabatan Zakat Negeri Kedah makes truthful claims relating to collection and distribution of zakat. <i>Jabatan Zakat Negeri Kedah membuat pernyataan yang telus/benar mengenai pengutipan dan pengagihan zakat.</i>	1	2	3	4	5
7	Jabatan Zakat Negeri Kedah is honest in the collection and distribution of zakat. <i>Jabatan Zakat Negeri Kedah jujur dalam mengurus pengutipan dan pengagihan zakat.</i>	1	2	3	4	5
8	I do not believe in what Jabatan Zakat Negeri Kedah tells me relating to collection and distribution of zakat. <i>Saya tidak percaya apa yang Jabatan Zakat Negeri Kedah beritahu saya mengenai pengurusan pengutipan dan pengagihan zakat.</i>	1	2	3	4	5



SECTION G – TAX REBATE
 BAHAGIAN G – REBAT CUKAI

Based on the scale given below, please circle the number that you think appropriate for each item. **IMPORTANT:** Please answer all questions.

Berdasarkan skala yang diberi, sila bulatkan pada nombor yang sesuai menurut pandangan anda terhadap setiap perkara di bawah. PENTING: Tolong tandakan jawapan bagi semua soalan.

1	2	3	4	5
Strongly disagree	Disagree	Not sure	Agree	Strongly agree
<i>Sangat tidak setuju</i>	<i>Tidak setuju</i>	<i>Tidak pasti</i>	<i>Setuju</i>	<i>Sangat setuju</i>

1	Tax rebate** encourages me to pay zakat. <i>Rebat cukai** menggalakkan saya membayar zakat.</i>	1	2	3	4	5
2	Tax rebate can reduce my responsibility toward the payment of income tax. <i>Rebat cukai dapat mengurangkan tanggungjawab pembayaran cukai pendapatan saya.</i>	1	2	3	4	5
3	After deducted the expenses, my net income is increased with the present of tax rebate. <i>Dengan adanya rebat cukai, setelah ditolak perbelanjaan pendapatan bersih saya meningkat.</i>	1	2	3	4	5
4	Tax rebate is beneficial to me. <i>Rebat cukai memberi manfaat kepada saya.</i>	1	2	3	4	5

**Tax rebate is an incentive given by the Inland Revenue Board of Malaysia to each individual who pays zakat to the appointed amil or zakat institution.
 ***Rebat cukai ialah insentif cukai yang diberikan oleh Lembaga Hasil Dalam Negeri kepada setiap individu yang membayar zakat kepada amil yang dilantik atau institusi zakat.*

SECTION H – ZAKAT COMPLIANCE BEHAVIOR ON SAVINGS
 BAHAGIAN H – GELAGAT KEPATUHAN ZAKAT WANG SIMPANAN

Based on the scale given below, please circle the number that you think appropriate for each item. **IMPORTANT:** Please answer all questions.

Berdasarkan skala yang diberi, sila bulatkan pada nombor yang sesuai menurut pandangan anda terhadap setiap perkara di bawah. PENTING: Tolong tandakan jawapan bagi semua soalan.

1	2	3	4	5
Strongly disagree	Disagree	Not sure	Agree	Strongly agree
<i>Sangat tidak setuju</i>	<i>Tidak setuju</i>	<i>Tidak pasti</i>	<i>Setuju</i>	<i>Sangat setuju</i>

1	I pay zakat on savings to Jabatan Zakat Negeri Kedah. <i>Saya membayar zakat wang simpanan kepada Jabatan Zakat Negeri Kedah.</i>	1	2	3	4	5
2	I pay zakat on savings every year if I fulfill the requirement to Jabatan Zakat Negeri Kedah. <i>Saya membayar zakat wang simpanan pada setiap tahun jika cukup syarat to Jabatan Zakat Negeri Kedah.</i>	1	2	3	4	5
3	I never miss to pay zakat on savings to Jabatan Zakat Negeri Kedah. <i>Saya tidak pernah ketinggalan membayar zakat wang simpanan kepada Jabatan Zakat Negeri Kedah.</i>	1	2	3	4	5
4	I have contacted amil or Jabatan Zakat Negeri Kedah when paying zakat on savings. <i>Saya ada menghubungi amil atau Jabatan Zakat Negeri Kedah untuk membayar zakat wang simpanan.</i>	1	2	3	4	5

APPENDIX C: RESULT OF PILOT TEST

APPENDIX C-1: Result of reliability analysis (Pilot test)

APPENDIX C-1-1: Attitude

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.896	.911	7

Inter-Item Correlation Matrix

	Att_1	Att_2	Att_3	Att_4	Att_5	Att_6	Att_7
Att_1	1.000	.846	.689	.460	.626	.712	.724
Att_2	.846	1.000	.599	.476	.646	.782	.669
Att_3	.689	.599	1.000	.388	.567	.532	.805
Att_4	.460	.476	.388	1.000	.345	.449	.425
Att_5	.626	.646	.567	.345	1.000	.605	.595
Att_6	.712	.782	.532	.449	.605	1.000	.551
Att_7	.724	.669	.805	.425	.595	.551	1.000

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
Att_1	26.73	12.498	.837	.777	.867
Att_2	26.73	12.202	.828	.794	.866
Att_3	26.84	12.806	.722	.680	.878
Att_4	27.13	12.187	.498	.263	.920
Att_5	26.95	12.534	.675	.496	.883
Att_6	26.71	13.062	.744	.642	.877
Att_7	26.67	12.817	.770	.718	.874

APPENDIX C-1-2: Religiosity

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.820	.836	13

Inter-Item Correlation Matrix

	Rel_1	Rel_2	Rel_3	Rel_4	Rel_5	Rel_6	Rel_7	Rel_8	Rel_9	Rel_10	Rel_11	Rel_12	Rel_13
Rel_1	1.000	.409	.250	.349	.162	.390	.556	.283	.186	.171	.184	.036	.246
Rel_2	.409	1.000	.511	.439	.061	.513	.302	.114	.295	.207	.108	.121	.213
Rel_3	.250	.511	1.000	.814	.528	.579	.146	.387	.547	.480	.380	-.006	.371
Rel_4	.349	.439	.814	1.000	.593	.552	.193	.458	.383	.440	.494	.093	.381
Rel_5	.162	.061	.528	.593	1.000	.180	.154	.453	.343	.267	.431	-.034	.366
Rel_6	.390	.513	.579	.552	.180	1.000	.197	.208	.292	.434	.231	.107	.112
Rel_7	.556	.302	.146	.193	.154	.197	1.000	.194	.053	.177	.112	.262	.156
Rel_8	.283	.114	.387	.458	.453	.208	.194	1.000	.345	.207	.443	.199	.232
Rel_9	.186	.295	.547	.383	.343	.292	.053	.345	1.000	.407	.309	-.134	.514
Rel_10	.171	.207	.480	.440	.267	.434	.177	.207	.407	1.000	.314	-.085	.294
Rel_11	.184	.108	.380	.494	.431	.231	.112	.443	.309	.314	1.000	.033	.201
Rel_12	.036	.121	-.006	.093	-.034	.107	.262	.199	-.134	-.085	.033	1.000	.067
Rel_13	.246	.213	.371	.381	.366	.112	.156	.232	.514	.294	.201	.067	1.000

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item- Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
Rel_1	37.16	37.251	.451	.506	.809
Rel_2	37.15	37.460	.496	.474	.805
Rel_3	36.15	34.867	.734	.780	.786
Rel_4	36.15	34.238	.759	.776	.783
Rel_5	35.47	38.698	.472	.510	.808
Rel_6	36.20	34.089	.567	.530	.799
Rel_7	37.36	39.125	.366	.421	.814
Rel_8	34.93	38.513	.489	.404	.807
Rel_9	35.56	37.176	.486	.517	.806
Rel_10	35.95	35.608	.466	.373	.809
Rel_11	35.44	39.325	.448	.349	.810
Rel_12	35.55	40.401	.080	.261	.848
Rel_13	36.04	38.480	.438	.398	.810

APPENDIX C-1-3: Reference group

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.948	.949	8

Inter-Item Correlation Matrix

	RG_fa1	RG_fa2	RG_fa3	RG_fa4	RG_fr1	RG_fr2	RG_fr3	RG_fr4
RG_fa1	1.000	.939	.744	.720	.711	.664	.633	.563
RG_fa2	.939	1.000	.809	.714	.718	.673	.653	.590
RG_fa3	.744	.809	1.000	.726	.668	.622	.615	.570
RG_fa4	.720	.714	.726	1.000	.545	.477	.556	.551
RG_fr1	.711	.718	.668	.545	1.000	.911	.817	.826
RG_fr2	.664	.673	.622	.477	.911	1.000	.853	.854
RG_fr3	.633	.653	.615	.556	.817	.853	1.000	.864
RG_fr4	.563	.590	.570	.551	.826	.854	.864	1.000

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
RG_fa1	28.60	29.763	.821	.900	.941
RG_fa2	28.65	28.897	.840	.911	.940
RG_fa3	28.60	29.874	.780	.727	.944
RG_fa4	28.82	30.114	.691	.669	.949
RG_fr1	28.89	27.729	.875	.862	.937
RG_fr2	28.91	27.862	.849	.885	.939
RG_fr3	28.91	28.899	.839	.807	.940
RG_fr4	29.11	28.321	.805	.828	.942

APPENDIX C-1-4: Perceived corporate credibility

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.946	.949	8

Inter-Item Correlation Matrix

	CC_1	CC_2	CC_3	CC_4	CC_5	CC_6	CC_7	CC_8
CC_1	1.000	.864	.885	.619	.688	.765	.750	.587
CC_2	.864	1.000	.879	.696	.740	.738	.692	.647
CC_3	.885	.879	1.000	.686	.738	.779	.730	.618
CC_4	.619	.696	.686	1.000	.535	.559	.544	.623
CC_5	.688	.740	.738	.535	1.000	.766	.775	.548
CC_6	.765	.738	.779	.559	.766	1.000	.951	.617
CC_7	.750	.692	.730	.544	.775	.951	1.000	.595
CC_8	.587	.647	.618	.623	.548	.617	.595	1.000

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
CC_1	28.13	24.113	.858	.841	.935
CC_2	28.05	23.682	.881	.845	.933
CC_3	28.00	23.704	.890	.861	.933
CC_4	28.07	23.958	.699	.562	.948
CC_5	27.89	25.099	.786	.696	.940
CC_6	28.02	24.463	.855	.923	.936
CC_7	28.00	24.741	.829	.921	.937
CC_8	27.84	24.325	.693	.512	.947

APPENDIX C-1-5: Tax rebate

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.757	.759	4

Inter-Item Correlation Matrix

	Tax_1	Tax_2	Tax_3	Tax_4
Tax_1	1.000	.444	.234	.364
Tax_2	.444	1.000	.477	.699
Tax_3	.234	.477	1.000	.427
Tax_4	.364	.699	.427	1.000

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
Tax_1	11.42	4.100	.423	.203	.774
Tax_2	11.55	3.215	.714	.563	.601
Tax_3	11.69	4.292	.463	.245	.746
Tax_4	11.38	3.907	.651	.503	.654

APPENDIX C-1-6: Zakat compliance behavior on saving

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.921	.926	4

Inter-Item Correlation Matrix

	ZC_1	ZC_2	ZC_3	ZC_4
ZC_1	1.000	.949	.944	.526
ZC_2	.949	1.000	.921	.595
ZC_3	.944	.921	1.000	.616
ZC_4	.526	.595	.616	1.000

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
ZC_1	10.89	9.914	.886	.940	.874
ZC_2	10.87	10.002	.914	.914	.866
ZC_3	10.93	9.661	.922	.911	.861
ZC_4	11.49	10.921	.591	.455	.978

APPENDIX C-2: Result of factor analysis (Pilot test)

APPENDIX C-2-1: Attitude

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.881
Approx. Chi-Square		259.636
Bartlett's Test of Sphericity	Df	21
	Sig.	.000

Communalities

	Initial	Extraction
Att_1	1.000	.816
Att_2	1.000	.801
Att_3	1.000	.661
Att_4	1.000	.353
Att_5	1.000	.601
Att_6	1.000	.675
Att_7	1.000	.719

Extraction Method: Principal Component Analysis.

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.625	66.078	66.078	4.625	66.078	66.078
2	.728	10.398	76.476			
3	.629	8.980	85.456			
4	.430	6.146	91.602			
5	.267	3.816	95.419			
6	.189	2.704	98.122			
7	.131	1.878	100.000			

Extraction Method: Principal Component Analysis.

Component Matrix^a

	Component
	1
Att_1	.903
Att_2	.895
Att_7	.848
Att_6	.822
Att_3	.813
Att_5	.775
Att_4	.594

Extraction Method:
Principal Component
Analysis.

a. 1 components
extracted.



APPENDIX C-2-2: Religiosity

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.761
	Approx. Chi-Square	274.372
Bartlett's Test of Sphericity	Df	78
	Sig.	.000

Communalities

	Initial	Extraction
Rel_1	1.000	.684
Rel_2	1.000	.682
Rel_3	1.000	.818
Rel_4	1.000	.803
Rel_5	1.000	.651
Rel_6	1.000	.772
Rel_7	1.000	.734
Rel_8	1.000	.642
Rel_9	1.000	.665
Rel_10	1.000	.455
Rel_11	1.000	.548
Rel_12	1.000	.575
Rel_13	1.000	.650

Extraction Method: Principal Component Analysis.



Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.714	36.262	36.262	4.714	36.262	36.262	2.628	20.212	20.212
2	1.636	12.587	48.849	1.636	12.587	48.849	2.617	20.131	40.343
3	1.299	9.989	58.838	1.299	9.989	58.838	1.799	13.842	54.184
4	1.031	7.928	66.766	1.031	7.928	66.766	1.636	12.582	66.766
5	.906	6.968	73.734						
6	.739	5.685	79.419						
7	.652	5.013	84.432						
8	.543	4.175	88.606						
9	.464	3.572	92.179						
10	.370	2.843	95.022						
11	.271	2.083	97.105						
12	.247	1.900	99.005						
13	.129	.995	100.000						

Extraction Method: Principal Component Analysis.

Component Matrix^a

	Component			
	1	2	3	4
Rel_4	.858			
Rel_3	.848			
Rel_6	.648		-.376	-.359
Rel_9	.636	-.320		.345
Rel_5	.627	-.377	.339	
Rel_10	.596			
Rel_8	.582		.531	
Rel_11	.570		.331	
Rel_2	.558	.465	-.389	
Rel_7	.376	.646		.312
Rel_1	.519	.550		.331
Rel_12		.465	.502	-.315
Rel_13	.540			.571

Extraction Method: Principal Component Analysis.

a. 4 components extracted.

Rotated Component Matrix^a

	Component			
	1	2	3	4
Rel_6	.857			
Rel_2	.723		.387	
Rel_3	.714	.472		
Rel_4	.626	.615		
Rel_10	.498			.387
Rel_8		.766		
Rel_5		.748		
Rel_11		.715		
Rel_7			.846	
Rel_1			.761	
Rel_9		.309		.692
Rel_13		.312	.346	.658
Rel_12			.383	-.595

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

APPENDIX C-2-3: Reference group

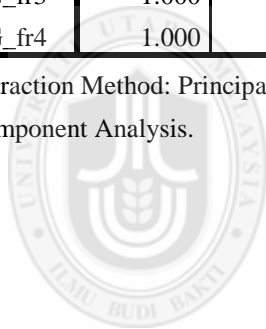
KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.866
	Approx. Chi-Square	500.515
Bartlett's Test of Sphericity	Df	28
	Sig.	.000

Communalities

	Initial	Extraction
RG_fa1	1.000	.874
RG_fa2	1.000	.902
RG_fa3	1.000	.803
RG_fa4	1.000	.762
RG_fr1	1.000	.891
RG_fr2	1.000	.923
RG_fr3	1.000	.874
RG_fr4	1.000	.885

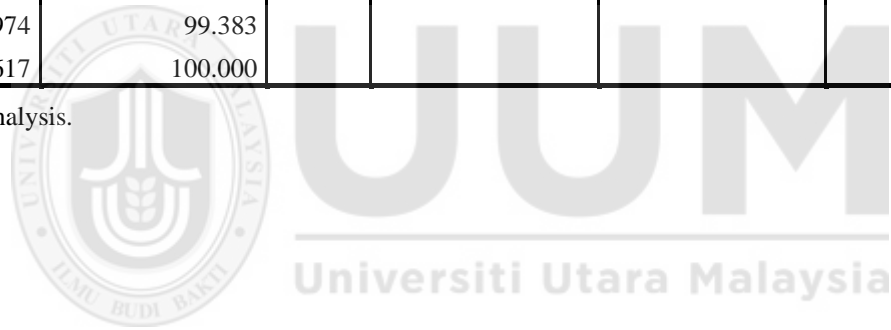
Extraction Method: Principal
Component Analysis.



Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.909	73.868	73.868	5.909	73.868	73.868	3.547	44.332	44.332
2	1.004	12.556	86.423	1.004	12.556	86.423	3.367	42.091	86.423
3	.403	5.039	91.463						
4	.265	3.313	94.775						
5	.173	2.166	96.941						
6	.117	1.468	98.409						
7	.078	.974	99.383						
8	.049	.617	100.000						

Extraction Method: Principal Component Analysis.



Component Matrix^a

	Component	
	1	2
RG_fr1	.907	
RG_fa2	.887	.340
RG_fr2	.886	-.371
RG_fr3	.875	-.330
RG_fa1	.869	.344
RG_fr4	.849	-.405
RG_fa3	.834	.328
RG_fa4	.761	.428

Extraction Method: Principal

Component Analysis.

a. 2 components extracted.

Rotated Component Matrix^a

	Component	
	1	2
RG_fr2	.895	.348
RG_fr4	.893	
RG_fr3	.859	.370
RG_fr1	.835	.440
RG_fa2	.402	.860
RG_fa1	.386	.851
RG_fa4		.836
RG_fa3	.373	.815

Extraction Method: Principal

Component Analysis.

Rotation Method: Varimax with
Kaiser Normalization.

APPENDIX C-2-4: Perceived corporate credibility

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.875
Approx. Chi-Square		466.209
Bartlett's Test of Sphericity	Df	28
	Sig.	.000

Communalities

	Initial	Extraction
CC_1	1.000	.812
CC_2	1.000	.832
CC_3	1.000	.851
CC_4	1.000	.571
CC_5	1.000	.713
CC_6	1.000	.814
CC_7	1.000	.778
CC_8	1.000	.563

Extraction Method: Principal Component Analysis.

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.934	74.176	74.176	5.934	74.176	74.176
2	.679	8.492	82.668			
3	.492	6.150	88.818			
4	.334	4.177	92.995			
5	.295	3.689	96.685			
6	.116	1.452	98.137			
7	.110	1.373	99.510			
8	.039	.490	100.000			

Extraction Method: Principal Component Analysis.

Component Matrix^a

	Component
	1
CC_3	.922
CC_2	.912
CC_6	.902
CC_1	.901
CC_7	.882
CC_5	.844
CC_4	.756
CC_8	.751

Extraction Method:
Principal Component
Analysis.
a. 1 components
extracted.



APPENDIX C-2-5: Tax rebate

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.719
Approx. Chi-Square		61.112
Bartlett's Test of Sphericity	Df	6
	Sig.	.000

Communalities

	Initial	Extraction
Tax_1	1.000	.401
Tax_2	1.000	.779
Tax_3	1.000	.469
Tax_4	1.000	.707

Extraction Method: Principal

Component Analysis.

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.356	58.892	58.892	2.356	58.892	58.892
2	.771	19.263	78.155			
3	.583	14.581	92.736			
4	.291	7.264	100.000			

Extraction Method: Principal Component Analysis.

Component Matrix^a

	Component
	1
Tax_2	.882
Tax_4	.841
Tax_3	.685
Tax_1	.633

Extraction Method:

Principal Component

Analysis.

a. 1 components

extracted.

APPENDIX C-2-6: Zakat compliance behavior on saving

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.759
Approx. Chi-Square		268.597
Bartlett's Test of Sphericity	Df	6
	Sig.	.000

Communalities

	Initial	Extraction
ZC_1	1.000	.916
ZC_2	1.000	.932
ZC_3	1.000	.938
ZC_4	1.000	.525

Extraction Method: Principal

Component Analysis.

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.311	82.764	82.764	3.311	82.764	82.764
2	.573	14.330	97.094			
3	.079	1.964	99.058			
4	.038	.942	100.000			

Extraction Method: Principal Component Analysis.

Component Matrix^a

	Component
	1
ZC_3	.969
ZC_2	.965
ZC_1	.957
ZC_4	.724

Extraction Method:

Principal Component

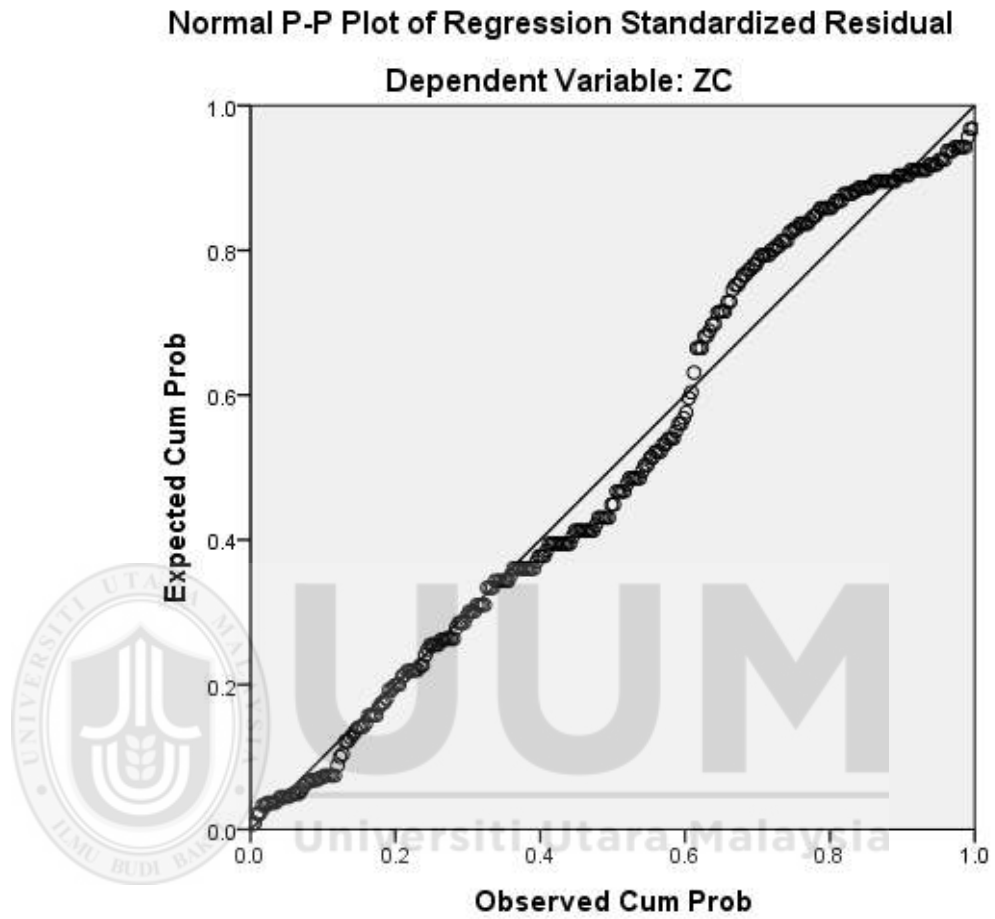
Analysis.

a. 1 components

extracted.

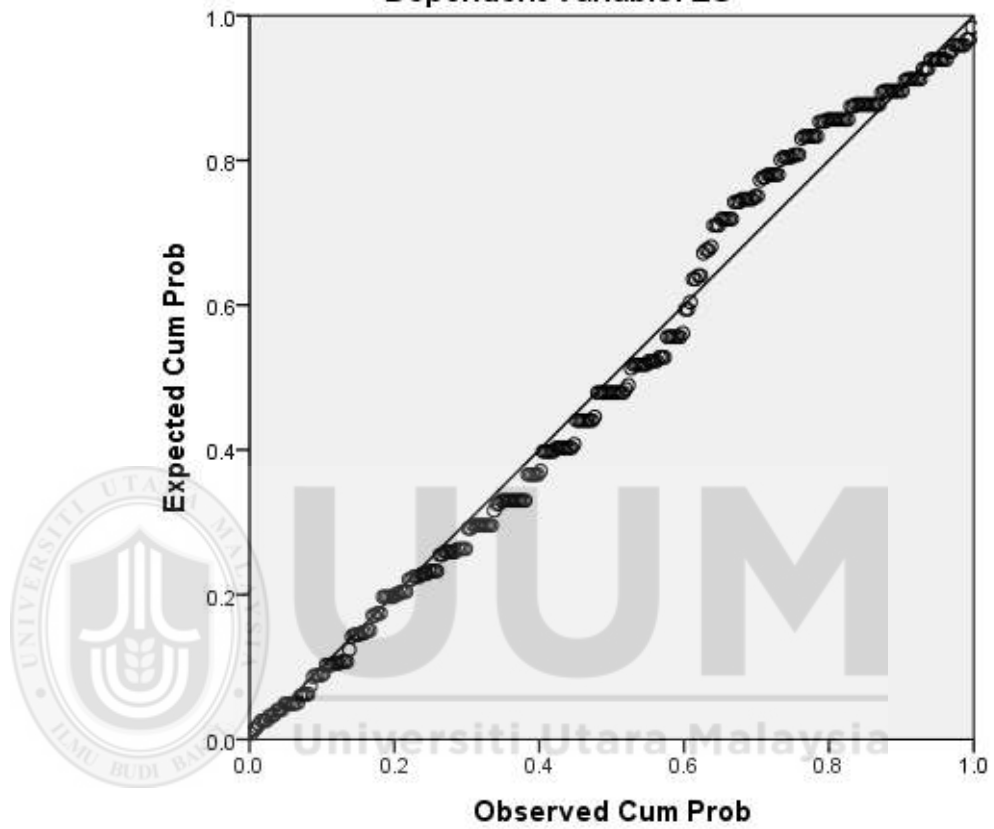
APPENDIX D: NORMAL PROBABILITY PLOT

The relationship between REL_OR and ZC



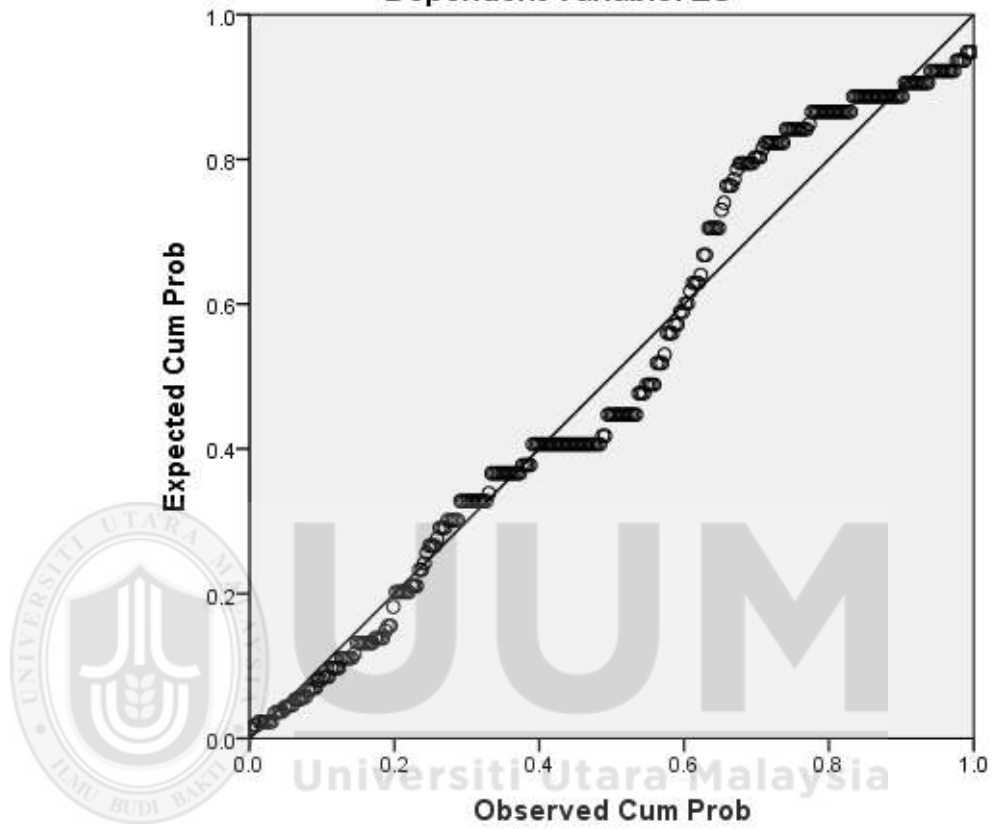
The relationship between REL_NOR and ZC

Normal P-P Plot of Regression Standardized Residual
Dependent Variable: ZC



The relationship between KNOW and ZC

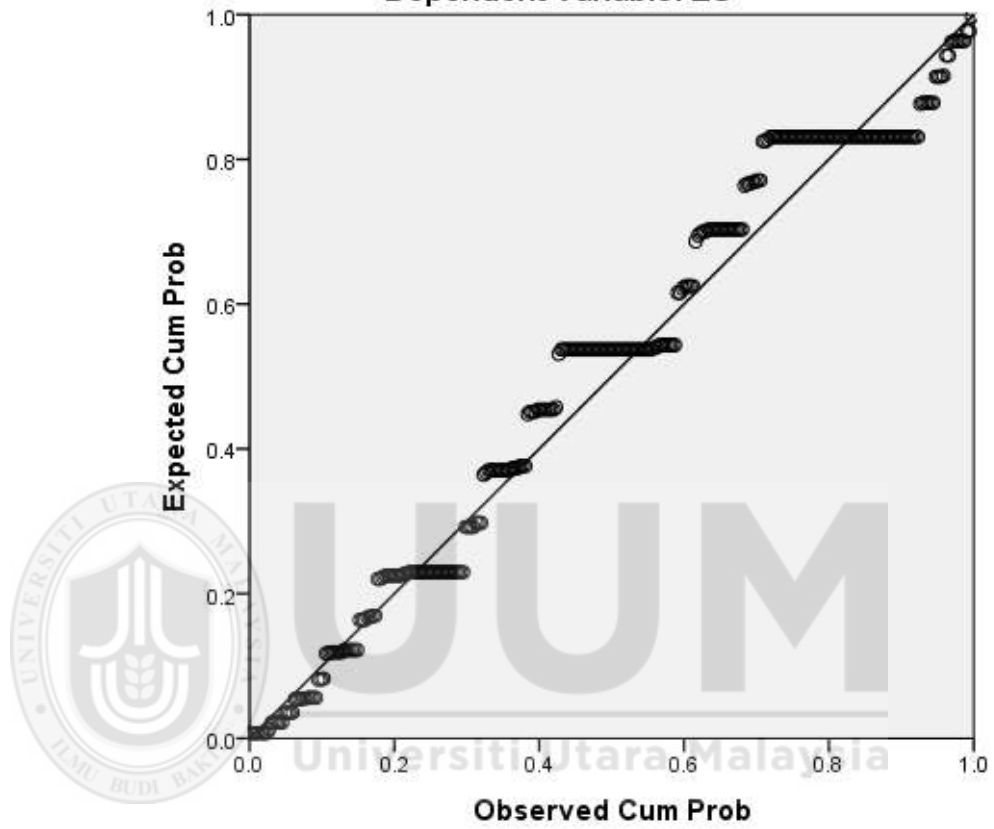
Normal P-P Plot of Regression Standardized Residual
Dependent Variable: ZC



The relationship between RG and ZC

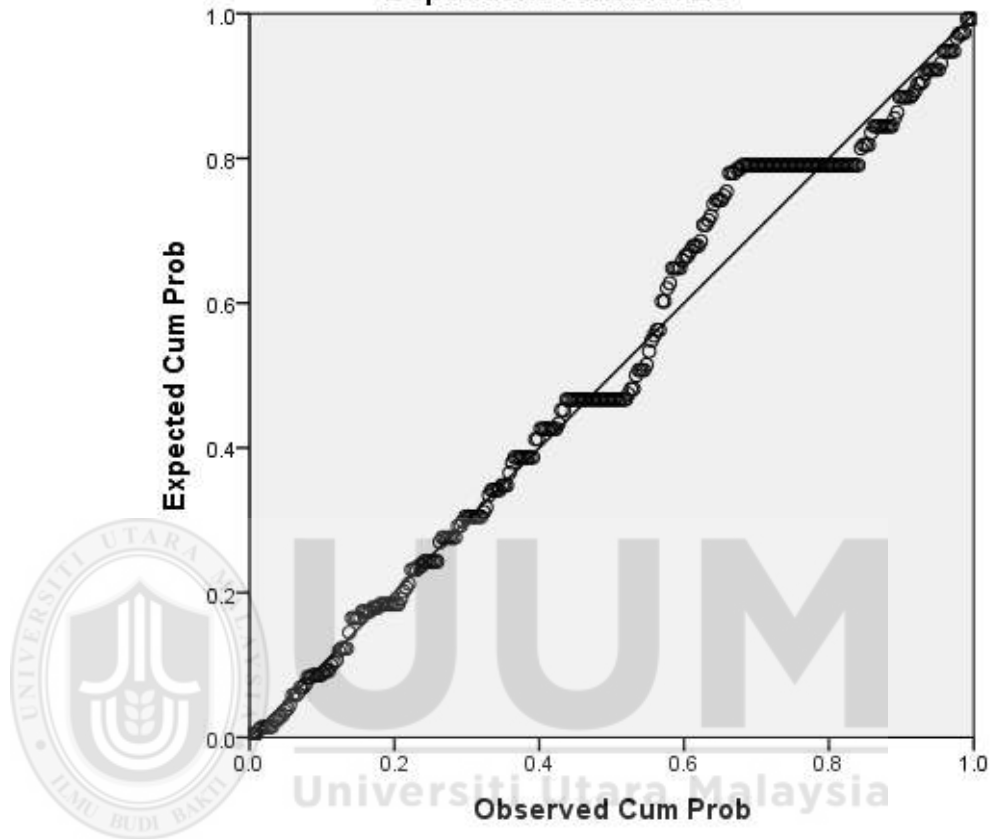
Normal P-P Plot of Regression Standardized Residual

Dependent Variable: ZC



The relationship between CC and ZC

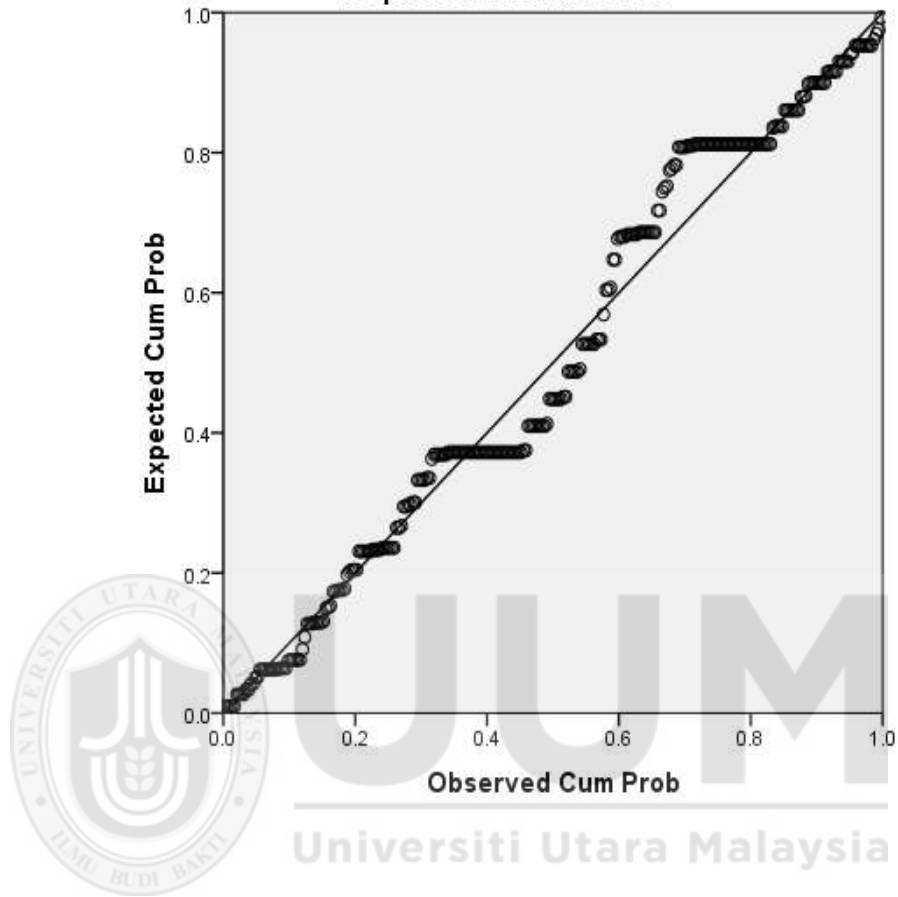
Normal P-P Plot of Regression Standardized Residual
Dependent Variable: ZC



The relationship between TAX and ZC

Normal P-P Plot of Regression Standardized Residual

Dependent Variable: ZC



APPENDIX E: SKEWNESS AND KURTOSIS

Descriptive Statistics

	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
Att_1	280	-.973	.146	-1.060	.290
Att_2	280	-1.117	.146	-.757	.290
Att_3	280	-.921	.146	.021	.290
Att_4	280	-1.208	.146	.783	.290
Att_5	280	-1.018	.146	-.214	.290
Att_6	280	-1.178	.146	.191	.290
Att_7	280	-1.471	.146	1.994	.290
RelOR_1	280	.085	.146	-.567	.290
RelOR_2	280	.340	.146	-.618	.290
RelOR_3	280	.005	.146	-.224	.290
RelOR_4	280	.101	.146	.065	.290
RelOR_5	280	.215	.146	-.715	.290
RelOR_6	280	-.233	.146	-.552	.290
RelOR_7	280	.476	.146	.053	.290
RelNOR_8	280	-.308	.146	-.335	.290
RelNOR_9	280	-.143	.146	-.726	.290
RelNOR_10	280	.136	.146	-.358	.290
RelNOR_11	280	-.305	.146	.076	.290
RelNOR_12	280	.149	.146	-.492	.290
RelNOR_13	280	-.605	.146	-.595	.290
RelOR_14	280	.309	.146	.041	.290
Know	280	-.279	.146	-.052	.290
Ref_1	280	-1.134	.146	.585	.290
Ref_2	280	-.919	.146	.139	.290
Ref_3	280	-.882	.146	.297	.290
Ref_4	280	-.896	.146	.607	.290
Tax_1	280	-.896	.146	.168	.290
Tax_2	280	-.868	.146	.625	.290
Tax_3	280	-.496	.146	-.010	.290
Tax_4	280	-.777	.146	.316	.290
CC_1	280	-.703	.146	-.290	.290
CC_2	280	-.820	.146	.312	.290
CC_3	280	-.677	.146	-.257	.290
CC_4	280	-.447	.146	-.726	.290
CC_5	280	-.438	.146	-.707	.290

CC_6	280	-.346	.146	-.879	.290
CC_7	280	-.424	.146	-.651	.290
CC_8	280	-.597	.146	-.530	.290
ZC_1	280	-.647	.146	-.473	.290
ZC_2	280	-.581	.146	-.400	.290
ZC_3	280	-.574	.146	-.627	.290
ZC_4	280	-.562	.146	-.005	.290
Valid N (listwise)	280				



UUM
 Universiti Utara Malaysia