Investigating the Influence of Attitude, Knowledge, Promotional Exposure, and Self-Efficacy on Compliance Behavior of Income Zakat

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Abstract: As of April 2016, out of 68,000 Muslim federal servants in Kedah, a total of 40,453 paid zakat to Kedah State Zakat Board (KSZB) through a monthly deduction scheme. It means 59.49 percent of potential Muslim federal servants working in the state of Kedah paid zakat through a monthly deduction scheme in Kedah. However, Muslim public educators, who are part of Muslim public servants, have higher income zakat compliance behavior than the rest of Muslim public servants in Kedah. Despite a religious decree on the compulsory position of zakat on employment income in Malaysia, many Muslims still fail to fulfill their religious obligation to pay. Studies on zakat compliance have shown mixed and inconclusive evidence regarding the determinants of income zakat compliance. Hence, this study investigates the influence of attitude, knowledge, promotional exposure, and self-efficacy on compliance behavior of income zakat in Kedah, Malaysia. This study employs the quantitative approach using PLS-SEM to analyze primary data collected using a questionnaire instrument to determine significant determinants of compliance behavior of income zakat. This study reveals that attitude and self-efficacy have significant relationships with the compliance behavior of income zakat. However, this study discovers that knowledge and promotional exposure are not significant determinants of compliance behavior of income zakat in Kedah. This study is hoped to provide evidence that could be used as guidance for suitable policy and measures by Kedah State Zakat Board to improve zakat collection in the future.

Keywords: Attitude, Knowledge, Promotional Exposure, Self-Efficacy, Zakat, Compliance.

INTRODUCTION
The National Fatwa Council agreed upon a consensus on the 22nd June 1997 that income zakat is compulsory for every Muslim individual who has fulfilled the conditions of perfect title, nisab, and hawl (Abdul Aziz & Abdullah, 2013). However, zakat collection in Malaysia is still low,
including income zakat. While most of the employees paid income tax which is a legal obligation, they did not comply with zakat payment which is a religious obligation (Saad et al. (2010); Bidin et al. (2009); Bidin & Md Idris (2009). As of April 2016, out of 13,089 Muslim public educators, the total number who paid zakat through monthly salary deduction to KSZB was 9,794 (Haji-Othman, 2017; Abdul Hadi, 2016). It means that 74.83 percent of them paid zakat through a monthly salary deduction. This data implies that the percentage of Muslim public educators who paid zakat through monthly salary deduction is high compared to the percentage of Muslim federal staff in Kedah. The Office of the Secretary of the State of Kedah (SUK) has directed individual Muslim public servants who have fulfilled the conditions of perfect title, nisab, and hawl to pay zakat to Kedah State Zakat Board through a monthly salary deduction scheme. However, the data indicates that 25.17 percent of Muslim public educators working in Kedah are not compliant with the directive by

In the case of Muslim federal staff working in the state of Kedah, according to Amran Abdul Ghani, Deputy Director, the Accountant General’s Department of Malaysia (JANM), State of Kedah, as of April 2016, out of 68,000 Muslim federal servants in the state of Kedah, a total of 40,453 paid zakat to Kedah State Zakat Board (KSZB) through monthly deduction scheme. It points out that 59.49 percent of potential Muslim federal servants working in the state of Kedah paid zakat through a monthly deduction scheme in Kedah. The data shows that Muslim public educators, who are part of Muslim public servants, have higher income zakat compliance behavior than Muslim public servants in Kedah.

Kedah, one of the states in Malaysia, gazette the compulsory zakat employment income on 19 April 1986 under section 38(2) of the Kedah Islamic Law of Administration 1962 of the Government Bill No. 146 (Tarimin, 1995). Yet, a study by Haji-Othman et al. (2019) provides evidence that only 58 percent of Muslim workers paid salary zakat in Kedah. Despite a religious decree on the compulsory position of zakat on employment income in Malaysia, many Muslims still fail to fulfill their religious obligation to pay. Furthermore, studies on zakat compliance have shown mixed and inconclusive evidence regarding the determinants of income zakat compliance. Therefore, this study investigates the influence of attitude, knowledge, perception towards promotional exposure, and self-efficacy on the compliance behavior of income zakat in Kedah, Malaysia, by adapting and adopting the Theory of Planned Behavior.

LITERATURE REVIEW

Attitude and Compliance Behavior

There is voluminous literature that shows evidence that attitude is a significant variable related to a particular behavior. Starting with Ajzen (1991), the study found some empirical evidence supporting the relationship between attitude towards behavior and intention to perform the behavior.

Tax compliance is the full payment of all taxes due (Braithwaite, Reinhart, & Smart, 2006). The literature on compliance behavior of tax has provided empirical evidence supporting the influence of attitude on intention to perform a particular behavior. Research in the area of tax

Sapingi et al. (2011) revealed that attitude exhibited a significant relationship with intention to pay zakat. These findings demonstrate that attitude was substantial in influencing the compliance behavior of tax and compliance behavior of zakat.

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

**Knowledge and Compliance Behavior**

Knowledge is vital in that it could change attitude and perception (Fallan, 1999). There are studies such as Fallan (1999), Kamil (2002), Zainol (2008), Mohd Rizal (2010), Loo et al. (2010), McKerchar (2010), and Kamleitner, Korunka, & Kirchler (2012) which include knowledge as one of the dimensions of perceived behavioral control.

Fallan (1999) revealed that tax knowledge changed students’ attitudes and perceptions towards fairness in tax distribution. The study demonstrated that improved knowledge about tax increased students’ perception towards fairness in tax distribution which was likely to increase their likelihood of paying tax. Mohd Rizal (2010) observed knowledge of individual Malaysian taxpayers and evidenced that tax knowledge was a significant factor that influenced tax compliance.

Kamleitner et al. (2012) supported this finding by discovering that lack of knowledge among small business owners made them more likely not to comply with tax obligations. It implied that less knowledge was likely to lead to non-compliance of tax behavior among small business owners. Loo et al. (2010) concluded that Malaysian taxpayers had high ethics and that
individuals’ tax knowledge was a key influence on their compliance behavior, reinforcing this finding. Likewise, Mohd Rizal (2010), who presented a complete overview of the tax knowledge of individual Malaysian taxpayers, further strengthened this finding. The finding of this study was similar to the discovery by Loo, Evans, and McKerchar (2010) in that tax knowledge had a significant impact on tax compliance even though the level of tax knowledge varied significantly among respondents. Also, Mohd Rizal (2011), who attested that knowledge about tax improved tax compliance in the tax self-assessment system, further the finding. Moreover, Natrah (2014) revealed that lack of tax knowledge was a significant factor contributing to tax non-compliance and supported the result.

In the environment of compliance behavior of zakat, Kamil (2002) revealed that knowledge about zakat was one of the significant variables influencing zakat payment among public servants in Kedah. Thus, e Zulkifli & Sanep (2010), who attested that knowledge about zakat significantly influenced zakat compliance, supported this evidence. Zainol (2008) reinforced this finding when he discovered that knowledge was a significant factor related to zakat compliance behavioral intention.

Promotional Exposure and Compliance Behavior

Some studies have examined the influence of perception towards promotional exposure on particular behavior with mixed results. Osman, Haji Othman, Rana, & Lin (2016) verified that advertising and promotion significantly influenced life insurance purchase decisions. In health, Handa, Vohra, & Srivastava (2013) revealed a positive correlation between the credibility of promotion tools and prescription behavior. Cross (2005) demonstrated that most nurses had positive views on health promotion and the nurses’ role in health promotion in accident and emergency environments. Awafung (2001) reinforced this and discovered that many nurses showed positive perceptions towards health promotion because promotion strategies played an important role in getting customers interested in innovations (Sikdar & Vel, 2010). However, Chen & Jallaludin (2000) disputed this finding when they discovered that most dental nurses did not perceive oral health promotion to be necessary.

There have been limited studies that have examined the influence of promotional exposures on intention and compliance behavior. Among the studies include Kamil (2002), Zainol (2008), and Hairunnizam et al. (2009). Kamil (2002) revealed that promotional exposure was among the significant variables influencing zakat payment among public servants in Kedah. Hairunnizam et al. (2009) maintained that perception towards promotion was significant since the finding of their study specified that among the reasons for zakat payer’s dissatisfaction was the insufficient dissemination of information on zakat distribution. This finding was, however, disputed by Zainol (2008), who attested that promotion by Kedah State Zakat Board (KSZB) did not have any significant relationship with intention to pay employment income zakat by employees in the state of Kedah.
Self-Efficacy and Compliance Behavior
Self-efficacy is a person’s belief about his/her ability to perform a specific behavior (Bandura, 1994). According to Bandura (1994), mastery experience, vicarious experiences provided by social models, social persuasion, and reduced stress reactions can develop a person’s self-efficacy. Liu et al. (2007) found that self-efficacy represented one of the dimensions of perceived behavioral control in the Theory of Planned Behavior (TPB).

In the context of zakat compliance behavior, Bidin (2008) demonstrated that self-efficacy was a significant factor in zakat compliance behavioral intention. Saad (2010) supported this finding when the study substantiated that self-efficacy, together with other variables such as tax rebate, zakat payment facility, and perception towards zakat amil, had a significant positive relationship with intention to pay zakat.

RESEARCH METHOD
This study uses a quantitative approach that can be classified as causal because this method examines the cause-and-effect relationship between variables in the study’s theoretical framework. This study uses a survey method using questionnaires to collect data. This method is considered suitable because units of analysis (respondents) are scattered around the state of Kedah.

This study’s population is all Muslim public educators who are eligible to pay income zakat located in Kedah. Based on Krejcie & Morgan (1970), the sample size used in this study is 372. This study uses a stratified sampling technique. First, the sampling procedure involves identifying and listing all schools in the state of Kedah according to districts. This study groups the schools into eleven clusters according to eleven districts that exist in Kedah.

Furthermore, this study uses PLS-SEM in the analysis of data. One reason for using PLS-SEM is when the structural model is complex (Hair, Ringle, & Sarstedt, 2011). The structural model is involved with many constructs and indicators that lead to PLS-SEM selection for the analysis. Furthermore, according to Hair et al. (2011), the selection of PLS-SEM is more appropriate when extending an existing theory which is what this study attempts to do. Moreover, PLS-SEM’s advantage is that it can estimate measurement models and structural models simultaneously.

Theoretical Framework of the Study
The theoretical framework is adapted and adopted from Ajzen (1991) and based on deductive reasoning. There are four independent variables: attitude, knowledge, perception towards promotional exposure, and self-efficacy, while compliance behavior is the dependent variable.
Data Collection

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

Data Analysis

Data analysis of the study involves several stages. The first stage consists of assessing the measurement model to identify the underlying structure of the variables involved (Joseph F. Hair, Hult, Ringle, & Sarstedt, 2014). In the second stage, the assessment of the structural model is performed; that is, the data is run using the structural equation model (SEM). This study conducts the measurement model using the validity factor analysis to validate the measurement scale (Joseph F. Hair et al., 2014). Variables that pass this analysis test are then applied to structural model analysis to examine the relationships between the endogenous variables and the exogenous variables of the study.

FINDINGS AND DISCUSSIONS

Table 1 reveals the finding of the study based on 372 randomly selected public servants in the state of Kedah using structural equation modeling SMART PLS Version 3.

<table>
<thead>
<tr>
<th>Path Relationship</th>
<th>Coefficient</th>
<th>t- Statistics</th>
<th>P Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attitude -&gt; Compliance Behavior</td>
<td>0.475</td>
<td>9.497</td>
<td>0.000</td>
</tr>
<tr>
<td>Knowledge -&gt; Compliance Behavior</td>
<td>0.065</td>
<td>1.720</td>
<td>0.086</td>
</tr>
<tr>
<td>Promotional Exposure -&gt; Compliance Behavior</td>
<td>0.059</td>
<td>1.524</td>
<td>0.128</td>
</tr>
</tbody>
</table>
This study reveals that attitude is a significant determinant of compliance behavior of income zakat in Kedah. This finding supports the findings of previous studies on compliance behavior of tax such as Hite (1988), Niemirowski, Baldwin, & Wearing (2003), Ghosh & Crain (1995), Kasipillai and Hijattullah (2006), Marti, Wanjohi, and Magutu (2010), Loo, MacKerchar and Handsford (2010), Natrah (2011), Randlane (2012) and Trivedi, Shehata and Mestelman, (2005). Besides, this result conforms to studies on compliance behavior of zakat such as Raedah, Noormala & Marziana (2011), Kamil (2002), Zainol (2008), and Zainol et al. (2009). This finding is important because, despite weak law enforcement on zakat compliance (Saad, 2010), attitude still plays a significant role in influencing intention to pay zakat. This discovery is contrary to Ram Al Jaffri’s (2010) finding that attitude did not significantly affect intention to pay business zakat. This situation indicates a difference between the attitude towards the zakat of Muslim business people and Muslim educators.

This result also supported Haji-Othman, Sheh Yusuff, & Abd Latib (2018), who discovered that attitude influences compliance behavior of income zakat by Muslim public servants. Moreover, this finding supports Zainol (2008) and Zainol et al. (2009), who demonstrated that attitude positively influenced intention to pay income zakat. This finding supports the Theory of Planned Behavior’s expectation that attitude plays a significant influence on intention to perform a particular behavior, which reaffirms the significance of TPB in predicting compliance behavior. The voluminous literature on TPB has focused on tax compliance behavior, which has strong tax laws and law enforcement, and proved that attitude significantly influenced intention. On the other hand, this study examines the compliance behavior of income zakat in Kedah, which has weak law and enforcement (Saad, 2010), yet still reveals that attitude plays a significant role in influencing income zakat payment. This discovery is due to the selection of respondents who are Muslim educators. Educators, being persons responsible for educating others, should have suitable attitude dimensions such as agreeing and supporting attitude. These dimensions of agreeing and supporting attitude should trigger their intention to pay employment income zakat despite the weak law and law enforcement on zakat in the state of Kedah.

This study finds that knowledge is not significantly related to the compliance behavior of income zakat. Zainol (2008) supported this finding when the study revealed that knowledge was not a significant factor related to zakat compliance behavioral intention. This finding contradicts Kamil (2002), who demonstrated that knowledge about zakat was one of the significant variables influencing zakat payment among public servants in Kedah. However, the discovery disputes studies on compliance behavior of tax such as Fallan (1999), Mohd Rizal (2010), Loo, Evans, and McKerchar (2010), Kamleitner et al. (2012), and McKerchar (2010), who revealed that tax knowledge was a significant factor which influenced intention and tax compliance.

This finding shows that even though public educators in Kedah have little knowledge of income zakat, they still intend to pay zakat. The result reveals that lack of knowledge about income zakat among Muslim public educators still makes them more likely to comply with zakat obligation. It
indicates that knowledge has no significant influence on whether public educators pay their income zakat.

Furthermore, this research finds that perception towards promotional exposure by KSZB is not a significant determinant of compliance behavior of income zakat in Kedah. This finding supports Haji-Othman, Sheh Yusuff, & Badrolhisham (2020), who revealed that promotional exposure was not among the significant variables influencing zakat payment among public servants in Kedah. However, this discovery contradicts Hairunnizam et al. (2009), who implied that perception towards promotion was a significant determinant of zakat compliance behavior.

In addition, this study revealed that self-efficacy is a significant determinant of compliance behavior of income zakat. This study verifies self-efficacy, which Bandura (1994) defined as a person’s belief about his/her ability to perform a particular behavior to significantly influence compliance behavior of income zakat even in the setting of employment income zakat. It indicates that the respondents who have high self-efficacy are more likely to comply with employment income zakat payment. This finding conforms with Bidin’s (2008) findings, who ascertained that self-efficacy was a significant factor in zakat compliance behavioral intention. Saad (2010) supported this evidence when the study revealed that self-efficacy had a significant positive relationship with intention.

CONCLUSION

Zakat plays a crucial role in the Islamic fiscal system, specifically as a significant source of income, and could be used as an instrument to finance specific programs to achieve social, political, and economic development among Muslim communities. However, the issue which arises is that zakat collection, including income zakat, is still low, which hinders the effectiveness of zakat in playing a more significant role in the state of Kedah. The purpose of this study is to examine the role of attitude, knowledge, perception towards promotional exposure, and self-efficacy on the compliance behavior of income zakat. This study provides empirical evidence attitude, and self-efficacy are significant determinants of compliance behavior of income zakat. However, this study discovers that knowledge and perception towards promotional exposure are not a significant determinant of compliance behavior of income zakat in Kedah. Since this study only focuses on income zakat, we recommend that future studies investigate other types of zakat such as zakat on savings, gold, silver, shares and other capital markets, livestock, agricultural produce, and mining and buried treasures. Nonetheless, this study is hoped to provide evidence that could guide suitable policy and actions by the Kedah State Zakat Board to improve zakat collection strategies in the future.

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