



The Mediating Effect of Trust on the Relationship between Attitude and Perceived Service Quality towards Compliance Behavior of Zakah

Azura Mohd Noor^{1*}, Ram Al Jaffri Saad²

¹School of Accountancy, College of Business, Universiti Utara Malaysia, 06010 Sintok, Kedah, Malaysia, ²School of Accountancy, College of Business, Universiti Utara Malaysia, 06010 Sintok, Kedah, Malaysia. *Email: azura@perlis.uitm.edu.my

ABSTRACT

Zakah contribution to Muslim socio-economic development could not be denied by any parties. This development could be improved through incremental of zakah fund. However, the zakah collection including zakah on income is still found to be unsatisfactory due to a low level of zakah compliance. While a great deal of researches had been undertaken in the area of taxation, little is known about zakah compliance behavior and its determinants. The objective of the paper is to propose a research model in examining the influence of attitude and perceived service quality towards zakah compliance behavior, taking into consideration trust as a mediator for those relationships. Four hypotheses were drawn for this paper to be tested regarding the influence of selected variables to zakah on income compliance behavior. Moreover, theoretical and practical implications of the study, as well as suggestions for future research were also discussed.

Keywords: Attitude, Perceived Service Quality, Trust, Zakah Compliance Behaviour

JEL Classifications: I31, Z12, Z13, O35

1. INTRODUCTION

Zakah, the third pillar of Islam, is the religious claim on Muslim individuals who are qualified in terms of income, ownership and property holdings. Throughout Islamic history, zakah was the centerpiece of the Islamic economic system (Mujaimi, 2012). Zakah is an important obligation, prescribed by Allah SWT with the ultimate aim to provide a balance economic growth by redistributing the wealth in society, in order to ensure every individual a minimum means of livelihood (Aidil and Hussin, 2013; Barizah, 2007).

There are five conditions that must be fulfilled before zakah is payable. This includes: A Muslim, not a slave, have a full ownership of assets, exceed the *nisab* (*nisab* is the minimum threshold equivalent to the market price of 85 g of gold) and *haul* (completion of one full Islamic year i.e. 354 days based on the lunar year or equivalent to 365 days based on the solar year for the asset subject to zakah) (Al Jaffri and Roszaniffai, 2014; Hamizul, 2012; Asmah et al., 2013).

Besides being a unique economic tool for the purpose of economic growth, zakah is also becoming a life-changing tool to eight specific groups in society as stated in the *Quran* (At-Taubah, verses 60) i.e., the poor (*fuqara*), the needy (*masakin*), the zakah fund administrators (*amil*), the sympathizers (*mualaf*), those in bondage (*al-Riqab*), those in debt (*al-Gharimin*), those in the cause of god (*fisabilillah*) and those in the wayfarer (*Ibnu Sabil*).

It is found that besides its significant contribution towards Muslim development and a lot of efforts taken by the zakah institutions to increase its collection, the collection of zakah is still unsatisfactory. While the issue of low zakat collection can be attributed to various factors such as the weakness of the institutional management of zakat (Hairunnizam, et al., 2009; Ellany et al., 2014). However, previous studies showed that the main cause of the problem is by the compliance behavior where the zakah compliance level is still low (Kamil, 2002; Hairunnizam et al., 2007; Barizah and Majdi, 2010). For example, Hairunnizam et al. (2007) in their study of the awareness of paying zakah in Malaysia found that majority of

the respondents did not pay zakah i.e., 1846 respondents (71.3%) compared to those who have paid zakah i.e., 742 respondents (28.7%). This is supported by a study done by Barizah and Majdi (2010) that only 33% of those potentially-eligible zakah payers in International Islamic University of Malaysia actually paid zakah to zakat institutions. Moreover, the General Manager of Zakah Collection Operations Centre, Majlis Agama Islam Wilayah Persekutuan, Mohammed Hassan voiced out that 34.4% or 67,078 out of 194,997 Muslims who worked in the Federal Territory of Kuala Lumpur in 2013 did not pay zakah to the zakah institutions (BERNAMA, May 15, 2014). 67,078 is a large number of non-compliance to zakah payment and it is essential to identify the reasons for this problem because paying zakah is an obligation to religion and country.

Review of literatures in the zakah environment showed several studies have been conducted to understand zakah compliance behavior. However, these studies only examine the direct relationship between variables in understanding why Muslim people refuse to pay zakah and most of them were just focused on the intention to comply, but not on the compliance behavior. Thus, this paper is different in two folds. First, unlike the previous studies, the current study will propose a model which can provide an understanding on the compliance behavior rather than the intention to comply. Second, this paper will propose the impact of variable of trust as a mediator to attitude and perceived quality service variables on zakah compliance behavior. The importance of trust as a mediator has not being described in previous studies, while studies in other areas such as taxation (Murphy, 2004) and the use of information technology (Khalil and Pearson, 2007) explained that belief in the organization is an important mediating factor in determining the behavior of an individual. Therefore, it is high time for a study to be conducted to examine the factors that influence zakah compliance behavior, in order to build a comprehensive model of compliance behavior. This will provide a new contribution to zakah research area especially zakah compliance behavior.

2. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

2.1. Attitude

Allport (1935) in Schwarz and Bohner (2001) defined an attitude as “a mental and neural state of readiness, organized through experience, exerting a directive and dynamic influence upon the individual’s response to all objects and situations with which it is related.” Meanwhile, according to Fishbein and Ajzen’s expectancy-value model of attitudes (Fishbein and Ajzen, 1975), attitudes develop reasonably from the beliefs people hold about the object of the attitude. In the case of attitudes toward behavior, each belief links the behavior to a certain outcome or to some other attribute such as the cost incurred by performing the behavior (Ajzen, 1991). Moreover, Baron and Bryne (2000) stated that attitude is an important factor to be studied because attitude is a strong influence on social thought and is considered to have a significant impact on the behavior of a person.

The variable of attitude has been studied in several different areas such as political involvement and media usage (Soo, 2011); websites advertisement (Norzalita and Azmi, 2010); healthy eating (Aggarwal et al., 2014); teaching and learning (Guha and Paul, 2014); attitude and behavior on hotel choice (Robin et al., 2016); food safety knowledge, attitude and behaviour (Lim et al., 2016); consumers attitude towards organic food (Mohamed Bilal et al., 2015) and computer usage (Varshney, 2015).

Meanwhile in the area of zakah, several studies have been done to investigate the relationship between the attitude and compliance behavior of zakah payment. Raedah et al. (2011) in their study of the relevant factors that affect the academicians’ intention to pay zakah discovered that attitude is the most important factor and gives a significant influence on the intention to pay zakah among academicians. This view was also supported by the findings of Nizam et al. (2011) which stated that attitude variable towards zakah has a significant and positive effect on the non-compliance behavior of zakah on income.

In this study, attitudes towards the zakah compliance refer to a state of mental and physical readiness for the zakah payer to pay zakah to the zakah institution, which is legitimately elected in accordance with the law. Based on the previous studies, the study will be done regarding the effect of attitudes towards zakah compliance behavior. Therefore, the following hypothesis has been proposed.

H₁: Attitude has a significant positive relationship with zakah compliance behavior.

2.2. Perceived Service Quality

Service quality is an important factor to be tested in identifying the behavior of compliance because it relates directly to the satisfaction of the customers. In this study, perceived service quality by the potential zakah payer on service delivered by zakah institution is considered to play an important role in the compliance of zakah payment to zakah institution. It is assumed that service quality is critically determined by the difference between customers’ expectations and their perceptions of the service actually delivered (Parasuraman et al., 1985).

Studies regarding perceived service quality factors can be found in several areas, for example, service management and marketing (Sundbo, 2015); banking service marketing (Choudhury, 2015; Selim and Razak, 2015); self-service technology service quality (Boon-Itt, 2015); religious tourism marketing for Hajj service (Eid, 2012) and healthcare service quality (Shafei et al., 2015).

In this study, customers are known as zakah payers. The contribution from satisfied zakah payers would help to increase zakah collection. In zakah behavior research area, there is lack of study done to highlight the importance of this variable. Kamil (2002) claimed that in the relation to service quality, the degree of compliance would be higher if any zakah payer is satisfied with the service that he received from the zakah institutions. Moreover, Hairunnizam and Sanep (2014) declared that the corporate image factor provides the highest contribution to the service quality of Lembaga Zakah Selangor (LZS).

The literature on service quality of zakah institution is not yet rich enough to provide a sound conceptual foundation for investigating service quality, therefore it is very important for this study to explore the relationship between perceived service quality to zakah compliance behavior. The zakah payers' perceptions on service quality provided by a zakah institution is a factor that is able to influence the satisfaction of the zakah payers and thus will increase their compliance behavior in fulfilling their obligation in paying zakah. In order to clarify the relationship between the perception of zakah institution service quality and zakah compliance behavior, the following assumption is established:

H₂: Perceived service quality has a significant positive relationship with zakah compliance behavior.

2.3. Trust

When researching about compliance behavior, many researchers would include trust as a core premise of a positive relationship in various contexts, which is found to boost the confidence level of public citizens or consumers to certain organization. Trust is defined as a belief that one party will act, as expected, in a socially responsible way, even in the absence of constant auditing and will meet the expectation of another party that trusted them (McKnight and Chervany, 2001; Nunkoo et al., 2012).

As a multi-faceted concept, trust has been studied in various areas such as in information technology service (Min et al., 2015); retail banking industry (Fatma et al., 2015); and schools (Gupta and Kumar, 2015). Moreover, trust was also believed to mediate the relationship between trustworthiness and internet banking usage (Pay et al., 2015).

The variable of trust is also found in several zakah studies but mostly as an independent variable. For instance, a study has been done by Hairunnizam and Sanep (2014) in examining the factors influencing the trust level of the zakah distribution in Selangor. The finding shows that the level of trust towards the zakah institution is dependent on the other three main factors, namely the corporate image of LZS, zakah collection and zakah distribution.

Meanwhile, Htay and Salman (2014) pointed out that the trust or confidence of the zakah payers on the process of zakah collection and distribution performed by the zakah institutions is important in order to increase the collection of zakah. When the institutions perform well, they generate trust among the public, but if the performance is poor, it will create distrust and skepticism among the public (Hairunnizam and Sanep, 2014). This study will take another approach in examining the variable of trust as a mediator between the attitude and perceived service quality with zakah compliance behavior. Therefore, the following hypotheses will be tested:

H₃: Trust mediates the relationship between attitude and zakah compliance behavior.

H₄: Trust mediates the relationship between perceived service quality and zakah compliance behavior.

2.4. Zakah Compliance Behavior

According to Kamil (2002), the question of compliance has been long and widely discussed in the field of taxation but still rare in the study field of zakah. He discussed the zakah compliance based on the adaptation of tax compliance, where zakah compliance is referred to as the payment of zakah according to the rulings and regulations enacted by the zakah authorities.

Several studies discussed zakah compliance in terms of paying zakah through official channels (Sanep et al., 2011; Barizah and Majid, 2010). The concept of zakah is the compliance of human behavior (Muslim community) to make a decision (to comply or not comply) to pay zakah (official or unofficial channels) according to the enactment and law implementation to achieve satisfaction in this life and the hereafter (al-Falah) (Sanep et al., 2011; Barizah and Rahim, 2007).

For this study, zakah compliance behavior as a dependent variable refers to the behavior of Muslim individuals in performing their obligation to pay zakah on professional income to official channel (formal zakah institutions) according to the rules, regulations and guidelines that have been established.

3. RESEARCH CONCEPTUAL FRAMEWORK

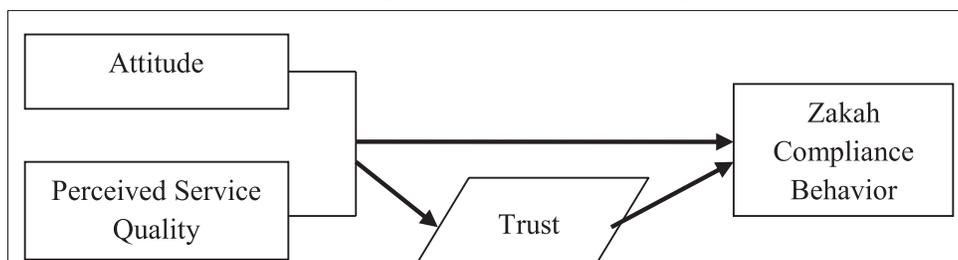
This paper aims to develop a conceptual framework to determine the relationship between the independent variables of attitude and perceived service quality towards the dependent variable which is the zakah compliance behavior. Moreover, this paper also posits trust as a mediating variable.

The research conceptual framework is illustrated in Figure 1. The Figure 1 shows the direct and indirect relationships between attitude, perceived service quality and zakah compliance behavior, while trust acts as a mediator variable. Based on Figure 1, it is postulated that zakah compliance behavior is influenced by the variables of attitude, perceived service quality and trust.

4. CONCLUSION AND IMPLICATION

This paper proposed the relationship between attitude and perceived service quality towards the compliance of zakah payment. From the literature, it is found that zakah payers would fulfill their zakah obligation to the zakah institution when they believe the zakah fund is managed efficiently. Besides fulfilling their obligation, zakah payers are also able to help improve the livelihood of the zakah recipients and inculcate the habits of lending a helping hand to others in order to create a caring and tolerant society.

This paper has both theoretical and practical contributions. The paper adopts several behavioral models and theories such as zakah on the employment income behavioral model by Kamil (2002) and social exchange theories, in order to develop a new model in the zakah research area. Thus, it will provide a new perspective in the zakah behavioral research area where majority of the previous studies applied the theory on planned behavior. Meanwhile, the

Figure 1: Research conceptual framework for zakah compliance behavior

trust factor is introduced as a mediator to test the effect of the relationship between attitude and perceived service quality on zakah compliance behavior. This study might be able to expand the zakah compliance behavioral model and provide new insight to this research area.

There are also several practical contributions, especially to zakah institutions, where the administrators are able to plan and revise the strategies to increase the future collection of zakah when they understand the relationship between attitude, perceived service quality and trust to zakah payment compliance to zakah institutions. Moreover, the State Islamic Religion Council will be able to increase their knowledge and also understand the potential zakah payers' behavior. On the other hand, it is hoped that the result of this study is able to become a useful input for other researchers who would be involve in zakah research area in future.

REFERENCES

- Aggarwal, A., Monsivais, P., Cook, A.J., Drewnowski, A. (2014), Positive attitude toward healthy eating predicts higher diet quality at all cost levels of supermarkets. *Journal of the Academy of Nutrition and Dietetics*, 114(2), 266-272.
- Aidil, A.A.M., Hussin, A.M. (2013), The Comparison between Zakat (Islamic Concept of Taxation) and Income Tax: Perception of Academician in the State of Perak. Bangkok Thailand: The 2013 IBEA, International Conference on Business, Economics and Accounting, 20-23 March, 2013.
- Ajzen, I. (1991), The theory of planned behavior. *Organizational Behavior and Human Decision Processes*, 50, 179-211.
- Al Jaffri, S.R., Roszaniffa, H. (2014), Determinants of zakat (Islamic tax) compliance behavior. *Journal of Islamic Accounting and Business Research*, 5(2), 1-21.
- Allport, G.W. (1935), Attitudes. In: Murchison, C., editor. *Handbook of Social Psychology*. Worcester, MA: Clark University Press.
- Asmah, A.A., Muslimah, M.J., Huzaimah, I., Nafisiah, A. (2013), The importance of Zakat Institutions in Malaysia. The 5th International Conference on Financial Criminology (ICFC), 2013. p134-144.
- Barizah, A.B.N. (2007), A zakat accounting standard (ZAS) for Malaysian companies. *The American Journal of Islamic Social Sciences*, 24(4), 74-92.
- Barizah, A.B.N., Majdi, A.R.H. (2010), Motivations of paying zakat on income: Evidence from Malaysia. *International Journal of Economics and Finance*, 2(3), 76-84.
- Barizah, A.B.N., Rahim, A.R.A. (2007), A comparative study of Zakah and modern taxation. *Journal of King Abdulaziz University: Islamic Economics*, 20(1), 25-40.
- Baron, R.A., Byrne, D. (2000), *Social Psychology: Understanding Human Interaction*. 9th ed. Boston, MA: Allyn & Bacon.
- BERNAMA. (2014), Lebih 60% umat Islam Wilayah Persekutuan tunai zakat pendapatan. Available from: <http://www.themalaysianinsider.com/bahasa/article/lebih-60-umat-islam-wilayah-persekutuan-tunai-zakat-pendapatan>.
- Bilal, B.M., Mason, C., Farid, S.M., Hafezali, I.H., Milad, A.S. (2015), Consumers attitude towards organic food. Presented in International Accounting and Business Conference, 2015, (IABC 2015). *Procedia Economics and Finance*, 31, 444-452.
- Boon-Itt, S. (2015), Managing self-service technology service quality to enhance E-satisfaction. *International Journal of Quality and Service Sciences*, 7(4), 1-34.
- Choudhury, K. (2015), Service quality and customers' behavioural intentions: Class and mass banking and implications for the consumer and society. *Asia Pacific Journal of Marketing and Logistics*, 27(5), 1-16.
- Eid, R. (2012), Towards a high-quality religious tourism marketing: The case of Hajj service in Saudi Arabia. *Tourism Analysis*, 17, 509-522.
- Ellany, A.L.E., Rizal, P.M., Sabri, H.M. (2014), Prestasi Kecekapan Agihan Kewangan dan Bukan Kewangan di Kalangan Institusi Zakat di Malaysia. *Jurnal Ekonomi Malaysia*, 48(2), 51-60.
- Fatma, M., Rahman, Z., Khan, I. (2015), Building company reputation and brand equity through CSR: The mediating role of trust. *International Journal of Bank Marketing*, 33(6), 840-856.
- Fishbein, M., Ajzen, I. (1975), *Belief, Attitude, Intention, and Behavior: An Introduction to Theory and Research*. Reading, MA: Addison-Wesley.
- Guha, A., Paul, U. (2014), Attitude towards constructivist approach and self-efficacy: Perspective of secondary school teachers. *Indian Journal of Educational Research*, III, 14-24.
- Gupta, M., Kumar, Y. (2015), Justice and employee engagement. *Asia-Pacific Journal of Business Administration*, 7(1), 89-103.
- Hairunnizam, W., Sanep, A. (2014), Faktor Mempengaruhi Tahap Keyakinan Agihan Zakat: Kajian Terhadap Masyarakat Islam di Selangor. *Jurnal Ekonomi Malaysia*, 48(2), 41-50.
- Hairunnizam, W., Sanep, A., Ali, M.N.M. (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? *Jurnal Syariah*, 17(1), 89-112.
- Hamizul, A.H. (2012), *Eksklusif Zakat*. Selangor: Galeri Ilmu Sdn Bhd.
- Htay, S.N.N., Salman, S.A (2014), Proposed best practices of financial information disclosure for zakat institution: A case study of Malaysia. *World Applied Sciences Journal*, 30(Innovation Challenges in Multidisciplinary Research and Practice), 288-294.
- Kamil, M.I. (2002), *Gelagat Kepatuhan Zakah Pendapatan Gaji Di Kalangan Kakitangan Awam Persekutuan Negeri Kedah*. Unpublished Ph.D. Thesis. UUM.
- Khalil, M.N., Pearson, J.M. (2007), The influence of trust on internet banking acceptance. *Journal of Internet Banking and Commerce*, 12(2), 1-10.
- Lim, T., Fook, Y.C., Rosni, S.M., Norazah, M.S., Lee, J. (2016), A structural modelling on food safety knowledge, attitude, and behaviour among Bum Bum Island community of Semporna, Sabah.

- Food Control, 60, 241-246.
- McKnight, D.H., Chervany, N.L. (2001), Trust and distrust definitions: One bite at a time. *Trust in Cyber-Societies*, 2246, 27-54.
- Min, L., Dingtao, Z., Yan, Y. (2015), TOE drivers for cloud transformation: Direct or trust-mediated? *Asia Pacific Journal of Marketing and Logistics*, 27(2), 226-248.
- Mujaimi, T. (2012), *Zakah al Mal al Mustafad Amalan dan Pengalaman di Malaysia*. Malaysia: Pusat Pungutan Zakah.
- Murphy, K. (2004), The role of trust in nurturing compliance: A study of accused tax avoiders. *Law and Human Behavior*, 28(2), 187-209.
- Nizam, J.M., Amirul, A., Hardi, A., Nurul, S.C. (2011), A study on the factors attribute to non-participation of zakat income among the Muslim Community in Selangor. 2nd International Conference on Business and Economic Research (ICBER), Proceeding. p450-461.
- Norzalita, A.A., Azmi, M.A.A. (2010), Exploring consumers attitude towards web advertising and its influence on web ad usage in Malaysia. *Jurnal Pengurusan*, 31, 55-63.
- Nunkoo, R., Ramkissoon, H., Gursoy, D. (2012), Public trust in tourism institutions. *USA Annals of Tourism Research*, 39(3), 1538-1564.
- Parasuraman, P., Zeithaml, V.A., Berry, L.L. (1985), A conceptual model of service quality and its implications for future research. *Journal of Marketing*, 49, 41-50.
- Pay, L.Y., Balaji, M.S., Kok, W.K. (2015), Building trust in internet banking: A trustworthiness perspective. *Industrial Management and Data Systems*, 115(2), 235-252.
- 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, (2nd ICBER, 2011), Proceeding. p2492-2507.
- Robin, C.F., Valencia, J.C., Munoz, G.J., Astorga, P.S., Martinez, D.Y. (2016), Attitude and behavior on hotel choice in function of the perception of sustainable practices. *Tourism and Management Studies*, 12(1), 60-66.
- Sanep, A., Ghani, M.N.N., Zulkifli, D. (2011), Tax-based modeling of zakat compliance, (Permodalan Kepatuhan Zakat Berasaskan Cukai). *Jurnal Ekonomi Malaysia*, 24, 101-108.
- Schwarz, N., Bohner, G. (2001), The construction of attitudes. In: *Blackwell Handbook of Social Psychology. Intraindividual Processes*. Vol. 1. Oxford, UK: Blackwell. p436-457.
- Selim, R.I., Razak, A.D.A. (2015), Identifying the gaps between customer expectations and perceptions on service quality dimensions of Islamic banks in Malaysia. *International Journal of Quality and Service Sciences*, 7(4), 1-25.
- Shafei, I., Walburg, J., Taher, A. (2015), Healthcare service quality: What really matters to the female patient? *International Journal of Pharmaceutical and Healthcare Marketing*, 9(4), 1-15.
- Soo, J.M. (2011), Attention, attitude, and behavior: Second-level Agenda-setting effects as a mediator of media use and political participation. *Communication Research*, 40(5), 698-719.
- Sundbo, J. (2015), From service quality to experience – And back again? *International Journal of Quality and Service Sciences*, 7(1), 107-119.
- Varshney, A.K. (2015), Attitude of rural and urban undergraduate students of aligarh Muslim University towards computer. *International Journal for Educational Studies*, 8(1), 97-104.